Chester Diocesan Board of Finance

Annual Report and Financial Statements 2025

Company limited by guarantee registered in England no 00007826

Registered charity no 248968

Bankers
National Westminster Bank plc, 33 Eastgate Street, Chester, CH1 1LG

Investment managers
CCLA Investment Management Limited, One Angel Lane, London, EC4R 3AB.

Solicitors
Aaron & Partners, Grosvenor Court, Foregate Street, Chester, CH1 1HG
HMD Registry Services Ltd, 53 Park Mount Drive, Macclesfield, SK11 8NS
Nexa Law, Suite 2 Salop House, 13 Salop Road, Oswestry, Shropshire, SY11 2NR

Auditors
HaysMac LLP, 10 Queen Street Place, London EC4R 1AG

Chester Diocesan Board of Finance Annual Report and Financial Statements 2025

Registered Office: Church House, 5500 Daresbury Park, Daresbury, Warrington WA4 4GE.
Telephone: (01928) 718 834

Chester Diocesan Board of Finance is the financial executive of the Church of England in the Diocese of Chester. It is a company limited by guarantee registered in England (no 00007826) and is a registered charity (no 248968).

Throughout this document, “DBF” refers to Chester Diocesan Board of Finance.

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Membership of the Board

The trustees of the registered charity and the directors of the charitable company are the same. Trustees/directors served for the full year, except where shown.

President: Rt Revd Mark S A Tanner Bishop of Chester
Chair: Canon David A Hermitt

Trustees/Directors:

Rt Revd Julie A Conalty	Bishop of Birkenhead
Rt Revd Samuel J C Corley	Bishop of Stockport
Ven Dr Michael R Gilbertson	Archdeacon of Chester
Ven Jane E Proudfoot	Archdeacon of Macclesfield
Very Revd Timothy R Stratford	Dean of Chester Cathedral
Revd Christina P Upton	Chair, House of Clergy, Diocesan Synod
Ms Julie H Withers	Chair, House of Laity, Diocesan Synod (until 14th May 2026)

Revd Hana Amner
Revd Nigel Atkinson
Mr Peter Ball-Foster
Dr J Graham Campbell
Revd George T Crowder
Revd Lesley S Currie
Dr Alan Dowen
Revd Stephen Dunton
Canon John J C Freeman
Revd Daud Gill
Mrs Esme A Hammer
Mr John S Haslam
Revd Clair Jaquiss
Revd Anna Leyden
Dr Peter J Marshall
Canon Dr John P Mason
Revd Ruth E Mock
Revd Michael L Ridley
Revd Michael I A Smith
Revd David A Vestergaard
Mrs Gill White
Mr Sam Wilson

Key Management Personnel

Mr Sean Augustin	Diocesan Safeguarding Officer (until 22 March 2026) Interim Diocesan Secretary (from 23 March 2026)
Ms Jane K Pleace	Diocesan Secretary / Chief Executive Officer (from 27 May 2025 to 30 January 2026)
Canon Christopher R Penn	Interim Diocesan Secretary (until 26 May 2025) Director of Education
Revd Jennifer C Bridgman	Interim Executive Officer (until 26 May 2025) Director of Ministry, Bishop's Adviser for IME2 & Clergy Transitions
Mrs Elizabeth A Geddes	Director of Human Resources and Deputy Diocesan Secretary
Revd Canon Simon Chesters	Director of Ministry, Bishop's Adviser for Vocations
Revd Peter M Froggatt	Director of Outreach
Mr Jon Pocock	Strategic Programme Director
Mr Graham P Melia	Interim Director of Finance (from 18 Sept 2025)
Mrs Harriet M Roberts	Director of Communications

Chair's Statement

I am pleased to present the Chair's Statement for Chester Diocesan Board of Finance. The organisation continued to pursue its core purpose, "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The DBF continued to provide a financial and support function to allow the parishes of the diocese to continue to operate effectively, by collecting contributions from the parishes, funding and housing the clergy, and through providing support services.

I thank Canon Chris Penn and Revd Jenny Bridgman for their oversight of the DBF during the interim period while the search for a new diocesan secretary was underway.

I also thank Jane Pleace for her work following her appointment as the new diocesan secretary; unfortunately, her tenure was curtailed early in 2026 for personal reasons. Sean Augustin has agreed to take over in the interim. He is well known and respected in the diocesan organisation and in the parishes because of his safeguarding work.

I am grateful to Archdeacons Ven Dr Michael Gilbertson and Ven Jane Proudfoot, together with assistance from Revd Lesley Currie, during a challenging period.

We have made significant progress in the area of safeguarding. A campaign under the banner "Speak Out: Stay Safe" (since renamed "Speak Out") has been launched, including publicity materials and a suite of free resources for Parish Safeguarding Officers and others to use in church settings. In the autumn, the INEQE audit took place. I am grateful to everyone in the Diocese who took part or provided feedback. The report is expected in 2026.

I thank the staff of the DBF, who provide quality support to our parishes. I also thank all those who have left the DBF's employment for the work they have done and welcome new members to the team at Daresbury and at Foxhill. These include Sarah Jones and Rebecca Holland (Strategy), Graham Melia (Finance), Abigail Smith (Safeguarding) and Airren Martin (Net Zero within Outreach).

Finally, I thank Bishop's Council and all sub-committee members for their work throughout the year.

The DBF's day-to-day financial performance again showed a deficit and parish share collection declined, but only marginally. We continue to be very grateful to parishes who are the core and at the centre of the Diocese's mission.

Investments declined in value. Most of these investments are endowment funds whose primary function is to generate income for stipends and other purposes, so maintenance of dividends continues to be of higher importance than end of year valuations. CCLA, with whom the DBF's investments are held, continued to increase its main dividend rate.

Economic circumstances for parishes and their parishioners remain challenging. In addition, safeguarding and other issues face the church both locally and nationally. Plans for the future, and the risks to be faced, will be continuously kept under review.

Our priority is to use our resources wisely in the pursuit of growing God's kingdom throughout the Chester Diocese and beyond. We pray that God's Holy Spirit may guide and inspire us all.

Canon David A Hermitt
Chair

Trustees' Report

Purposes and Aims

The DBF's core purpose is "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester". The directors all believe that the Christian message is relevant and that the DBF's role is to support parishes in living it and telling people about it. Staff working for the DBF also believe this or are in sympathy with this purpose.

Ensuring our work delivers our aims

God has given us a Christian framework for living which benefits the members of the churches in the Diocese and the wider public generally. We provide facilities for public worship, pastoral care, and spiritual, moral and intellectual development; we promote Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society.

The parish is the core unit of Church of England activity; Chester Diocesan Board of Finance provides a financial executive and support function to enable parishes to operate effectively. In practice, this means collecting contributions from parishes, paying and housing the clergy, and delivering diocese-wide services and projects.

The focus of our work

Our main activities aim to deliver benefit in the following ways: -

- **Clergy -** providing parish and other clergy to offer Christian services and spiritual oversight
- **Parochial -** assisting Parochial Church Councils to provide churches, sacred spaces and worship services; assisting with effective accounting and administration
- **Outreach -** assisting parishes as they live out God's love for the world, as expressed in the Anglican Communion's Five Marks of Mission
- **Education -** contributing to the spiritual and moral education of children and young people
- **Ministry Training** - providing training and assistance in order that parishes have clergy and volunteers who are competent, in providing Christian services, such as visiting the sick, and comforting the bereaved
- **Grants** - making grants to enable the national church institutions to function and have a positive wider influence

- **Provision of retreats and Christian conferences** - education, spiritual and physical refreshment at Foxhill House and Woodlands
- **Safeguarding** – ensuring that the Church of England National Safeguarding Standards are implemented and embedded, to maintain the safety of children, vulnerable adults and the wider community in the Diocese

The majority of the DBF's activity takes place in the Diocese of Chester, which comprises Cheshire, the Wirral, and parts of Greater Manchester.

Who benefits from our services?

The DBF is a public benefit entity. The trustees confirm that they have complied with the duty of the Charities Act 2022 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. We also take account of the Charity Governance Code 2025 (see page 30) in ensuring that the charity is effective.

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.

- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.

- Training courses and retreats are offered at reduced or no cost where appropriate in order that ability to pay is not a bar.

Strategic Report

Clergy

Provision of clergy

Although the DBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. There are approximately 201 trained stipendiary clergy. This includes Archdeacons, full and part time incumbent status clergy, and approximately 28 curates. Funding stipends is the DBF's largest financial commitment which can only be met if the parishes pay their Parish Share. Stipend and pension levels are set nationally with some regional flexibility.

Some clergy are not paid stipends. These include self-supporting ministers, ministers in secular employment, and retired clergy. They give excellent service but generally have part time roles and are not usually asked to take charge of a parish.

Clergy in the Diocese are paid under the terms of Common Tenure.

Good clergy, well trained and with high morale, are at the heart of the DBF's purpose. We must ensure that we can continue to raise the money to keep as many as possible in post, for the sake of the Church, the Gospel, and the people and communities of the Diocese.

We are pleased that God has continued to call people to serve in the Diocese. We are now experiencing occasional difficulty in recruiting clergy, and the rate of parishes in vacancy is rising somewhat as a result.

Provision of clergy housing

The DBF is responsible for maintaining and insuring clergy houses. This includes carrying out repairs and maintenance works as they arise, and as highlighted in quinquennial inspections. Major renovation works are usually carried out during vacancies. There is also a phased program of improving the overall standard of housing within the constraints of available funding.

Improvement projects continued, including the replacement of kitchens and bathrooms. Some of the improvement work has been grant funded by Benefact Trust, the owner of Ecclesiastical Insurance.

The vicarage at St James Congleton was sold pending a replacement. The vicarage at Hale was replaced. The previous vicarage at St John, Chester having been sold, it was replaced with a house that was formerly DBF corporate property.

Chaplains

The DBF also supports chaplains who provide a strong Christian influence in hospitals, hospices, schools, farming, prisons, local industry, Manchester Airport and Chester University.

Bishops

Bishops are the chief pastors of the Diocese. They provide overall focus and lead the mission of the Diocese.

Archdeacons

Archdeacons have the role of pastoral care of the clergy and their families, and oversight of church buildings and vicarages, together with supporting the bishops.

There are two Archdeacons in the Diocese. The Ven Dr Michael Gilbertson is the Archdeacon of Chester. The Ven Jane Proudfoot is Archdeacon of Macclesfield, currently being assisted by the Revd Leslie Currie.

Assisting Parochial Church Councils

The DBF has continued to provide support to parishes in care and development of their church buildings through the work of the Diocesan Advisory Committee (DAC). It provides informal feedback to proposals of work in parishes and provides formal advice to the Diocesan Chancellor in respect of faculty applications. In addition, it administers quinquennial inspections of church buildings.

Purpose and focus: The DAC and DAC office have focused on supporting those responsible for church buildings and churchyards, helping ensure these are well maintained, accessible, hospitable, and supportive of mission, so that they reflect God's presence and encourage engagement with church life.

