

The St Albans Diocesan Board of Finance

Annual Report and Consolidated Financial Statements

31 December 2020

Company Limited by Guarantee
Registration Number
145227 (England and Wales)

Charity Registration Number
248887

*The principal object of the Board is the promotion of the work of the
Church of England in the Diocese of St Albans*



The aim of Living God's Love is to see flourishing Christ centred communities inspiring people of all ages and backgrounds to discover God, to grow in their relationship with him and to respond to his transforming love, through serving others so that God's Kingdom may grow in our world.

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Chairman's statement Year to 31 December 2020

This time last year we were in the throes of the first lockdown. During April we saw the first signs that our parishes would come under significant strain with a 20% drop in parish share collections. At the same time, our investment managers were advising that income from our endowment funds invested in managed funds was going to drop substantially because of a big slowdown in corporate dividends.

The board focussed on tight financial control of costs because there was little doubt that 2020 would prove to be a most challenging year financially. Budgeted expenditure of £16.4m was critically reviewed and actions taken to reduce spend. These included delaying non-urgent repairs on properties, deferring property improvements, cancelling staff salary increases, furloughing curates, cancelling training and events. In addition the disruption to normal processes caused delays in filling posts, which helped trim costs. A 2% increase in stipend costs was agreed pre-lockdown, which limited our ability to cut costs, but overall spending came out at £15.1m (a reduction of 8% on budget).

Over the last nine months of the year there was a significant increase in the level of communication with parishes, with 42 virtual meetings being held for incumbents, churchwardens and treasurers and a step up in the level of support on offer through the flourishing churches team. The need to express our grateful thanks to donors in the parishes was emphasized.

Over the year parishes stepped up and made parish share contributions of £12.9m against a requested £14.1m – a recovery rate of 91% and considerably more than we forecast earlier in the year: a special effort was made in December. Of course a number of parishes will have used reserves to make their parish share contributions, which will have weakened their financial strength going forward and this may become apparent in 2021. Collections in the first quarter of 2021 have been less than in 2020, but that is not surprising as the lockdown has been extended through the first half of the year.

In the event parochial fees came in above forecast, mainly because of the increase in funerals and the investment managers steered our portfolios to increase distributions, which were also above forecast. As a result, the final operating deficit (common fund) came out at £500k, considerably better than forecast but against a break-even budget. Ordinarily this would be recovered by increasing 2022's parish share request to avoid a major drop in our working capital coverage; however the DBF has accepted that this would not be appropriate, and it will be covered in 2021 by charging this to non-operating designated funds.

Using our designated funds to cover the deficit in 2020 and an expected deficit in 2021, inevitably will place constraints on our income going forward, but much will depend on how the parishes manage this year, given that the first half restrictions will be much like the last half of 2020, impacting on collections at services, fundraising and hall letting income.

Our endowment funds (where we cannot use capital, but income generated accrues to the common fund), saw an increase of £6.5m, driven by our glebe portfolio which received the first fruits of our minority stake in the large Houghton Regis development. £5m has been allocated to further investment in land for the long term.

We acknowledge with thanks the support of our major external funders – the church commissioners for project funding, Allchurches trust for support of our curates' programme and Hockerill educational foundation for support for our diocesan board of education in its most important work in our schools. Above all, we give thanks for the magnificent continuing efforts made by so many people to support the flourishing of the Christian faith here in the diocese of St Albans.

I would like to take this opportunity to thank on your behalf our diocesan secretary, Susan Pope, and all the staff at Holywell Lodge for managing operations so well given the constraints of working during the lockdowns. Particular thanks are due to the IT team who have achieved so much to enable us all to work remotely from the office. I am sure that we will be able to build on what has been achieved in this respect.

Members' report Year to 31 December 2020

In April, Susan Pope let us know that she intends to retire in September. There will be other opportunities to say farewell, but here I want to acknowledge the incredible work she has done over the twenty years she has been our diocesan secretary. She leaves the diocese in a good position, both financially and operationally, and she leaves with our best wishes and grateful thanks. We hope to be able to appoint to the new position by the autumn.



Colin Bird
Chairman of the Board of Trustees

17 May 2021

INTRODUCTION

The members submit their report together with the consolidated financial statements of the St Albans Diocesan Board of Finance (the "Board" or the "DBF") for the year ended 31 December 2020. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 37 to 42 of the attached financial statements and comply with applicable laws 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 (FRS 102).

OBJECTIVES, ACTIVITIES AND POLICIES

The principal object of the Board, as set out in its Memorandum and Articles, is the promotion of the work of the Church of England in the Diocese of St Albans. The members of the Board are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. A review of the memorandum and articles of association of the DBF was undertaken and an updated version approved at an extraordinary meeting of the Board in January 2021.

The Diocesan initiative 'Living God's Love', was launched in St Albans Abbey in January 2011. A strategic renewal of Living God's Love was rolled out in 2016 with plans for a further update in 2021. However, a series of facilitated conversations planned for 2020 to inform that update could not take place because of COVID-19 restrictions. Nevertheless, throughout the Diocese, Mission Action Planning continues to be used, to encourage churches to engage more missionally to take forward the initiative and its three themes:

Going Deeper into God

Transforming Communities

Making New Disciples

The Board believes that, by promoting the work of the Church of England in the Diocese of St Albans, 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 provides a benefit to the public by:

- ❖ Providing resources 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.

The Board continues to support engagement with other Christian churches and other faiths throughout the Diocese.

Together with the Bishop's Council the Board seeks to develop comprehensive, sustainable strategies for the use of resources – people, finance and properties – to provide ministry and mission throughout the Diocese and to continue to provide practical support and tools for parishes, schools and chaplaincies to help them Go Deeper into God, Transform Communities and Make New Disciples.

Living God's Love is rooted in the parishes, and the effective deployment of Stipendiary Clergy is vital to that work. The Board aims to support and resource parochial mission and ministry through the payment of stipends and the provision of housing and training.

In March 2013, a strategy for Ordained and Authorised Ministry, including changes to the basis on which first-post curates are funded, was approved by Diocesan Synod.

The number of ordained ministers as at 31 December 2020¹ were:

Bishops and archdeacons	6
Cathedral Clergy	5
Parochial clergy - Incumbent status	205
Curates	56
Non-parochial clergy	31
Total	303

As at 31 December 2020, there were also 48 self-supporting ministers and 241 licensed readers. The Diocese continues to:

- ❖ Follow the national stipend benchmark adjusted for regional factors in determining the level of stipend for clergy of incumbent status; and
- ❖ Contribute to the Church of England defined benefit pension scheme for clergy.

¹ Statistics report for St Albans Diocese as at the end of

December 2020 produced by the Church Commissioners.

OBJECTIVES, ACTIVITIES AND POLICIES

Funding of stipendiary clergy and the provision of housing accounts for the majority of the Board's expenditure (see Note 6 to the accounts) and is achieved by:

(i) **The collection of contributions from parishes via the Parish Share** - the current Parish Share Scheme was approved by Diocesan Synod in 1995. It was reviewed by Synod in March 2009 when it was agreed that the current scheme should continue. The Board seeks to ensure it operates effectively by receiving regular reports on receipts, following up where contributions have not been received and reviewing share factors on a regular basis. It also provides help with meeting Parish Share commitments by making Pastoral Aid Support grants to offset the contribution due. These grants fall into two categories (1) Multi-year Mission Aided Support Grants for parishes identified by senior clergy as needing particular support to sustain mission and (2) Temporary One Year Pastoral Aid Support Grants to assist with transitory financial challenges.

(ii) **The management of financial investments** - The investment policy and specific powers of investment of the Board are set out in various measures and acts. The Board holds investments as authorised by the Trustee Act 2000. The objective is to generate a sustainable and growing income stream in the short to medium term, whilst also seeking capital growth in real terms, over the much longer term. This is to be achieved through a balanced and diversified portfolio of equities, bonds, property, alternative assets and cash.

The investment strategy is set by the Board and takes into account income and capital growth requirements, ethical considerations, the risk profile and the investment managers' view of the market prospects in the medium term. The members receive quarterly reports from the investment managers.

(iii) The Board's Investment Managers are Cazenove Capital Management and CCLA Investment Management and the Board continues regularly to review its investments. This includes systems for monitoring and reporting on ethical issues, good online reporting, a semi-segregated fund approach adding investment management diversification and close networking with members

of the Ethical Investment Advisory Group of the Church of England (EIAG) and the Charities Investment Group (CIG). The property portfolio is primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee which monitors their performance and the implementation of the investment strategy.

The portfolio of listed investments at 31 December 2020 had a market value of £40.5m (2019 £37.2m). Under the Diocesan Stipends Funds Measure 1953, as amended by the Endowments and Glebe Measure 1976, capital may be applied to the acquisition of land and buildings to be held as part of Diocesan glebe.

Grant making policy

Grants made by the **Diocesan Board of Finance** from funds fall into one or more of the following main categories:

- ❖ Grants to parish churches to assist with repairs or rebuilding costs;
- ❖ Grants to parish churches for roof alarms;
- ❖ Grants made at the discretion of the Bishop in support of evangelism and mission projects;
- ❖ Grants made at the discretion of the Bishop or Archdeacons for clergy assistance;
- ❖ Mission-Aided Grants – identified by the Archdeacons for parishes who meet the criteria;
- ❖ Pastoral Aid Support Grants to assist in meeting Parish Share contribution;
- ❖ Mission Initiatives;
- ❖ Church Schools – Grants for capital funding from the schools conditions allocations (SCA); other grants to Schools;
- ❖ External Charities – For humanitarian relief mission and evangelism;
- ❖ Clergy/Clergy widows – Ordinands' support;
- ❖ Discretionary Grants for the relief of financial hardship.

In addition to the above, the Diocesan Board of Finance collected contributions from parishes and schools for the Bishop's Annual Harvest Appeal 'Creating a Buzz in Nepal' and it is anticipated that the total donations will exceed £50,000 which was more than expected given the unusual circumstances of 2020.

A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

OBJECTIVES, ACTIVITIES AND POLICIES

Reserves policy

The majority of the Board's budget is expended on the monthly payment of stipends and salaries and any action to deal with cash flow shortfalls will take time to implement. Therefore, the Board has agreed that the level of free reserves should ideally be not less than eight and not more than twelve weeks' expenditure. At the end of 2020, the free and realisable unrestricted reserves totalled £2,800k representing 9.5 weeks of expenditure (2019 - £3,042k representing 9 weeks of expenditure).

The Board continued to review the level of working capital regularly throughout the year to ensure that it covered core costs and was content that there was sufficient cash flow to conduct the activities of the charity on a day-to-day basis. It is the Board's policy to set aside in a Property Ring-fenced Fund capital receipts from the sale of former parsonage houses that become surplus to needs after pastoral reorganisation. The purpose of this fund is to invest in income generating assets in order to fund improvements to its remaining housing stock. The value of the investments at the end of the year in the fund amounted to £5,689k (2019 - £5,792k).

The operational reserves remained unchanged from the previous year at nine weeks, but this is due to a reduced budget, which mitigates the impact of the lockdown as a result of COVID-19. Careful management of resources and the fact that parish giving held up well meant that the impact on reserves was significant but manageable. In light of the lockdown and its continuing effects, a further adverse impact is expected on reserves in 2021. The Board monitors this carefully, but prudent management of resources in 2020 and previous years means that the Board continues to be able to manage the ongoing consequences of the pandemic.

COMMITTEE STRUCTURE

The **Bishop's Council** is a statutory body established under the Synodical Government Measure 1969. It acts as the Standing Committee of the Synod and carries on the work of the Synod between sessions. It advises the Bishop on matters where he seeks guidance and has, since its inception in 1970, gradually assumed an important role in the formulation of diocesan policy.

During the year, the Council received regular reports from the **Board for Mission and Ministry, Board of Education, Agenda Group** and **Policy Sub-Committee**. The Council also received reports on new housing areas in the Diocese through the **Development Plans Monitoring Group**, and closed churches through the **Closed Churches Uses Committee**.

With effect from 1 January 2019 the Bishop's Council assumed the role of Diocesan Mission and Pastoral Committee. The **Diocesan Mission and Pastoral Executive Committee (DMPEC)** is responsible for carrying out the detailed casework which is then ratified by the Bishop's Council. The statutory responsibilities are undertaken by the Bishop's Council.

The DMPEC received revisions to Deanery Mission Action Plans involving proposals for pastoral re-organisation.

The **Diocesan Advisory Committee (DAC)** is a statutory body whose functions are set out in ecclesiastical legislation. Its role is to advise the Chancellor and parishes on proposals for works to church buildings, churchyards and church furnishings, and to advise more generally on the care and development of churches. In line with statutory provision and the priorities of Living God's Love, the Committee has regard to churches as local centres of worship and mission, in which:

- ❖ People can encounter God and be drawn into a worshipping community;
- ❖ Parishes can reach out in mission; and
- ❖ Local communities can be transformed.

The **Property Committee** oversees the management of parsonage houses and the Board's own properties by:

- ❖ Ensuring the Board meets its statutory duty to carry out repairs;
- ❖ Replacing unsuitable houses where possible;
- ❖ Improving properties;
- ❖ Realising development potential of sites;
- ❖ Selling houses no longer required;

- ❖ Letting houses during vacancies; and
- ❖ Providing new houses where required.

During the year, the Committee agreed the purchase of two new curate houses in Goldington and Bedford, St Paul, demonstrating the Board's commitment to supporting ministry in its parishes. As a result of the first lockdown, improvements were suspended in March. However, work to carry out limited improvements to parsonage houses will resume in the Spring of 2021. The Scheme to develop the site at Rickmansworth was still at an advanced stage and heads of terms were expected to be finalised in early 2021. The Committee remained committed to improving the housing provided for clergy and ensuring that the appropriate accommodation was provided in the right places. The adoption of "Zero Net Carbon" targets set by General Synod is likely to present new challenges and opportunities.

The **Glebe Committee** continued to manage glebe for the benefit of the Diocesan Stipends Fund. Investment property comprises agricultural land, retail and residential property. The property is primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee, which monitors their performance and the investment strategy. The investment policy is to maximise return with regard to certain pre-defined parameters.

