

THE CORPORATION OF THE CHURCH HOUSE  
AND ITS SUBSIDIARY

One hundred and thirty fourth annual report and financial  
statements

Year ended 31 December 2021

# **THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY**

## **Contents**

	Pages
<b>Reference and administrative information</b>	2 - 3
<b>Chair's report</b>	4 - 6
<b>Report of the Council</b>	7 - 15
<b>Independent auditor's report</b>	16 - 19
<b>Consolidated statement of financial activities</b>	20
<b>Balance sheets</b>	21
<b>Consolidated statement of cash flows</b>	22
<b>Notes to the financial statements</b>	23 - 45

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

27 Great Smith Street, London, SW1P 3AZ  
The Council (Trustees), Officers, Senior Staff and Advisors

## Reference and administrative information

### The Council (Trustees)

#### Elected members

Canon Dr Christina Baxter CBE, *Chair of the Council*  
Hywel Rees-Jones, *Treasurer and Deputy Chair of the Council*

#### Nominated members

Keith Cawdron  
Dr Justine Allain Chapman  
David Kemp

#### Co-opted members

Stephen Barney (appointed 18 November 2021)  
James Bryer (appointed 24 February 2022)  
Andrew Penny  
Christopher Smith CBE (retired 18 November 2021)

### Officers and senior staff

#### Treasurer

Hywel Rees-Jones

#### Secretary/Chief Executive Officer

Stephanie Maurel

#### Head of Finance and Deputy Chief Executive Officer

Adrian Smith

#### Head of Facilities

Hugh Allcock-Green

### Committees

#### Audit Committee

Stephen East, *Chair*  
John Hughesdon  
Andrew Penny

#### Investment Committee

Hywel Rees-Jones, *Chair*  
John Booth (retired 22 July 2021)  
T Clark (appointed 24 February 2022)  
David Kemp  
Andrew Penny

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

27 Great Smith Street, London, SW1P 3AZ  
The Council (Trustees), Officers, Senior Staff and Advisors

## Reference and administrative information (continued)

### Professional advisors

#### Independent auditor

Buzzacott LLP  
130 Wood Street, London, EC2V 6DL

#### Principal bankers

Coutts & Company  
440 Strand, London, WC2R 0QS

Nationwide Building Society  
Kings Park Road, Northampton, NN3 6NW

#### Solicitors

BDB Pitman LLP  
One Bartholomew Close, London, EC1A 7BL

#### Investment Managers

Cazenove Capital Management Limited  
1 London Wall Place, London, EC2Y 5AU

### Church House Conference Centre Limited

#### Non-Executive Directors

Peter Thackwray OBE, *Chair*  
Mary Burley  
Dr Michaela Jordan  
Hywel Rees-Jones

#### Executive Directors

Stephanie Maurel  
Adrian Smith

# **THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY**

## **Chair's report to the members of The Corporation of the Church House**

The context in which the Corporation worked in 2021 remained challenging: the impact of the pandemic on both business and working lives continued into 2021 but it also offered an opportunity to look afresh at the Corporation and the Conference Centre as new patterns of life emerged in England and its Churches. Following the appointment of a new CEO in September 2020, there has been a review of all areas of activity. Whilst both the Corporation and the Conference Centre have made steady progress, Trustees, Non-Executive Directors and staff have worked on new five-year strategies for both entities. These focus on the vision, mission, and values of both organisations. Trustees are supporting staff to ensure that all decisions are taken with consideration for the overarching vision of "Positively impacting communities by providing a fitting Westminster hub for the Church of England and supporting its mission".

The Corporation remains in a strong financial position. As expected, the Corporation's operating activities reflecting the Trustees' commitment to a further £1.752m grant to the Archbishops' Council for Safeguarding, resulted in a deficit for the year. The Corporation benefitted from the performance of its investment portfolio in 2021 which returned increased investment income of £428,615 and a net gain in excess of £2m. As a result, after accounting for the £209,152 loss reported by the Conference Centre for the year, total reserves increased by £1,040,715 to £24,459,733.

The Corporation has retained all of its tenants; new leases are in place for the seven commercial tenants and two residential flats. With the downsizing in January 2021 of the space occupied by both the National Church Institutions and the Diocese in Europe, a small amount of space became vacant within Church House. Whilst decisions were being taken regarding the future refurbishment of the building, some of this space was relet on short leases at preferential rates to small charities and start-up organisations supporting their mission by giving them a foothold in London. For example, the charity Suicide and Co, and a start-up vegan ready meal company.

Church House incurred lower routine operating costs for the building in 2021 as a result of continued reduced usage by tenants, Conference Centre clients and other visitors. The building was running at under 10% of pre-pandemic capacity throughout much of 2021. One large piece of work that was completed in the summer of 2021 was the delayed external redecoration of the building. Previously this has been undertaken every five years however, with the pandemic in 2020, this was postponed by twelve months. The whole of the outside of Church House has been inspected, repaired, cleaned, and protected for the next five or so years. Following advice, plans are being considered to change the future pattern of this work to maintain the current five-year timetable for the two flanks most impacted by the weather but leaving a slightly longer period for the other two flanks.

The maintenance of the building has progressed whilst the building has remained quiet. A full Security Review has also taken place along with an independent Health and Safety audit. An audit of the website and IT functions was undertaken by the National Church Institution's (NCIs) internal audit team, along with a review of the Conference Centre processes. This is part of an ongoing programme with a focus on two internal audits per year.

# **THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY**

## **Chair's report to the members of The Corporation of the Church House (continued)**

For the future, there are positive challenges. With the announcement by General Synod that Church of England buildings should go carbon neutral by 2030, The Corporation of the Church House has put into place a plan to move as close to this goal as practicable and financially possible given that Church House is a Grade II listed building. This will include reducing consumption of fuel as well as ensuring that fuel used is clean. A small change that has made a large difference is the replacement of all standard urinals with non-flush water-saving urinals; the temperature of the water in the taps has also been reviewed and controlled.

The Conference Centre found 2021 very difficult financially, but the new strategy resulted in a flourishing of the work done by the team. Innovative events were hosted and as well as being shortlisted to be a Nightingale Court, the Conference Centre has accommodated a Covid Testing Centre since March 2020 and held two public tribunals – The Uygur Tribunal and the Iran International People's Tribunal (Aban Tribunal). Both events gave voice to groups normally unheard. The Conference Centre was also the home of the Daniel Morgan Enquiry Conclusions.

Although the Corporation made a £2m loan facility available to the Conference Centre in 2020, only £1m of this had been drawn down by the end of 2021, when the facility expired and was replaced with a new £500,000 facility. The loss reported for the year of £209,152 meant that no covenant was payable to the Corporation, but a £909,314 contribution was made to the Corporation through the payment of rent and service charge.

There was relative stability in the Trustee body, although Chris Smith reached the end of his term as a co-opted trustee at the November meeting. Chris brought significant expertise to the Council and contributed constructively to all our meetings. We thank him for his service to Church House.

Trustees engaged Bridgewater Leadership Advisory to assist with the search for specific expertise to strengthen the Council. As a result, Stephen Barney was appointed to the Council as a co-opted member in November and brings a wealth of commercial experience having Chaired the Leicester Diocesan Board of Finance and overseen the purchase and development of St Martin's House Conference Centre and the nearby Lodge hotel. In order to support the property expertise of the Council, James Bryer was formally co-opted to the Council in February 2022. James comes highly recommended and works in commercial property for HP4 Investment LLP. A vacancy arose for an independent member to join the Investment Committee following the retirement of John Booth in July 2021. We were very fortunate that T Clark, who is Head of Public Equities Investments for the Church Commissioners, took up the role in February 2022 and they have already proffered valuable advice.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Chair's report to the members of The Corporation of the Church House (continued)

2021 can be characterised, at least in part, by a focus on a full governance review. The Corporation is working towards the Charity Governance Code and over the year, all policies and procedures were considered and updated where necessary by the Executive and Trustees. The Terms of Reference for the Council, Board and supporting committees were also reviewed and updated. Trustees held an externally facilitated risk appetite workshop in March 2021 and, working in small groups over the rest of the year, defined the risk appetite of the Council for the key risks that the Corporation faces. This is now a solid framework within which the Executive and Trustees can work.

After the dramatic changes in the environment within which the Corporation operates, it is now ready to face a strong future. Plans are being finalised for the internal refurbishment of Church House, the Conference Centre expects to return to making a profit in 2022 and a £1.752m grant will be paid to the Archbishops' Council to support the mission of the Church of England. The Corporation of the Church House is confident in continuing to work towards achieving its mission and delivering on the strategy in place.