Committee activity: The full DAC met monthly in 2025 except April and August, with meetings held primarily in person and online access available. The Closed Churches Uses Committee met five times. Specialist advisers (e.g. heating, lighting, organs, bells, clocks, archaeology) continued to play a vital role, with

increased demand linked to the Church of England's Net Zero Carbon commitments.

Training and support for parishes and clergy: The DAC team delivered training at Churchwarden training days, provided induction input for new clergy, and ran an online DAC Q&A surgery, which was well received and is planned to continue in 2026.

Regional and national engagement: DAC staff attended regional and national DAC conferences and specialist training events. Key topics included the new Buildings Management Portal (to replace the Online Faculty System), Net Zero obligations, mission and pastoral updates, heritage protection, accessibility, and safeguarding-related matters.

Membership changes: There were changes in committee membership during 2025, including farewells and the recruitment of new advisers in organ and lighting roles. The DAC continued to note the need to increase overall committee membership.

Policy development and governance: During the year the DAC considered and contributed to revised churchyard regulations, safeguarding considerations, Martyn's Law updates, telecommunications guidance, boiler replacement policy, and revised faculty system documentation. Safeguarding was a recurring theme, including direct engagement with the diocesan Safeguarding Officer.

Site visits and casework: The DAC undertook both formal sub-committee site visits for major schemes and informal visits (including closed churches), alongside online meetings with parishes where appropriate.

Faculty and permissions activity: The DAC handled significant volumes of formal and informal work, including recommendations on faculty applications, interim faculties, List B permissions, informal advice, variations, reserved matters, temporary reordering licences, and time extensions.

Ongoing advisory role: In addition to formal casework, the DAC office provided extensive day-to-day advice to parishes on permission levels, faculty processes, use of the Online Faculty System, and identifying suitable professional advisers.

Much of the support for treasurers has now been taken over by Data Developments, the provider of the package MyFundAccounting, the Church of England's package of choice.

A multidisciplinary vacancy support group assists parishes with the complexities and opportunities that arise between clergy appointments. This approach was commended by the INEQE safeguarding audit.

Outreach

The DBF aims to inspire and serve churches seeking spiritual and numerical growth. Its work involves parishes in the diocese, and links with the Anglican church in Melanesia and the Democratic Republic of Congo.

The DBF is guided by the Anglican Communion's "Five Marks of Mission" in its approach: -

1. To proclaim the Good News of the Kingdom.
2. To teach, baptise and nurture new believers.
3. To respond to human need by loving service
4. To transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation.
5. To strive to safeguard the integrity of creation and sustain and renew the life of the earth.

During 2025, the DBF continued to support parishes, schools and chaplaincies across the diocese through a wide range of missional, pastoral and practical initiatives. Support was offered through advice, training, facilitation and by connecting people via networks, events and shared learning.

Significant progress was made in the area of Buildings and Environment, particularly in relation to Net Zero Carbon (NZC). A new NZC Project Officer was appointed during the year, and funding was allocated for a range of "Quick Wins", alongside free energy audits for twelve high-emitting churches. Key guidance documents were produced, including a DAC Heating Policy and a Heating Guide, and work began on collating examples of good NZC practice. Environmental monitoring equipment has been installed in two churches, with further installations planned. The continuation of the NZC Project Officer role for the next triennium has been secured. Alongside this, around fifty parish visits were undertaken to advise on reordering, repairs and grant funding, and training was delivered for curates, churchwardens and deaneries. Progress was also made towards the Eco Diocese Silver Award, building on Church House achieving Eco Church Silver status.

Work with children, families and young people remained a priority. Training continued through Catalyst and safeguarding boundary training sessions. Youthscape Essentials courses were delivered in several parishes, with plans to

extend the licence. Growing Faith initiatives, including Brick Church events and Flourish projects, proved particularly successful, with strong attendance and increasing focus on leadership development and discipleship. Collaborative youth work in Runcorn continued to demonstrate the benefits of partnership between parishes.

In wider mission and discipleship, parishes were supported through bespoke facilitation, surveys, away days and retreat opportunities. Feedback from these activities was consistently positive. New Everyday Faith podcast events were launched, offering accessible reflections on lived Christian discipleship.

Work on racial justice expanded through implementation of the From Lament to Action plan, engagement with churches, schools and synods, and the successful launch of Racial Justice Sunday. Disability inclusion was strengthened through the appointment of a Diocesan Disability Adviser and increased awareness-raising activity. Support for generosity and digital giving included deanery roadshows, a diocesan treasurers' conference and preparation for the launch of new stewardship resources.

The counselling service continued to be widely used and valued, providing over 600 hours of support and contributing to wider mental health initiatives. Throughout the year, the Outreach team prioritised collaboration within Church House and with external partners, supported by administrative staff and the Outreach Committee, whose oversight and encouragement remained vital to the team's work.

Education

The DBF works closely with Chester Diocesan Board of Education (DBE) in its work. Together with the DBE the Board seeks to ensure that schools have high standards, are distinctively Christian, and support the Church's mission to the Diocese, as well as reflecting the Church of England Education Office's Vision for Education. More details can be found in the DBE annual report.

Ministry

The DBF administers vocational discernment, selection, initial training, and in-service training for lay and ordained licensed ministries.

Over the past year, the Ministry Team has focused on the consistent and careful delivery of its core responsibilities, providing strong foundations for discernment, formation and sustainable ministry.

Key areas of work have included oversight of vocations and discernment (lay and

ordained); support for curacy, first posts and clergy transitions; and continued development of lay ministry pathways. Innovations in preparation for retirement have been introduced, alongside a strengthened focus on ministerial development, wellbeing and accountability through ministry development review, pastoral supervision and spiritual accompaniment.

Safeguarding has remained integral to this work, particularly in preparation for the INEQE audit.

Alongside delivery, the team has begun investing in the infrastructure that sustains healthy leadership, including improved systems, data and reporting, and intentional attention to team culture and ways of working.

The year included significant staffing change, with the loss of a 0.8 FTE post increasing pressure on delivery. Recruitment is underway to restore capacity. A new shared leadership model, with two Directors of Ministry collectively 1.0 FTE, will strengthen accountability and long-term capacity.

The team continues to engage with national church work, particularly in relation to wellbeing, formation and ministerial development.

Four priorities will shape future development: a coherent ecology of ministries; a bold and inclusive vocational culture; a coherent framework for lifelong development and wellbeing; and strengthened partnership and shared leadership across the diocese.

Grants

The DBF makes certain grants to support clergy and parishes in their work. The Diocese of Chester is also a part of the wider Church of England. In this capacity the DBF contributes funds to the national church to enable it to provide functions that are better carried out at a national level. Examples include funding for theological training colleges, promoting the Church of England's place and views in wider society, and the provision of specialist advice and support. Discretionary grants are also made to parishes where there is a surplus on the replacement or disposal of a parsonage house.

Retreats and Christian conferences

Foxhill is valued as a place of spiritual renewal where individuals and parish communities can step away from daily pressures to deepen prayer, discipleship, and engagement in the diocesan mission. Guided by its strategic purpose, Foxhill supports refreshment, restoration, and renewal for the people of the diocese and beyond. Over the past year it has hosted a wide range of retreats, events,

meetings, and counselling sessions, serving churches, deaneries, diocesan teams, clergy and lay individuals, and wider church organisations, with around 500 people attending in-house events in 2025 alone. Despite significant staffing challenges, the team ensured a high standard of hospitality and care. Looking ahead, Foxhill aims to play a key role in developing healthy missional communities, nurturing ministerial wellbeing, and extending its reach to a younger and more diverse audience, while continuing to be a welcoming place of encounter with God.

Safeguarding

Safeguarding advice and expertise continued to be vital element of support offered to parishes, and central to the functioning of the diocese.

The INEQE Safeguarding Group conducted an audit in the autumn of 2025. The audit used a 360 safeguarding audit tool and online surveys to gather evidence of good practice and identify areas for improvement. The audit included the site visits to the cathedral, bishop's house, and church house and parishes. The auditors took evidence from focus groups with diocesan volunteers including parish safeguarding officers, youth leaders and churchwardens, youth groups, choirs and parents/carers groups. The subsequent report, together with anticipated recommendations, is imminent.

The "Speak Out, Stay Safe" (since renamed "Speak Out") publicity campaign was launched in June at a service in Chester Cathedral. The project included the development of materials tailored to different demographics, and underlined the importance of positive, informative conversations about safeguarding.

Approximately 92% of parishes now routinely use the safeguarding dashboards and progress tracking as a tool for empowering parishes in their safeguarding activities and training.

Strategy

At the November Diocesan Synod, Bishop Mark set out a renewed strategic vision for the Diocese focused on spiritual renewal and responding to current challenges with greater clarity and confidence.
At the heart of the vision is one central purpose: Growing Disciples. To support this, the Diocese will prioritise Growing Leaders, Growing Connections, and Growing Communities.
Bishop Mark described change operating at three levels:

- Local – innovation led by parishes
- Translocal – collaboration across parishes, deaneries, and networks
- Diocesan – leadership and support from the central team

These are reflected in three revised strategic objectives:

1. Establishing New Christian Communities – new, Christian, community-focused expressions of church, including chaplaincy, schools, and creative outreach, not just church planting.
2. Translocal Partnerships – encouraging collaboration beyond traditional boundaries, such as cross-regional partnerships.
3. Leadership Development – a diocesan-wide approach to nurturing leaders of all ages, lay and ordained, for both church and wider society.

All initiatives will be shaped by six core values or "strategic filters": Younger, Bolder, Greener, Fairer, Broader, and Safer.

Looking ahead, Bishop Mark stressed that this is not a top-down strategy but a Spirit-led journey, noting signs of a growing "quiet hunger" for faith across the Diocese. Around 80% of churches are seeing unexpected newcomers, alongside a significant rise in confirmation services.

He acknowledged both encouragement and grief, celebrating new appointments while mourning the loss of much-loved clergy.

Finally, addressing divisions around Living in Love and Faith (LLF), Bishop Mark emphasised the importance of good process, kindness, and honest conversation, urging the Diocese to remain united despite deep differences.

Financial Review

Net expenditure after investment losses amounted to £1,363k (2024 net expenditure after investment gains £1,145k). Investments declined in value by £493k (2024 gain £282k). The dividend income on which the DBF relies to supplement parish share income, continued to increase.

Contributions received from parishes rose to £11.5m (2024 £11.3m), and the parish share collection rate was stable at approximately 86.5%.

There were a number of parsonage replacements, but with the completion of a number of projects, cash generated by sales outweighed that used for purchases. As a result, cash again rose during the period. The Board has a policy of recycling funds raised from the sale of parsonage houses to fund new parsonage houses and improvements to existing houses, though on occasions, surpluses on the sale and replacement of parsonages are also being used to support day to day activities. Cash decreased, and it should be noted that funding arising from the replacement of parsonages or disposal of parsonages

no longer required will not continue at the same rate into the future. The total valuation of parsonages increased, though this was mainly due to a progression from desktop review to periodic on-site valuations.

The DBF received a grant from Benefact Trust of £108,721, which has been applied to continued support to parishes in respect of using church buildings for mission, the provision of improved clergy housing, and to assist with the costs of the triennial clergy gathering.