Over the course of the year, appointments to the Committee included the new Chair, Mr Andrew Brown, the recently retired Secretary and Chief Executive of the Church Commissioners, in March 2020; The Ven Jane Mainwaring, Archdeacon of St Albans; and, in November 2020, Mr Tony Martin, recently retired Head of Investment Advisory at CBRE Limited. November 2020 saw the appointment of Strutt & Parker as acquisition agents to act for the Glebe Committee in finding and negotiating property investments of up to around £5 million from the Board's glebe reserves and not necessarily in the Diocese of St Albans, with prospects for alternative use to support the mission of the church in future generations.

Among the usual management matters such as tenancy grants and renewals, which continued to be dealt with throughout the lockdowns occasioned by the pandemic, negotiations were under way between solicitors on a proposed promotion agreement relating to land at Cranfield. Where option agreements to sell glebe land conditional upon planning had previously been exchanged at Long Marston and High Cross, planning applications remained under consideration by the local planning authority at the end of 2020. Discussion regarding the strategy for the portfolio were held with the Glebe Agent and these would continue in 2021.

COMMITTEE STRUCTURE

The **Assets Committee's** role is "to recommend to the Board of Finance an overall strategy for the management of the Board's investment and operational assets consistent with the functional priorities of the Diocese and the responsibilities of the Board as Charity Trustees to current and future beneficiaries".

During the year, the Committee received regular updates on the Board's Investments, together with presentations from the Board's Investment Managers, Cazenove Capital Management and CCLA Investment Management. In addition, they received updates on Glebe property developments and the Linmere development at Houghton Regis. Developments on the latter site are covered more fully in note 25 to the accounts.

The **Board for Mission and Ministry (BMM)** has responsibility for facilitating the Diocesan vision, Living God's Love, in keeping with its three themes of:

- ❖ Going Deeper into God – to help grow faith and discipleship across all age groups,
- ❖ Making New Disciples – to help grow the number of people from all age groups become Christians,
- ❖ Transforming Communities – to help engagement in social responsibility matters affecting (mostly) local communities.

In doing so, it promotes the diocesan values of generosity, joy, imagination and courage.

In the Autumn of 2020, the departments of Mission and Ministry were merged into one, for reasons of cost saving and greater collaboration, bringing benefits of enhanced communication, understanding of priorities and closer team-working. Areas of work led by this newly merged department include Vocations, Mission Action Planning, Ministerial Training opportunities, Reaching New People, Generous Giving and Social Responsibility engagement.

The **Diocesan Board of Education** is a statutory body established under the Diocesan Boards of Education Measure 1991, with functions including:

- ❖ The promotion of education consistent with the faith and practice of the Church of England;
- ❖ The promotion of religious education and religious worship in schools and academies;
- ❖ The promotion of Church schools and academies in the Diocese; and
- ❖ Advice to school governors on any matter affecting Church schools and academies.

The Diocesan Board of Education has a strong reputation with its schools due to the quality and depth of services it provides. The Diocesan Board of Education is making a contribution to the wider life of the Diocese through the creation of resources to support the development of faith at home, at school and in church.

At its October 2020 meeting, the Board of Education granted its 'in-principle' consent to become a statutory committee of the Diocesan Board of Finance when the new DBE Measure takes effect. This decision was taken following a due diligence exercise and was shared with the Diocesan Board of Finance in November 2020. Formal consent will be sought later in the process.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

As part of the Vision of Living God's Love and two of its main themes, Going Deeper into God and Making New Disciples, statistics published during the year in respect of 2019, illustrate some of the work of mission and ministry being undertaken in parishes.

	2019 ²	2018	2017
<i>Infant and Child Baptisms</i>	2,137	2,410	2,553
<i>Adult Baptisms</i>	223	210	257
Total Baptisms	2,360	2,620	2,810
<i>Infant Thanksgivings</i>	49	83	68
<i>Child Thanksgivings</i>	26	56	63
Total Thanksgivings	75	139	131
<i>Marriages</i>	822	1,010	1,135
<i>Blessings</i>	50	80	65
Total	872	1,090	1,200
<i>Funerals in church</i>	2,014	2,270	2,149
<i>Funerals at crematorium</i>	2,069	1,520	1,633
Total Funerals	4,083	3,790	3,782
<i>Easter Day Communicants</i>	26,675	27,600	28,907
<i>Easter All Age Attendance</i>	37,137	39,100	40,494
<i>Christmas Day Communicants</i>	27,091	29,000	31,992
<i>Christmas All Age Attendance</i>	91,703	98,000	111,161
<i>Usual Sunday Attendance</i>	20,463	21,200	21,836
<i>Electoral Roll³</i>	27,055	32,518	31,835
	Estimated Population mid-2019	Estimated Population mid-2018	Estimated Population mid-2017
Diocese of St Albans	1,947,059	1,927,583	1,922,000

² Statistics for Mission 2019, published by the Research and Statistics Department of the Archbishops' Council. Previous years' figures have been updated as further parish returns are received.

³ Diocesan Database

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The implementation of Living God's Love (LGL) is undertaken by the statutory and non-statutory Boards and Committees and focuses on parochial mission and ministry and the three themes of Going Deeper into God, Making New Disciples and Transforming Communities.

Bishop's Council

The impact of the COVID-19 pandemic dominated the business of the Council during the year.

- In early January, a Joint meeting with the Council and the Diocesan Board of Finance took place to discuss the common vision for the life of the Diocese, following the end of the second phase of Living God's Love. It was agreed that there appeared to be little desire to change the vision, but that stakeholders wished to embed the vision further to make a real difference in the life of the churches, chaplaincies and schools. Unfortunately, following the introduction of COVID-19 restrictions, further discussions were postponed. However, it was agreed that the main challenge to be faced as the Diocese emerged from the pandemic, was how to build upon the new modes of worshipping and to adapt and incorporate these into the strategy for the future. It was also decided that the Youth Development strategy should be updated to suit the online and home streaming climate.
- Early in Lockdown, the Council were briefed on steps that had been taken before and during Lockdown and noted the advice that had been received from the National Church during the early part of the first Lockdown. The Council had acknowledged the impressive amount of work that had been done to ensure that everyone followed the guidelines.
- Diocesan Finances - The Council acknowledged the many hours of meetings that had taken place with Clergy and Treasurers to address the financial issues arising from the pandemic, thanking all those involved. In October, the Council noted that St Albans were sixth in the table (out of 42 Dioceses) in Parish Share collection rates for 2020.
- Safeguarding:- During the year, the Council received regular reports and noted that the Safeguarding Team continued to promote Safeguarding policies and practice whilst dealing with a substantial workload in spite of the part-time staff being furloughed, at different times. The Council acknowledged that the outstanding Safeguarding Team were driving a cultural change, where the victim would always be at the centre of any recommendations going forward, and whilst this cultural change was likely to be a very painful process, there was a determination to push this through. The Council noted that there had been no major issues as a result of the Past Cases Review 2, completed before Lockdown restrictions began.
- The Council received regular reports from the Mission and Pastoral Executive Committee and considered draft proposals for pastoral reorganisation to promote appropriate models of ministry to support mission in each part of the Diocese. The Council approved the Stodden Churches Scheme to establish a joint PCC and recommended the Bishop's Mission Order and Memorandum of Understanding for Oak Church Stevenage to the Bishop; this took effect on 1 September.
- The Council received updates on the work of the Development Plans Monitoring Group which included progress reports on new housing developments in the Diocese and parish responses to new opportunities for growth.
- BAME Charter:- The Council endorsed an Ethnic Minorities Charter for the Diocese, committing itself *inter alia* to the appointment of a Bishop's Officer for ethnic minorities ministry, a three-year action plan, promoting diversity in diocesan structures and ministry and improving training. It also commissioned a 'Lessons Learnt' review on the handling of appointments.

Members' report Year to 31 December 2020

- Covenant for Clergy Care and Wellbeing:- In July, the Council unanimously recommended that the Covenant should be discussed at separate meetings of the Houses of Clergy and Laity, with feedback given at the virtual Diocesan Synod meeting on 17 October 2020.
- The Council received a presentation from the Diocesan Environment Officer, Mrs Rachel Johnston, on 'Becoming an Eco Diocese: Working together in the face of a climate emergency' and unanimously approved the constitution and terms of reference for a Diocesan Environment Group. They also supported a proposal from St Albans Deanery Synod for a debate at the Diocesan Synod in October 2020 as a result of which Synod agreed to work toward net zero emissions and for the Diocese to register with A Rocha UK for the Eco Diocese Programme to seek to achieve a bronze award by the end of 2022.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Going Deeper into God

Despite the numerous changes of 2020, the DAC continued to assist parishes in developing proposals through site visits and advice on applications to encourage parishes to consider the potential for their church buildings to assist in carrying out their Mission Action Plan priorities. Advice given during the year included:

- Improving accessibility and facilities at Ickleford and St Albans, St Peters' as part of continued support and development of proposals.
- Re-ordering to enhance worship, such as at King's Langley.

The DBE, through the creation of Christian communities committed to a shared life together, recognised the outstanding work undertaken by the school leaders, staff, governors and communities of its 138 schools, who had ensured that the re-organisation of learning and staffing had been maintained throughout the year.

- Throughout the first period of lockdown and the subsequent re-opening of schools to all pupils in a COVID secure manner, a deep sense of Christian community sustained and nurtured church schools as they sought to Live God's Love in new ways.
- During lockdown, collective worship was moved online and streamed to class bubbles and, as restrictions were eased, innovative ways were found to worship together and to ensure that community bonds remained strong.
- When Townsend CE School returned to the new academic year, it was felt important to provide for all within their community an opportunity to share their experiences of being away from school and ways to move forward together. Led by the Well-being Team and Head Students, a physical space, *One Voice Shared, One Community Connected*, was created at the heart of the building to share the worries, losses and hopes experienced by all.
- During 2020, parish priests continued to support virtual acts of collective worship in schools, whilst mastering online worship in churches and developed new creative ways for school communities to worship together.
- In 2020, St Augustine's Academy, Dunstable, saw its first ever 'Wild Worship' at a Harvest Festival. The whole school met, socially distanced, in the school field and Forest School areas and the Reverend Ricky Turner lead an act of collective worship. Families and staff donated food items and the local foodbank was overwhelmed with the generosity shown by the community.
- In addition, the team supported the creation and the publication of a resource entitled 'aspects of *Faith at Home*' - www.churchofengland.org/faith-action/faith-home.
- A key achievement was the delivery of '*Lent 2020 - God in this Place*', a diocesan-wide programme of prayer and worship for schools.

The Board for Mission and Ministry (BMM), through the Ministry Department (Vocations Team and Ministry Development Team) supported development of the ten signs of growth within the three strands of *Going Deeper into God, Transforming Communities and Making New Disciples* encouraging the growth of all Christians as disciples of Jesus Christ, enabling mission-focused ministry throughout the Diocese and equipping all God's people to discern and fulfil their vocation and ministry.

Vocations Team

- During 2020, the Team, having successfully negotiated the impact and challenges of COVID-19, made suitable alternative arrangements for the ordinations of 14 Deacons and 13 Priests, and moved on-line to engage with candidates, events and national selection.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Going Deeper into God

- During 2020, Ministry staffing was reorganised, with the Reverend Philip Waller working full-time for eight months as Diocesan Director of Ordinations, and the Reverend Canon Dr Tim Bull assuming the role of Director of Vocations.

Continuing Ministerial Development (CMD)

- During the year, the roll out of Unconscious Bias training continued and was adapted to take place online with 143 trained across the Diocese from October 2019 to December 2020.
- In addition to the regular regional training for First Incumbents, New to Post leaders and those preparing for retirement, imaginative and inspiring training took place, with a rich variety of events, including Christianity and Democracy, Conflict Training and Faith in the Public Square with Bishop Rose Hudson-Wilkin.
- The One-to-One coaching, mentoring and consultancy continued to be offered, with the pool of coaches expanded to meet demand.

Initial Ministerial Education (IME) Phase 2

- In 2020, additional training of Deacons and Training Incumbents was undertaken, using the Myers Brigg approach to focus on the effectiveness of working relationships; and
- Bespoke training was provided for final year curates, again using Myers Brigg and leadership, and 'moving on' skills, with particular attention paid to applications and interviews.

Lay Training including Reader Training

- During 2020, the inauguration of the 1 year Foundations Course saw numbers that far exceeded expectations, with 39 participants on the course beginning training for various ministerial roles such as Discipleship Enablers, Pastoral Enablers and Mission Enablers. The 1 year Foundations Course was a pre-requisite to explore a vocation to either Reader or Ordained Ministry.
- Approval was given to the removal of Reader PTO status, and transfer of those with PTO to licenced status in order to provide parity of recognition to all Readers regardless of their age.

The **Mission and Ministry Development Reviews (MMDRs)** were paused during the first lockdown, but when restrictions were lighter, they were continued online, over the telephone and, where possible, through socially distanced meetings. In the Autumn, the process of the recruitment of a new cohort of MMDR consultants began.

Support in your Ministry (SIM)

- Throughout 2020, Support in your Ministry (SIM) continued to provide confidential support to around 100 ministers through 50 volunteer Assistants, who worked through lockdown using a combination of telephone, video and socially-distanced face-to-face meetings.
- The Wellbeing Forum, which began informally in late 2019, produced a new booklet 'Flourishing in Ministry' which was circulated to all lay and ordained ministers in the Diocese.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Making New Disciples

The DAC assisted parishes to reach new members of their communities through the emergence of the increased use of livestreamed services, including the following examples:

- The installation of fixed livestreaming cameras in several churches to enable parishes to continue to livestream after the pandemic, including Luton, St Anne; Linslade, St Barnabas and Watford, St John.
- The installation of broadband to enable worship to be streamed in places such as Rickmansworth; Watford, St Peter and Bovington.
- In order to make buildings more welcoming, proposals were agreed to install external handrails at Barley and Whipsnade.

The DBE noted the way in which Church Schools in the Diocese continued to serve the communities in which they were located:

- The team supported the creation and the publication of a resource entitled '*Worship at Home*' - a suite of materials for teachers, children and families that included collective worship plans and ideas, videos, and '*Journeying with Jacob*', a set of reflective stations for use in school or church and part of the Lent 2020 prayer initiative;
- During the year, a key achievement was working with the diocesan Youth & Children's Work Team to produce worship resources, including regular acts of collective worship for schools, 'Worship at Home' guidance, and Leavers', Harvest Festival and Christmas virtual services.