My term of office ceases at the AGM, as I have now reached 75. I owe an immense debt of gratitude to all my fellow Trustees whose wisdom and commitment have been inspirational. It has been a pleasure to work alongside a dedicated and effective staff led most ably by first Chris Palmer and then Stephanie Maurel – whose response to the pandemic has been outstanding. All the staff of the Corporation and the Conference Centre have been unfailingly helpful and resourceful. I would also like to thank all our professional advisors and those who have voluntarily assisted in many different ways. I shall take a keen interest in the future of Church House which will, I believe, continue to offer exceptional accommodation to the NCIs and its other tenants, as well as husbanding a precious resource to enable grants to be made to the Archbishops' Council so as to relieve the financial burden on parishes which are rightly concerned to invest in the mission of God in our land. There is a fine balance to be struck between the simpler following of Jesus to which the Church of England aspires and the wise maximising of net income from a building which can support the wider mission. We have been wrestling with the issues that this poses, and will need to continue to do so for the next decade at least. I wish my successor every blessing as they tackle that conundrum.



Canon Dr Christina Baxter CBE  
Chair

# **THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY**

## **Report of the Council of The Corporation of the Church House**

The Council presents its annual report and audited consolidated financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out on pages 23 to 29 of the attached financial statements and comply with the charity's Royal Charter, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

### **Objects and activities**

The primary object of The Corporation, as laid down in the Royal Charter, is to own and maintain a building - Church House - for the use of the National Church Institutions of the Church of England (NCIs). Following amendment of the Royal Charter in February 2018, The Corporation is now also permitted to award grants for the benefit of the NCIs.

The Corporation may manage such business as it thinks fit and expedient to undertake for the promotion of the objects of The Corporation.

The Corporation aims to provide office and meeting space for the NCIs at a cost below the market rent for the area; the annual rent charged in the year represents a substantial saving when compared to the costs of equivalent commercial property. The rent reflects an appropriate annual share of the governance costs and provides funds to be used towards the anticipated costs of future refurbishment and improvement of the building.

The Corporation seeks to generate income from the operation of its wholly owned commercial subsidiary, Church House Conference Centre Limited, which markets the spare capacity when the large meeting rooms in the building (whose listed status precludes radical alteration), are not required for use by the the General Synod. The Conference Centre clients include commercial companies, charities, church organisations, government bodies, trade associations and research organisations. Any taxable profit created by the Conference Centre is usually covenanted directly to The Corporation.

Building on the decision reached by the Council in 2017 to provide financial support to the National Church Institutions through the award of grants, and following the necessary amendment to the Royal Charter to permit such activity, the Council, with support from the senior management team and external advisors, introduced a grant-making policy in 2018. Complementing the four grants totalling a combined £5,756,000 awarded between 2018 and 2020, the Council considered an application from the National Church Institutions to extend the grant for safeguarding for a fourth year and, ultimately, approved the award of a grant for £1,752,000 for payment in 2022.

The Corporation's operational objectives during the year under review have been to maintain the security of the building and to ensure Church House continued to offer a safe and available workspace for the benefit of the National Church Institutions fulfilling all Government guidance relating to the COVID-19 pandemic. Additionally, the cyclical external redecoration of the building was planned and completed on time and within budget.

In reviewing its aims and objectives and in planning its future activities we confirm The Corporation has complied with the Charity Commission's general guidance on public benefit: 'Charities and Public Benefit'.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Report of the Council of The Corporation of the Church House (continued)

### Review of achievements and performance for 2021

#### *Operational performance*

The National Church Institutions remain the principal tenants of the building. All office space at Church House remained open throughout the year, although actual usage was, and continues to be, significantly lower as a result of the COVID-19 pandemic. We also welcomed fewer visitors at Church House in 2021 - the events space available for hire and marketed by Church House Conference Centre was closed, or operated for much of the year at reduced capacity, in accordance with the government guidance issued in response to the pandemic.

All facilities and services were maintained at appropriate levels and operated well throughout the year.

#### *Grant-making policy*

The Corporation will from time to time accept grant applications from the National Church Institutions dependent upon the financial performance of The Corporation.

#### **Financial review**

The consolidated statement of financial activities for the year is set out on page 20. A summary of the results and of the work of The Corporation is set out below.

The charity's principal sources of income are rent, investment income and covenanted profit from its trading subsidiary, Church House Conference Centre Limited. The group's expenditure during the year exceeded income by £965,047 (2020: £2,076,148) before gains on investments and other recognised gains. The level of net expenditure reflects the Council's continued support of the work of the Church of England through the award of a further grant to be used in the area of safeguarding. A grant of £1,752,000 has been recognised in the year (2020: grant of £1,752,000 for safeguarding) although actual payments will be made throughout 2022. After taking into account the net expenditure for 2021, together with recognised gains, the group's total funds increased by £1,040,715 to £24,459,733 (2020: decreased by £1,868,585 to £23,419,018).

#### *Church House Conference Centre Limited*

The Conference Centre is the wholly owned subsidiary of The Corporation and carries out trading activities for the benefit of The Corporation, paying rent and service charge which in 2021 amounted to £909,314 (2020: £974,901).

The impact of the COVID pandemic continued to affect trading conditions throughout 2021. Turnover for the year of £2,276,848 (2020: £1,006,676) represented a 45% reduction on the level generated in 2019 - the last full-year of uninterrupted trading prior to the onset of the pandemic - but together with cost savings did enable the Company to outperform its 2021 budget and report a lower than forecast loss. The Conference Centre has been able to limit the amount of financial support requested from The Corporation under the terms of the £2m loan facility made available in 2020 to £1 m.

For 2021, the loss on ordinary activities for the year was £209,152 (2020: loss £1,422,498) before taxation of £Nil (2020: £11,940 accrued recoverable taxation) and transfers under deed of covenant for the current year of £Nil (2020: £Nil).

As the Company reported a taxable loss for the year ended 31 December 2021, no amount is payable to The Corporation under the terms of the Deed of Covenant. A summary of the trading results of the Conference Centre is shown in note 17 to the financial statements.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Report of the Council of The Corporation of the Church House (continued)

### Review of achievements and performance for 2021 (continued)

#### *Investment policy*

The Council has adopted a long-term and medium-risk policy to achieve a balance of income and capital growth from its investments. As permitted by The Corporation's Royal Charter, the Council has given its investment managers discretion to manage the portfolio within an agreed risk profile.

The purpose of The Corporation's investments is to provide the necessary stability and financial backing to enable periodic improvement and refurbishment of Church House. To achieve this, it is the intention to manage the portfolio in such a way that the value of the investments more than matches inflation over the longer term. Given the investment horizon, it has been decided in consultation with the investment managers that the portfolio should consist substantially of equities both in the UK and overseas.

In 2021 The Council, in conjunction with the Investment Committee, agreed that the investment portfolio should be used to provide the funds required for the refurbishment project at Church House planned for 2022-2023. Consequently, since the year-end, the investment managers have been instructed to seize opportunities to generate £10m cash in relation to the total anticipated £16m cashflow requirement for the project.

It is the Council's policy to take note of the guidance of the Church of England's Ethical Investment Advisory Group.

#### *Investment performance*

Performance of the investments is measured against a bespoke benchmark. The benchmark is based on the agreed asset allocation: 55% to relate to the FTSE All Share index, 20% to the FTSE World index (excluding UK), 20% to the FTSE Government All Stocks index and 5% to SONIA (Sterling Overnight Index Average).

The Corporation's investments delivered an overall return of plus 10.9% (2020: plus 0.89%) compared with the bespoke benchmark of plus 13.3% (2020: minus 0.3%). UK equities returned plus 18.8% (2020: minus 8.8%) against the FTSE All Share index return of plus 18.3% (2020: minus 9.9%), overseas equities returning plus 11.3% (2020: plus 20.9%) against the FTSE World index (excluding UK) return of plus 22.2% (2020: plus 14.2%). The overall bond allocation returned plus 0.1% (2020: plus 2.3%) which compares to the FTSE All Stock Gilts index return of minus 5.2% (2020: plus 8.3%). Whilst the performance of the portfolio was marginally behind the benchmark for the year, the Council remains satisfied with the longer-term performance and positioning of the investment portfolio.

The year of 2021 was dominated by three key narratives; The resurgence of Covid concerns with the spread of new variants, central banks' reaction to high inflation figures, and concerns over Chinese growth centring around the growing property sector crisis. Whilst this resulted in heightened volatility during the period, global equity markets proved resilient which was beneficial to the Charity's investment portfolio which has around 77% allocated to this asset class. While the underweight allocation to UK listed equities was a negative compared to the benchmark - the portfolio benefitted from its allocations to the more economically sensitive parts of the equity market combined with a core allocation to US listed equities which had another excellent year of performance.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Report of the Council of The Corporation of the Church House (continued)

### Review of achievements and performance for 2021 (continued)

#### *Investment performance (continued)*

The Corporation withdrew £1,500,000 (2020: £49,334) from the portfolio to provide additional working capital in the year. No capital (2020: none) was transferred to Cazenove Capital for investment during the year.

The market value of listed investments at 31 December, excluding cash held with the investment managers, was £21,041,126 (2020: £19,475,870), an increase of £1,565,256 (2020: £803,141 decrease) when compared to the position at the end of 2020.

Unrealised gains of £1,921,831 (2020: £407,425 unrealised gains) are reflected in the market value as at 31 December. Realised gains of £80,970 (2020: £405,862 realised losses) resulted from the sale of investments during the year.

