

THE CORPORATION OF THE CHURCH HOUSE
AND ITS SUBSIDIARY

One hundred and thirty fifth annual report and financial
statements

Year ended 31 December 2022

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

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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

Stephen Barney, (appointed 21 July 2022), *Chair of the Council*

Canon Dr Christina Baxter CBE, (until 21 July 2022) *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

James Bryer (appointed 24 February 2022)

Andrew Penny

Josile Munro (appointed 21 July 2022)

Officers and senior staff

Treasurer

Hywel Rees-Jones

Secretary/Chief Executive Officer

Stephanie Maurel

Head of Finance and Deputy Chief Executive Officer

Adrian Smith (to 11 April 2023)

Head of Facilities

Hugh Allcock-Green

Committees

Audit Committee

Stephen East, *Chair*

John Hughesdon (until 24 April 2022)

Andrew Penny

Investment Committee

Hywel Rees-Jones, *Chair*

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 (to 11 April 2023)

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

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

Introduction

2022 has been an important year for The Corporation. The conference business has not only recovered from the impact of the Covid pandemic, but also delivered a record year. The major refurbishment project of the offices, which account for 55% of Church House's floor area, commenced in July of 2022 and is due to be completed in the spring of 2024. As the accounts show, financially the company performed ahead of expectations, largely due to conference revenues, whilst the balance sheet was affected by the capital expenditure in the year of £3.3 million on the refurbishment project. Nevertheless we were able to contribute to the funding of the Church of England in the order of £2 million.

In respect of the conference business it was a privilege to be the venue chosen to host 500 heads of state to lunch after the late Queen's funeral, as well as holding other significant national and international events which reinforce the importance of our facilities as space which is "safe" and which enables important conversations to happen, whether as the venue for General Synod or secular conferences, charity events and tribunals.

The Refurbishment

In considering whether to proceed with the office refurbishment the Trustees accepted the premise of the Allison report that "*action and investment was required to sustain Church House and that there was not a do-nothing option since this would lead to accelerated obsolescence of the building and reputational risk to the Church.*" We were also mindful that the largest tenant, the National Church Institutions (The Church Commissioners, The Pensions Board and The Archbishops Council), required the offices to be refurbished as a condition of lease renewal in 2023 and also that their occupancy would reduce significantly at the same time.

The options evaluated were:

1. house the Church Institutions and lease the vacant space to other tenants,
2. lease to third parties entirely and fund accommodation elsewhere for NCIs
3. sell the building refurbished

The financial return from retaining the building refurbished for income produces a better return than investing the likely sale proceeds elsewhere and indeed will more than meet the normal threshold for commercial property investment.

Within the latest, and now detailed, cost estimates are a premium for carbon neutrality (£750k) and the new South entrance (£1m). Whilst the total cost is a very significant sum at around £20m, it is proportionate to the likely capital value of the building if it were ever to be sold (which is over £120m) as prime real estate in central London. The current trustees are fortunate to be able to protect the future of Church House in this way without taking on significant borrowings at a time when interest rates are relatively high and the general economic environment is uncertain. This is due to the prudence of previous custodians of this important and iconic building.

No project of this nature is without risk. The Trustees have identified areas of material risk

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

and mitigating actions to minimise them. They include inflationary cost increases, a stock market correction reducing reserves, supply shortages and project delays due to conference and noise constraints.

As the project progresses, we continue to monitor these and any other issues as they arise and take further mitigating actions in conjunction with our advisors as needed.

Due to our reserves position it is possible that the project will be affordable without the need for external finance. However since year end the Trustees have decided to take out a contingency cashflow facility of up to £5m in case of need.

In passing it is worth noting that when the building was built in the 1930s, during a severe recession it was constructed to a remarkably high standard. It was planned to be paid for by public subscription, but this failed and borrowings were taken on, which were subsequently repaid from operating income. We should perhaps take reassurance from the history of this building's construction and the much greater risks taken then than we face today.