The Board for Mission and Ministry (BMM), through the work of the Mission Department, continued to resource churches to respond to God's mission to help develop flourishing Christ-centred communities where people are inspired to grow as disciples of Jesus Christ.

Flourishing Churches Team

- Early in 2020, the Flourishing Churches Team quickly adapted to the challenges that Lockdown brought. Contact was increased with parishes and churches through Zoom Cafes, Roundtable meetings and Webinars, with a significant number of leaders supported and encouraged by this approach.
- A wide range of 'How to....' Guides were provided, covering finance, online giving, online worship, seasonal worship, with each one centred around missional opportunities and support.

Reaching New People (RNP)

- In 2020, the first Pioneer Enabler training course, delivered with the Church Missionary Society, was set up and recruited for, with a cohort of 14 people (to begin in January 2021). For each parish represented, this will create new lay pioneer leader capacity.
- During 2020, shared stories were gathered to encourage and promote the amazing work happening in parishes, and to keep dialogue open in new and interesting ways.
- The team provided many creative resources for live-streamed worship, viewed 200-300 times each week, with the Zoom Crib service downloaded over 2,000 times.
- During the year, Zoom cafes, retreats and events for church leaders and for families themselves, were created and facilitated as an online space for people to grieve, to cry, to be frustrated, and also to dream, plan and share creative innovations, equipping dozens of churches with the resources and confidence needed to stay in touch with families and continue to support children as disciples.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Making New Disciples

Children's Mission Enabler

Youth Mission Enabler

- During 2020, ongoing support was provided to clergy, employed workers and volunteers to creatively enable digital discipleship and wellbeing support, as lockdown restrictions disrupted the usual youth provision.
- The Youthscape Youth Ministry Research Project, invited every church in the Diocese to consider youth provision, and has led to the production of an exciting and vital report into how the Diocese supports young people to grow in faith.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Transforming Communities

The DAC continued to provide advice and support for a range of cases for parishes to transform the wider communities in which they live and worship. These included:

- In 2020, a temporary re-ordering licence was granted at Luton, All Saints to create a temporary clothes bank for a refugee community which was being housed in local hotels during the COVID-19 outbreak.
- A Faculty granted Cockayne Hatley permission to install equipment on the church tower to provide the village with broadband.
- Site visits were arranged to discuss options for lowering the carbon footprint at Chipping Barnet.
- During the year, projects at detached churchyards to improve community use and conservation were completed at Great Berkhamsted Rectory Lane Cemetery and Leavesden Hospital Cemetery.
- As part of an ongoing project, advice was given for the development of the church hall at East Barnet.

The Diocesan Board of Education (DBE) continued to support initiatives that promoted transformation in and across communities within the Diocese, nationally and overseas.

- During 2020, the DBE provided pastoral and spiritual leadership to its schools as they dealt with the significant impact of the COVID-19 pandemic. The outworking of this has been strong pastoral care for Headteachers and Chairs of Governors, combined with high levels of technical and professional support which has enabled them to manage the complex demands placed upon them. Whilst 2020 may not have been a year for flourishing, the church schools across the Diocese remained safe and secure and provided for the educational and spiritual needs of their whole community.
- Church schools within the Diocese remained open throughout the pandemic and sought to *Live God's Love* in new ways. Alongside colleagues in the maintained and academy sectors, they ensured that pupils were cared for, kept safe, fed well and provided with a high-quality education.
- During the period March to June 2020, the DBE contributed to nationally co-ordinated resource creation projects for the benefit of schools and families across England and Wales;
- During April and May 2020, members of the Schools Team collated and disseminated resources from the various national groups in which they participate, including the Directors of Education Network, the Diocesan Governance Group, the Diocesan Admissions Group, the Diocesan School Effectiveness Officers Group and the Diocesan School Buildings Officers Group.
- The team also supported the creation and publication of a resource for schools prepared by the South-Eastern Education and RE Diocesan Advisers Group (SEER) entitled '*Rebuilding Community*';
- The creation of the Poppy Academy Trust, a Church of England trust serving Radlett, and the approval of the Poppy Hill Church of England Trust, serving the area of Central Bedfordshire around Henlow;
- The expansion of the Diocese of St Albans Multi-Academy Trust to include Studham, Ravensden and Northill Church of England schools.

The Board for Mission and Ministry (BMM) continued to actively engage with the key signs of growth indicated for Transforming Communities.

Community and Justice Network (CJN)

- In 2020, money was made available from the CJN Budget and used during lockdown to support parishes, firstly, in areas with notable poverty, to help with food provision for local families, and, secondly, to contribute to the purchase of equipment for live streaming services.
- During lockdown, online training and engagement was offered in two key areas (i) a Freedom and Healing training course and (ii) from July to December, monthly webinars, hosted by the Mental Health Awareness Group giving a professional and safe space to discuss pastoral support and individual needs.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Transforming Communities

Environment Work

- In the Autumn of 2020, over 7,400 participants attended the first ever National online conference held in the Diocese - 'Eco church: Working together on Net Zero' on Saturday 10 October.
- In October, the Diocese made a significant commitment to sustainability across all operations when Synod voted to register as an 'Eco Diocese' with the aim of reaching a Bronze award level within two years.

During 2020, the work of the Communications Department supported the priorities of the Diocese's Living God's Love vision, and communicated the Christian message in a variety of ways, responding to the demands of the COVID-19 pandemic.

Sermons and religious seminars, talks, meetings and conferences

- Advice for parishes was produced, edited and collated to empower and equip parishes to meet the challenges of delivering church services and other content online.

Charitable religious television and radio broadcasts

- Opportunities for appearances on radio, commercial and public service were taken during the year.

The provision of religious material via the internet

- Sermons, talks, prayers and other contributions from bishops, and others were recorded, edited, curated and disseminated online through the diocesan website or social media, providing online worship, prayer and encouragement for worshippers, clergy and lay ministers and the public, including during festivals such as Christmas and Easter.
- Material supporting the continuation of worship and spiritual engagement was added or amended several times a week.
- With the benefit of some additional voluntary input, the provision of information and material via social media was enhanced.

STRATEGIC REPORT

FINANCIAL REPORT FOR THE YEAR

COVID-19

Lockdown saw the closure of church buildings which resulted in a loss of income for many parishes where there is a reliance on giving through 'the plate' or income from the letting of church property, and therefore on their ability to pay the parish share. Parishes responded, with support from diocesan staff, by introducing innovative ways of engaging with congregations and communities. This and the generosity of many congregations meant that parish share, though reduced from 2019, held up exceptionally well and much better than original forecasts suggested.

Income that the Board receives from properties and listed investments also held up better than was thought possible in the early stages of the pandemic. Steps were also taken to reduce expenditure by furloughing staff and putting on hold expenditure on property improvements. The lockdown also resulted in savings in travel costs, training costs and other events.

Taking all this together meant that the final deficit, though still significant, was much lower than original forecasts indicated and the Diocese is in a stronger position than expected. This is important because we expect the financial impact of the pandemic to continue in to 2021. Parish giving held up in 2020, but the resilience of parishes to withstand further disruptions to income has been weakened and a number of parishes depleted their reserves in order to pay their parish share. This will clearly have an impact on their ability to pay parish share in 2021 and the Board has therefore set the budget for 2021 at a lower level. A deficit is still expected, but the Board considers that it has the resources to manage the impact and the challenges of 2021.

Results for the year

Total income amounted to £25.7m compared to £30.4m in 2019, a decrease of £4.7m. Last year saw proceeds of £12.8m on the sale of part of the land by the charity's trading subsidiary. There were further sales of £5.3m in 2020.

During 2020, Parish Share contributions amounted to £13.12m (2019 - £13.34m). This amount included contributions by parishes in respect of earlier years' "shortfalls" of approximately £36k (2019 - £77k). The collection rate for Parish Share for 2020 (amount received/amount requested) was 90.56% (2019 - 94.32%).

Expenditure totalled £22.0m in the year compared to £19.3m in 2019.

Net income before revaluations and investment asset disposals amounted to £3.8m (2019 - £11.1m). The net realised and unrealised gains on investment properties and listed investments totalled £0.9m (2019 - £12.4m). The net increase in funds for the year was £5.3m (2019 - £24.1m) with the Common Fund showing a decrease of £500k (2019 - £94k increase).

Financial position

The consolidated balance sheet showed total funds of £191.4m (2019 - £186.1m). This figure included endowment funds of £147.8m (2019 - £141.3m), the principal part of this being the parsonage houses fund amounting to £75.5m (2019 - £75.5m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds. The endowment fund balances must normally be held as 'capital' but, where permitted, may be applied towards meeting certain charitable aims.

Also included in total funds were restricted funds totalling £13.4m (2019 - £12.7m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Further details of these restricted funds can be found in note 22 to the financial statements together with an analysis of movements in the year. Funds totalling £23.4m (2019 - £22.2m) had been designated, or set aside, by the Board for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 23 to the financial statements.

Members' report Year to 31 December 2020

FUTURE PLANS

The Diocesan vision of Living God's Love will continue to be promoted, to encourage churches to engage more missionally. Boards and Committees will continue working to support that vision by resourcing parochial mission and ministry and offering help and guidance to parishes as they seek to Live God's Love.

The theme of 'growing younger' is expected to continue to be an important part of future work, but will now be a priority alongside a need to respond to the challenges and opportunities arising from the impact of COVID-19.

The Bishop's Council will continue to make recommendations about proposals for pastoral reorganisation and support and encourage emerging mission initiatives, and seeking ways to share good practice in parishes and deaneries.

The Diocesan Board of Finance will continue to work with the Investment Managers, Cazenove Capital Management and CCLA, to ensure maximum returns for the benefit of mission and ministry in the Diocese. It will also continue dialogue with parish treasurers over the impact of COVID-19 on parish and diocesan finances.

The Diocesan Advisory Committee will continue to respond to parishes' MAP priorities for church buildings by providing advice in site visits, working with individual parishes to develop maintenance plans and continuing to identify vulnerable churches as priorities for the installation of roof alarms. They will also continue to provide training for those involved in the care and use of church buildings, to enable people to maintain and repair church buildings, access external funding and develop the wider use of churches. Events will have a focus on encouraging churches to be open and engaging.

The Board of Education will continue to support school leaders and governors to strategically plan a post-COVID education to enable pupils and staff to flourish. The work will continue with local partners to expand the Church of England secondary education provision and continue to explore options to widen the scope and nature of the Board's training and development offer to schools.

The Board will collaborate with the Youth & Children's Work team to resource faith at home, in school and in a parish setting. The organisation and management of the Board will continue to be refined through the introduction of the new DBE Measure 2021.

The Board for Mission and Ministry will continue supporting Living God's Love by encouraging the growth of all Christians as disciples, enabling missional ministry throughout the Diocese and equipping all God's people to discern and fulfil their vocation and ministry. The Vocations Team is planning to revise diocesan procedures to work with the introduction of the six new Qualities for Discernment and Selection; and to continue to increase the diversity of candidates across the spectrum, to include, but not be limited to, candidates who are of Black, Asian and Minority Ethnic (BAME) heritage, are younger, and who come from a range of educational backgrounds.

The Board will also oversee the Diocese's response to the General Synod motion setting a target of 2030 to achieve net zero carbon emissions.

The Continuing Ministerial Education team is planning to stay alert and be aware of the training needs of leaders and for a post-pandemic church. The Initial Ministerial Education Training Team plan to have greater integration of 'growing younger' into the IME2 programme and the integration of a 'pioneer ministry' mentality for all curates (both additional specific training and embedded into the existing training).

The Flourishing Churches Team is planning ahead to give support to churches as Mission Action Plans are reviewed, and a new simple and engaging tool has been developed to help this process. Closer collaboration with colleagues in Youth Ministry and Children's Ministry will help parishes prioritise ministry with families and young people.

The RNP Team will create opportunities for closer collaboration with the Youth Missioner and the Children's Mission Enabler to work with local leaders and find new ways of engaging with families, children and young people. The Team intend to develop a Conversations programme in order to support parishes' needs to develop and meet the changing needs of worshipping congregations and wider communities.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has reviewed the risks faced by the charity. The most significant immediate risk is considered to be the ongoing impact of COVID-19 described above. In addition, it has identified four main risks namely Safeguarding, IT Security, Parish Share and closed churches.

Safeguarding

The Diocesan Safeguarding Advisory Panel (DSAP) continued to be responsible for overseeing the implementation and review of policies and procedures for safeguarding children and adults throughout the Diocese; and for developing and maintaining good practice in relation to the safety and welfare of children, young people and vulnerable adults.

There are already procedures in place for reporting serious safeguarding situations. However, further to this, the Board would consult at that time and obtain independent opinion should the need arise.

The safeguarding team continue to work towards achieving the 3 year strategy and action plan agreed by DSAP in 2020.

IT Security

The Board is aware of the increasing use of, and demand upon, IT services and the increased threat posed by those with malicious intent.

In the last year, the Board was certified by the Government-backed Cyber Essentials Scheme for data security (highly regarded by the Information Commissioner's Office, ICO), having passed the Cyber Essentials Plus which included Vulnerability and Penetration testing.

In order to strengthen our defences against attack, via malicious emails and phishing attacks, staff had been receiving 'test phishing' emails to train them to detect these. Since that time, the standard has improved to represent a low threat level with 95% of users ranked at low risk. The testing will continue to ensure that the staff awareness level is at its highest at all times. There will be annual testing of Cyber Essentials Plus to ensure that the highest levels of defence continue. The Board considers Cyber Security to be a continuing risk. It continues to take professional and government advice and to act upon it to seek to mitigate the risk as far as possible.

Parish Share Scheme

The Board continues to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the Common Fund. The Board regularly discusses the structure of the scheme and assesses the understanding and support of the scheme across parishes in the Diocese. The Board also monitors, on a regular basis, the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share in particular in the light of COVID-19 and its effect on parishes.

Closed Churches

Closed churches may be transferred to become the responsibility of the DBF. It occurs infrequently, but two potential cases arose during the year. Although at this time these are not considered to be a significant risk, the Board will monitor such arrangements carefully and seek to minimise the potential liability to the Board.