The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions, housing maintenance and ordination training, which remained static at £10.7m (2024 £10.7m).

Since 2007, parochial contributions have been requested under a parish share system based on number of allocated clergy and a socio-economic factor; this approach is intended to foster mission and growth.

Following earlier changes to accounting policy, and the inclusion of benefice property on the balance sheet, all property has been subject to at least a desktop review of valuation on at least a five-year rolling basis, and more frequently where appropriate. Property showed an increase in value. In part this was due to fluctuations as a result of moving from desktop reviews to on-site reviews of valuation at the same time as inspections, though this process is now coming to an end.

The DBF has investments and cash deposits with the CBF Church of England Funds administered by CCLA. Holdings in the CBF Church of England Investment Fund declined in value by 4.2%. The dividend yield at the end of the year was 2.92%. The interest rate on cash in the CBF Church of England Deposit Fund at the end of the year was 3.8% (2024 4.6%).

The Defined Benefits Scheme section of the Church Workers Pension Fund for lay staff closed in 2024 while in surplus. The small number of remaining members in the scheme were transferred to the Pension Builder Classic Scheme section. As the Defined Benefits Scheme was in surplus at the time of closure, employer's pension contributions for the Pension Builder Classic Scheme for the next few years will be met from that surplus, rather than by payment by the DBF.

The majority of the DBF's investment assets are held by endowment funds and

are therefore not available for current expenditure. In the short term at least, this makes the income from those investments more important than their current capital value. This has limited the effect of the fluctuations in capital value on day-to-day operations. However, the DBF is conscious that continuing adverse economic conditions may have an impact on parochial contributions, parochial fees, rates of return on cash, and the ability to buy and sell parsonages and other property.

Going concern

The trustees consider that there is a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future, and as a result, the trustees continue to adopt the going concern basis in preparing the accounts. The trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the DBF's ability to continue as a going concern.

The basis of this approach includes budgets and forecasts for the following year together with keeping the economic environment and other potential sources of funds under review.

2026 and beyond

The purpose of Chester DBF is "to maintain and promote the spiritual teaching of the Church of England", not least by continuing to facilitate the healthy functioning of the parishes of the diocese.

Challenges for the next few years include: -

- moving to the strategy and implementation phase of the diocesan vision process
- implementing changes to the provision of safeguarding in line with the National Church of England Safeguarding Standards
- operating in the context of financial concerns and uncertainty

While the DBF faces challenges, it continues to be helped by many positives, not least including historically high parish share contribution rates, together with good relationships with parishes in the Diocese.

Risk Management

The Board reviews a register of risks on an ongoing basis, reviewing the combination of likelihood and likely impact of perceived risks. In addition, it is currently reviewing its process of identifying risks.

The Board considers that its principal risks at present are: -

- Financial sustainability. Parish share remains the DBF's largest source of income, and this is carefully monitored. Financial pressures remain following the pandemic and then the cost-of-living crisis. In the short to medium term, some financial support is being provided to Chester and other Diocesan Boards of Finance.

- Safeguarding: - issues regarding current and historical cases that could result in reputational problems, legal action, financial impact, together with impact on staff and parishes. Mitigated by policies in place, safeguarding staff employed, clergy and lay appointees in parishes being trained.

- The impact of ongoing societal, economic and political upheaval. The cost of living and other economic issues are sources of continuing uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Charity is in a reasonable financial position to help manage this risk. Steps are being taken on an ongoing basis, to minimise the impact on activities and the effect this may have on the stakeholders. The key priority is to ensure, as far as possible, that the DBF's services to parishes continue as effectively as possible.

- Loss of relevance and failure to adapt to changes in society together with declining electoral rolls and ageing congregations in parishes. The Diocese has approved vision themes and priorities is seeking to clarify its vision for the future and is now working towards a strategy to bring that vision to fruition.

- A number of challenging and complex issues where a very wide range of views are held with some risk of polarisation, possibly with financial impact.

There continues to be some risk relating to the DBF's ability to continue to fund

increasing stipends, housing, salary, and pensions costs if voluntary contributions from parishes fail to come in. The DBF's largest source of funding is contributions of Parish Share made by parishes. Parish share collection rates declined a little during the year, something reflected in other diocesan boards of finance, and in levels of donations in the secular charity sector.

The Central Services Committee, together with a parish share specific sub-committee, keeps arrears of parish share under review. In addition, it keeps a watch on stipend costs, the cost of clergy housing repair, and staffing costs, these being the chief items of expenditure.

Other risks are in the areas of key staff, reputation, and exposure to the consequences of decisions undertaken by separate but related church entities.

Structure, governance, and management

The sections that follow describe the local and national structure of the Church of England and explain the role of Chester Diocesan Board of Finance within it.

Pastoral structure of the Church of England

The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out the spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend (like a salary) and parsonage house. A deanery is a group of parishes over which a rural dean has oversight, and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A diocese is the main administrative and pastoral area of the Church of England and contains two or more archdeaconries under the leadership of the Diocesan Bishop. A province covers the area of several dioceses under the oversight of its Archbishop.

Parochial Church Councils

The parochial church council (PCC) is the governing body of a parish. It is made up of the incumbent (who is the chairperson) plus any other clergy licensed to the Benefice, the churchwardens, and elected members plus members of Deanery, Diocesan and General Synods. All parishes have Deanery Synod representatives, and a smaller number have Diocesan or General Synod representatives. PCCs are independent charities, though all but the largest are currently excepted from registration with the Charity Commission. Their accounts can be obtained by contacting the relevant PCC treasurer and do not form part of these accounts. The Charities Act 2022 requires that PCCs with income of over £100,000 register with the Charity Commission.

Deanery Synods

Deanery Synods have two houses: laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy of the deanery. The role of a Deanery Synod is to consider matters concerning the Church of England; to bring together the views of the parishes of the deanery; to effect

decisions made by the Diocesan Synod; to act as a channel of communication to express the views of the parish to Diocesan Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod. Deanery Synods generally do not have significant financial transactions.

Diocesan Synod

The Diocesan Synod is the statutory governing body of a diocese. It is elected with representation from all parts of the Diocese and roughly equal numbers of clergy and lay people, who meet in Synod with the Bishops and Archdeacons. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter of religious or public interest; to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod, and to refer matters to General Synod; and to make provision for the financing of the diocese, in its capacity as the Diocesan Board of Finance.

Chester Diocesan Synod met twice 2025, in March and November. The usual business was completed at both meetings, including the receipt of the Annual Report and Financial Statements for the year ended 31 December 2024, and receipt of General Synod reports.

The March Synod received updates on ongoing matters, including progress toward appointing a new Diocesan Chancellor, clarification on safeguarding training requirements for retired and Permission to Officiate (PTO) clergy, and the introduction of Martyn's Law in 2027, with places of worship expected to face minimal additional burden. Guidance will follow nationally, and no immediate parish action is required.
Financial and strategic issues were also discussed. Proposed national changes to stipends and apportionment may still lead to increased parish share, with no plans for retrospective pension compensation. Synod heard updates on Living in Love and Faith (LLF) and diocesan support measures, approved steps toward creating interim vice chairs, and engaged with Bishop Mark's emerging diocesan strategy focused on being safer, younger, broader, fairer, greener, and bolder, alongside renewed emphasis on safeguarding and future planning.

In his Presidential Address at the November Synod, the Bishop of Chester reflected on encouragements and discouragements: signs of a "quiet hunger" for faith, increased confirmations, but also illness, bereavement, and frustration over the Living in Love and Faith (LLF) process. He emphasised kindness, good process, and the need for decisions to be owned by the whole Church. He also reviewed progress on the emerging diocesan strategy.
Synod confirmed previous minutes, received reports on LLF, vocations, safeguarding, and General Synod, and approved updated committee terms of reference. The 2026 budget was received, noting significant financial pressures. Motions were passed on reforming Lowest Income Communities (LInC) funding and on justice and transparency in part-time clergy posts, both concluding with prayer.

National Church institutions

The General Synod is the legislative and decision-making body of the Church of England at national level. It makes decisions on doctrinal formulae, services and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The Synod contains three groups, or houses, of members: - the Houses of Bishops, Clergy and Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York. The Convocations are older than Parliament and before their powers were vested in the General Synod, they were responsible for making decisions on doctrine, services, and relations with other churches.

Archbishops' Council is the Church of England's policy discussion forum. It reports to General Synod.

Cooperating closely with Archbishops' Council, the Church Commissioners manage the historic assets of the Church of England, spending a significant part of their income on pensions for the parochial clergy, and providing selective financial support to Dioceses.

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

Chester Cathedral

Chester Cathedral is a separate charity. Copies of its accounts can be obtained from Chester Cathedral Office, 9 Abbey Square, Chester, CH1 2HU.

Bishops

The costs of Episcopal administration (Diocesan and Suffragan Bishops) are met by the Church Commissioners.

The Diocese of Chester

The Diocese of Chester was created in 1541, following the dissolution of the Abbeys under Henry VIII, and assumed roughly its present dimensions in 1880. It covers an area of 1025 square miles, approximately the old Victorian County of Chester, including parts which subsequently became absorbed into Merseyside and Greater Manchester. The rivers Mersey and Tame approximately delineate the boundary with Liverpool and Manchester. There are areas of dense urban population, mainly in the north, stretching from Birkenhead to East Manchester. There are prosperous suburban regions of West and South Wirral, Chester and south of Manchester, with a mainly rural heartland, bounded by the Derbyshire Pennines and the Welsh Border. The overall population is approximately 1.6 million.

The Diocese is divided into two archdeaconries: Chester covering the western half and Macclesfield the eastern, each with nine deaneries. There are 264 parishes, about 100 of which can be described as rural. Compared with many dioceses, there are few teams, and few multi-parish benefices. There are approximately 213 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 230 licensed. The role of licensed self-supporting ministers is substantial, with over 60 in post at present.

The Archdeaconry of Macclesfield approximately covers the part of the diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester approximately covers the rest of the diocese to the west of the M6. Each archdeaconry has a broad mix of urban and rural parishes. The Archdeacon of Chester lives in Chester, and the Archdeacon of Macclesfield lives in Congleton.

The financial affairs of the Diocese are conducted through two registered charities: - Chester Diocesan Board of Finance (Registered charity number 248968), and Chester Diocesan Board of Education (Registered charity number 525790).

Chester Diocesan Board of Finance

Chester Diocesan Board of Finance (DBF), founded in 1873, is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925.

It is a charitable company limited by guarantee, registered in England and Wales, and governed by memorandum and articles of association.

Its principal activity is to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester. It acts as the financial executive of the Diocesan Synod and as custodian trustee for parochial trusts, and other related organisations. There have been no significant changes in activity during the year.

As a registered charity, the DBF is not liable to Corporation Tax on its charitable activities.

The DBF has the following statutory responsibilities: -

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;

- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;

- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

Charitable donations and grants have been made as part of the normal expenditure of the DBF in the exercise of its objectives. No political donations have been made.