The Council, upon the recommendation of the Investment Committee, previously agreed that the investment managers should hold a higher balance of cash to ensure funds would be available to meet the different profiles of planned capital and grant expenditure under discussion. As outlined above The Corporation will require additional working capital in 2022 to fund the planned refurbishment project at Church House, in addition to other capital and grant expenditure. Consequently, the value of cash held by the investment managers at 31 December 2021 was £932,903 (2020: £1,694,391).

#### *Reserves*

The free/expendable reserves of The Corporation, predominantly represented by its investment portfolio, are held to meet the primary charitable objective of The Corporation which is to own and maintain the building called Church House for the use of the National Church Institutions of the Church of England. Of the group's total funds at 31 December 2021 amounting to £24,459,733 (2020: £23,419,018), the free reserves amounted to £1,697,906 (2020: £1,907,058). Free reserves consist of the general funds, including the non-charitable trading funds but excluding the pension reserve.

When undertaking the annual review of free reserves, the Council determined that the present level is sufficient to meet operational needs and to provide contingency funds. The impact of COVID-19 on The Corporation and its subsidiary has been considered in detail by the Executive and Council and the view in respect to the adequacy of free reserves has not changed.

The Council approved a transfer to the designated refurbishment fund to increase the balance at 31 December 2021 to £10,000,000 (2020: £6,405,011). The fund will be used to meet the anticipated costs of the two-phase project to refurbish Church House with works commencing in June 2022 and to be completed in early 2023. It has been agreed subsequently to expand the scope of the project and the total estimated cost, including contingency allowances of £2.5m, has increased from £9.6m to £16m. Further transfers will be made to the designated refurbishment fund during 2022 and 2023 to meet the costs of the project.

# **THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY**

## **Report of the Council of The Corporation of the Church House (continued)**

### **Review of achievements and performance for 2021 (continued)**

#### ***Reserves (continued)***

The grant of £1,752,000 (2020: £1,752,000) awarded to the Archbishops' Council to support the work of the Church of England National Safeguarding Team has been funded from the designated grant-making fund. A transfer was made from the grant-making fund of £127,634 (2020: £2,124,354 transfer to the grant-making fund) to contribute funds for the refurbishment fund as described above.

The balance of the grant-making fund at 31 December 2021 was therefore £10,125,617 (2020: £12,005,251).

#### **Future plans**

The Corporation's primary objective remains to plan to run an efficient office building for the National Church Institutions of the Church of England and examine its running costs with a view to saving expenditure wherever possible.

Following the National Church Institutions decision to reduce their footprint at Church House, the Council commissioned an independent external review of the building. This identified the options available to improve office accommodation for the continued use of the NCIs and for the refurbishment of space that will be vacated with a view to generating increased revenue from future commercial letting. The Council has given careful consideration to the options presented and are confident this will secure the long-term viability of Church House and will, ultimately, provide additional funds that can be used to support the mission of the Church of England through increased grant-making. The Council has approved the £16m estimated costs for the project to refurbish Church House.

The process of identifying the changes that will have to be implemented at Church House to achieve the aim of operating a carbon zero building no later than 2030 commenced in 2020. This work has continued and, where practicable, will be incorporated into the planned refurbishment works. For changes needed that will not be included as part of the project, the impact of the works will be assessed, before a costed plan and timeline is produced.

The Council expects to receive further applications for grants from the National Church Institutions. The suitability of all grant applications for funding will be considered on the basis of the benefits they will deliver across the Church and for the wider public. Once suitability has been established, the appropriate level of any funding will be determined with reference to The Corporation's own financial position and general economic conditions.

# **THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY**

## **Report of the Council of The Corporation of the Church House (continued)**

### **Structure, governance, management and external professional advisors**

The Corporation of the Church House (“The Corporation”) was established in 1888 by Royal Charter (charity registration number 213252) and its principal office is 27 Great Smith Street, London, SW1P 3AZ.

During the year The Corporation was governed by a Royal Charter dated 22 November 2002, which was last amended on 8 February 2018. The most recent amendment permits grants to be awarded for the benefit of the National Church Institutions of the Church of England.

It has a wholly owned, commercial trading subsidiary, Church House Conference Centre Limited (company registration number 02869220 (England and Wales)). The company’s trading name is Church House Westminster and its principal activity is that of running a conference centre.

The Council of the Corporation comprises of up to nine members. Each member is appointed for an initial term of five years, renewable for a further term of the same length. Following resolutions carried at the 2008 Annual General Meeting and the approval of the Privy Council and the Charity Commission, two members are elected from amongst the members of The Corporation, who are members of the General Synod and other individuals, by the members of The Corporation; three members are nominated by the Appointments Committee of the Church of England and four members are co-opted by the Council. Currently there is one vacancy for a co-opted member. Every member of the Council must be and continue to be a member of the Church of England. The names of the members of the Council at 31 December 2021 (and up to the date of this report) are given on page 2.

New Council members are inducted into the workings of The Corporation and its subsidiary, including Council policy and procedures, at an initial meeting with the Secretary and also receive a copy of the Charity Commission guidance on the roles and responsibilities of trustees.

Members of the Council, as The Corporation’s trustees, are legally responsible for the overall management and control of The Corporation and its subsidiary and the Council meets at least four times a year. The Council appoints the senior staff of The Corporation who, in turn, are responsible for its day to day running. The Council is responsible for the approval of the annual budget and cash flow forecasts and is responsible for the preparation of the financial statements of The Corporation and its subsidiary. It also monitors the financial and operational activities of The Corporation.

The Council has an Audit Committee with an independent Chair, one independent member and one member co-opted from the Council. The Committee meets at least twice a year and, inter alia, monitors The Corporation’s external audit arrangements and risk management systems. The spring meeting is principally concerned with the annual audit including a confidential meeting with the auditor, while the autumn meeting concentrates on governance, personnel matters and the scrutiny of risk management. The Committee held two meetings during the year under review.

Details of The Corporation’s professional advisors are given on page 3. The Corporation maintains a relationship and regular dialogue with its advisors in addition to obtaining expert advice and assurance when required.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Report of the Council of The Corporation of the Church House (continued)

### *Structure, governance, management and external professional advisors (continued)*

#### ***Risk management***

The Council has identified and reviewed the major risks to which The Corporation and its subsidiary are exposed, in particular those related to their operations and finance with particular reference to the ongoing challenges posed by COVID-19, and is satisfied that systems are in place to mitigate The Corporation's exposure to those major risks.

The primary risks faced by The Corporation and Church House Conference Centre Limited are those that would significantly disrupt the availability and operation of the building. The Corporation and Conference Centre have comprehensive policies of insurance, reviewed annually, that provide financial compensation for many such occurrences although, along with many other businesses, we identified that our insurance cover did not extend to provide cover for the economic impact of the COVID-19 pandemic. Above all, The Corporation has a business continuity plan that did, and will, enable it to maintain and recover its operations in the event of significant disruption.

Any significant reduction in the value of The Corporation's investment portfolio could place at risk The Corporation's ability to fund improvements to Church House. This risk is managed through the setting of an appropriate Investment Policy (see the Investment policy section of the Report of the Council on page 9 for more information) and continuous review of investment performance by the Investment Committee (see pages 9 and 10 for more information). In January 2022, to mitigate against potential market volatility, the Investment Managers were instructed to commence the sale of holdings to generate the capital to be used to fund the refurbishment project to be commenced in June 2022.

Notwithstanding the potential impact arising from the availability and operation of Church House being significantly disrupted as outlined above, the most significant financial risk to which Church House Conference Centre Limited is exposed is the impact of general economic and wider conditions affecting their existing and potential client base. Like many others in the hospitality sector, whilst the level of business has increased it has not yet returned to pre-pandemic levels and as such the Company continues to be affected by the longer-term impact of the COVID-19 pandemic.

To mitigate the financial impact of COVID-19 the Corporation agreed to the request from the Board of directors to replace the £500,000 loan facility first made available in February 2011 with an increased facility of £2,000,000. The new facility was put in place in September 2020 and was available to be drawn down, in accordance with agreed terms, until the end of 2021. The Council has agreed to provide a further £500,000 loan facility from 1 January 2022 to provide the Company with further financial support, should it be needed, for the period to 31 December 2031.

The Board of directors of Church House Conference Centre Limited continue to monitor the current financial position, trading conditions and future prospects monthly. The Board meets quarterly, or more frequently if required, and a summary of the Company's trading and financial position is provided for consideration at each Council meeting (see note 16).

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Report of the Council of The Corporation of the Church House (continued)

### *Structure, governance, management and external professional advisors (continued)*

#### *Key management personnel*

In addition to The Corporation's unremunerated Council members, the Senior Management Team are defined as key personnel.

The Council has delegated responsibility and authority for managing the day-to-day activities of The Corporation and, through the Board of directors of Church House Conference Centre Limited, to the Senior Management Team which consists of the Secretary, Head of Finance and Head of Facilities.

In 2021 the Council agreed a uniform percentage cost-of-living pay award for all staff.

No additional bonus or other incentive schemes apply to the Senior Management Team.

No member of the Council received any remuneration from either The Corporation or Church House Conference Centre Limited.