CUSTODIAN FUNDS

As at 31 December 2020, the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £39.5m (2019 - £37.3m) as Custodian Trustee.

These assets are not included in the financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

RAISING FUNDS

The charity raises funds through Parish Share and on occasions receives other donations and voluntary income. It aims always to achieve best practice in the way in which it communicates with parishes, donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on parishioners, parochial councils, donors and supporters. It applies best practice to protect their data and never sells data, never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own activities in respect to raising funds and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its activities for raising funds and to learn from them and improve its service. During the year, the charity received no formal complaints about its activities for raising funds.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The St Albans Diocesan Board of Finance is a registered charity (Charity Registration No 248887) and a company limited by guarantee (Company Registration No 145227 (England and Wales)). It is constituted in accordance with the Diocesan Boards of Finance Measure 1925.

Liability of the members of the company

Each company member has undertaken to contribute to the assets of the company in the event of it being wound up whilst he or she is a member, or within one year after he or she ceases to be a member. The contribution, which cannot exceed £1, may be applied toward the payment of the debts and liabilities contracted before he or she ceased to be a member.

Organisation

The members of the Board are empowered by the Articles of Association of the company to act as the company directors of the St Albans Diocesan Board of Finance. The members also act as trustees of the Board for the purposes of charity legislation.

The Diocesan Synod is the democratically elected decision-making body of the Diocese and its standing committee, the Bishop's Council, is responsible for the formulation of diocesan policy.

The Board of Finance is the financial executive of the Diocesan Synod and is responsible for the custody and management of the Synod's funds and the employment of all those paid directly from the funds. Much of the work of the Board is delegated to its executive committee, the General Committee, or to its sub-committees, the Property Committee, the Glebe Committee and the Assets Committee.

Related bodies

The Board's staff provide administrative and financial services to the Board of Education, the Board for Mission and Ministry as well as the Diocesan Mission and Pastoral Committee and Diocesan Advisory Committee. All these bodies report to the Diocesan Synod which has overall responsibility for policy. The Synod delegates its day to day business to its standing committee, the Bishop's Council.

Members' report Year to 31 December 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Members

The members who served during the year (and continuing unless otherwise stated) were as follows:

Members	Sub-committee Membership	Appointed/Resigned
Ex-officio Member		
The Bishop of St Albans (The Rt Revd Dr A G C Smith)		
Clergy elected by the Diocesan Synod		
The Reverend Dr G R Cappleman		
The Reverend Canon Dr P M Ackroyd		
The Reverend Canon D Newstead	1	Resigned 30 June 2020
Lay Members elected by the Deanery Synods		
<i>Archdeaconry of St Albans</i>		
N K Challis	1, 5	
C B Gage	1	
J H Robinson	1, 2, 4, 5	
M Readman	4	
Dr R L V Southern	3	
<i>Archdeaconry of Hertford</i>		
C G Bird	1, 2, 3, 4	
M E Butcher		
J W Butler	1, 2, 4, 5	
P Easterbrook	1, 5	
Dr M Eaton	1	
<i>Archdeaconry of Bedford</i>		
D C Clark	3	
Dr D W Dallinger	2	
K Ebbage	1	
M J Gates		
K Smith		
Members nominated by the Bishop of St Albans		
The Archdeacon of St Albans	1, 2, 3	
The Archdeacon of Bedford	1, 2, 3	
The Archdeacon of Hertford	1, 2, 3	
A Brown OBE (Chair of Glebe Committee)	1, 3, 4	Appointed 11 March 2020
Members co-opted by the Board		
B Crawford	4	
T R Fleming	1, 2, 3, 4, 5	
P R Lindley	1	

1 General Committee, 2 Property Committee, 3 Glebe Committee, 4 Assets Committee, 5 Audit Committee

STRUCTURE, GOVERNANCE AND MANAGEMENT

Members

During the year no member of the Board had any beneficial interest in any contract with the charitable company. During the year several members, who are also clergy within the Diocese, received stipends from the charitable company in connection with their religious and pastoral duties within the Diocese. However, no member received any remuneration in connection with their duties as members of the Board during the year. No expenses were incurred in the performance of their duties as Board members were reimbursed during the year

Member-selection and appointment

Members can be co-opted to the Board by existing members or they can be elected by a number of different entities including the Diocesan Synod and the Deanery Synods or nominated by the Bishop of St Albans. The Bishop of St Albans is an ex-officio member of the Board. Members of the Board are elected to serve for a period of three years, after which period they may offer themselves for re-election. Elections were held at the end of 2018 to appoint members for the triennium 1 January 2019 to 31 December 2021 and will be held at the end of 2021 to appoint members for the triennium 1 January 2022 to 31 December 2024.

On agreeing to become a member of the charity, the members are thoroughly briefed by their co-members on the history of the charity, the day-to-day management, the responsibilities of the members, the current objectives and future plans. The members are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up-to-date on any changes in legislation.

Member induction and training

An induction pack has been prepared for all members and training has been offered through the Board's auditor.

Remuneration of key management personnel

Key management personnel comprises all the members of the Board, together with the senior executives who are the Diocesan Secretary, the Director of Finance, the Estates Secretary and the Diocesan Pastoral and Advisory Secretary. The remuneration of all lay members of staff, including that of key management personnel, is set according to pay structures originally established by the Archbishops' Council which have, in recent years, been adapted by the Board. These scales are reviewed annually within the confines of the Common Fund Budget which, in turn, approved by the Diocesan Synod. Members of the Board, also part of key management personnel, do not receive remuneration for their roles either as trustees of the charity or directors of the Board of Finance. The clergy members of the Board, as office holders within the Diocese, receive housing and stipends as part of their clergy role. Clergy stipends follow regional benchmarks as agreed annually by the National Church Central Stipends Authority.

Members' responsibilities statement

The members of the St Albans Diocesan Board of Finance (who are directors of the charitable company for the purposes of company law and trustees for the purposes of charity law) are responsible for preparing the members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for the financial year. Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for that period.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Members' responsibilities statement

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

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

The members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member confirms that:

- ◆ so far as the member is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the member has taken all steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Trading subsidiary

The charity has a wholly owned trading subsidiary, the St Albans Diocesan Property Company (Company No. 8899302), a company incorporated in England with a share capital of £1,700,000 (2019 – £1,700,000). The principal activity of the company is property development.

During the year the company made a net profit of £2,999k (2019 – £8,235k) and made a charitable donation of £5.5m to the charity. This donation enabled a reduction in the tax liability for 2019.

The members' report, including the strategic report, was approved by the members and signed on their behalf by:



Colin Bird
Chairman of the Board of Trustees



Susan Pope
Diocesan Secretary

Approved on: 17 May 2021

Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2020

Opinion

We have audited the financial statements of The St Albans Diocesan Board of Finance (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of affairs of the group and of the charitable company as at 31 December 2020 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' 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 either the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the members' report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the members' report, including the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2020

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

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 charitable company and group through discussions with members and management, and from our knowledge and experience of the 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 charitable company and group, including the Charities Act 2011, the Companies Act 2006 and various Church Measures including the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ 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 charitable company's and group'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.

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ performed substantive testing of expenditure;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made were indicative of potential bias.

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 members and management and the inspection of regulatory and legal correspondence, if any.

Independent auditor's report to the members of The St Albans Diocesan Board of Finance Year to 31 December 2020

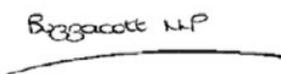
Auditor's responsibilities for the audit of the financial statements (continued)

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

Use of our report

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



Amanda Francis, Senior Statutory Auditor
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 27 May 2021

Consolidated statement of financial activities Year to 31 December 2020

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2020 £'000	Total 2019 £'000
Income and endowments from:							
Donations and legacies	1	—	57	13,152	—	13,209	13,433
Investments	2	—	370	1,725	—	2,095	2,260
Trading activities	25	—	—	—	5,264	5,264	12,843
Charitable activities	3	—	4,281	720	—	5,001	1,841
Other sources	4	—	—	169	—	169	72
Total income		—	4,708	15,766	5,264	25,738	30,449
Expenditure on:							
Raising funds	5	9	131	331	2,446	2,917	2,944
Charitable activities							
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	3,639	15,421	—	19,060	16,362
Total expenditure		9	3,770	15,752	2,446	21,977	19,306
Net income before investment gains and losses	9	(9)	938	14	2,818	3,761	11,143
Realised (losses) gains on disposal of investment property and listed investments		(673)	(224)	(192)	—	(1,089)	9,429
Unrealised gains on investment property and listed investments		1,703	201	106	—	2,010	2,940
Net income (expenditure) before transfers and taxation		1,021	915	(72)	2,818	4,682	23,512
Transfers between funds	20	5,422	(261)	755	(5,916)	—	—
Corporation tax credit (charge)	12	—	—	—	597	597	(1,881)
Net income (expenditure) for the year		6,443	654	683	(2,501)	5,279	21,631
Other recognised gains and losses:							
Actuarial gains	30	18	—	—	—	18	2,420
Net movement in funds		6,461	654	683	(2,501)	5,297	24,051
Fund balances brought forward at 1 January 2020		141,343	12,745	24,001	7,972	186,061	162,010
Fund balances carried forward at 31 December 2020		147,804	13,399	24,684	5,471	191,358	186,061

All of the group's activities derived from continuing operations during the above financial period.

Comparative consolidated statement of financial activities Year to 31 December 2019

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2019 £'000
Income and endowments from:						
Donations and legacies	1	—	67	13,366	—	13,433
Investments	2	—	411	1,849	—	2,260
Trading activities	25	—	—	—	12,843	12,843
Charitable activities	3	—	1,104	737	—	1,841
Other sources	4	70	2	—	—	72
Total income		70	1,584	15,952	12,843	30,449
Expenditure on:						
Raising funds	5	—	207	426	2,311	2,944
Charitable activities						
· Promotion of the work of the Church of England in the Diocese of St Albans	6	—	1,062	15,300	—	16,362
Total expenditure		—	1,269	15,726	2,311	19,306
Net income before investment gains and losses	9	70	315	226	10,532	11,143
Realised gains on disposal of investment property and listed investments		9,288	74	67	—	9,429
Unrealised gains on investment property and listed investments		1,132	1,337	471	—	2,940
Net income before transfers and taxation		10,490	1,726	764	10,532	23,512
Transfers between funds	20	604	(340)	152	(416)	—
Corporation tax payable		—	—	—	(1,881)	(1,881)
Net income for the year		11,094	1,386	916	8,235	21,631
Other recognised gains and losses:						
Actuarial gains	30	2,420	—	—	—	2,420
Net movement in funds		13,514	1,386	916	8,235	24,051
Fund balances brought forward at 1 January 2019		127,829	11,359	23,085	(263)	162,010
Fund balances carried forward at 31 December 2019		141,343	12,745	24,001	7,972	186,061

All of the group's activities derived from continuing operations during the above financial period.

Consolidated balance sheet 31 December 2020

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2020 £'000	Total 2019 £'000
Fixed assets							
Tangible assets	13	76,247	—	12,965	—	89,212	88,516
Investments	14	52,110	11,092	5,839	—	69,041	64,186
		128,357	11,092	18,804	—	158,253	152,702
Current assets							
Stock: land under development	15	—	—	—	11,787	11,787	11,886
Debtors – due within one year	16	57	76	629	816	1,578	1,088
Debtors – due after one year	16	—	—	472	1,605	2,077	483
Short term deposits		11,804	1,555	5,394	1,252	20,005	25,592
Cash at bank and in hand		—	—	2,227	225	2,452	1,643
		11,861	1,631	8,722	15,685	37,899	40,692
Creditors: amounts falling due within one year	17	(178)	(713)	(604)	(463)	(1,958)	(3,510)
Net current assets		11,683	918	8,118	15,222	35,941	37,182
Total assets less current liabilities before eliminating inter-fund balances							
		140,040	12,010	26,922	15,222	194,194	189,884
Inter-fund balances		8,801	1,389	(1,915)	(8,275)	—	—
Total assets less current liabilities		148,841	13,399	25,007	6,947	194,194	189,884
Creditors: amounts falling due after one year	18	(178)	—	(323)	(1,476)	(1,977)	(2,241)
Provisions for liabilities	19	(859)	—	—	—	(859)	(1,582)
Total net assets		147,804	13,399	24,684	5,471	191,358	186,061
Represented by:							
The funds of the group							
Endowment funds	21	147,804	—	—	—	147,804	141,343
Restricted funds	22	—	13,399	—	—	13,399	12,745
Unrestricted funds	23	—	—	24,684	—	24,684	24,001
Non-charitable trading funds	23	—	—	—	5,471	5,471	7,972
		147,804	13,399	24,684	5,471	191,358	186,061

Approved by the members of the Board and signed on their behalf by:



Colin Bird
Chairman

Approved on: 17 May 2021

The St Albans Diocesan Board of Finance
Company Registration Number 145227 (England and Wales)

Comparative consolidated balance sheet 31 December 2019

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non-charitable trading funds £'000	Total 2019 £'000
Fixed assets						
Tangible assets	13	76,223	—	12,293	—	88,516
Investments	14	47,124	11,130	5,932	—	64,186
		<u>123,347</u>	<u>11,130</u>	<u>18,225</u>	<u>—</u>	<u>152,702</u>
Current assets						
Stock: land under development	15	—	—	—	11,886	11,886
Debtors – due within one year	16	166	344	526	52	1,088
Debtors – due after one year	16	—	—	483	—	483
Short term deposits		11,424	1,487	5,112	7,569	25,592
Cash at bank and in hand		—	—	1,373	270	1,643
		<u>11,590</u>	<u>1,831</u>	<u>7,494</u>	<u>19,777</u>	<u>40,692</u>
Creditors: amounts falling due within one year	17	<u>(178)</u>	<u>(461)</u>	<u>(414)</u>	<u>(2,457)</u>	<u>(3,510)</u>
Net current assets		<u>11,412</u>	<u>1,370</u>	<u>7,080</u>	<u>17,320</u>	<u>37,182</u>
Total assets less current liabilities before eliminating inter-fund balances						
		134,759	12,500	25,305	17,320	189,884
Inter-fund balances		8,521	245	(977)	(7,789)	—
Total assets less current liabilities		<u>143,280</u>	<u>12,745</u>	<u>24,328</u>	<u>9,531</u>	<u>189,884</u>
Creditors: amounts falling due after one year	18	<u>(355)</u>	<u>—</u>	<u>(327)</u>	<u>(1,559)</u>	<u>(2,241)</u>
Provisions for liabilities	19	<u>(1,582)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,582)</u>
Total net assets		<u>141,343</u>	<u>12,745</u>	<u>24,001</u>	<u>7,972</u>	<u>186,061</u>
Represented by:						
The funds of the group						
Endowment funds	21	141,343	—	—	—	141,343
Restricted funds	22	—	12,745	—	—	12,745
Unrestricted funds	23	—	—	24,001	—	24,001
Non-charitable trading funds	23	—	—	—	7,972	7,972
		<u>141,343</u>	<u>12,745</u>	<u>24,001</u>	<u>7,972</u>	<u>186,061</u>