The DBF continues to undertake significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners,

the Church of England Pensions Board and Parochial Church Councils (PCCs) in the Diocese of Chester. None of these is a connected charity.

Bishop's Council

Bishop's Council has the following functions:

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

In practice, Bishop's Council undertakes actions in all the above areas, details of which are reported to Diocesan Synod on a regular basis.

The members of Bishop's Council are also the trustees and the members of the Board of Directors of Chester Diocesan Board of Finance and are therefore responsible for ensuring that the activities of the DBF are conducted in accordance with Charity and Company Law. The Central Services Committee deals with all the financial transactions of the DBF except for

- approval of the annual report and financial statements;
- approval of new policy and material changes in policy;
- approval of significant non-budgeted expenditure;
- major capital expenditure;
- staff remuneration.

The Central Services Committee also oversees matters relating to clergy and lay conditions of service, staffing levels, and other matters.

Bishop's Council receives detailed and regular reports on the activities of the various committees on the discharge of its responsibilities.

As employer of the staff responsible for the administrative and support work of the Diocese, the Board of the DBF records its sincere appreciation of the commitment and hard work of everyone concerned.

Subject to financial limits certain day-to-day decisions have been delegated to senior employees.

Bishop's Council is appointed as follows: -

Ex-officio members: the Bishop of the Diocese; other members of the House of Bishops, the Dean; the chairs of the House of Clergy and Laity; the Archdeacons; and the Chair of the Diocesan Board of Finance who is elected by the members.

Appointed members: one member appointed by each of: the members of the DBF, the committee responsible for housing matters, and the Diocesan Advisory Committee for the Care of Churches.

Elected members: 5 clergy and 5 lay persons from each Archdeaconry elected by and from among the members of the appropriate House of that Archdeaconry.

Nominated members: not more than 2 persons nominated by the Bishop.

Co-opted members: not more than 2 persons co-opted by the Council.

A new Bishop's Council is constituted every 3 years, most recently in November 2023. The first meeting of the new council is a full day meeting and includes a training session on the duties and responsibilities of trustees and company directors, together with a description of the main activities of the charity. In addition, new members were made aware of the Charity Governance Code.

Diocesan Mission and Pastoral Committee

Each diocese has a statutory Diocesan Mission and Pastoral Committee (DMPC) appointed under section 2 of the Mission and Pastoral Measure 2011. The functions of the DMPC are as set out in section 3 of the Measure. The DMPC is also consulted about proposals for making a Bishop's Mission Order. DMPCs were originally appointed under the Dioceses, Pastoral and

Mission Measure 2007 to replace former diocesan pastoral committees and diocesan redundant churches uses committees.

In the Diocese of Chester, the Bishop's Council is the DMPC. The day-to-day work of the DMPC is undertaken by two archidiaconal mission and pastoral committees to which the majority of the DMPC's powers have been delegated. The membership of the archidiaconal committees consists of the Suffragan Bishop, Archdeacon, Rural Deans and Lay Chairs (or other deanery synod nominees) of each archdeaconry plus three members appointed by Bishop's Council (of which one is an elected member of the Council).

The Archidiaconal Mission and Pastoral Committees conducted business relating to parish vacancies, appointments, and pastoral reorganisations.

In addition, the committees received reports on and discussed numerous issues including:- the Diocesan Strategy process, the parish giving scheme, the Wirral Waters initiative, the Flourish initiative – encouraging new intergenerational worshipping communities that meet in schools, collaboration between parishes in Runcorn, the safeguarding "Speak Out, Stay Safe" (since renamed "Speak Out") publicity campaign, and safeguarding parish dashboards.

Diocesan Closed Churches Uses Committee

The Diocesan Closed Churches Uses Committee (DCCUC) established in accordance with the Pastoral Measure 1983, has had as its sole duty the task of finding suitable alternative uses for redundant church buildings in the Diocese. The responsibilities of the DCCUC were subsumed within those of the Mission and Pastoral Committee, though the closed churches work has been undertaken by a sub-committee.

The closed churches at Boughton St Paul and Godley are progressing towards sale. The closed church at Altrincham St John is also progressing towards sale, and given delays, the purchaser is now sharing insurance costs. Predevelopment works are underway for an affordable housing scheme at Crewe Christ Church.

Custodian Trusteeship

The Board is Custodian Trustee for trust assets with a market value of approximately £5.4m at 31 December 2025 (£5.4m at 31 December 2024). Most of these trusts are held on behalf of Parishes whose charitable purposes in the advancement of religion are parallel to those of the DBF. The assets of the trusts are held separately from those of the Board. The DBF is responsible for their safe custody but has no right of access to such holdings for its own purposes. The funds are invested in accordance with the wishes of the managing trustees of the trusts and are mainly invested in charity deposits and investment funds.

The Board also acts as custodian trustee for land and property trusts for parishes; in the main these are PCC (Parochial Church Council) properties such as church halls and curates' houses. Deeds for these are held and recorded to ensure segregation of the assets from those directly belonging to the DBF.

When founded in the 1830's, the University of Chester had close ties with the Anglican Church and was situated on land donated by the Dean and Chapter of Chester Cathedral. Though the University's aims have widened, it still provides training in theology and religious studies. The DBF remains custodian trustee for the University of Chester, holding property on its behalf.

Investment Policy

The Board's investment policy is to hold investments of relatively low risk and in accordance with the Church of England's ethical investment policy. As a result of this, funds are invested as follows:

- Income funds are invested to achieve the highest possible total return whilst maintaining short term liquidity.

- Endowment funds are invested to produce the highest possible reliable income, whilst maintaining capital growth of the endowment over the longer term.

In carrying out this policy the Board has decided primarily to invest in the AAA rated funds of the Central Board of Finance of the Church of England.

Reserves Policy

Unrestricted funds:- For many years considerable attention has been given by Chester DBF to the preparation of long-term financial estimates though this has become harder in the current environment where levels of uncertainty are increased. To cushion the blow that would otherwise have fallen on parishes, the Board has on occasions used accumulated reserves. Free unrestricted reserves (excluding fixed assets) are under pressure; £1.9m represents approximately 1.5 months expenditure. There are, however, restricted funds that could be used to free up equivalent unrestricted funds; use of these would allow unrestricted reserves to be back above an appropriate target of three months expenditure. The Board intends to keep under close review the level of reserves required for cash flow purposes, particularly if there is any change in the timing or amount of expected parochial contributions.

Restricted funds:- The DBF's restricted funds totalling £12.1m (2024 £11.7m) are shown in note 20, together with an explanation of the purpose of those funds. The Board uses the pastoral account mainly to reinvest funds from the sale of surplus parsonage houses for the improvement of other parsonage houses. Where not required for this purpose, it can be used to meet the DBF's wider objects.

Endowment funds: - The DBF's endowment funds totalling £142.7m (2024 £131.7m) are shown in note 19 together with an explanation of the purpose of those funds. The majority of this balance £128.0m (2024 £117.0m) is benefice property included on the balance sheet as an expendable endowment fund. The gain in the year is due to improved valuation of benefice property (onsite at the same time as quinquennial inspection rather than desktop review) together with some investment gains. In addition to benefice property, the major endowment funds generate income for stipends, and to make grants to retired clergy, widows/widowers and dependants.

Grant making policy

The charity makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts.

Details of the amounts and number of grants are given in note 7.

Related party

Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity. Staff working for Chester Diocesan Board of Education are employed on joint contracts of employment and are processed through the DBF's payroll, with costs recharged.

Key Management Personnel

The trustees have delegated much of the day to day running of the DBF to several key management personnel. As with all staff employed by the DBF, their remuneration is set by reference to the Croner Job Evaluation Scheme for the Church of England.

Charity Governance Code

The DBF takes account of the Charity Governance Code in its approach to governance and effectiveness as follows: -

Organisational purpose – Bishop's Council – the board of trustees - is clear about the DBF's purpose – "to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester" and that in practical terms this means assisting parishes to function effectively.

Leadership – the Bishops and Archdeacons of the diocese – who are all trustees - provide direction that the wider board of trustees can unite around.

Integrity – The board of trustees is particularly aware of the need for the parishes and clergy of the diocese to have confidence in the charity and works to that end. It is also aware of the need for the wider public to have confidence in the charity and the sector.

Decision making, risk and control – the board of trustees understands that its role is to set medium term direction, and delegates much day-to-day decision making within that direction to senior employees. The board retains responsibility for, and oversight of, those decisions.

Board effectiveness – because of the requirement of adequate

representation of the various parts of the diocese, the board of trustees is somewhat larger than the size recommended by the code. Where specific issues arise, these are often considered by ad hoc subgroups of trustees, reporting back to full trustee meetings.

Diversity – as with other religious charities, the trustees are drawn from a specific group in society – in this case Anglican Christians with experience and time availability to take part in the management of the charity. Within this, the board aims to be as diverse as it can and is assisted by the requirement that the various parts of the Diocese are represented.

Openness and accountability – the trustees and senior staff seek to foster open relationships, particularly with the parishes and clergy of the diocese.

Auditors

In respect of each director at the date the directors' report is signed:

- So far as they are aware, there is no information needed by the charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and

- The directors of the charity have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report, incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements the Trustees are required to:

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

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

The trustees' report, incorporating the strategic report, was approved by the Board on 30th June 2026 and signed by order of the Board.

M R Gilbertson

Ven Dr Michael R Gilbertson
Archdeacon of Chester

Independent Auditor's Report to the Members of the Chester Diocesan Board of Finance

Opinion

We have audited the financial statements of the Chester Diocesan Board of Finance for the year ended 31 December 2025 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2025 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 31, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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

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

Use of our report

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



Lee Stokes (Senior Statutory Auditor)
For and on behalf of
HaysMac LLP,
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

Date 30 July 2026

Chester Diocesan Board of Finance
Statement of Financial Activities for the year ended 31 December 2025

Income and Expenditure

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2025 £'000	Total 2024 £'000
Income and endowments from						
Parochial contributions		11,489	-	-	11,489	11,348
Grants and other donations	3	110	903	-	1,013	1,039
Investment income	4	295	392	-	687	648
Rental income		328	133	-	461	327
Income from charitable activities						
Statutory clergy fees		-	579	-	579	595
Retreat and Conference Centre		243	-	-	243	250
Other income from operating activities		13	5	531	549	779
Total		12,478	2,012	531	15,021	14,986
Expenditure on raising funds						
Generating voluntary income		25	-	-	25	22
Investment and Rental costs		-	105	-	105	95
Charitable Activities						
National church responsibility		371	-	-	371	355
Parochial clergy and archdeacons		9,747	987	-	10,734	10,689
Parsonage improvements		-	646	-	646	733
Support to clergy and parishes		2,296	884	-	3,180	3,280
Retreat and Conference Centre		466	-	-	466	443
Other expenditure on operating activities		-	233	132	365	796
Total	6	12,905	2,855	132	15,892	16,413
Net income/(expenditure) before investment gains/(losses)		**(427)**	**(843)**	**399**	**(871)**	**(1,427)**
Net (losses)/gains on investments	14	(2)	(160)	(331)	(493)	282
Net (expenditure)/income		**(429)**	**(1,003)**	**68**	**(1,364)**	**(1,145)**
Transfers between funds	22	(503)	1,466	(963)	-	-
Other recognised gains/(losses)						
Gains/(losses) on revaluation of fixed assets	13	192	(5)	11,900	12,087	(16,188)
Net movement in funds		**(740)**	**458**	**11,005**	**10,723**	**(17,333)**
Reconciliation of funds:						
Total funds brought forward		10,127	11,666	131,721	153,514	170,847
Total funds carried forward		**9,387**	**12,124**	**142,726**	**164,237**	**153,514**

The notes on pages 41 to 62 form part of these financial statements. All activities are continuing.