#### *Fundraising*

The Corporation does not actively engage in fundraising activities and does not employ a professional fundraiser or commercial participator. No complaints in respect to fundraising activity were received by The Corporation during the year.

#### **Statement of the Council's responsibilities**

The Council is responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the group and the charity and of the income and expenditure of the charity and the group for that year.

In preparing these financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue in business.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

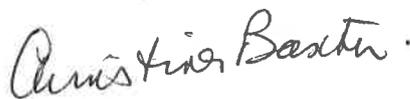
## Report of the Council of The Corporation of the Church House (continued)

### Statement of the Council's responsibilities (continued)

The Council is responsible for keeping accounting records that are sufficient to show and explain the group and charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provision of the Royal Charter. It is also responsible for safeguarding the assets of the group and the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved and signed on behalf of the Council



**Canon Dr Christina Baxter CBE**  
**Chair**



**Hywel Rees-Jones**  
**Treasurer and Deputy Chair**

19 May 2022

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Independent auditor's report to the Council of The Corporation of the Church House

### Opinion

We have audited the accounts of The Corporation of the Church House and its subsidiary for the year ended 31 December 2021 which comprise the group and parent charity statement of financial activities, the group and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the accounts. 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 accounts:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2021 and of their 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 Charities Act 2011.

### 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 accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the Council members' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

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

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

### Other information

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

# **THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY**

## **Independent auditor's report to the Council of The Corporation of the Church House (continued)**

### **Other information (continued)**

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

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

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Chair's report and Report of the Council is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Council**

As explained more fully in the Council's responsibilities statement, the members of the Council are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Council members are responsible for assessing the group's and the parent charity'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 Council either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Independent auditor's report to the Council of The Corporation of the Church House (continued)

### Auditor's responsibilities for the audit of the accounts (continued)

#### *How the audit was considered capable of detecting irregularities including fraud*

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

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charity through discussions with key management and from our knowledge and experience of the charity sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019) and those relating to health and safety legislation; and
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of key management and review of minutes of Council members' meetings.
- We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
  - Making enquiries of key management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
  - Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Tested the authorisation of expenditure;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

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

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Council members; and
- Enquiring of as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of key management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

# **THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY**

## **Independent auditor's report to the Council of The Corporation of the Church House (continued)**

### **Auditor's responsibilities for the audit of the accounts (continued)**

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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 Council, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the members of the Council 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 charity and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 13 June 2022

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Consolidated statement of financial activities for the year ended 31 December 2021

	Note	2021 £	2020 £
<b>Income from:</b>			
Investments and bank deposits	3	429,346	309,755
Other trading activities – Conference Centre	17(b)	2,275,613	1,002,252
Charitable activities			
. Rental income and service charge		2,764,021	2,845,519
Donations and legacies		—	500
Other			
. Coronavirus Job Retention Scheme Grant		85,907	180,293
. Dilapidation receipts		—	25,000
. Management fees receivable		6,667	6,667
. Profit on disposal of tangible fixed assets		—	555
<b>Total income</b>		<b>5,561,554</b>	<b>4,370,541</b>
<b>Expenditure on:</b>			
Raising funds			
. Investment management fees		112,643	96,384
. Conference Centre costs	17(b)	1,600,913	1,556,261
. Taxation		—	(11,940)
Charitable activities			
. Grants awarded to the National Church Institutions of the Church of England	4	1,752,000	1,752,000
. Corporation operating costs	5	3,057,878	3,045,984
Other			
. Interest payable	8(a)	2,000	8,000
. Loss on disposal of tangible fixed assets		1,167	—
<b>Total expenditure</b>		<b>6,526,601</b>	<b>6,446,689</b>
<b>Net expenditure before gains on investments</b>		<b>(965,047)</b>	<b>(2,076,148)</b>
Net gains on investments	10	2,002,801	1,563
<b>Net income (expenditure)</b>		<b>1,037,754</b>	<b>(2,074,585)</b>
<b>Other recognised gains</b>			
Actuarial gains on defined benefit pension scheme	8(a)	2,961	206,000
<b>Net movement in funds</b>	6	<b>1,040,715</b>	<b>(1,868,585)</b>
<b>Reconciliation of funds:</b>			
Fund balances brought forward at 1 January	13	23,419,018	25,287,603
<b>Fund balances carried forward at 31 December</b>	13	<b>24,459,733</b>	<b>23,419,018</b>

All of the group's activities derived from continuing operations during the above two financial periods. The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure of the charity was unrestricted during the above two financial periods. Fund balances at 31 December 2020 and 2021 include restricted funds of £9,254. The notes on pages 23 to 45 form part of the financial statements.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Balance sheets as at 31 December 2021

	Note	Group		The Corporation	
		2021 £	2020 £	2021 £	2020 £
<b>Fixed assets</b>					
Tangible assets	9	3,048,903	3,749,444	2,859,956	3,468,418
Investments	10	21,974,029	21,170,261	22,474,029	21,670,261
<b>Total fixed assets</b>		<b>25,022,932</b>	<b>24,919,705</b>	<b>25,333,985</b>	<b>25,138,679</b>
<b>Current assets</b>					
Debtors: due after more than one year	11(a)	—	—	1,006,431	500,628
Debtors: due within one year	11(b)	806,049	1,062,940	580,268	1,012,315
Cash at bank and in hand		2,260,479	1,497,047	1,512,182	1,467,488
<b>Total current assets</b>		<b>3,066,528</b>	<b>2,559,987</b>	<b>3,098,881</b>	<b>2,980,431</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	12	(3,396,727)	(3,684,700)	(2,438,039)	(3,231,176)
<b>Net current (liabilities) assets</b>		<b>(330,199)</b>	<b>(1,124,713)</b>	<b>660,842</b>	<b>(250,745)</b>
Total assets less current liabilities		24,692,733	23,794,992	25,994,827	24,887,934
Provisions for liabilities and charges	8(a)	(233,000)	(375,974)	(233,000)	(375,974)
<b>Total net assets</b>		<b>24,459,733</b>	<b>23,419,018</b>	<b>25,761,827</b>	<b>24,511,960</b>
<b>The funds of the charity</b>					
Restricted income funds	13	9,254	9,254	9,254	9,254
Unrestricted income funds	13				
. Tangible fixed assets fund		2,859,956	3,468,418	2,859,956	3,468,418
. Designated funds					
. . Refurbishment reserve		10,000,000	6,405,011	10,000,000	6,405,011
. . Grant-making reserve		10,125,617	12,005,251	10,125,617	12,005,251
. General funds					
. . Free reserves		3,000,000	3,000,000	3,000,000	3,000,000
. . Pension reserve		(233,000)	(375,974)	(233,000)	(375,974)
. Non-charitable trading funds		(1,302,094)	(1,092,942)	—	—
<b>Total charity funds</b>	14	<b>24,459,733</b>	<b>23,419,018</b>	<b>25,761,827</b>	<b>24,511,960</b>

The financial statements which comprise the consolidated statement of financial activities, the balance sheets, the consolidated statement of cash flows and the related notes on pages 23 to 45 were approved by the Council on 19 May 2022 and signed on its behalf by

*Christina Baxter*  
CANON DR CHRISTINA BAXTER CBE Member of Council and Chair of the Council

*Hywel Rees-Jones*  
HYWEL REES-JONES Member of Council, Treasurer and Deputy Chair

*Stephanie Maurel*  
STEPHANIE MAUREL Secretary

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Consolidated statement of cash flows for the year ended 31 December 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash (used in) provided by operating activities	A	<u>(687,498)</u>	<u>(2,131,284)</u>
<b>Cash flows from investing activities</b>			
Income from listed investments		428,615	303,924
Interest received		731	5,831
Purchase of tangible fixed assets		(177,449)	(144,267)
Proceeds from the sale of tangible fixed assets		—	555
Purchase of fixed asset investments		(3,384,228)	(3,818,739)
Proceeds from the disposal of fixed asset investments		3,821,773	4,623,443
<b>Net cash provided by investing activities</b>		<u>689,442</u>	<u>970,747</u>
<b>Change in cash and cash equivalents</b>		<b>1,944</b>	<b>(1,160,537)</b>
<b>Cash and cash equivalents at 1 January</b>	B	<b>3,191,438</b>	<b>4,351,975</b>
<b>Cash and cash equivalents at 31 December</b>	B	<u><b>3,193,382</b></u>	<u><b>3,191,438</b></u>

### Notes to the consolidated statement of cash flows for the year to 31 December 2021

#### A Reconciliation of net movement in funds to net cash (used in) provided by operating activities

	2021 £	2020 £
<b>Net movement in funds (as per consolidated statement of financial activities)</b>	<b>1,040,715</b>	<b>(1,868,585)</b>
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	876,823	1,288,603
Gains on investments	(2,002,801)	(1,563)
Loss (profit) on disposal of tangible fixed assets	1,167	(555)
Investment income	(429,346)	(309,755)
Decrease (increase) in debtors	256,891	(454,538)
(Decrease) in creditors	(287,973)	(444,878)
(Decrease) in provisions	(142,974)	(340,013)
<b>Net cash (used in) operating activities</b>	<u><b>(687,498)</b></u>	<u><b>(2,131,284)</b></u>

#### B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	2,260,479	1,497,047
Cash held by investment managers	932,903	1,694,391
<b>Total cash and cash equivalents</b>	<u><b>3,193,382</b></u>	<u><b>3,191,438</b></u>

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021

### 1 Principal accounting policies

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

#### a) Basis of accounting

These financial statements have been prepared for the year to 31 December 2021 with comparative information given for the year ended 31 December 2020.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The financial statements are presented in Sterling (£) and are rounded to the nearest pound.