Charity balance sheet 31 December 2020

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Total 2019 £'000
Fixed assets						
Tangible assets	13	76,247	—	12,965	89,212	88,516
Investments	14	53,810	11,092	5,839	70,741	65,886
		<u>130,057</u>	<u>11,092</u>	<u>18,804</u>	<u>159,953</u>	<u>154,402</u>
Current assets						
Debtors – due within one year	16	868	76	629	1,573	7,362
Debtors – due after one year	16	6,000	—	472	6,472	483
Short term deposits		11,804	1,555	5,394	18,753	18,023
Cash at bank and in hand		—	—	2,227	2,227	1,372
		<u>18,672</u>	<u>1,631</u>	<u>8,722</u>	<u>29,025</u>	<u>27,240</u>
Creditors: amounts falling due within one year	17	<u>(178)</u>	<u>(713)</u>	<u>(604)</u>	<u>(1,495)</u>	<u>(1,053)</u>
Net current assets		<u>18,494</u>	<u>918</u>	<u>8,118</u>	<u>27,530</u>	<u>26,187</u>
Total assets less current liabilities before eliminating inter-fund balances						
		<u>148,551</u>	<u>12,010</u>	<u>26,922</u>	<u>187,483</u>	<u>180,589</u>
Inter-fund balances		<u>290</u>	<u>1,389</u>	<u>(1,679)</u>	<u>—</u>	<u>—</u>
Total assets less current liabilities		<u>148,841</u>	<u>13,399</u>	<u>25,243</u>	<u>187,483</u>	<u>180,589</u>
Creditors: amounts falling due after one year	18	<u>(178)</u>	<u>—</u>	<u>(323)</u>	<u>(501)</u>	<u>(682)</u>
Provisions for liabilities	19	<u>(859)</u>	<u>—</u>	<u>—</u>	<u>(859)</u>	<u>(1,582)</u>
Total net assets		<u>147,804</u>	<u>13,399</u>	<u>24,920</u>	<u>186,123</u>	<u>178,325</u>
Represented by:						
The funds of the charity						
Endowment funds	21	147,804	—	—	147,804	141,343
Restricted funds	22	—	13,399	—	13,399	12,745
Unrestricted funds	23	—	—	24,920	24,920	24,237
		<u>147,804</u>	<u>13,399</u>	<u>24,920</u>	<u>186,123</u>	<u>178,325</u>

Approved by the members of the Board and signed on their behalf by:



Colin Bird
Chairman

Approved on: 17 May 2021

The St Albans Diocesan Board of Finance
Company Registration Number 145227 (England and Wales)

Comparative charity balance sheet 31 December 2019

	Notes	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
Fixed assets					
Tangible assets	13	76,223	—	12,293	88,516
Investments	14	48,824	11,130	5,932	65,886
		<u>125,047</u>	<u>11,130</u>	<u>18,225</u>	<u>154,402</u>
Current assets					
Debtors – due within one year	16	6,492	344	526	7,362
Debtors – due after one year	16	—	—	483	483
Short term deposits		11,424	1,487	5,112	18,023
Cash at bank and in hand		—	—	1,372	1,372
		<u>17,916</u>	<u>1,831</u>	<u>7,493</u>	<u>27,240</u>
Creditors: amounts falling due within one year	17	(178)	(461)	(414)	(1,053)
Net current assets		<u>17,738</u>	<u>1,370</u>	<u>7,079</u>	<u>26,187</u>
Total assets less current liabilities before eliminating inter-fund balances					
		142,785	12,500	25,304	180,589
Inter-fund balances		495	245	(740)	—
Total assets less current liabilities		<u>143,280</u>	<u>12,745</u>	<u>24,564</u>	<u>180,589</u>
Creditors: amounts falling due after one year					
	18	(355)	—	(327)	(682)
Provisions for liabilities	19	(1,582)	—	—	(1,582)
Total net assets		<u>141,343</u>	<u>12,745</u>	<u>24,237</u>	<u>178,325</u>
Represented by:					
The funds of the charity					
Endowment funds	21	141,343	—	—	141,343
Restricted funds	22	—	12,745	—	12,745
Unrestricted funds	23	—	—	24,237	24,237
		<u>141,343</u>	<u>12,745</u>	<u>24,237</u>	<u>178,325</u>

Summary consolidated income and expenditure account Year to 31 December 2020

This summary consolidated income and expenditure account relates to income funds only (i.e. excluding movements on endowment funds) and has been prepared to comply with the Companies Act 2006.

	2020 £'000	2019 £'000
Total income of continuing operations	25,738	30,379
Total expenditure of continuing operations	(21,968)	(19,306)
Net income for the year before transfers, investment gains and losses and taxation	3,770	11,073
Transfer from endowment funds	(5,422)	(604)
Net income before investment gains and losses and taxation	(1,652)	10,469
Investments (losses)/gains	(109)	1,949
Taxation	646	(1,881)
Net income (expenditure) for the year as defined by the Companies Act 2006	(1,115)	10,537

Total income as defined by the Companies Act 2006 comprises £21,030k (2019 – £28,795k) for unrestricted and non-charitable trading funds and £4,708k (2019 – £1,584k) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analyses of expenditure are provided in the statement of financial activities and related notes.

Net expenditure before investment gains and taxation for the year of £1,652k (2019 – net income £10,469k) comprises net expenditure of £2,329k (2019 - net income £10,494k) on unrestricted and non-charitable trading funds and net income of £677k (2019 – net expenditure £25k) on restricted funds.

The summary consolidated income and expenditure account is derived from the consolidated statement of financial activities on page 29 which, together with the notes to the financial statements provides full information on the movements during the year on all funds of the group.

Consolidated statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(1,346)	6,945
Cash flows from investing activities:			
Dividends, interest and rent from investments		2,094	2,261
Proceeds from the disposal of tangible fixed assets		—	877
Purchase of tangible fixed assets		(762)	(582)
Proceeds from the disposal of investments		6,840	14,682
Purchase of investments		(10,584)	(5,177)
Taxation paid		(827)	—
Decrease (increase) in cash deposits		5,588	(19,329)
Net cash provided by (used in) investing activities		2,349	(7,268)
Cash flows from financing activities:			
Repayment of borrowing		(4)	(6)
Net cash used in financing activities		(4)	(6)
Change in cash and cash equivalents in the year		999	(329)
Cash and cash equivalents at 1 January 2020	B	2,172	2,501
Cash and cash equivalents at 31 December 2020	B	3,171	2,172

Notes to the statement of cash flows for the year to 31 December 2020.

A Reconciliation of net income to net cash flow (used in) provided by operating activities

	2020 £	2019 £
Net income (as per the statement of financial activities)	4,682	23,512
Adjustments for:		
Depreciation charge	66	48
Gains on investments	(922)	(12,369)
Dividends, interest and rent from investments	(2,094)	(2,261)
Surplus on disposal of tangible fixed assets	—	(68)
Decrease (increase) in stocks	99	(150)
(Increase) decrease in debtors	(2,084)	277
Decrease in creditors	(388)	(1,440)
Pension adjustment	(705)	(604)
Net cash (used in) provided by operating activities	(1,346)	6,945

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	2,452	1,643
Cash held by investment managers	719	529
Total cash and cash equivalents	3,171	2,172

Principal accounting policies 31 December 2020

Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2020 with comparative information provided for the year to 31 December 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 (Charities FRS 102 SORP 2015) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the St Albans Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Basis of consolidation

The financial statements consolidate, on a line by line basis, the results of the charity and its wholly owned subsidiary company, St Albans Diocesan Property Company Limited, made up to the balance sheet date.

In accordance with the provision of paragraph 24.7 of the SORP, a statement of financial activities for the charity alone has not been prepared. The charity had total income for the year of £20,890k (2019 – £18,022k), total expenditure of £19,522k (2019 – £16,995k) and investment gains of £921k (2019 – gains £12,369k), resulting in net income of £2,289k (2019 – £13,396k).

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members of the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- ◆ the valuation of investment properties;
- ◆ the useful economic life of tangible fixed assets;
- ◆ the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- ◆ the valuation of stock of land under development; and
- ◆ The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

Going concern

The members of the Board have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements, including consideration of the impact of COVID-19 on the charity's operations and finances. The members of the Board have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

Principal accounting policies 31 December 2020

Going concern (continued)

For the charity, the effects of COVID-19 impact its activities both directly and indirectly. The closure of church buildings has resulted in a loss of income for many parishes which rely on giving through 'the plate' or income from lettings of church property, and therefore on their ability to pay the parish share. The charity itself faces a loss of income from its properties as well as its listed investments as well as uncertainty over the current and future value of its assets which have already suffered significant volatility.

Steps have been taken, and will continue, to reduce expenditure by furloughing staff, and putting on hold expenditure on property improvements. The lockdown has also resulted in savings in travel costs, property repairs, training and other events. The high percentage of the Diocesan budget expended on clergy stipends and housing limits the scope for further significant savings. Our forecasts indicate that the charity has sufficient overall cashflow to meet its ongoing liabilities in the near-term, but that the possible income shortfall forecasts mean it may well have to make use of its reserves. Any financial recovery is likely to take some time.

The members of the Board have concluded that despite the challenges of COVID-19, there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In addition to those related directly to COVID-19, with respect to the next accounting period the most significant areas of uncertainty that may affect the carrying values of the assets held by the charity are the level of investment return and the performance of the listed and property investment markets.

The members of the Board are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations and legacies, including Parish Share income, income from listed and property (glebe) investments, income directly related to charitable activities (including grants) and the surplus on disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Grants receivable on confirmation by the charity that specified performance criteria have been met are accounted for only once such criteria have been satisfied.

Principal accounting policies 31 December 2020

Income (continued)

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

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from the Coronavirus Job Retention Scheme is credited to the statement of financial activities once the charitable company and group are entitled to receipt and once the amount to be received has been quantified.

Income from each sale of land under long term land development contracts is recognised on completion. Costs of each sale are apportioned based on the proportion of the land area sold. This means that all costs will be apportioned suitably across each of the sales as they are completed.

Expenditure

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.

- b. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the members' report i.e. promoting the work of the Church in the Diocese of St Albans including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

Principal accounting policies 31 December 2020

School major repair and capital projects

The charity receives contributions from governors of Church schools in the Diocese in connection with major repair and capital projects to Church schools and also Government grants in connection with the same. Up until 31 March 2020, the charity administered these monies as managing agent under the Local Co-ordinated Voluntary Aided Programme (LCVAP) and made the appropriate payments to contractors for work carried out. This was under the LCVAP scheme where the monies did not belong to the charity and as such the receipts and payments were not treated as income or expenditure in the statement of financial activities. Any monies held at the balance sheet date were treated as creditors on the balance sheet. The funding scheme changed on 1 April 2020 to the School Condition Allocation (SCA). Under this arrangement monies are received before it has been allocated or spent. Projects are agreed by the Diocese, under the statutory and non-statutory guidance provided by the Department for Education (DfE). The change in scheme means that the Diocese has some limited discretion over the application of funds, which is sufficient to change the agency status applied under the LCVAP. From 1 April 2020 all income and expenditure under the SCA has been included in the Diocesan accounts. Any monies held at the balance sheet date are treated as creditors on the balance sheet. Monies given have to be spent within a two-year time period or returned to the DfE.

Tangible fixed assets

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

Freehold land and buildings owned as at 31 December 2013 comprising parsonage houses and corporate residential properties are included in the financial statements at a valuation determined by the members of the Board as at 31 December 2013. The valuation, deemed to approximate to the value based on an existing use basis, was based on an insurance value determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. Other freehold land and buildings are included in the financial statements at cost, or where cost is not known, at a valuation determined prior to 31 December 1999 by members of the Board. All of the above valuations have been deemed to be cost under the transitional provisions of FRS 102. All other tangible fixed assets are included in the financial statements at cost.

Parsonage houses being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the members of the Board, who are satisfied that their residual value is not materially less than their book value.

Other freehold buildings which are used as private residential properties are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Computer equipment is written off over a period of between three and six years and office equipment over a period of ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

Principal accounting policies 31 December 2020

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted in the Members' Report attached to these financial statements, one of the main forms of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Glebe property comprising agricultural land, retail property and residential property held for investment is included in the financial statements at a valuation based on rental yield. The valuation has been determined by the Members after consultation with their professional property advisers. In the case of a small number of residential properties subject to long leases, rental yield comprises ground rent only and the resultant valuation reflects this.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Stock: land under development

Stock is stated at the lower of cost and net realisable value. The cost of stock includes the initial cost of the land, preliminary costs incurred prior to the commencement of construction and borrowing costs.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the members of the Board. Certain unrestricted funds have been set aside and designated for specific purposes by the Board.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Principal accounting policies 31 December 2020

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

The non-charitable trading funds represent the accumulated losses arising on the charity's trading subsidiary.

Financial instruments

Apart from fixed asset investments held at fair value, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

Pension costs

All members of staff and clergy are eligible to belong to a defined benefits pension scheme administered by the Church of England Pensions Board. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the statement of financial activities when payable. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

Custodian funds

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

1 Income from donations and legacies

	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Total 2019 £'000
Parish Share	—	13,117	13,117	13,339
Specific parochial donations	—	22	22	1
General donations and legacies	57	13	70	93
2020 total funds	57	13,152	13,209	13,433

	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
Parish Share	—	13,339	13,339
Specific parochial donations	—	1	1
General donations and legacies	67	26	93
2019 total funds	67	13,366	13,433

In addition to the above, the Diocesan Board of Finance received as trustees contributions of £208k (2019 – £457k) from the governors of Church schools in the Diocese in connection with major repair and capital projects (see note 3 below).