Chester Diocesan Board of Finance
Balance sheet as at 31 December 2025

	Note	2025 £'000	2024 £'000
Fixed assets			
Tangible assets	13	142,791	131,667
Investments	14	12,545	13,039
		155,336	**144,706**
Current assets			
Debtors	15	1,002	754
Cash at bank on deposit and in hand	16	8,852	8,972
		9,854	**9,726**
Creditors: amounts falling due within one year	17	(870)	(835)
Net current assets		**8,984**	**8,891**
Total assets less current liabilities		**164,320**	**153,597**
Creditors: amounts falling due after more than one year	18	(83)	(83)
Total net assets		**164,237**	**153,514**
Endowment funds	19	142,726	131,721
Restricted income funds	20	12,124	11,666
Unrestricted funds		9,387	10,127
Total charity funds		**164,237**	**153,514**

The notes on pages 40 to 62 form part of these financial statements.

The financial statements were authorised, issued and approved by the Board of Directors on 30 June 2026 and signed on its behalf by

David A Hermitt

Mr D A Hermitt
Chairman

M R Gilbertson

Ven Dr M R Gilbertson
Archdeacon of Chester

Chester Diocesan Board of Finance is a company limited by guarantee registered in England and Wales (no. 00007826)

Chester Diocesan Board of Finance
Statement of Cash Flows for the year ended 31 December 2025

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Note	2025	2024
		£'000	£'000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)		(1,364)	(1,145)
(Gains)/Losses on investments	14	493	(282)
Dividends, interest and royalties from investments		(687)	(648)
(Profit)/loss on the disposal of fixed assets	13	(166)	418
Decrease/(Increase) in debtors		(248)	1,185
Increase/(Decrease) in creditors		35	74
Net cash (used in) operating activities		**(1,937)**	**(398)**

Statement of Cash Flows

		2025	2024
		£'000	£'000
Net cash (used in) operating activities		**(1,937)**	**(398)**
Cashflows from investing activities			
Dividends, interest and royalties from investments		687	648
Payments to acquire fixed assets		(1,544)	(2,965)
Payments to acquire investments		(29)	(28)
Receipts from disposal of tangible fixed assets		2,673	3,718
Receipts from disposal of investments		30	-
		1,817	1,373
(Decrease)/increase in cash in the year	(120)	**(120)**	**975**

Reconciliation of net cash flow to movement in cash and cash equivalents

	2025	2024
	£'000	£'000
(Decrease)/increase in cash in the year	(120)	975
Cash and cash equivalents at the beginning of the reporting period	**8,972**	**7,997**
Cash and cash equivalents at the end of the reporting period	**8,852**	**8,972**

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2025

1. Accounting policies and format of accounts

Basis of Preparation

The financial statements have been prepared on the basis of historical cost with the exception that tangible fixed assets are included at fair value and investments at market value.

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Income

All income is included in the Statement of Financial Activities (SoFA) when the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. In respect of contributions from parishes there is no legal entitlement to income, but there is a high commitment from parishes to pay. They are therefore included on the same basis as above, where there is a reasonable prospect of receipt.

Parochial contributions - parishes contribute based on number of incumbent status clergy and a socioeconomic assessment of ability to pay using information derived from the 2021 census. Parish share is accounted for in the period to which it relates. Provisons are made against any amounts of parish share not considered to be collectable.

Grants and other donations - the DBF receives a number of unrestricted and restricted grants, together with recharges where staff are employed on joint contracts.

Investment income - dividends and interest, mainly arising from endowment funds. About half of the income is specifically restricted to funding the payment of stipends; the majority of the remainder is restricted for a range of other purposes.

Rental income - mainly on parsonages where the parish is in vacancy, together with glebe property.

Statutory clergy fees - almost all clergy now assign the legal right to fees for weddings, funerals and sessions of visiting to the DBF.

Diocesan Retreat and Conference Centre - fees from parishes and individuals attending events at the centre.

Other income from operating activities - including fees for training courses, together with income resulting from the winding up of trusts where the proceeds are payable to the DBF. Also other ad-hoc items of income that do not fall into the other income categories.

Expenditure

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of the costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources.

Going concern

The trustees make an assessment of the Charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were signed. Having performed the assessment, the Trustees conclude that the Charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Chester DBF is heavily supported by Parish Share contributions, and collection rates are under some pressure in the current economic environment. In extreme conditions, the DBF has reasonable reserves, could apply the Capital Reserve Stipends Fund to the payment of stipends, and a number of properties could potentially be mortgaged.

In making the assessment, the Trustees did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on Charity's ability to continue as a going concern. In addition, the trustees consider that the Board has sufficient reserves to continue operations.

Allocation of support costs
Support costs are allocated by reference to the activities generating those costs. This inevitably involves estimates, for example a number of staff at the diocesan office are involved in more than one area of activity, so an estimate has to be made of the proportion of time devoted to each. Some items, namely legal fees, are allocated directly to the appropriate sphere of activity. The allocation of support costs is shown in note 5.

Grant making policy
The DBF makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects. In addition, Archbishops Council has made funds available for the making of grants to parishes.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 7.

Funds
The Statement of Financial Activities shows funds as follows:-

Unrestricted Funds
These are funds available for the general purposes of the Board. The Board has decided to designate some amounts of unrestricted funds for specific purposes. The Board's decision to designate, or set aside, unrestricted funds can be changed at any time.

Restricted Funds
Where there is a specific restriction on the use of a fund, typically imposed by the donor, it is known as restricted. Restricted income is added to the relevant restricted fund, and not to unrestricted, general funds. The Board's restricted funds are shown in note 20.

Endowment Funds
Some of these funds are investments held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant restricted fund. In addition, benefice property, that is, vicarages used to house parish clergy, are also included at fair value in endowment funds. The Board's endowment funds are shown in note 19.

Fixed Assets
Freehold land and buildings held for the board's charitable purposes, are included at fair value as at the balance sheet date using valuations obtained from a qualified valuer. Fixed assets are valued on a rolling five year basis.

Glebe property
Diocesan Glebe property is vested in the DBF under the Endowments and Glebe Measure 1976. It comprises a small number of houses the majority of which are occupied by clergy, together with a range of agricultural and other holdings. These are mainly historical in nature, for example a field adjacent to a vicarage. Any income generated by Glebe property is restricted for the payment of stipends.

Parsonages
Parsonages for the housing of parish clergy are included in fixed assets at fair value. Under s.8 of the Church Property Measure 2018, the DBF may, subject to approval by the Church Commissioners, make a determination that a parsonage house and/or parsonage land which is no longer required for the incumbent’s official residence should be transferred to the DBF. Under s.13 of the Church Property Measure 2018, the proceeds of sale of a parsonage house are paid to the Parsonages Board for the diocese, which will then apply the monies to a variety of purposes with the ultimate application of monies being to credit the diocesan Pastoral Account, to the extent that these are not required for the purchase or improvement of parsonage houses. The directors therefore conclude that the DBF controls the parsonage houses, by virtue of its ability to make determinations under s.8, and that it is probable that economic benefit associated with the parsonage houses will flow to the DBF, because the ultimate application of the sale proceeds is to credit one or more of the funds of the DBF. The assets are held on trust, so they form part of the DBF’s restricted funds and, being capital in nature, the directors have recognised the assets as an expendable endowment fund.

Parsonage building funds, which typically arise on the sale of a benefice house in advance of its replacement, are also included in the same expendable endowment fund.

Depreciation
Depreciation is not provided on buildings as any provision would not be material due to the long expected remaining useful economic lives, and because expected residual values are not materially less than carrying value. The DBF has a policy of regular inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Measure 1972. Disposals of properties tend to occur well before the end of their economic lives, and disposal proceeds are usually not less than carrying value. Impairment reviews are undertaken to ensure that the carrying value is not more than the recoverable amount.

Investment property
Property is held by the DBF for long term charitable use, or to protect another charitable asset. As such, the DBF does not hold any investment property.

Fixtures and Fittings
The cost of replacing fixtures, fittings, computers and other office equipment is generally immaterial. As a result, such items are not capitalised and are written off in the year of purchase.

Investments
Investments are stated at fair value as at the balance sheet date.

Unrealised gains or losses arising on the revaluation of investments are, together with the realised gains and losses arising on the sale of investments, shown in the SoFA as net gains/(losses) on investments.

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

Taxation
No provision is made for taxation as the company is a charity entitled to the various exemptions afforded by the Corporation Taxes Act 2010.

Financial Instruments
Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pension schemes
The Board of Finance contributes to the Church Workers Pension Fund (for lay staff) and the Church of England Funded Pension Scheme (for clergy). Both of these schemes are defined benefit multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board.

In accordance with FRS 102, payments to the schemes are accounted for as for defined contribution schemes. Contributions payable in respect of the accounting period are included in Expenditure in the Statement of Financial Activities.

Further detail is provided in notes 23 and 24.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

- Valuation of freehold property – freehold property is held at fair value. In order to determine fair value, advice is taken from independent qualified valuers. In this context, judgement is exercised in a number of areas, including local market conditions and investor demand.

- Actuarial assumptions in respect of defined benefit pension schemes - The application of actuarial assumptions, relating to the defined benefit pension schemes that staff are members of, is incorporated in the financial statements in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

Other key sources of estimation uncertainty include:

- Provision for bad debts (parish share arrears) – provision required against parish share arrears is arrived at in consultation with those who have awareness of the financial position of the parishes being; finance staff, Archdeacons and parish treasurers.

- Other – there is estimation uncertainty in other areas, such as outstanding clergy fees and accruals of building works complete. The uncertainty in these areas is considered to be significantly lower.

2. Auditors remuneration

The auditors remuneration (inclusive of VAT at 20%) for the year was as follows:-

	2025	**2024**
	£'000	**£'000**
Statutory audit	40	38
	40	**38**

3. Grants and other donations	**2025**	**2024**
	£'000	**£'000**
Donations to Foxhill Conference Centre	2	2
Grant from Benefact Trust	109	129
Grant to Clergy Sustentation Fund	5	5
Archbishops Council Grant - Strategy	194	89
Archbishops Council Grant - Wirral Waters	54	51
Archbishops Council Grant - Net Zero Quick Wins	-	30
Archbishops Council Grant - Net Zero Capacity	76	76
Archbishops Council Grant - Minor Repairs and Improvements	-	54
Archbishops Council Grant - Flourish project	85	42
Archbishops Council Grant - Growing Faith Learning Hub	-	10
Archbishops Council Grant - Giving Advisor	24	48
Archbishops Council Grant - Diocesan Investment	-	46
Jesus Shaped People	4	12
Donations to Outreach department	-	1
Church Commissioners Resourcing Ministerial Education block grant	26	18
Diocesan Stipends Fund (housing allowances and Emmanuel Theological College)	122	60
Chester Diocesan Board of Education recharge	312	366
	1,013	**1,039**

4. Investment Income	**2025**	**2024**
	£'000	**£'000**
Investment and fixed interest funds	379	369
CBF deposits and bank interest	308	274
Other income including interest on loans to parishes	-	5
	687	**648**

5. Allocation of Central services and support costs

The Diocesan Board of Finance allocates its support costs according to the percentages below, apart from some legal fees allocated to the area to which they relate.