#### b) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- determining the recoverability of outstanding debtors;
- estimating accrued expenditure;
- assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme; and
- estimating future income and expenditure flows for the purpose of assessing going concern (see below).

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1 Principal accounting policies (continued)

#### c) Assessment of going concern

The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect of a period of one year from the date of approval of these financial statements.

As explained in the Report of the Council, COVID-19 impacted the operations of Church House Conference Centre and activity levels have not yet returned to pre-pandemic levels. The Corporation agreed to support its subsidiary financially and, as explained in note 16, has made loan facilities available to the company. The Corporation continues to monitor the performance of its investment portfolio and will commence a major refurbishment project in June 2022 to secure the long-term viability of Church House and will increase future rental income through increased commercial letting of office space.

The Board of directors of Church House Conference Centre are cautiously optimistic that the Company will meet its revenue target for 2022 and that the Company will report a taxable profit in 2022 which can be grown in subsequent years. The Board has seen strong evidence of pent-up demand from which the venue is well-placed to benefit having developed its offer, particularly in terms of Audio-Visual capabilities, in order to be able to also deliver virtual and hybrid events.

The Council is of the opinion that the overall finances of the Corporation and its subsidiary are robust and, despite the continued challenges that COVID-19 presents, the Council members are of the opinion that the group and the charity will have sufficient resources to meet their liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

#### d) Consolidated financial statements

The consolidated financial statements include The Corporation and its wholly owned subsidiary undertaking, Church House Conference Centre Limited (company registration number 02869220). Intra-group transactions and balances are eliminated fully on consolidation. No separate statement of financial activities has been presented for The Corporation within these financial statements. The net expenditure for the year to 31 December 2021 for The Corporation only, including the £1,752,000 (2020: £1,752,000) provision for grants payable, £2,961 of actuarial gains (2020: £206,000 of actuarial gains) in relation to the provision made for future funding payments in respect of the deficit on the Defined Benefits pension scheme (see note 8a), but excluding investment gains, was £752,934 (2020: net expenditure of £459,590).

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1 Principal accounting policies (continued)

#### e) Income recognition

Income is recognised in the period in which the group is legally entitled to the income, where the amount can be measured reliably and it is probable that the income will be received.

Income comprises rental income, investment income, income generated by the Conference Centre activities and other income including Coronavirus Job Retention Scheme grants, dilapidation receipts and management fees.

Rental income is recognised when it becomes contractually due under the relevant lease or tenancy agreement.

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

Interest on cash balances held with banks and investment managers are included when receivable and the amount can be measured reliably by the group; this is normally upon notification of the interest paid or payable by the bank or the investment manager.

Income generated by the Conference Centre activities comprises income from room hire, equipment hire and commission on catering provision. It is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax.

Coronavirus Job Retention scheme grants are credited to income when the charity and group are entitled to the funds and when the amount receivable has become quantifiable. Other income including management fees and dilapidation receipts is measured at fair value and accounted for on an accruals basis.

#### f) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Cost of raising funds includes investment management fees and the operating costs of Church House Conference Centre Limited.
- Charitable expenditure represents all costs associated with furthering the charitable purposes of the Corporation. This includes the direct and indirect costs of running Church House and grant-making activities. The allocation of costs to charitable activities, including support costs, is based upon the calculation of the service charges recoverable from The Corporation's tenants.
- Other expenditure includes losses on the disposal of tangible fixed assets.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1 Principal accounting policies (continued)

#### f) Expenditure recognition (continued)

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are treated as liabilities.

#### g) Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Tangible fixed assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful economic life of the assets concerned.

	%
The annual rates used for this purpose are:	
Freehold buildings	5.00 – 10.00
Furniture and fittings	6.50 – 15.00
Telephone and office equipment	10.00 – 33.33
Plant and equipment	5.00 – 20.00
Freehold land is not depreciated.	

An impairment review is carried out in respect to a particular class of asset if events, or changes in circumstances, indicate that the carrying amount of any tangible fixed asset may not be recoverable.

#### h) Heritage assets

Heritage assets have historic, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture.

The Corporation holds a collection of heritage assets which consist mainly of paintings. These paintings, gifted to The Corporation over many years, all represent various aspects of Church heritage and, therefore, relate to the Objects of the charity.

The Corporation commissioned a professional valuation of these paintings for insurance purposes. The wide range of potential values suggested by the valuation, highlighted the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1 Principal accounting policies (continued)

#### i) Investments

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

The group and charity do not acquire put options, derivatives or other complex financial instruments.

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

The investment in the subsidiary undertaking is stated at cost less any provision for permanent diminution in value.

#### j) Debtors

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

#### k) Cash at bank and in hand

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

#### l) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement is known or can be estimated reliably. Creditors and provisions are recognised at the amount the group or charity anticipates it will pay to settle the debt.

#### m) Fund structure

The tangible fixed assets funds represent the net book value of the charity's tangible fixed assets.

Free reserves represent those monies which are freely available for application towards achieving any charitable purpose that falls within the group and charity's charitable objects.

The refurbishment reserve was established in 2018 to ensure that the charity holds a level of net assets that would enable it to undertake future refurbishment and improvement works to support its primary charitable objective of maintaining Church House for the use of the National Church Institutions of the Church of England (NCIs). The Council agreed to increase the balance of this fund to £10m as at 31 December 2021 to provide the necessary funds to meet the anticipated £9.6m project costs for the major refurbishment works to be undertaken at Church House commencing in June 2022.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1 Principal accounting policies (continued)

#### m) Fund structure (continued)

It has been agreed subsequently to expand the scope of the project and the total estimated cost, including contingency allowances of £2.5m, has increased from £9.6m to £16m. Further transfers will be made to the designated refurbishment fund during 2022 and 2023 to meet the costs of the project.

The grant-making reserve represents the value of net assets designated and available for distribution to the NCIs in the form of grants to support the charitable objectives of the Church of England. The Council expects to receive further grant applications from the NCIs in the short-term. It is anticipated that the level of funds to be transferred to the fund will grow as future commercial letting activity increases and generates additional rental income following completion of the refurbishment project in 2023.

The pension reserve represents the actuarial deficit on the defined pension scheme.

Non-charitable trading funds comprise of the value of cumulative accumulated losses or retained earnings by Church House Conference Centre Limited.

Restricted funds are funds with their use restricted to a specific purpose as described in note 13.

#### n) Leased assets

Rentals applicable to operating leases where the benefits and risks of ownership remain substantially with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

The group had no finance leases during the year ended 31 December 2021 or 31 December 2020.

#### o) Pension scheme arrangements

The Corporation participated in the Church of England Defined Benefit Scheme (DBS) and the Church of England Pension Builder Scheme (PBS), both part of the Church Workers Pension Fund. Both schemes are administered by the Church of England Pensions Board and are defined benefit pension schemes.

Employees appointed prior to 1 April 2009 were eligible for membership of the DBS. From this date onwards, the DBS was closed to new membership applications and all new employees have been offered membership of the PBS.

On 1 January 2020, following consultation with employees throughout 2019, The Corporation transferred pension membership for all employees appointed prior to 1 April 2009 from the DBS to the PBS. From this date all active members have accrued future pension benefits under the PBS. The transfer of pension membership does not impact the value of pension benefits accrued by employees within the DBS prior to 31 December 2019.

Payment of normal contributions in respect of the DBS ceased with the transfer of all active members to the PBS on 1 January 2020 however The Corporation continues to pay deficit recovery contributions in respect of the DBS.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1 Principal accounting policies (continued)

#### o) Pension scheme arrangements

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

Further details of pension scheme arrangements are given in note 8

### 2 Taxation

The Corporation is registered as a charity with the Charity Commission for England and Wales (charity registration number 213252) and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

Retained profits of Church House Conference Centre Limited, if any, are subject to corporation tax calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

### 3 Investment income

	2021 £	2020 £
Income from listed investments	428,615	303,924
Bank interest receivable	731	5,831
	<u>429,346</u>	<u>309,755</u>

### 4 Grants payable

	2021 £	2020 £
Grants awarded in the year		
. Archbishops' Council – National Safeguarding Team	<u>1,752,000</u>	<u>1,752,000</u>

Grants awarded during 2021 were unpaid as at 31 December 2021 (note 12) and will be paid by twelve equal monthly instalments during 2022.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 5 Corporation operating costs

	2021 £	2020 £
Staff costs (note 7)	823,099	886,351
House expenses and cleaning	394,418	364,768
Rates, insurance and heating	316,614	254,678
Office and administrative expenses	33,843	59,226
Repairs and maintenance	651,499	206,115
Marketing	(785)	3,558
Professional fees	53,745	88,275
Depreciation – owned assets	776,359	1,174,188
Auditor’s remuneration – The Corporation	9,050	8,800
Donations and presentations	36	25
	<u>3,057,878</u>	<u>3,045,984</u>

No support costs have been allocated to The Corporation’s secondary charitable objective of grant-making. The additional time resources and costs associated with this activity were minimal.