2 Income from investments

	Endowment funds £'000	Restricted funds £'000	Un-restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Income from listed investments and interest receivable	—	353	873	1,226	1,334
Glebe income	—	—	477	477	456
Income from miscellaneous rents and lettings	—	17	375	392	470
2020 total funds	—	370	1,725	2,095	2,260

	Restricted funds £'000	Un-restricted funds £'000	Total 2019 £'000
Income from listed investments and interest receivable	395	939	1,334
Glebe income	—	456	456
Income from miscellaneous rents and lettings	16	454	470
2019 total funds	411	1,849	2,260

3 Income from charitable activities

	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Total 2019 £'000
Grants receivable	269	204	473	374
Fees and chaplaincy income	—	516	516	579
Schools' Service Level Agreements and Project levies	117	—	117	118
Grant funding from Schools Condition Allocation	3,104	—	3,104	—
Other income from courses and conferences	17	—	17	48
Grant from Church Commissioners' Strategic Development Fund	271	—	271	292
National Church allocations	503	—	503	430
2020 total funds	4,281	720	5,001	1,841

	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
Grants receivable	221	153	374
Fees and chaplaincy income	—	579	579
Schools' Service Level Agreements and Project levies	118	—	118
Grant funding from Schools Condition Allocation	—	—	—
Other income from courses and conferences	46	2	48
Grant from Church Commissioners' Strategic Development Fund	292	—	292
National Church allocations	427	3	430
2019 total funds	1,104	737	1,841

Grants receivable for the year which exceeded £100,000 from a single organisation were as follows:

	2020 £'000	2019 £'000
All Churches Trust	168	157
Church Commissioners' Strategic Development Fund	271	292

In addition to the above, the Diocesan Board of Finance received as trustee Government grants of £191k (2019 – £1,933k) in connection with major repair and capital projects at Church schools in the Diocese under the LCVAP which ran until 31 March 2021.

These monies, together with the contributions received from school governors (see note 1 above) are used to fund contractor payments also administered by the charity acting as managing agent for the Church schools concerned. During the year, the Board made payments to contractors of £490k (2019 – £2,295k) under this scheme.

This scheme ended on 31 March 2021. From 1 April, the Diocese administers grants under the SCA scheme, which provides the Diocese with greater discretion for allocation. As a result of this, income and expenditure for this scheme are included as part of the Diocesan accounts.

4 Income from other sources

	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2020 £'000
2020 total funds:				
Coronavirus job retention scheme grant	—	—	169	169
	Endowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2019 £'000
2019 total funds:				
Surplus on disposal of tangible fixed assets	70	2	—	72

5 Expenditure on raising funds

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	Total 2020 £'000	Total 2019 £'000
Schools' Service Level Agreements	—	55	—	—	55	90
Schools' Courses	—	15	—	—	15	44
School Capital Projects	—	22	—	—	22	31
Investment management costs	9	39	182	—	230	326
Trading expenditure (note 25)	—	—	—	2,446	2,446	2,311
Glebe expenditure	—	—	149	—	149	142
2020 total funds	9	131	331	2,446	2,917	2,944
			Restricted funds £'000	Un- restricted funds £'000	Non- charitable trading funds £'000	Total 2019 £'000
Schools' Service Level Agreements			90	—	—	90
Schools' Courses			44	—	—	44
School Capital Projects			31	—	—	31
Investment management costs			42	284	—	326
Trading expenditure (note 25)			—	—	2,311	2,311
Glebe expenditure			—	142	—	142
2019 total funds			207	426	2,311	2,944

6 Expenditure on the promotion of the work of the Church of England in the Diocese of St Albans

	Year ended 31 December 2020			Year ended 31 December 2019		
	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
Parochial clergy stipends and related costs						
. Stipends	—	6,451	6,451	—	6,279	6,279
. Pension contributions	—	1,671	1,671	—	1,648	1,648
. National insurance	—	560	560	—	537	537
. Removal and resettlement	—	233	233	—	230	230
. Other clergy costs	—	247	247	—	255	255
	—	9,162	9,162	—	8,949	8,949
Clergy housing costs						
. Parsonages (direct expenditure)	—	1,889	1,889	—	1,934	1,934
. Allocation of support costs	—	528	528	—	513	513
Sub-total	—	2,417	2,417	—	2,447	2,447
. Board of Finance properties (direct expenditure)	—	443	443	—	430	430
	—	2,860	2,860	—	2,877	2,877
Ministry						
. Direct expenditure*	362	1,163	1,525	318	1,212	1,530
. Allocation of support costs	—	601	601	—	584	584
	362	1,764	2,126	318	1,796	2,114
Education						
. Schools Condition Allocation grants (note 22)	2,662	—	2,662	—	—	—
. Direct expenditure	364	1	365	371	(26)	345
. Allocation of support costs	—	347	347	—	336	336
	3,026	348	3,374	371	310	681
Mission						
. Direct expenditure**	49	650	699	49	762	811
. Allocation of support cost	—	347	347	—	336	336
	49	997	1,046	49	1,098	1,147
Grants payable (note 7)	202	290	492	324	270	594
Total funds	3,639	15,421	19,060	1,062	15,300	16,362

* This figure includes the costs of supporting ordinands in training amounting to £810k (2019 – £857k).

** Unrestricted fund expenditure in respect to mission includes £271k (2019 - £291k) that has been funded by the Strategic Development Funding receivable from the Church Commissioners. Such funding has been credited to restricted funds. A transfer from restricted funds to unrestricted funds has been made at 31 December 2020 and 2019 to reflect the utilisation of the monies for the purposes intended (note 20).

Notes to the financial statements 31 December 2020

7 Grants payable

The Diocese makes grants to institutions in accordance with its grant making policy set out in the members' report. A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

	Year ended 31 December 2020			Year ended 31 December 2019		
	Restricted funds £'000	Unrestricted funds £'000	Total 2020 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2019 £'000
Church Schools						
Other grants to schools	5	—	5	56	—	56
Parishes						
To assist with repairs or rebuilding costs	13	—	13	61	—	61
Pastoral Aid Support Grants to assist in meeting Parish Share contributions	—	200	200	—	173	173
Mission Initiatives	17	85	102	15	87	102
External charities						
For humanitarian relief mission and evangelism	55	—	55	63	—	63
Clergy and clergy widows						
Ordinands' support	68	—	68	73	—	73
Discretionary grants for the relief of financial hardship	44	5	49	56	10	66
Total funds	202	290	492	324	270	594

8 Support costs

	Unrestricted funds	
	Total 2020 £'000	Total 2019 £'000
Support staff costs	911	821
Support office costs	293	313
Governance costs	140	153
General Synod Requirement	479	482
	1,823	1,769
Reallocated to charitable activities as follows:		
Clergy housing	528	513
Ministry	601	584
Education	347	336
Mission	347	336
	1,823	1,769

9 Net income before investment gains and losses

This is stated after charging:

	Total 2020 £'000	Total 2019 £'000
Staff costs (note 10)	2,452	2,461
Auditor's remuneration		
. Statutory audit services	28	27
Depreciation	66	48

10 Staff costs and employees

	Total 2020 £'000	Total 2019 £'000
Staff costs during the year were as follows:		
Wages and salaries	1,835	1,816
Social security costs	172	181
Other pension costs	445	464
	2,452	2,461

	Total 2020 £'000	Total 2019 £'000
Staff costs per function were as follows:		
Direct promotion of the work of the Church of England in the Diocese of St Albans	1,687	1,760
Other support staff	765	701
	2,452	2,461

The average number of employees and office holders, analysed by function, was:

	2020 Full-time	2020 Part-time	2019 Full-time	2019 Part-time
Direct promotion of the work of the Church of England in the Diocese of St Albans	20	24	23	21
Other support staff	11	7	11	6
	31	31	34	27

The 31 (2019 – 27) part-time posts are equivalent to 15 full-time posts (2019 – 14).

10 Staff costs and employees (continued)

The number of employees who earned over £60,000 (excluding employer's pension contributions) during the year was as follows:

	2020	2019
£60,001 - £70,000	1	1
£70,001 - £80,000	1	—
£80,001 - £90,000	1	1

Employer contributions are also paid into a pension scheme in respect of the employees who earned over £60,000.

Key management personnel remuneration (including employer's pension and national insurance contributions) totalled £553k in the year to 31 December 2020 (2019 – £570k) including stipends and related employer's pension and national insurance contributions in respect to Board members of £204k (2019 – £230k).

11 Board members' remuneration

During the year no member of the Board had any beneficial interest in any contract with the group or the charity (2019 – none). During the year several members of the Board, who are also clergy within the Diocese, received stipends from the charity in connection with their religious and pastoral duties within the Diocese. These stipends totalled £191k (2019 – £216k) including pension contributions of £41k (2019 – £55k) to the Clergy scheme and other employer costs. However, no member of the Board received any remuneration in connection with their duties as members of the Board during the year (2019 – none). No travel expenses were incurred in the performance of their duties as Board members (2019 – none).

Five clergy members benefited from clergy housing provided by the Board (2019 – five members).

The Board's insurance policy includes cover for Trustee Indemnity.

12 Taxation

The St Albans Diocesan Board of Finance is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The charity's subsidiary company paid corporation tax as result of the profit on the completion of the sale of a portion of the glebe land in 2019. The corporation tax liability was reduced as the subsidiary company made a charitable donation to the charity in 2020. Further land was sold in 2020 and the subsidiary company may make a further charitable donation should sufficient funds be available.

13 Tangible fixed assets

Group and charity 2020	Parsonage houses £'000	Other freehold land and buildings £'000	Office equipment £'000	Total £'000
Cost or deemed cost				
At 1 January 2020	76,223	12,475	282	88,980
Additions	24	712	26	762
At 31 December 2020	76,247	13,187	308	89,742
Depreciation				
At 1 January 2020	—	297	167	464
Charge for year	—	20	46	66
At 31 December 2020	—	317	213	530
Net book values				
At 31 December 2020	76,247	12,870	95	89,212
At 31 December 2019	76,223	12,178	115	88,516

Parsonage houses and corporate residential properties owned as at 31 December 2013 have been included in tangible fixed assets at a valuation at that date. The valuation attributable to each house as at that date is that deemed by members of the Board of Finance to have approximated to the value calculated on the basis of existing use. In calculating this valuation, reference was made to insurance value, as determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. The historical cost of the parsonage houses is not known as many of these assets have been given or transferred to the Diocese over a period of many years. These valuations are now regarded as the deemed cost of the properties under the transitional provisions of FRS 102.

Parsonage houses and corporate residential properties acquired since 1 January 2014 have been included within tangible fixed assets at their cost.

The book value of other freehold land and buildings is based on cost, or where cost is not available, at a members' valuation made in prior accounting periods. Other fixed assets are stated at cost.

The Board has opted to adopt a policy of not revaluing its tangible fixed assets as permitted on the implementation of FRS 102.

It is likely that the open market values of the group's and the charity's other freehold land and buildings are materially greater than their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of members, is not justified in terms of the benefit to the users of the financial statements.

In accordance with FRS 102, to the extent that property is financed by Church Commissioners' equity loans for sector ministry, it is excluded from both tangible fixed assets and the related creditors in the balance sheet.

14 Investments

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Glebe property	27,652	—	—	27,652	26,506
Listed investments and cash	24,458	11,092	5,839	41,389	37,680
	52,110	11,092	5,839	69,041	64,186

Group	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2019 £'000
Glebe property	26,506	—	—	26,506
Listed investments and cash	20,618	11,130	5,932	37,680
	47,124	11,130	5,932	64,186

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Glebe property	27,652	—	—	27,652	26,506
Listed investments and cash	24,458	11,092	5,839	41,389	37,680
Investment in subsidiary undertaking	1,700	—	—	1,700	1,700
	53,810	11,092	5,839	70,741	65,886

Charity	En- dowment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2019 £'000
Glebe property	26,506	—	—	26,506
Listed investments and cash	20,618	11,130	5,932	37,680
Investment in subsidiary undertaking	1,700	—	—	1,700
	48,824	11,130	5,932	65,886

Movements in the group's and charity's investments during 2020, excluding those in subsidiary companies, were as follows:

	Glebe property £'000	Listed investments £'000	Total £'000
Market value at 1 January 2020	26,506	37,151	63,657
Additions at cost	—	10,584	10,584
Disposals at book value (proceeds: £6,840k; net losses: £1,089k)	—	(7,929)	(7,929)
Net unrealised investment gains	1,146	864	2,010
Market value at 31 December 2020	27,652	40,670	68,322
Cash awaiting investment	—	719	719
	27,652	41,389	69,041

The cost at 31 December 2020 of listed investments was £33,516 (2019 – £29,938k).

14 Investments (continued)

Glebe property

Glebe property is included in the financial statements at a valuation based on rental yield. The valuation has been calculated by the Board based on information provided by the charity's managing land agents. The historical cost of the Glebe properties is not known. Many of the properties have been owned for a significant number of years and, in many cases, the properties were given or transferred to the Diocese for no consideration.

Glebe property held at 31 December 2020 comprised the following:

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Agricultural land	22,317	21,406	22,317	21,406
Residential property	5,335	5,100	5,335	5,100
	27,652	26,506	27,652	26,506

Listed investments

Listed investments comprise units in funds held by Schroder and Company Limited, by the Central Board of Finance of the Church of England (CBF) which are professionally managed on behalf of the CBF by CCLA Investment Management Limited, together with a holding in M&G Charifund, a common investment fund managed by M&G Securities Limited.

At 31 December 2020, the investment portfolio for both the group and charity included the following holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date:

	2020		2019	
	Percentage of portfolio %	Market value £'000	Percentage of portfolio %	Market value £'000
CBF Investment fund income unit	8.6	3,515	10.6	3,926
Schroder Fidelity Global Dividend Fund	7.9	3,207	8.2	3,041
Schroder Vanguard S&P 500 UCITS ETF	6.4	2,590	6.2	2,316
Schroder Real Estate Fund	5.9	2,390	6.2	2,312
Schroder Property Fund	5.5	2,238	6.0	2,247
Schroder QEP Global	5.4	2,178	3.0	1,103
Schroder Charities Property Fund	5.3	2,166	6.5	2,247
HSBC FTSE All-World Index Fund	4.5	1,831	3.1	1,079
M&G Charifund	4.1	1,655	16.1	5,983

All listed investments are held within the United Kingdom.