	Generating voluntary income	**Parochial clergy and Archdeacons**	**Support to clergy and parishes**	**Retreat and Conference Centre**	**Total 2025**
	2%	20%	75%	3%	100%
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Church House	2	21	79	3	**105**
Central services	4	43	160	6	**213**
Central staff	14	144	537	22	**717**
Legal, financial	3	27	115	4	**149**
Governance	2	18	66	3	**89**
	25	**253**	**957**	**38**	**1,273**

Prior year comparatives:-

	Generating voluntary income	**Parochial clergy and Archdeacons**	**Support to clergy and parishes**	**Retreat and Conference Centre**	**Total 2024**
	2%	20%	75%	3%	100%
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Church House	3	26	96	4	**129**
Central services	3	29	110	4	**146**
Central staff	13	136	509	20	**678**
Legal, financial	2	19	86	3	**110**
Governance	1	14	53	2	**70**
	22	**224**	**854**	**33**	**1,133**

6. Expenditure	Note	Total 2025 £'000	Total 2024 £'000
Generating voluntary income			
Central Services & support costs		**25**	**22**
Investment and rental costs			
Rental costs		105	95
Value linked loan interest paid		-	-
		105	**95**
Charitable Activities			
National church responsibility		**371**	**355**
Parochial clergy and archdeacons			
Parochial Clergy and Archdeacons stipends		8,266	8,234
Maintenance of clergy housing		1,487	1,487
National ministry training and ordinands grants		729	744
Central Services & support costs		252	224
		10,734	**10,689**
Parsonage improvements		**646**	**733**
Support to clergy and parishes			
Ministry		461	420
Bishops' and Archdeacons' support, DAC, Chaplains & Ecumenical		269	272
Education		459	428
Outreach		515	411
Safeguarding		340	335
Strategy		189	115
Discretionary and one off items (EIG)		6	4
Clergy/Lay conferences		70	11
Grants to parishes, clergy and others	7	245	430
Central Services & support costs		959	854
Pensions holiday		(333)	-
		3,180	**3,280**
Retreat and Conference Centre			
Diocesan Retreat and Conference Centre		428	410
Central Services & support costs		38	33
		466	**443**
Other expenditure on operating activities			
Loss on disposal of fixed assets		**365**	**796**
		15,892	**16,413**

7. Grants to parishes, clergy and others		**2025**	**2024**
		£'000	**£'000**
Grants to parishes			
Pastoral account grants to parishes		46	237
Marton - E J Massey trust		4	4
Minor Repairs and Improvements		69	52
Flourish projects		35	35
Net Zero Quick Wins		-	9
Birkenhead Priory - clerical or lay assistance		5	5
Thornton Hough - Fryer trust		34	4
Twemlow trust - Balterley		3	3
Emmanuel Theological College		-	40
Complementary parish share scheme		12	-
		208	**389**
Grants to Individuals and others	No. of grants		
Foxhill grants	13	3	5
Clergy Sustentation grants	10	6	6
Retired Clergy, Widows and Dependents Fund grants	11	28	28
Ministry Hardship grants	-	-	2
		37	**41**
Total grants		**245**	**430**

8. Staff and Office holder costs and numbers

Staff costs	**2025**	**2024**
	£'000	**£'000**
Wages & salaries	2,305	2,159
Social security costs	278	209
Pension costs	333	307
Less pensions holiday	(333)	-
	2,583	**2,675**

The staff defined benefit pension scheme closed in 2024 while in surplus and the reaminig members were transferred to the Church of England Pension Builder Classic Scheme. With the agreement of the Church of England Pensions Board, the surplus is currently being used to fund employer contribuitions for the Pension Builder Classic Scheme.

Average staff numbers based on full time equivalents	**2025**	**2024**
	Number	**Number**
Cost of generating voluntary income	0.5	0.5
Funding of parochial clergy and archdeacons	5	5
Support to clergy and parishes	24	22
Diocesan Retreat and Conference Centre	8	8
Diocesan administration and central support	12	11
On joint contracts of employment with Chester Diocesan Board of Education	6	8
	55.5	**54.5**

The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:-	**2025**	**2024**
£60,001 - £70,000	4	3
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1

These employees accrued benefits in the Church of England Pension Builder Classic Scheme.

As above, a number of employees work for Chester Diocesan Board of Education (DBE) under joint contracts of employment. Their employment costs are recharged in full (note 12).

Average head count for the year was 74 (2024 73.6) including 8.75 under joint contracts with Chester Diocesan Board of Education.

Office holders costs and numbers
In addition to those paid as employees of the DBF there are a large number of office holders. In the main these are clergy in parishes, but also include Archdeacons and a small number of diocesan sector posts. There was an average of 192.6 (2024 190) full time equivalent office holders during the year.

	2025	2024
	£'000	£'000
Clergy Stipends	5,905	5,907
Clergy National Insurance	638	502
Clergy Pension Contributions	1,236	1,306
Other clergy payments	278	324
	8,057	**8,039**

9. Termination payments
Termination payments totalling £nil (2024 £56,690) were made or accrued in the year.

10. Trustee remuneration and benefits
Bishops' Council, the charity trustee body, and the board of directors of the charitable company, have the same membership. So every trustee is a director, and vice versa.

Trustee remuneration
No remuneration was paid to any of the directors (charity trustees) in their capacity as directors of the company.

The following trustees were in receipt of a stipend and provided with housing for some or all of the year, funded by the DBF:-

Ven Dr Michael R Gilbertson, Archdeacon of Chester
Ven Jane E Proudfoot, Archdeacon of Macclesfield
Revd Hana Amner
Revd Nigel Atkinson
Revd George T Crowder
Revd Leslie S Currie
Revd Stephen Dunton
Revd Daud Gill
Revd Clair Jaquiss
Revd Anna Leyden
Revd Ruth E Mock
Revd Michael L Ridley
Revd Michael I A Smith
Revd Christina P Upton, Chair, House of Clergy, Diocesan Synod
Revd David A Vestergaard

The Rt Revd Mark S A Tanner, Bishop of Chester, was in receipt of a stipend and housing funded by the Church Commissioners.

The Rt Revd Julie A Conalty, Bishop of Birkenhead, was in receipt of a stipend funded by the Church Commissioners and a a housing allowance funded by the DBF.

The Rt Revd Samuel J C Corley, Bishop of Stockport, was in receipt of a stipend funded by the Church Commissioners and with housing provided by the DBF.

The Very Revd Timothy R Stratford, Dean of Chester, was in receipt of a stipend funded by the Church Commissioners and with housing provided Chester Cathedral.

Trustee expenses
A total of £15,658 (2024 £15,104) was reimbursed to 12 (2024 14) directors during the year. Nearly all expenses reimbursed to directors are in respect of their charitable work for the Diocese. Amounts in respect of their duties as charity trustees are small.

11. Remuneration of key management personnel
The trustees have delegated much of the day to day running of the DBF to a number of key management personnel. The remuneration of these personnel, including employers national insurance, totalled £550,730 (2024 £513,643), together with pension contributions of £75,019 (2024 £80,465).

The key management personnel are listed on page 3 of the Annual Report.

12. Related party transactions
Chester Diocesan Board of Education acts as the education authority for the Church of England in the Diocese of Chester, and as such has objects that are closely aligned with those of the charity.

	2025	2024
	£'000	£'000
Chester Diocesan Board of Education funding of joint employment contracts	**312**	**366**

13. Tangible Fixed Assets	**Freehold Land and Buildings**			**Total 2025**	**Total 2024**
	Board	**Glebe**	**Parsonages**		
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation					
Balance at 1 January	9,270	6,088	116,309	**131,667**	**149,027**
Additions	663	-	881	**1,544**	**2,965**
Disposals	(483)	(360)	(1,830)	**(2,673)**	**(3,718)**
Profit/loss on disposals	-	(232)	398	**166**	**(419)**
Revaluations	192	(2)	11,897	**12,087**	**(16,188)**
Transfers	(410)	-	410	**-**	**-**
Balance at 31 December	**9,232**	**5,494**	**128,065**	**142,791**	**131,667**

The Board's property comprises the office at Daresbury Park, the conference centre at Foxhill together with associated buildings, a small number of closed churches, together with a small number of residential properties, some of which are used to house diocesan appointees. Glebe property comprises a small number of residential properties together with a range of mainly agricultural holdings. Any income arising from Glebe property is restricted to the funding of stipends.

In addition, parsonages for the housing of parish clergy are included in fixed assets at fair value.

All land and buildings are held at valuation. A full desk top valuation was performed by Fisher German LLP as at 31 December 2021, together with site visits where appropriate. From 31 December 2022 and for following years, property is being revalued on at least a rolling five year basis with many valuations taking place at the same time as quinquennial inspections.

For each class of property, the average percentage change in the value of revalued properties has been applied to the remaining properties of that class not individually valued that year.

The surplus on revaluation has been credited to the Statement of Financial Activities for the year.

In part due to the length of time that many of the buildings have been held, full historic cost information is not available.

14. Investments

	2025	2024
	£'000	£'000
Market Value at 1 January	13,039	12,729
Acquisitions	29	28
Disposals	(30)	-
Net (losses)/gains on revaluation	(493)	282
Market Value at 31 December	**12,545**	**13,039**

Investments at 31 December comprise

	No of shares	2025 Market Value £'000	No of shares	2024 Market Value £'000
CBF Church of England Investment Fund	533,186	11,926	534,462	12,452
CBF Church of England Short Duration Bond Fund	30,414	46	30,414	45
CBF Church of England Property Fund	454,690	563	431,768	532
Churches' Mutual Credit Union Deferred £1	1,000	10	1,000	10
		12,545		**13,039**

15. Debtors

	2025	2024
Amounts falling due within one year	£'000	£'000
Loans to parishes	-	35
Loan to Liverpool DBF	6	13
Balances held by Church Commissioners	132	129
Other debtors	446	99
Prepayments and accrued income	275	344
	859	**620**
Amounts falling due after more than one year		
Loans to parishes	20	11
Loan to Liverpool DBF	40	40
Value linked loans to parishes (note 18)	83	83
	143	**134**
Total debtors	**1,002**	**754**

Debtors are valued at the undiscounted amount receivable.