### 6 Net movement in funds

The net movement in funds is stated after including the following charges:

	2021 £	2020 £
Auditor’s remuneration		
. Audit	22,871	22,000
. Non-audit services – taxation and advisory services	3,421	8,675
Depreciation	876,823	1,288,603
Hire of equipment	9,990	10,312
	<u>9,990</u>	<u>10,312</u>

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 7 Staff costs and remuneration of key management personnel

The average number of persons employed by The Corporation and its subsidiary during the year is analysed below:

	Group		The Corporation	
	2021 Number	2020 Number	2021 Number	2020 Number
Maintenance and security	10	11	10	11
Administration	16	23	6	6
	<b>26</b>	<b>34</b>	<b>16</b>	<b>17</b>

Staff costs during the year were as follows:

	Group		The Corporation	
	2021 £	2020 £	2021 £	2020 £
Wages and salaries	1,096,313	1,434,940	703,763	753,026
Social security costs	122,967	148,136	77,032	82,492
Other pension costs	145,933	190,690	42,304	50,833
	<b>1,365,213</b>	<b>1,773,766</b>	<b>823,099</b>	<b>886,351</b>

There were no redundancy payments in 2021. In 2020 wages and salaries included £66,226 relating to redundancy arrangements for 10 employees of which £13,748 related to non-contractual payments.

Employee information for the group includes employees who are on full time secondment to the Conference Centre. The cost of these employees is included within the cost of raising funds.

The number of employees earning £60,000 pa or more (excluding employer's pension and national insurance contributions but including taxable benefits) was:

	Group		The Corporation	
	2021 Number	2020 Number	2021 Number	2020 Number
£60,000 to £69,999	1	1	1	—
£70,000 to £79,999	1	3	1	3
£80,000 to £89,999	—	—	—	—
£90,000 to £99,999	1	—	1	—
£100,000 to £109,999	—	—	—	—
£110,000 to £119,999	—	1	—	—

Retirement benefits under a defined benefit pension scheme are accruing to 3 (2020: 5) employees earning more than £60,000 per annum. Employer pension contributions totalling £35,790 (2020: £59,837) were paid in respect to these employees.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 7 Staff costs and remuneration of key management personnel (continued)

The key management personnel of the group in charge of directing and controlling, running and operating the group on a day to day basis comprise the Council and the Senior Management Team of the charity. The total remuneration (including employer's national insurance contributions, taxable benefits and employer's pension contributions) of the key management personnel for the year was £304,126 (2020: £496,023).

During the year ended 31 December 2021, expenses of £994 (2020: £845) were reimbursed to 5 (2020: 5) members of the Council. The expenses related to the costs of travelling to Council meetings. No member of the Council received any remuneration in respect of their services as members of the Council (2020: £Nil).

### 8 Pensions

The Church Workers Pension Fund (CWPF) has a section known as the Defined Benefit Scheme (DBS) and a section known as Pension Builder Scheme (PBS) (comprising both the deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014). During the year, The Corporation participated in both DBS and PBS schemes.

Employees appointed prior to 1 April 2009 were eligible for membership of the DBS. From this date onwards, the DBS was closed to new membership applications and all new employees have been offered membership of the PBS.

On 1 January 2020, following consultation with employees throughout 2019, The Corporation transferred pension membership for all employees appointed prior to 1 April 2009 from the DBS to the PBS. From this date all active members have accrued future pension benefits under the PBS. The transfer of membership does not impact the value of pension benefits accrued by employees within the DBS prior to 31 December 2019. The Corporation will continue to pay any required contributions to fund future deficits in the DBS scheme and will continue to liaise with actuaries in respect to scheme valuations.

#### a) *Defined Benefit Scheme*

The DBS section of the CWPF provides benefits for lay staff based on final pensionable salaries. The Scheme is administered by the Church of England Pensions Board (CEPB), which holds the assets of the schemes separately from those of The Corporation and the other participating employers.

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

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

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8 Pensions (continued)

#### a) *Defined Benefit Scheme*

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the statement of financial activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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

A valuation of the DBS is carried out once every three years, the most recent having been completed as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Pool. The overall deficit in the DBS was £11.3m.

On the basis of the reduced deficit position (see below) reported as part of the triennial funding valuation as at 31 December 2019, the timescale for the deficit to be fully funded was reduced by an estimated 21 months. The Corporation will continue payment of deficit recovery contributions of £142,013 per annum and at the current time it is estimated that the deficit will be fully funded by 30 June 2023. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

No contributions were made to the scheme in the current or prior year other than for the deficit payments referenced above.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8 Pensions (continued)

#### a) *Defined Benefit Scheme (continued)*

The movement in the provision in relation to the deficit payment plan is set out below:

	2021 £	2020 £
Balance sheet liability at 1 January	375,974	715,987
Deficit contribution paid	(142,013)	(142,013)
Charged (credited) to the statement of financial activities		
. Interest cost	2,000	8,000
. Change to the balance sheet liability	(2,961)	(206,000)
Balance sheet liability at 31 December	<u>233,000</u>	<u>375,974</u>

The significant change in the 2020 balance sheet liability reflects the positive impact resulting from the transfer of members from the DBS to the PBS on 1 January 2020 as outlined above.

The balance sheet liability represents the present value of the deficit contributions agreed in the 31 December 2019 valuation and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	31 December 2021 %	31 December 2020 %	31 December 2019 %
Discount rate	<u>1.30</u>	<u>0.40</u>	<u>1.30</u>

Other available information relating to the valuation as at 31 December 2019 is given below:

#### Financial assumptions:

Price inflation: RPI 3.20% pa, CPI 2.40%

#### Rates of investment return:

  . prior to retirement 3.70% pa

  . post retirement 1.85% pa reducing to 1.4%

#### Pension increases:

  . 5% pa cap 3.10% pa

  . 2.5% pa cap 2.10% pa

Future salary increases CPI plus 0.50% pa

Market value of DBS assets £426.6m

Market value of Life Risk Pool assets £235.3m

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8 Pensions (continued)

#### a) *Defined Benefit Scheme (continued)*

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

#### b) *Pension Builder Scheme*

The Pension Builder Scheme of the Church Workers Pension Fund (CWPF) is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, 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 (CEPB) from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the CEPB before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the CEPB to grant any bonuses. The account, plus any bonuses declared, is payable from members' normal pension age.

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 contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs are charged to the statement of financial activities in the year contributions are payable.

A valuation of the Scheme is carried out once every three years. The most recent scheme valuation was carried out as at 31 December 2019. This revealed, on the ongoing assumptions used, a deficit of £4.8m. There is no requirement for deficit funding payments at the current time.

Pension Builder 2014 is valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. The most recent scheme valuation was carried out as at 31 December 2019. This revealed, on the ongoing assumptions used, a surplus of £5.5m.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8 Pensions (continued)

#### b) Pension Builder Scheme (continued)

Regular employer contributions vary between 9% and 15.5% of pensionable salary for each member. The exact contribution rate is determined by the age of a member as at 1 April, the Scheme review date, each year.

Although the Scheme is non-contributory, employees can elect to make Additional Voluntary Contributions (AVCs). For each 1% AVC paid by a member, The Corporation pays an additional employer contribution of 1% up to a maximum of 3%.

During the year to 31 December 2021, The Corporation paid employer contributions of £145,933 (2020: £190,690) and this has been included in the pension costs in these financial statements. No pension contributions were prepaid or outstanding at 31 December 2021.