14 Investments (continued)

Investment in subsidiary company

During 2014, the charity established a wholly owned subsidiary company, St Albans Diocesan Property Company Limited, investing £1.7 million in the purchase of the subsidiary company's called up share capital of 1,700,000 ordinary shares. Further details of the subsidiary and its trading results for the year to 31 December 2020 and financial position as at that date are given in note 25 to these financial statements.

15 Stock: land under development

Group	2020 £'000	2019 £'000
At 1 January 2020	11,886	11,736
Development costs	2,192	1,751
Borrowing costs	25	31
Disposals	(2,316)	(1,632)
At 31 December 2020	11,787	11,886

Land under development relates to a parcel of land that is being developed by the charity's wholly owned trading subsidiary, St Albans Diocesan Property Company Limited. On 20 December 2017 St Albans Diocesan Property Company Limited signed a Collaboration and Equalisation Agreement with the owners and co-developers of adjacent land to its own near Houghton Regis. This agreement is pursuant to an existing Collaboration and Equalisation Agreement in place ("Heads of Agreement") with the same owners. The new agreement sets out detailed terms and conditions of the financial and operational obligations of each member to the Houghton Regis Consortium which will manage the development and sales of land owned by each member of the Consortium. During the five years to 31 December 2020, professional, feasibility and borrowing costs have been incurred and have been treated as additions to the value of the land under development. The first major sale of land was made in February 2019 with further sales in 2020. The profits on these sales have been included in the group financial statements in the year appropriate to the transactions.

16 Debtors

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Due within one year				
Amounts due from Parochial Church Councils				
. Building loans	4	4	4	4
. Parochial contributions (note (a) below)	81	119	81	119
	85	123	85	123
Church School buildings and maintenance (note (b) below)	—	224	—	224
Church Commissioners – Pastoral Account (note (c) below)	16	16	16	16
Investment income receivable	140	283	140	283
Staff loans	13	12	13	12
Loan to subsidiary company (note 25)	—	—	—	6,000
Due from subsidiary company (note (d) below)	—	—	811	325
Sundry debtors and prepayments	1,324	430	508	379
	1,578	1,088	1,573	7,362

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Due after one year				
Amounts due from Parochial Church Councils:				
. Building loans	157	161	157	161
. Equity loans to finance the purchase of curates' houses (note (e) below)	298	304	298	304
. Other loans	17	18	17	18
Loan to subsidiary company (note 25)	—	—	6,000	—
Amount due in respect to sale of land	1,605	—	—	—
	2,077	483	6,472	483

Notes

- (a) The debtor for parochial contributions represents monies in respect of parish share for 2020 received subsequent to the year-end but prior to 14 January 2021 (2019 - 10 January 2020).
- (b) Amounts due in connection with church school buildings and maintenance represented amounts refundable from the Department for Education, and from School Governors, in respect to work and maintenance to school properties held by the charity as custodian trustee in 2019. This scheme ended on 31 March 2020. There is no associated debtor at this year-end 2020.
- (c) Amount due from the Church Commissioners represents proceeds from the sale of a redundant church.
- (d) In 2019 and 2020, the amount due from the subsidiary company includes accrued interest on the loan to the company (note 25).
- (e) Equity loans enable Parochial Church Councils to purchase curates' houses. They are repayable only on the future disposal of the relevant property.

17 Creditors: amounts falling due within one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Church School buildings and maintenance	593	341	6	341
Grants committed	33	47	620	47
Corporation tax payable	456	1,881	—	—
Promotion fee payable by subsidiary company	—	576	—	—
Sundry creditors and accruals	876	665	869	665
	1,958	3,510	1,495	1,053

Church schools buildings and maintenance represents receipts held and allocated to a project but not yet spent.

18 Creditors: amounts falling due after more than one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts due to the Central Board of Finance in respect of parish property loans	7	11	7	11
Amounts due to the Church Commissioners				
. Variable deposit rate and equity loans for the purchase of curates' houses	316	316	316	316
Amount due to consortium development partners	1,476	1,559	—	—
Other creditors	178	355	178	355
	1,977	2,241	501	682

The Church Commissioners' loans have no fixed date of repayment. The equity loans bore interest at between 7.19% and 8.2% during the year. The other creditors of £178k (2019 – £355k) are payable by annual instalments of £178k within the next two to four years.

19 Provisions for liabilities

Group and Charity	2020 £'000	2019 £'000
Clergy pension scheme deficit contribution liability (see note 30)	859	1,582

20 Gross transfers between funds

The inter-fund transfers during the year were as follows:

Group and charity	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000	Non-charitable trading funds £'000
Net reduction in Clergy pension scheme deficit	705	—	(705)	—	—
Provision for pension scheme deficit on past service (lay workers scheme)	—	—	(121)	121	—
Net movement on parsonage benefice fund in year	18	—	(18)	—	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(271)	271	—	—
Transfers from operational reserves	63	—	(325)	262	—
Transfers from glebe to cover provisions	(275)	—	—	275	—
Common fund transfer to School work	—	10	(10)	—	—
Transfers of unused funds on parsonage houses	(678)	—	—	678	—
Transfer of income from Glebe Endowment to unrestricted	89	—	(89)	—	—
Transfer of interest payable on loan to subsidiary company	—	—	416	—	(416)
Charitable donation from subsidiary company to parent charity	5,500	—	—	—	(5,500)
	5,422	(261)	(581)	1,336	(5,916)

The inter-fund transfers during the previous year were as follows:

Group and charity	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000	Non-charitable trading funds £'000
Net reduction in Clergy pension scheme deficit	604	—	(604)	—	—
Provision for pension scheme deficit on past service (lay workers scheme)	—	—	(121)	121	—
Accumulated interest on general restricted funds transferred to the common fund	—	(28)	28	—	—
Grants from Church Commissioners' Strategic Development Fund transferred to meet mission expenditure	—	(292)	292	—	—
Transfer to support curates in training	—	—	(15)	15	—
Transfer from City Church Fund to support curate	—	(55)	—	55	—
Common fund transfer to School work	—	35	(35)	—	—
Transfers from operational reserves	—	—	(232)	232	—
Transfer of interest payable on loan to subsidiary company	—	—	416	—	(416)
	604	(340)	(271)	423	(416)

21 Endowment funds

The capital funds of the group and the charity are endowed assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims.

Group and charity	At 1 January 2020 £'000	Income and Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Endowment funds				
. Stipends Capital Fund	23,224	—	(284)	22,940
. Pension reserve	(1,582)	—	723	(859)
	<u>21,642</u>	<u>—</u>	<u>439</u>	<u>22,081</u>
. Parsonage Houses Fund	75,487	(13)	—	75,474
. Parsonage Benefice Fund	2,674	—	(629)	2,045
. Glebe Fund	41,540	4	6,660	48,204
	<u>141,343</u>	<u>(9)</u>	<u>6,470</u>	<u>147,804</u>

Group and charity	At 1 January 2019 £'000	Income £'000	Gains, losses and transfers £'000	At 31 December 2019 £'000
Endowment funds				
. Stipends Capital Fund	21,577	—	1,647	23,224
. Pension reserve	(4,606)	—	3,024	(1,582)
	<u>16,971</u>	<u>—</u>	<u>4,671</u>	<u>21,642</u>
. Parsonage Houses Fund	75,417	70	—	75,487
. Parsonage Benefice Fund	2,483	—	191	2,674
. Glebe Fund	32,958	—	8,582	41,540
2019 amounts	<u>127,829</u>	<u>70</u>	<u>13,444</u>	<u>141,343</u>

The endowment funds were established as follows:

◆ Parsonage Houses Fund and Parsonage Benefice Fund

The Parsonage Houses Fund represents the net book value of properties used as parsonage houses less the value of temporary finance from the Stipends Capital Fund for the replacement of parsonage houses where the sale of existing houses is pending. The Parsonage Benefice Fund represents net proceeds from disposals of parsonage houses or parsonage land which are not the subject of a Pastoral Reorganisation. Under the Parsonage Measure 1938 (as amended by the Church Property Measure 2018), these funds are required to be held by the Board on behalf of the benefice concerned. The first call on these funds is to make improvements to the current parsonage house. Once these requirements are met, the remaining funds can be transferred to the Diocesan Stipends or Diocesan Pastoral Account after serving due notice on the Parochial Church Council and Patron.

21 Endowment funds (continued)

◆ **Parsonage Houses Fund and Parsonage Benefice Fund (continued)**

The parsonage house belongs to the benefice (not to the Parochial Church Council nor the DBF) and the ownership is vested in the “incumbent for the time being”. During a period of vacancy in the benefice, the Diocesan Bishop has powers to sell in accordance with the provisions of the Church Property Measure 2018. The statutory provisions relating to repairs to parsonage houses are contained in the Repair of Benefice Buildings Measure 1972. The Measure puts a statutory obligation upon the Diocesan Parsonage Board (or DBF Property Committee) to repair and insure benefice houses, thereby relieving the incumbent of this responsibility.

◆ **Glebe Fund**

The Glebe Fund represents the value of the Glebe Property plus net current assets of £14,650k (2019 – £13,333k). The use of the fund is restricted under the Endowments and Glebe Measure 1976, which transferred ownership of all Glebe land and property from the benefice to the Diocesan Board of Finance to be held by the Board exclusively for the benefit of the Diocesan Stipends Fund (see below). All income derived from this fund is included within Glebe Rents shown in the Common Fund.

◆ **Stipends Capital Fund**

This fund represents net proceeds from the disposal of Glebe land subsequently invested to be held as part of the Stipends Capital Fund. Income from the fund must be applied towards the payment of stipends. The provision for the Clergy pension scheme deficit recovery payments forms part of this fund.

The fund balance is represented by listed investments, cash on deposit and loans to provide temporary finance to the Parsonage Houses Fund for the replacement of parsonage houses where the sale of existing houses is pending, less the provision for the deficit in the Clergy pension scheme.

22 Restricted funds

The income funds of the group and the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

Group and charity	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Consolidated Fund for Statutory Education	8,567	3,614	(3,163)	(229)	8,789
Church Commissioners' Strategic Development Fund	—	271	—	(271)	—
Committee for Social Responsibility funds	629	18	(17)	40	670
Creed Fund	89	2	—	5	96
Trust for London (CCFS)	553	133	(11)	—	675
Bishop's Harvest Appeal	20	57	(55)	—	22
Church Repairs Fund	326	10	(2)	21	355
Parker Fund	654	20	(18)	42	698
Archdeacons' Discretionary	503	18	(22)	30	529
Yapp Fund	668	18	—	43	729
Historic Buildings Fund	(57)	26	(43)	—	(74)
Ordinands' Training Fund	41	502	(363)	—	180
Grimthorpe Fund	204	6	(4)	6	212
Other restricted funds	548	13	(72)	29	518
	12,745	4,708	(3,770)	(284)	13,399

22 Restricted funds (continued)

Group and charity	At 1 January 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2019 £'000
Consolidated Fund for Statutory Education	7,684	570	(625)	947	8,576
Church Commissioners' Strategic Development Fund	—	292	—	(292)	—
Committee for Social Responsibility funds	536	18	(58)	90	586
Creed Fund	76	2	—	11	89
Trust for London (CCFS)	527	115	(34)	(55)	553
Bishop's Harvest Appeal	23	61	(64)	—	20
Church Repairs Fund	296	10	(37)	48	317
Parker Fund	563	20	(24)	95	654
Archdeacons' Discretionary	439	23	(28)	69	503
Yapp Fund	571	18	—	79	668
Historic Buildings Fund	(21)	9	(2)	—	(14)
Ordinands' Training Fund	6	427	(390)	—	43
Grimthorpe Fund	177	6	(4)	25	204
Other restricted funds	482	13	(3)	54	546
2018 amounts	11,359	1,584	(1,269)	1,071	12,745

The Consolidated Fund for Statutory Education is legally restricted by the trusts set out in Section 17 of the Education Act 1993. Its uses include:

- (i) Purchase, erection, maintenance and improvement of any school or teacher's house in the relevant area;
- (ii) Provision of advice, guidance and resources for the management of schools in the area;
- (iii) Inspection of relevant schools in the area.

22 Restricted funds (continued)

Movements on the Consolidated Fund for Statutory Education during the year can be summarised as follows:

Group and Charity	2020 £'000	2019 £'000
Income		
Donation	1	1
Investment income	251	292
Grants received	107	97
Rental income from school properties	17	17
Service Level Agreement income	79	79
School Courses	17	45
Grant funding from SCA	3,104	—
School Building Projects levy	38	39
Total income	3,614	570
Expenditure		
Education	(3,163)	(625)
Net income (expenditure) before investment gains and transfers	451	(55)
Investment (losses) gains and transfers	(229)	947
Net income	222	892

The fund is represented by the following net assets:

	2020 £'000	2019 £'000
Investments	7,632	7,879
Debtors	75	660
SCA Funds held for future use	442	
Short term deposits	679	658
Creditors: amounts falling due within one year	(1,089)	(403)
Inter fund balances	1,050	(218)
Total net assets	8,789	8,576

Historically the Consolidated Fund for Statutory Education acted as agent for school governors in relation to school building works and the purchase of IT equipment for schools. It acted as the agent of school governors in helping to arrange funding through the DfE and local authorities and in paying professional fees and building costs on behalf of school governors. The SCA (Schools Condition Allocation) system changed in April 2020. It was not previously reflected in the Statement of Financial Activities as the transactions were those of the school governors and the Board acted simply as an agent or facilitator. The grant funding received has now been brought into the SOFA along with the related expenditure. The unspent balance is represented as part of the surplus for the CFSE at the year-end. It has to be spent for the purposes detailed under the SCA agreement and the unspent amount at the end of the year has to be spent by 31 March 2022 or returned to the DfE.