The loan to Liverpool DBF was arranged as £100,000 repayable over 15 years interest free. The loan was made to assist Liverpool DBF with constructing premises for the use of St Mellitus, a training institution with similar objectives to the DBF, and that provided training for the DBF. This activity is now carried out by Emmanuel Theological College.

Balances held by Church Commissioners are inflated by the sale proceeds of a closed church.

Value linked loans to parishes have no fixed repayment date and are repayable to the Church Commissioners only on the disposal of the property against which security is held. As a result, the majority of these balances are likely to be repayable after more than one year.

16. Cash at bank, on deposit and in hand

	2025	2024
	£'000	£'000
Cash in hand, at bank and on bank deposit	1,755	1,689
Charity Bank Deposit	-	3
CBF Church of England Deposit Fund	7,097	7,280
	8,852	**8,972**

17. Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Ordinary creditors	305	204
Accruals	565	630
Other creditors	-	1
	870	**835**

Creditors are valued at the undiscounted amount payable.

18. Creditors: amounts falling due after more than one year

	2025	2024
	£'000	£'000
Value linked loans for parishes (note 15)	83	83
	83	**83**

Creditors are valued at the undiscounted amount payable.

Value Linked Loans from the Church Commissioners are loaned on to parishes on the same terms that they are borrowed. The outstanding loans are for the purpose of assisting the provision of housing for assistant clergy. The loans become repayable on disposal of the property or by agreement between the parish, the DBF, and the Church Commissioners. Value Linked Loan interest is charged at interest rates of 6.4-7.5% pa, the same rate at which the funds are borrowed from the Church Commissioners. Interest payable is included in note 6.

19. Endowment Funds

The endowment funds comprise capital funds, the income of which is credited to the relevant unrestricted or restricted fund:-

	1 January 2025 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2025 £'000
Diocesan Conference Centre	153	-	(6)	147
Steel & William Fletcher Rogers Fund	94	-	(4)	90
Retired Clergy, Widows and Dependants Fund	3,135	-	(125)	3,010
Clergy Sustentation Fund	198	-	(8)	190
Birkenhead Curacy Fund	189	-	(8)	181
E J Massey	153	-	(6)	147
Twemlow trust	94	-	(4)	90
Glebe Land & Buildings	6,089	-	4	6,093
Diocesan Stipends Fund Capital Account	4,520	-	(171)	4,349
Benefice property	117,096	-	11,333	128,429
	131,721	**-**	**11,005**	**142,726**

Prior year comparatives:-

	1 January 2024 £'000	Income	(Expenditure) gains/(losses) and transfers £'000	31 December 2024 £'000
Diocesan Conference Centre	150	-	3	153
Steel & William Fletcher Rogers Fund	91	-	3	94
Retired Clergy, Widows and Dependants Fund	3,065	-	70	3,135
Clergy Sustentation Fund	194	-	4	198
Birkenhead Curacy Fund	185	-	4	189
E J Massey	150	-	3	153
Twemlow trust	91	-	3	94
Glebe Land & Buildings	5,971	-	118	6,089
Diocesan Stipends Fund Capital Account	4,389	-	131	4,520
Benefice property	136,146	-	(19,050)	117,096
	150,432	**-**	**(18,711)**	**131,721**

Permanent Endowment

Diocesan Conference Centre	Held to produce income for the Foxhill Conference Centre
Steel & William Fletcher Rogers Fund	Making of grants for women and girls in need on the Wirral
Retired Clergy, Widows and Dependants Fund	Making of grants for relief in need of retired clergy, widows, spouses of the clergy, and in certain circumstances meeting the cost of clergy pension contributions
Clergy Sustentation Fund	Making of grants to members of the clergy in need of assistance.
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish
E J Massey	For the maintenance and upkeep of church and churchyard at Marton
Twemlow trust	The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.

Expendable endowment

Glebe Land & Buildings	Glebe property, the rental income from which is used for funding stipends
Diocesan Stipends Fund Capital Account	The accounts are governed by the Diocesan Stipends Measure 1953 as amended by the Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure. The main function of the fund is to provide income for stipends; it can also be used for other purposes permitted by the Measures.
Benefice property	Benefice houses - vicarages/parsonages, together with any parsonage building funds held for specific benefices.

20. Restricted Funds

The income funds of the Board of Finance include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:-

	1 January 2025	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2025
	£'000	£'000	£'000	£'000
Capital Reserve Stipends	3,984	-	(159)	3,825
Clergy Sustentation	64	14	(6)	72
UPA Projects	16	-	-	16
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	355	15	-	370
Retired Clergy Widows and Dependants	814	126	(28)	912
Steel & William Fletcher Rogers Fund	48	3	-	51
Twemlow trust	-	3	(3)	-
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	5,331	35	373	5,739
Birkenhead Curacy Fund	-	-	-	-
Foxhill Retreat Fund	173	4	(3)	174
RME block grant	161	26	(26)	161
Ministry hardship	12	-	-	12
Parish energy grants	10	-	-	10
E J Massey trust	-	4	(4)	-
Harrison legacy	592	-	(35)	557
Diocesan Strategy	-	194	(194)	-
Net Zero Starter	7	-	-	7
Net Zero Quick Wins	21	-	-	21
Net Zero Capacity	37	76	-	113
Minor Repairs and Improvements	2	-	(2)	-
Flourish Chester	-	85	(35)	50
Giving Advisor Fund	-	24	(24)	-
Growing Faith Foundation Learning Hub	10		(5)	5
Wirral Waters	-	54	(54)	-
Jesus Shaped People	-	4	(4)	-
Restricted Committee income*	-	1,345	(1,345)	-
	11,666	**2,012**	**(1,554)**	**12,124**

Prior year comparatives:-	**1 January 2024**	**Income**	**(Expenditure), Gains, (Losses) & Transfers**	**31 December 2024**
	£'000	**£'000**	**£'000**	**£'000**
Capital Reserve Stipends	3,895	-	89	3,984
Clergy Sustentation	58	12	(6)	64
UPA Projects	15	1	-	16
Canon White Trust	2	-	-	2
Jane Hannah Graham Trust	342	13	-	355
Retired Clergy Widows and Dependants	721	118	(25)	814
Steel & William Fletcher Rogers Fund	43	5	-	48
Twemlow trust	-	3	(3)	-
Parish Mission and Ministry	27	-	-	27
Diocesan Pastoral Account	3,684	200	1,447	5,331
Birkenhead Curacy Fund	-	5	(5)	-
Foxhill Retreat Fund	164	12	(3)	173
RME block grant	190	18	(47)	161
Ministry hardship	14	-	(2)	12
Parish energy grants	10	-	-	10
Harrison legacy	626	-	(34)	592
Diocesan Strategy	-	89	(89)	-
Net Zero Starter	11	-	(4)	7
Net Zero Quick Wins	-	30	(9)	21
Net Zero Capacity	-	76	(39)	37
Minor Repairs and Improvements	-	54	(52)	2
Flourish Chester	-	42	(42)	-
Giving Advisor Fund	-	48	(48)	-
Growing Faith Foundation Learning Hub	-	10	-	10
Wirral Waters	-	51	(51)	-
Jesus Shaped People	-	12	(12)	-
Restricted Committee income*	-	1,354	(1,354)	-
	9,802	**2,153**	**(289)**	**11,666**

*In all cases Committee expenditure exceeds restricted income, the balance being funded from unrestricted funds.

Details of the Restricted funds are as follows:

Capital Reserve Stipends	Fund for payment of stipends.
Clergy Sustentation	The charity is endowed (see note 20). The income is for the making of grants to members of the clergy in need of assistance.
UPA Projects	Raised for projects in Urban Priority Areas.
Canon White Trust	Repair and restoration of churches in the Diocese.
Jane Hannah Graham Trust	The making of grants and loans for the provision, restoration and repair of churches and parsonage houses.
Retired Clergy Widow and Dependants	The charity is endowed (see note 20). Making of grants for relief in need of retired clergy, widows, and spouses of the clergy. In certain circumstances meeting clergy pension contributions.
Steel and William Fletcher Rogers Fund	The charity is endowed (see note 20). Making of grants for women and girls in need on the Wirral.
Twemlow trust	The charity is endowed (see note 20). The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel.
Parish Mission and Ministry	Funding from Archbishops Council. Can be spent on parish mission and ministry activities, or stipends.
Diocesan Stipends Income Fund	Applied towards the payment of stipends.
Birkenhead Curacy Fund	Fund for clerical or lay assistance at Birkenhead Priory Parish.
Foxhill Retreat Fund	The fund arose from a donation from the former Chester Retreat House and is to be used to fund retreats.
Diocesan Pastoral Account	The account is governed by the section 78 of the Pastoral Measure 1983. It must initially be used in meeting the costs incurred for the purposes of the measure, or in meeting the costs of disposing of or maintaining houses or churches vested in the DBF or Church Commissioners. If the DBF is satisfied the fund is not required or likely to be required for the above, it may be applied to other purposes of the diocese or any benefice or parish in the diocese.
RME Block grant	Archbishops Council funding for the training of ordinands.
Harrison legacy	The DBF is due to receive a legacy for the support of children, young people and families in the Diocese of Chester.
Diocesan Strategy	Archbishops Council funding to develop and implement diocesan strategy.
Ministry hardship	Archbishops Council funding to make cost of living assistance grants to clergy.
Parish energy grants	Archbishops Council funding to make grants to parishes to assist with energy costs.
Net Zero Starter	Archbishops Council funding for initial consultancy work.
Net Zero Quick Wins	Archbishops Council funding for grants to parishes eg for LED lighting.
Net Zero Capacity	Archbishops Council funding for a Net Zero Officer.
Minor Repairs and Improvements	Archbishops Council funding for grant to parishes for minor repairs and improvements.
Flourish Chester	Archbishops Council funding for a small number of projects in partner schools.
Giving Advisor Fund	Archbishops Council funding for part of the costs of a giving advisor.
Growing Faith Learning Hub	Archbishops Council funding for the Growing Faith Learning Hub Project.
Wirral Waters	Archbishops Council funding for the Wirral Waters worshipping community.
Jesus Shaped People	Funding for Jesus Shaped People Champion.

21. Designated Funds

The directors have decided to set aside some unrestricted funds for specific purposes. As these funds are unrestricted, the directors are free to amend these decisions at any time.

	1 January 2025	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2025
	£'000	£'000	£'000	£'000
Office refurbishment	489	29	3	521
EIG Reserve	128	109	(115)	122
Fryer Trust	146	4	(38)	112
Bishop of Birkehead house	678	-	(678)	-
Diocesan Conference Centre	2,608	273	(73)	2,808
Other designated funds	46	12	-	58
	4,095	**427**	**(901)**	**3,621**

Prior year comparatives:-	1 January 2024	Income	(Expenditure), Gains, (Losses) & Transfers	31 December 2024
	£'000	£'000	£'000	£'000
Office refurbishment	502		-13	489
EIG Reserve	133	129	-134	128
Fryer Trust	142	4	-	146
Bishop of Birkehead house	678	-	-	678
Diocesan Conference Centre	2,928	410	-730	2,608
Other designated funds	46	-	-	46
	4,429	**543**	**(877)**	**4,095**

Details of the Designated funds are as follows:

Office refurbishment	Funds set aside for a potential future refurbishment of the Diocesan office.
EIG Reserve	Unspent grants received from Ecclesiastical Insurance Group.
Fryer Trust	A legacy received with an expressed wish that it be used for the benefit of Thornton Hough PCC.
Bishop of Birkehead house	Proceeds from the sale of the former Bishop of Birkenhead's house set aside to fund a replacement.
Diocesan Conference Centre	Conference centre building.

22. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2025 Total Net Assets £'000	2024 Total Net Assets £'000
Unrestricted Funds						
General Funds	4,680	53	1,116	(83)	5,766	6,032
Designated						
Office refurbishment	-	521	-	-	521	489
EIG Reserve	-	-	122	-	122	128
Fryer Trust	-	112	-	-	112	146
Bishop of Birkehead house	-	-	-	-	-	678
Diocesan Conference Centre	2,808	-	-	-	2,808	2,608
Other designated funds	-	-	58	-	58	46
Total Unrestricted Funds	**7,488**	**686**	**1,296**	**(83)**	**9,387**	**10,127**
Restricted Funds						
Capital Reserve Stipends	-	3,825	-	-	3,825	3,984
Clergy Sustentation	-	-	72	-	72	64
RME block grant	-	-	161	-	161	161
UPA Projects	-	-	16	-	16	16
Canon White Trust	-	-	2	-	2	2
Jane Hannah Graham Trust	-	-	370	-	370	321
Retired Clergy Widows and Dependants	260	-	652	-	912	813
Pastoral Account	1,247	-	4,492	-	5,739	5,332
Parish Mission and Ministry	-	-	27	-	27	27
Net Zero Starter	-	-	7	-	7	7
Foxhill Retreat Fund	-	84	90	-	174	173
Steel & William Fletcher Rogers	-	-	51	-	51	48
Minor Repairs and Improvments	-	-	-	-	-	2
Growing Faith Learning Hub	-	-	5	-	5	10
Net Zero Quick Wins	-	-	21	-	21	21
Net Zero Capacity	-	-	113	-	113	37
Ministry Hardship Fund	-	-	12	-	12	12
Parish Energy grants	-	-	10	-	10	10
Flourish projects	-	-	50	-	50	-
Harrison Legacy	-	-	557	-	557	626
Total Restricted Funds	**1,507**	**3,909**	**6,708**	**-**	**12,124**	**11,666**
Endowment Funds						
Diocesan Conference Centre		147			147	153
Steel & William Fletcher Rogers		90			90	94
E J Massey		147			147	153
Twemlow trust		90			90	94
Retired Clergy Widows and Dependants		3,010			3,010	3,135
Clergy Sustentation Fund		190			190	198
Glebe Land & Buildings	5,731	-	362		6,093	6,089
Birkenhead Curacy Fund		181			181	189
Diocesan Stipends Fund Capital		4,095	254		4,349	4,520
Benefice property	128,066	-	363		128,429	117,096
Total Endowment Funds	**133,797**	**7,950**	**979**	**-**	**142,726**	**131,721**
Total Funds	**142,792**	**12,545**	**8,983**	**(83)**	**164,237**	**153,514**

Prior year comparatives:-

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long term Liabilities £'000	2024 Total Net Assets £'000
Unrestricted Funds					
General Funds	4,433	53	1,629	(83)	6,032
Designated					
Office refurbishment	-	489	-	-	489
EIG Reserve	-	-	128	-	128
Fryer Trust	-	146	-	-	146
Bishop of Birkehead house	-	-	678	-	678
Diocesan Conference Centre	2,608	-	-	-	2,608
Other designated funds	-	-	46	-	46
Total Unrestricted Funds	**7,041**	**688**	**2,481**	**(83)**	**10,127**
Restricted Funds					
Capital Reserve Stipends	-	3,984	-	-	3,984
Clergy Sustentation	-	-	64	-	64
RME block grant	-	-	161	-	161
UPA Projects	-	-	16	-	16
Canon White Trust	-	-	2	-	2
Jane Hannah Graham Trust	-	-	321	-	321
Retired Clergy Widows and Dependants	260	-	553	-	813
Pastoral Account	1,968	-	3,364	-	5,332
Parish Mission and Ministry	-	-	27	-	27
Net Zero Starter	-	-	7	-	7
Foxhill Retreat Fund	-	85	88	-	173
Steel & William Fletcher Rogers	-	-	48	-	48
Minor Repairs and Improvments	-	-	2	-	2
Growing Faith Learning Hub	-	-	10	-	10
Net Zero Quick Wins	-	-	21	-	21
Net Zero Capacity	-	-	37	-	37
Ministry Hardship Fund	-	-	12	-	12
Parish Energy grants	-	-	10	-	10
Harrison Legacy	-	-	626	-	626
Total Restricted Funds	**2,228**	**4,069**	**5,369**	**-**	**11,666**
Endowment Funds					
Diocesan Conference Centre	-	153	-	-	153
Steel & William Fletcher Rogers	-	94	-	-	94
E J Massey	-	153	-	-	153
Twemlow trust	-	94	-	-	94
Retired Clergy Widows and Dependants	-	3,135	-	-	3,135
Clergy Sustentation Fund	-	198	-	-	198
Glebe Land & Buildings	6,089	-	-	-	6,089
Birkenhead Curacy Fund	-	189	-	-	189
Diocesan Stipends Fund Capital	-	4,266	254	-	4,520
Benefice property	116,309	-	787	-	117,096
Total Endowment Funds	**122,398**	**8,282**	**1,041**	**-**	**131,721**
Total Funds	**131,667**	**13,039**	**8,891**	**(83)**	**153,514**

23. Transfers between funds

Transfers were made to from/to unrestricted funds as follows:-	2025 £'000	2024 £'000
To/(from) Restricted funds		
In respect of housing allowances (1)	(70)	(70)
In respect of replacements and, sale of surplus, vicarages (2)	1,372	2,489
Other transfers	164	57
	1,466	**2,476**
To/(from) Endowment funds		
In respect of replacements and, sale of surplus, vicarages (2)	(963)	(2,489)
	(963)	**(2,489)**
Total transfers to from/to unrestricted funds	**(503)**	**13**

(1) A number of housing allowances are paid to clergy living in their own accommodation. These are funded from the pastoral account on the basis that there is no corresponding vicarage to buy and/or maintain.
(2) In 2025 transfers included the surplus on the the replacement of the vicarage at Hale. In addition, the vicarage at Chester St John was replaced by transfer of a house from DBF corporate property.

24. Lay Staff Pension Schemes

Chester DBF participates in the Church Workers Pension Fund (CWPF) for lay staff. The Schemes are 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 two sections:

1. the Defined Benefits Scheme
2. the Pension Builder scheme, which has two subsections;
   a. a deferred annuity section known as Pension Builder Classic, and,
   b. a cash balance section known as Pension Builder 2014. The DBF does not participate in this subsection.

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 General Reserve. The General Reserve exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

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

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 General Reserve, 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 (2025: nil, 2024: £50,357), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £nil for 2025 (2024: £50,357).

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

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

In 2024, the Board entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF. It was also agreed that some employers could use assets in the DBS in lieu of contributions to Pension Bulider Classic and/or Pension Builder 2014. Over the year to 31 December 2025, £333,176 of surplus assets from the DBS has been used to fund contributions in the Pensions Builder Classic for Chester DBF (DBS).

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2024 or 31 December 2025.

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

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

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

Pension Builder 2014 - the DBF does not participate in this section of the Pension Builder Scheme.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable 2025: £333,176 (2024: £254,532).

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

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2026, the Board chose to grant a discretionary bonus of 10.0% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 1997 service so that the pension increase was also 10% (where usually it would be calculated based on inflation up to an annual cap of 5% for pensions in payment in respect of service prior to April 2006 and 2.5% for pensions in payment in respect of service post April 2006). This followed improvements in the funding position over 2025. There is no requirement for deficit payments at the current time.

The Church of England Pensions Board has agreed that some employers could use assets in the DBS of the CWPF in lieu of contributions to Pension Builder Classic.

The next valuation is being carried out as at 31 December 2025.

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

25. Church of England Funded Pensions Scheme

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. 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, which were £1,235,573 in 2025 (2024: £1,305,701), plus any figures arising from contributions in respect to any Scheme deficit.

A valuation of the Scheme is carried out once every three years. The 2021 valuation showed the Scheme to be fully funded. The most recent Scheme valuation completed was carried out as at 31 December 2024, and also showed the scheme to be fully funded; as such in 2025, the deficit contributions paid were £0 (2024: £0).

The December 2024 valuation revealed a surplus of £560m, based on assets of £2,570m and a funding target of £2,010m, assessed using the following assumptions:

• An average discount rate of 6.0% p.a.;

• RPI inflation of 3.4% pa (and pension increases consistent with this);

• CPIH inflation in line with RPI less 0.7% pa pre 2030 moving to RPI with no adjustment from 2030 onwards;

• Increases in pensionable stipends in line with CPIH;

• Mortality in accordance with 90% of the S4NA_L tables, with allowance for improvements in mortality rates from 2017 in line with the CMI 2023 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 and 2021 data of 20% (i.e. w = 0%).

The 2024 valuation reflects the benefit improvements that the General Synod agreed in principle in July 2025 (and confirmed in February 2026).

Section 28.11A of FRS102 requires agreed deficit recovery payments to recognised as a liability. However, as there were no defiicit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2024 and 31 December 2025 is nil.

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

26. Prior year comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2024
	£'000	£'000	£'000	£'000
Income and endowments from				
Parochial contributions	11,348	-	-	11,348
Grants and other donations	132	907	-	1,039
Investment income	289	359	-	648
Rental income	250	77	-	327
Income from charitable activities				
Statutory clergy fees	-	595	-	595
Retreat and Conference Centre	250	-	-	250
Other income from operating activities	186	248	345	779
Total	12,455	2,186	345	14,986
Expenditure on raising funds				
Generating voluntary income	22	-	-	22
Investment and Rental costs	-	95	-	95
Charitable Activities				
National church responsibility	355	-	-	355
Parochial clergy and archdeacons	9,741	948	-	10,689
Parsonage improvements	-	733	-	733
Support to clergy and parishes	2,189	1,091	-	3,280
Retreat and Conference Centre	443	-	-	443
Other expenditure on operating activities	-		796	796
Total	12,750	2,867	796	16,413
Net income/(expenditure) before investment gains/(losses)	**(295)**	**(681)**	**(451)**	**(1,427)**
Net (losses)/gains on investments	5	91	186	282
Net (expenditure)/income	**(290)**	**(590)**	**(265)**	**(1,145)**
Transfers between funds	13	2,476	(2,489)	-
Other recognised gains/(losses)				
Gains on revaluation of fixed assets	(209)	(22)	(15,957)	(16,188)
Net movement in funds	**(486)**	**1,864**	**(18,711)**	**(17,333)**
Reconciliation of funds:				
Total funds brought forward	10,613	9,802	150,432	170,847
Total funds carried forward	**10,127**	**11,666**	**131,721**	**153,514**