### 9 Tangible fixed assets

Group	Freehold land and buildings £	Furniture and fittings £	Telephone and office equipment £	Plant and equipment £	Total £
<b>Cost</b>					
At 1 January 2021	6,021,485	7,203,992	1,151,756	7,697,283	22,074,516
Additions	8,607	—	15,188	153,654	177,449
Disposals	—	—	(3,500)	—	(3,500)
At 31 December 2021	<b>6,030,092</b>	<b>7,203,992</b>	<b>1,163,444</b>	<b>7,850,937</b>	<b>22,248,465</b>
<b>Depreciation</b>					
At 1 January 2021	4,051,019	6,654,751	942,197	6,677,105	18,325,072
Disposals	—	—	(2,333)	—	(2,333)
Charge for the year	190,199	411,394	77,785	197,445	876,823
At 31 December 2021	<b>4,241,218</b>	<b>7,066,145</b>	<b>1,017,649</b>	<b>6,874,550</b>	<b>19,199,562</b>
<b>Net book values</b>					
At 31 December 2021	<b>1,788,874</b>	<b>137,847</b>	<b>145,795</b>	<b>976,387</b>	<b>3,048,903</b>
At 31 December 2020	<b>1,970,466</b>	<b>549,241</b>	<b>209,559</b>	<b>1,020,178</b>	<b>3,749,444</b>

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 9 Tangible fixed assets (continued)

The Corporation	Freehold land and buildings £	Furniture and fittings £	Telephone and office equipment £	Plant and equipment £	Total £
<b>Cost</b>					
At 1 January 2021	6,021,482	6,739,337	430,416	7,697,283	20,888,518
Additions	8,607	—	6,803	153,654	169,064
Disposals	—	—	(3,500)	—	(3,500)
At 31 December 2021	<b>6,030,089</b>	<b>6,739,337</b>	<b>433,719</b>	<b>7,850,937</b>	<b>21,054,082</b>
<b>Depreciation</b>					
At 1 January 2021	4,051,021	6,271,906	420,068	6,677,105	17,420,100
Disposals	—	—	(2,333)	—	(2,333)
Charge for the year	190,199	383,686	5,029	197,445	776,359
At 31 December 2021	<b>4,241,220</b>	<b>6,655,592</b>	<b>422,764</b>	<b>6,874,550</b>	<b>18,194,126</b>
<b>Net book values</b>					
At 31 December 2021	<b>1,788,869</b>	<b>83,745</b>	<b>10,955</b>	<b>976,387</b>	<b>2,859,956</b>
At 31 December 2020	<b>1,970,461</b>	<b>467,431</b>	<b>10,348</b>	<b>1,020,178</b>	<b>3,468,418</b>

In the opinion of the Council, Church House is worth substantially more than the book value reported in these financial statements.

The Corporation holds a collection of heritage assets which consist mainly of paintings. These paintings, gifted to The Corporation over many years, all represent various aspects of Church heritage and, therefore, relate to the Objects of the charity.

The Corporation commissioned a professional valuation of these paintings for insurance purposes. The wide range of potential values suggested by the valuation, highlighted the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 10 Investments

Group	Listed investments £	Cash £	2021 Total £	2020 Total £
<b>Cost or valuation</b>				
At 1 January	19,475,870	1,694,391	<b>21,170,261</b>	21,022,257
Additions	3,384,228	—	<b>3,384,228</b>	3,818,739
Disposals at opening book value (proceeds £3,821,773; gains £80,970)	(3,740,803)	—	<b>(3,740,803)</b>	(5,029,305)
Net unrealised gains	1,921,831	—	<b>1,921,831</b>	407,425
Net movement in year	—	(761,488)	<b>(761,488)</b>	951,145
<b>At 31 December</b>	<b>21,041,126</b>	<b>932,903</b>	<b>21,974,029</b>	<b>21,170,261</b>

The Corporation	Investment in subsidiary undertaking £	Listed investments £	Cash £	2021 Total £	2020 Total £
<b>Cost or valuation</b>					
At 1 January	500,000	19,475,870	1,694,391	<b>21,670,261</b>	21,522,257
Additions	—	3,384,228	—	<b>3,384,228</b>	3,818,739
Disposals at opening book value (proceeds £3,821,773; gains £80,970)	—	(3,740,803)	—	<b>(3,740,803)</b>	(5,029,305)
Net unrealised gains	—	1,921,831	—	<b>1,921,831</b>	407,425
Net movement in year	—	—	(761,488)	<b>(761,488)</b>	951,145
<b>At 31 December</b>	<b>500,000</b>	<b>21,041,126</b>	<b>932,903</b>	<b>22,474,029</b>	<b>21,670,261</b>

The interest in the subsidiary undertaking represents the cost to The Corporation of wholly owning the share capital of Church House Conference Centre Limited. The principal activity of that company is the operation of a conference centre at Church House and it covenants its taxable profits to The Corporation. A summary of the trading results and balance sheet of Church House Conference Centre Limited is shown in note 17.

Listed investments held at 31 December 2021 comprised:

Group	2021 £	2020 £
UK bonds	<b>264,248</b>	774,827
International bonds	<b>1,443,636</b>	1,747,293
UK equities	<b>8,515,039</b>	7,780,730
International equities	<b>8,360,336</b>	7,073,410
Private equity and alternatives	<b>2,457,867</b>	2,099,610
<b>Total listed investments</b>	<b>21,041,126</b>	19,475,870
<b>Cash with investment managers</b>	<b>932,903</b>	1,694,391
	<b>21,974,029</b>	<b>21,170,261</b>
Historic cost of listed investments (excluding cash)	<b>15,824,247</b>	15,182,272

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 10 Investments (continued)

At 31 December 2021, the following individual holdings were deemed material:

	2021		2020	
	Value £	% of investment portfolio	Value £	% of investment portfolio
Merian UK Smaller Companies Fund	977,233	4.64	853,211	4.38
Findlay Park American Fund	958,490	4.56	1,047,690	5.38
William Blair US Small Mid Cap	829,503	3.94	754,867	3.88
TM Tellworth UK Smaller Companies	789,897	3.75	625,924	3.21
Liontrust Sustainable Future	701,100	3.33	-	0.00
Schroder Global Recovery Fund	663,500	3.15	-	0.00
Wellington Global Health Care	645,380	3.07	623,267	3.20
Egerton Capital Investment Fund	612,898	2.91	557,208	2.86
Vanguard S&P 500 UCITS ETF	610,542	2.90	855,750	4.39
Polar Capital Technology Trust Plc	586,520	2.79	495,575	2.54

All listed investments were dealt in on a recognised stock exchange.

### 11 Debtors

#### a. Amounts receivable after one year

	Group		The Corporation	
	2021 £	2020 £	2021 £	2020 £
Owed by subsidiary undertaking	—	—	1,006,431	500,628

The amount of £1,006,431 (2020: £500,628) owed by the subsidiary undertaking, Church House Conference Centre Limited, represents the capital amount advanced from the loan facility (see note 16) at the year-end together with accrued interest receivable. Under the terms of the loan facility, this amount, together with any subsequent advances and additional interest accrued, is payable to the Charity no later than 31 December 2031, or upon the Company giving notice of its intention to exercise the break clause contained within its lease agreement.

#### b. Amounts receivable within one year

	Group		The Corporation	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	560,314	92,822	79,154	72,020
Owed by subsidiary undertaking	—	—	291,719	—
Rental debtors	1,240	823,447	1,240	823,447
Other debtors	3,270	15,025	3,270	15,025
Recoverable VAT	45,685	—	45,685	—
Prepayments and accrued income	195,540	131,646	159,200	101,823
	806,049	1,062,940	580,268	1,012,315

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 12 Creditors: amounts falling due within one year

	Group		The Corporation	
	2021	2020	2021	2020
	£	£	£	£
Trade and expense creditors	<b>520,029</b>	100,463	<b>145,135</b>	81,242
Taxation and social security costs	<b>49,054</b>	39,166	<b>49,054</b>	39,166
Amounts owed to subsidiary undertaking	—	—	—	19,825
Other creditors	<b>19,749</b>	3,817	<b>19,749</b>	3,817
Deposits held	<b>312,959</b>	335,288	—	—
Grants payable to the National Church Institutions of the Church of England	<b>1,752,000</b>	1,752,000	<b>1,752,000</b>	1,752,000
Accruals	<b>631,436</b>	455,022	<b>458,901</b>	406,983
VAT payable	<b>98,300</b>	302,043	—	231,242
Deferred income (see below)	<b>13,200</b>	696,901	<b>13,200</b>	696,901
	<b>3,396,727</b>	3,684,700	<b>2,438,039</b>	3,231,176

	Group		The Corporation	
	2021	2020	2021	2020
	£	£	£	£
Deferred income:				
At 1 January 2021	<b>696,901</b>	839,101	<b>696,901</b>	839,101
Released in the year	<b>(696,901)</b>	(839,101)	<b>(696,901)</b>	(839,101)
Deferred in the year	<b>13,200</b>	696,901	<b>13,200</b>	696,901
At 31 December 2021	<b>13,200</b>	696,901	<b>13,200</b>	696,901

Deferred income represents rental income and service charge received from tenants in advance of the financial year end but relating to the following financial period commencing 1 January 2022.