22 Restricted funds (continued)

The specific purposes for which the other restricted funds are to be applied are as follows:

Fund	Application/purpose
Church Commissioners Strategic Development Fund	Grant funding received from Church Commissioners co-funding the Reaching New People project
Consolidated Fund for Statutory Education	Application of net sales proceeds of closed church schools under section 17 of the Education Act 1993.
Committee for Social Responsibility Funds	Formerly held under the charity registered number 291355, grants are awarded by the Committee for Social Responsibility, which is a sub-committee of the Board for Mission and Ministry
Creed Fund	Evangelism and mission at the discretion of the Bishop
Trust for London (CCFS)	For the support of parishes in the Metropolitan Police area. Monies are applied to support specific qualifying projects where expenditure occurs irregularly.
Bishop's Harvest Appeal	Monies raised as part of the Bishop's annual appeal
Church Repairs Fund	Monies for the repair of churches within the Diocese
Parker Fund	Assistance to clergy as directed by the Bishop
Archdeacons' Discretionary	Assistance to clergy as directed by the Archdeacons
Yapp Fund	Towards the Common Fund of the Board, to support the payment of stipends
Historic Buildings Fund	This is a jointly funded project with Historic England to build the capacity of local communities to conserve and develop the use of their church buildings. Grants are received once a year, whilst expenditure supported by those grants occurs evenly throughout the year.
Ordinands' Training Fund	This fund receives block grants from the Archbishops' Council Ministry Division intended to meet the tuition costs for Ordinands at accredited Training institutions. Grants are received termly, to meet termly payments throughout the year.
Grimthorpe Fund	Monies applied for the repair of churches within the Archdeaconries of Hertford and St Albans.
Other restricted funds	Sundry specific purposes

23 Unrestricted funds

The unrestricted income funds of the group and the charity, including designated funds which have been set aside by the Board for specific purposes, are as follows:

	At 1 January 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Common Fund	2,015	16,150	(15,650)	(1,000)	1,515
Other unrestricted funds					
. Tangible fixed asset fund	13,323	—	—	—	13,323
. Property ring-fenced fund	6,064	—	—	438	6,502
. Special Designations	2,164	32	(101)	813	2,908
.. Operational Reserve	1,027	—	(6)	266	1,287
.. Mission	380	28	(39)	81	450
.. Other	757	4	(56)	466	1,171
. Pastoral Account	673	—	(1)	—	672
	22,224	32	(102)	1,251	23,405
Unrestricted funds	24,239	16,182	(15,752)	251	24,920
Elimination of Intra group profit	(236)	(416)	—	416	(236)
Non-charitable trading	7,972	5,264	(2,446)	(5,319)	5,471
	31,975	21,030	(18,198)	(4,652)	30,155

	At 1 January 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2019 £'000
Common Fund	1,921	16,168	(15,412)	(662)	2,015
Other unrestricted funds					
. Tangible fixed asset fund	13,323	—	—	—	13,323
. Property ring-fenced fund	5,571	196	(78)	375	6,064
. Special Designations	1,778	6	(236)	616	2,164
.. Operational Reserve	874	—	(175)	328	1,027
.. Mission	329	2	(32)	81	380
.. Other	575	4	(29)	207	757
. Pastoral Account	728	—	—	(55)	673
	21,400	202	(314)	936	22,224
Unrestricted funds	23,321	16,368	(15,726)	274	24,237
Elimination of Intra group profit	(236)	(416)	416	—	(236)
Non-charitable trading	(263)	12,843	(4,608)	—	7,972
2019 amounts	22,822	28,795	(19,918)	274	31,973

23 Unrestricted funds (continued)

◆ **Common Fund**

The Common Fund, whose primary source of income are the amounts collected from Parochial Church Councils via the Parish Shares scheme, is used to fund the budget of the St Albans Diocesan Board of Finance as agreed by the Diocesan Synod. The Common Fund provides the liquidity needed to operate effectively and the ability to finance short-term deficits. The aim is for the fund to be represented, in part, by a minimum cash balance sufficient to meet stipend and lay staff salary payments as they fall due. The need for such working capital is taken into account when setting the annual budget. Excess monies may be distributed to parishes via the budgetary process, but conversely any prior year deficits sustained on the common fund may be recouped via the same process. The policy itself, and the levels of resources required, are reviewed annually.

◆ **Tangible Fixed Assets Fund**

This fund represents those assets held by the Board for carrying out its general activities. Reserves are needed to provide the St Albans Diocesan Board of Finance with the assets needed to carry out its objectives including statutory requirements, administration of funds and housing of non-beneficed clergy.

◆ **Special Designated Funds**

These are funds which the Board has set aside for specific sundry purposes falling within the normal activities of the Diocese.

◆ **Pastoral Account**

The Diocesan Pastoral Account is held by the Board for the purposes defined in Sections 93 and 94 of the Mission and Pastoral Measure 2011. Its uses include:

- (i) Expenses incurred relating to the purposes of the measure;
- (ii) Grants and loans for parsonage and church provision, restoration, improvement or repair;
- (iii) Transfers to the Diocesan Stipends Fund;
- (iv) Other purposes as defined in the Measure.

24 Unrealised gains

The total unrealised gains as at 31 December 2020 constitutes a revaluation reserve and are as follows:

	2020 £'000	2019 £'000
Unrealised gains on listed investments at 31 December 2020	7,151	7,214
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2020	7,214	4,180
Less: in respect to disposals in the year	(928)	(372)
Net gains arising on revaluation arising in the year	865	3,406
Total unrealised gains at 31 December 2020	7,151	7,214

25 St Albans Diocesan Property Company Limited

On 18 February 2014, St Albans Diocesan Property Company Limited was established as a 100% owned subsidiary of the St Albans Diocesan Board of Finance. Its current directors are Mr C G Bird, Mr A C Brown, The Ven D Middlebrook, Mr J W Butler and Mr C B Gage who are also members and directors of the Board of Finance and, Mr E M Wood, The Hon H T Holland-Hibbert and Mr J B Watkiss who are independent directors.

St Albans Diocesan Property Company Limited is part of a VAT Group registration with the St Albans Diocesan Board of Finance.

On 10 April 2014, the St Albans Diocesan Board of Finance transferred a parcel of its land with planning potential to St Albans Diocesan Property Company Limited. The land was classified initially as investment land as it was not known whether satisfactory planning permission for development would be obtained. Such permission was granted in July 2015 at which point the land was reclassified as stock of land under development.

As explained in note 15, the company has signed an agreement with the owners and co-developers of adjacent land to its own near Houghton Regis and a consortium has been formed to manage the development and sales of land. During 2019 the consortium completed its first significant sale of land. Two further parcels of land were sold in the year, which resulted in net sales proceeds of around £2.2 million and are included in the accounts of the company and the consolidated accounts of the charity. The sales were completed prior to the impact of COVID-19. Tax has been calculated on them and is included in the financial statements. 2021 saw the continuation of this process, generating net sales proceeds of around £1 million.

During 2018, the company entered into an agreement for a loan of £7 million from its parent charity, repayable in two years. In 2019, £1 million of the net sales proceeds were utilised to repay part of this loan. The loan was due to be repaid in July 2020, but following the year-end, the St Albans Diocesan Board of Finance agreed to extend the loan facility by a further two years. Interest is payable at a commercial rate of interest which is at a lower rate than that charged by the consortium partners and therefore benefits both the company and ultimately the parent charity.

25 St Albans Diocesan Property Company Limited (continued)

The corporation tax liability was reduced following a charitable donation from the subsidiary company to the charity. The charitable donation has been accounted for as a distribution in the accounts of the property company in line with FRS102. The reduction in the tax liability has resulted in a tax recharge as a result of the write-back for the tax provision from 2019.

A summary of the company's statement of income and retained earnings for the year and balance sheet at 31 December 2020 is given below. Audited accounts will be filed with the Registrar of Companies. The company's registered office is Holywell Lodge, 41 Holywell Hill, St Albans, Herts, AL1 1HE.

	2020 £'000	2019 £'000
Income and expenditure		
Turnover	5,264	12,843
Cost of sales	(2,354)	(2,170)
Operating costs	(91)	(111)
Interest payable	(417)	(446)
Taxation	597	(1,881)
Profit for the year	2,999	8,235

	2020 £'000	2019 £'000
Balance sheet		
Current assets	15,921	20,013
Creditors: amounts falling due within one year	(1,274)	(8,782)
Creditors: amounts falling due after one year	(7,476)	(1,559)
Total net assets	7,171	9,672

	2020 £'000	2019 £'000
Capital and reserves		
Called up share capital	1,700	1,700
Profit and loss account	5,471	7,972
Total shareholder's funds – equity interests	7,171	9,672

26 Custodian funds

As at 31 December 2020 the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £39.5m (2019 – £37.3m) as Custodian Trustee. As explained under principal accounting policies, these assets are not included in these financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

27 Liability of company members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, company members are required to contribute an amount not exceeding £1.

28 Related party transactions

Hockerill Education Foundation – registered charity number 311018

Four (2019 - Three) member of the Board are trustees of the Hockerill Educational Foundation. In 20120 the St Albans Diocesan Board of Finance received educational grants from the Foundation totalling £107k (2019 – £97k) and £92k (2019 – £111k) was spent during the year.

Eastern Region Ministry Course – registered charity number 1090989

Two members (2019 – one member) of the Board are trustees of the Eastern Region Ministry Course. In 2020 the St Albans Diocesan Board of Finance made payments to the Ministry Course totalling £1171k (2019 – £97k), for academic fees for Student Readers.

Associated committees

Details of all associated committees can be found in the Diocesan Directory available at the registered office.

Donations from Board members

No donations were received from Board members in the year (2019 – £none).

Other than those transactions stated above there were no other related party transactions during the year (2019 – none).

29 Connected entities

As explained in the Members' Report attached to these accounts, the St Albans Diocesan Board of Education (DBE) is a Board of the St Albans Diocesan Synod. Whilst it has certain functions and responsibilities imposed by statute (the Diocesan Boards of Education Measure 1991 (as amended 2006)) and reports directly to the Diocesan Synod, it has no legal personality separate from the DBF. A key function of the DBE is to assist in the promotion of education in the Diocese, such education being consistent with the faith and practice of the Church of England. It promotes or assists also in the promotion of religious education and religious worship in schools in the Diocese.

Following the enactment of The Academies Act 2010, the DBE established The Diocese of St Albans Educational Trust, a company limited by guarantee (Company Registration No. 8223185 (England and Wales)) to assist Church of England Academy Trusts in the Diocese as they seek to provide a high quality education for pupils and students in their schools. This company is a member of each of the Academy Trusts formed in the Diocese since 1 September 2012. Five of the seven directors of the company are appointed from the DBE with two non-DBE appointments.

29 Connected entities (continued)

In response to the Education and Adoption Bill 2015, the Diocese of St Albans Multi Academy Trust was incorporated on 27 October 2016 as a company limited by guarantee (Company Registration No. 10449374). The five members of the Multi Academy Trust are appointed by The Diocese of St Albans Educational Trust. These members are responsible for appointing the seven directors of the Multi Academy Trust who have responsibility for its day to day management. The Multi Academy Trust has been established to provide for schools within the Diocese requiring rapid improvement having been placed in Special Measures and subject to a directive Academy Order, good or outstanding schools where no natural cluster of local Church of England provision exists, and new schools within new housing provision where the Diocese is the identified sponsor.

During the year, there have continued to be a limited number of transactions between the Multi Academy Trust and the DBF in respect of a recharge of staff salaries by the DBF. The amounts involved are not material to these financial statements.

30 Pension commitments

Lay workers scheme

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

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

Defined Benefits Scheme

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

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

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

30 Pension commitments (continued)

Lay workers scheme (continued)

Defined Benefits Scheme (continued)

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020 - £10,200; 2019 - £10,200). There were no deficit recovery payments in 2019 or 2020.

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

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £10,200 per year.

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

Clergy scheme

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

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

30 Pension commitments (continued)

Clergy 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 each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020 - £2,421k; 2019 - £2,415k), including the figures highlighted in the table below as being recognised in the SoFA.

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

- ◆ An average discount rate of 3.2% p.a;
- ◆ RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- ◆ Increase in pensionable stipends of 3.4% p.a.; and
- ◆ Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 core projections 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%.

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

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

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

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

30 Pension commitments (continued)

Clergy scheme (continued)

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

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	1,582	4,606
Deficit contribution paid	(718)	(693)
Interest cost (recognised in SOFA)	13	89
Remaining change to the balance sheet liability* (recognised in SOFA)	(18)	(2,420)
Balance sheet liability at 31 December	859	1,582

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2%	1.1%pa	2.1% pa
Price inflation	3.1%	2.8%pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3%pa	1.6% pa

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

Other schemes

Contributions are also made to the Teacher's Pension Scheme and the Hertfordshire County Council pension scheme. Total contributions to these schemes in the year were £13k (2019 – £12k).

Reference and administrative information

Board members

Chairman C G Bird

Vice Chairman T R Fleming

Other Members
The Bishop of St Albans
The Archdeacon of St Albans
The Archdeacon of Bedford
The Archdeacon of Hertford
The Reverend Canon Dr P Ackroyd
The Reverend Dr G R Cappleman
A Brown OBE
M E Butcher
J W Butler
N K Challis
D C Clark
B Crawford
Dr D W Dallinger
P E Easterbrook
Dr M Eaton
K Ebbage
C B Gage
M J Gates
P R Lindley
M Readman
J H Robinson
K Smith
Dr R L V Southern

Secretary to the Board Miss S E Pope

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Company registration no. 145227 (England and Wales)

Charity registration no. 248887

The governance structure of the charity is more fully discussed on page 21.

Reference and administrative information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc Blenheim Gate 22/24 Upper Marlborough Road St Albans Herts BX3 2BB
Diocesan Registrar and Solicitors	Winckworth Sherwood LLP Minerva House 5 Montague Close London SE1 9BB
Legal Advisers	Debenhams Ottaway Solicitors Ivy House 107 St Peter's Street St Albans Herts AL1 3EW
Investment managers – listed investments	Schroder & Company Limited trading as Cazenove Capital Management 12 Moorgate London EC2R 6DA CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET
Diocesan Surveyor	Rumball Sedgwick Chartered Surveyors, Valuers and Estate Agents 58 St Peter's Street St Albans Herts AL1 3HG
Glebe property agents	Bidwells Bidwell House Trumpington Road Cambridge CB2 9LD