The reduction in deferred income in 2021 resulted from the remeasurement and reallocation of space at Church House and remodelling of service charges to be paid by tenants. As a consequence, rent and service charge invoices for 2022 quarter one were issued after 1 January 2022.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 13 Net funds

Group	At 1 January 2021 £	Net income (expenditure) for the year £	Net gains on revaluation of investments £	Actuarial gains £	Transfers £	At 31 December 2021 £
Restricted funds	9,254	—	—	—	—	9,254
Unrestricted income funds						
. Tangible fixed assets fund	3,468,418	(777,526)	—	—	169,064	2,859,956
. Designated funds						
. . Refurbishment reserve	6,405,011	(162,261)	—	—	3,757,250	10,000,000
. . Grant-making reserve	12,005,251	(1,752,000)	—	—	(127,634)	10,125,617
. General funds						
. . Free reserves	3,000,000	1,937,892	2,002,801	—	(3,940,693)	3,000,000
. . Pension reserve	(375,974)	(2,000)	—	2,961	142,013	(233,000)
. . Non-charitable trading funds	(1,092,942)	(209,152)	—	—	—	(1,302,094)
<b>Total</b>	<b>23,419,018</b>	<b>(965,047)</b>	<b>2,002,801</b>	<b>2,961</b>	<b>—</b>	<b>24,459,733</b>

The Corporation	At 1 January 2021 £	Net income (expenditure) for the year £	Net gains on revaluation of investments £	Actuarial gains £	Transfers £	At 31 December 2021 £
Restricted funds	9,254	—	—	—	—	9,254
Unrestricted income funds						
. Tangible fixed assets fund	3,468,418	(777,526)	—	—	169,064	2,859,956
. Designated funds						
. . Refurbishment reserve	6,405,011	(162,261)	—	—	3,757,250	10,000,000
. . Grant-making reserve	12,005,251	(1,752,000)	—	—	(127,634)	10,125,617
. General funds						
. . Free reserves	3,000,000	1,937,892	2,002,801	—	(3,940,693)	3,000,000
. . Pension reserve	(375,974)	(2,000)	—	2,961	142,013	(233,000)
<b>Total</b>	<b>24,511,960</b>	<b>(755,895)</b>	<b>2,002,801</b>	<b>2,961</b>	<b>—</b>	<b>25,761,827</b>

A proportion of the general funds is represented by endowment funds which arose from the original appeals for the construction of Church House in 1885. These funds can no longer be separately identified but the Council is of the opinion that they are immaterial.

Restricted funds totalling £9,254 (2020: £9,254) are retained for the specific purpose of maintaining the portrait of Archbishop Davidson including periodic restoration and repair works as required.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 14 Analysis of net assets between funds

Group	Tangible fixed assets fund £	Designated funds and restricted funds £	Free reserves £	Pension reserve £	Non-charitable trading funds £	Total funds £
<b>Fund balances at 31 December 2021 are represented by:</b>						
Tangible fixed assets	2,859,956	—	—	—	188,947	3,048,903
Investments	—	20,125,617	1,848,412	—	—	21,974,029
Net current assets (liabilities)	—	9,254	1,151,588	—	(1,491,041)	(330,199)
Provisions for liabilities	—	—	—	(233,000)	—	(233,000)
<b>Total net assets</b>	<b>2,859,956</b>	<b>20,134,871</b>	<b>3,000,000</b>	<b>(233,000)</b>	<b>(1,302,094)</b>	<b>24,459,733</b>

The Corporation	Tangible fixed assets fund £	Designated funds and restricted funds £	Free reserves £	Pension reserve £	Total funds £
<b>Fund balances at 31 December 2021 are represented by:</b>					
Tangible fixed assets	2,859,956	—	—	—	2,859,956
Investments	—	20,125,617	2,348,412	—	22,474,029
Net current assets	—	9,254	651,588	—	660,842
Provisions for liabilities	—	—	—	(233,000)	(233,000)
<b>Total net assets</b>	<b>2,859,956</b>	<b>20,134,871</b>	<b>3,000,000</b>	<b>(233,000)</b>	<b>25,761,827</b>

The total unrealised gains as at 31 December 2021 constitutes movements on revaluation and are as follows:

	2021 £	2020 £
<b>Unrealised gains included above:</b>		
On investments	5,216,879	4,096,108
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 January	4,096,108	4,897,418
Less: in respect to disposals in the year	(801,060)	(1,208,735)
	3,295,048	3,688,683
Net gains arising on revaluation	1,921,831	407,425
<b>Total unrealised gains at 31 December</b>	<b>5,216,879</b>	<b>4,096,108</b>

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 15 Financial commitments

#### *Operating leases*

The Corporation and its subsidiary have financial commitments in respect of non-cancellable operating leases. The minimum rentals payable under these leases are as follows:

<b>Equipment</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	7,460	8,142
Between one and two years	5,594	9,386
	<b>13,054</b>	<b>17,528</b>

#### *Other financial commitments*

The group and The Corporation had the following financial commitments at 31 December of:

	<b>Group</b>		<b>The Corporation</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Authorised and contracted for:	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital expenditure: Buildings	125,648	26,000	125,648	26,000
Capital expenditure: Plant and equipment	—	129,000	—	129,000
Revenue expenditure: Cyclical maintenance	9,337	500,000	9,337	500,000

	<b>Group</b>		<b>The Corporation</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Authorised but not contracted for:	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital expenditure: Buildings	9,614,000	785,000	9,614,000	785,000
Capital expenditure: Plant and equipment	53,400	156,000	53,400	156,000
Capital expenditure: Office equipment	4,800	5,000	—	5,000
Capital expenditure: Fixtures and fittings	129,000	—	—	—
Revenue expenditure: Cyclical maintenance	94,500	64,000	94,500	64,000

Included in 2021 authorised but not contracted for financial commitments above is the original £9,600,000 estimated project cost for the planned two-phase major refurbishment of Church House.

It has been agreed subsequently to expand the scope of the project and the total estimated cost, including contingency allowances of £2,500,000, has increased from £9,600,000 to £16,000,000. It is expected that the main works contract for this project will be signed in early June 2022.

The total £16,000,000 project costs will be self-funded by The Corporation using capital raised from the partial disposal of listed investments held.

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 16 Related party transactions

All related party transactions between The Corporation and its trading subsidiary, Church House Conference Centre Limited, are disclosed in note 17b.

#### *Loan facility provided to Church House Conference Centre Limited*

In 2020, in response to the immediate and forecast financial impact resulting from the COVID-19 pandemic, the Board of directors of the charity's trading subsidiary, Church House Conference Centre Limited, approached the Council to request an extension of the £500,000 loan facility in place at the time. This facility had first been made available in 2011 and, whilst never used, it was subsequently extended to 31 December 2021.

After careful consideration of the Company's current financial position, short-term plans for generation of revenue, measures taken by the directors to reduce costs and different operational and financial scenarios produced to the end of 2021, the Council agreed to replace the existing loan facility with a new £2,000,000 loan facility to be used to provide short-term financial support to the Company for the period to 31 December 2021.

The new loan facility was formally made available to the Company, replacing the previous loan facility, on 26 August 2020.

As at 20 May 2022, the date these financial statements were approved by the Council, consistent with financial projections provided and reflecting the better than anticipated level of revenue, the company had drawn down £1,000,000 from the loan facility. The last draw down of funds from the facility was on 25 February 2021.

The Council has agreed to make a new £500,000 loan facility available to the Company which became available upon expiry of the £2,000,000 loan facility on 31 December 2021. This will provide the Company with further financial support, should it be needed, during the period to 31 December 2031. The Company had not drawn down any funds from this facility at the date these financial statements were approved by the Council. The Company forecasts that there will be no requirement for the facility to be used in the foreseeable future.

Any amounts advanced to the Company from the facilities accrue interest at 0.5% above the bank base rate until repaid. The total amount advanced, together with any interest accrued, is repayable no later than 31 December 2031, or upon the Company giving notice of its intention to exercise the break clause contained within its lease agreement.

The Board of directors of Church House Conference Centre Limited, continue to monitor the current financial position, trading conditions and future prospects monthly. The Board meets quarterly, or more frequently if required, and a summary of the Company's trading and financial position is provided for consideration at each Council meeting.

#### *Other related party transactions*

There were no other related party transactions during the year that require disclosure (2020 – none).

# THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 17 Trading subsidiary – Church House Conference Centre Limited

	2021 £	2020 £
<b>a) Summary of results of trading subsidiary</b>		
Turnover	2,276,848	1,006,676
Operating costs	<u>(2,514,983)</u>	<u>(2,543,748)</u>
<b>Operating (loss)</b>	<b>(238,135)</b>	<b>(1,537,072)</b>
Coronavirus Job Retention Scheme grants	34,671	113,301
Bank interest receivable	115	1,346
Interest payable	(5,803)	(628)
Profit on disposal of fixed assets	—	555
<b>(Loss) on ordinary activities before taxation</b>	<b>(209,152)</b>	<b>(1,422,498)</b>
Taxation	—	11,940
<b>(Loss) for the financial year</b>	<b>(209,152)</b>	<b>(1,410,558)</b>
<b>Payments under deed of covenant</b>		
Provision for payment under deed of covenant	—	—
<b>Movement in (accumulated losses) for the year</b>	<b>(209,152)</b>	<b>(1,410,558)</b>
<b>b) Inter group transactions</b>		
Turnover	2,276,848	1,006,676
Less: sales to The Corporation	<u>(1,235)</u>	<u>(4,424)</u>
Net turnover	<u>2,275,613</u>	<u>1,002,252</u>
Operating costs	2,514,983	2,543,748
Less: sales from The Corporation	<u>(4,756)</u>	<u>(12,586)</u>
Less: rent and service charge paid to The Corporation	<u>(909,314)</u>	<u>(974,901)</u>
Net operating costs	<u>1,600,913</u>	<u>1,556,261</u>
<b>c) Net (liabilities) of trading subsidiary</b>		
Total assets	1,454,744	389,856
Total liabilities	<u>(2,256,838)</u>	<u>(982,798)</u>
<b>Net (liabilities)</b>	<b>(802,094)</b>	<b>(592,942)</b>