It is encouraging that at the time of writing our first significant new tenant, the Methodist Church headquarters staff, has taken up residence and there is strong interest from other commercial organisations. Our letting agents are confident that the letting rates on which we have based our assumptions are achievable.

We are also pleased to be able to provide enhanced retail facilities for Hymns Ancient and Modern, our tenants who operate the bookshop, in what will be the new South entrance, adjacent to a new coffee shop and corporate entrance.

As part of this significant modernisation and change to the way Church House operates and is perceived we have rebranded The Corporation to reflect better the values of the organisation to chime with the notion that it is a "*building of light for the people of the light*" and provide a generous welcome for those of all faiths and none. A working group is also considering how the artwork in the building should speak into this.

Carbon Neutrality

In line with the Church of England's target of carbon neutrality by 2030, the net effect of this investment will be better than carbon neutral. The use of durable cork flooring and sprayed cork wall finishes are two innovative features of our project which reduce our carbon footprint. This is in addition to the more standard ways of contributing to the security of the environment.

Conclusion

I am very conscious of the disruption, despite our best efforts, the main building works have caused to the running of Church House. We are most grateful to the forbearance of tenants and staff and will continue to consult with them to minimise this.

I would like to thank all of The Corporation's staff for their efforts during 2022. In addition to the usual challenges involved in managing the building and running the conference centre they have dealt with a third successive year in which Covid has disrupted normal business operations and embarked upon a major refurbishment project.

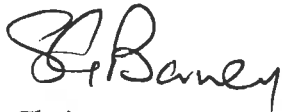
We welcomed one new trustee during the new year Josile Munro who brings experience of

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

church finance from the Diocese of London.

Finally, I should like to pay tribute to Canon Dr Christina Baxter who retired as Chair of the Trustees at the AGM in July 2022 following nine years' service given to The Corporation as a Trustee and then Chair. Under her stewardship The Corporation flourished in many ways, not least in the strengthening of the balance sheet, which is now enabling the major refurbishment of the offices for commercial letting, as well as the development of the conferencing business, in particular. I am also grateful to her for her wise advice during my induction as her successor.

Stephen Barney

A handwritten signature in black ink, appearing to read 'S Barney', written in a cursive style.

Chair

18 May 2023

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 2022.

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 £7,508,000 awarded between 2018 and 2021, the Council considered an application from the National Church Institutions for a grant to support racial justice and digital development and approved the award of a grant for £750,000 for payment in 2023.

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 major refurbishment work for the building have begun.

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'.

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

Review of achievements and performance for 2022

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 lower as a result of the lockdown in early 2022 and the on-going trend for hybrid working. The early lockdown also resulted in fewer events at and visitors to the conference centre although numbers picked up encouragingly towards the end of the year.

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 income during the year exceeded expenditure by £1,203,998 (2021: expenditure exceeded income by £965,047) before losses/gains on investments and other recognised gains. A grant of £750,000 has been recognised in the year (2021: grant of £1,752,000 for safeguarding) although actual payments will be made throughout 2023. After taking into account the net income for 2022, together with recognised investment losses and actuarial gains, the group's total funds increased by £248,314 to £24,708,047 (2021: increased by £1,040,715 to £24,459,733).

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 2022 amounted to £842,808 (2021: £909,314).

The impact of the COVID pandemic continued to affect trading conditions during the first part of 2022 although conditions improved significantly later in the year. Turnover for the year of £4,621,592 (2021: £2,276,848) represented a 12% increase on the level generated in 2019 - the last full-year of uninterrupted trading prior to the onset of the pandemic - and together with cost savings enabled the Company to outperform its 2022 budget and report a higher than budgeted profit. 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 £1m.

For 2022, the profit on ordinary activities for the year was £851,590 (2021: loss £209,152) before taxation of £Nil (2021: £nil) and transfers under deed of covenant for the current year of £Nil (2021: £Nil).

Although the Company reported a profit for the year ended 31 December 2022, no amount is payable

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

Review of achievements and performance for 2022 (continued)

to The Corporation under the terms of the Deed of Covenant as there is a carried forward deficit on the Profit & Loss account. A summary of the trading results of the Conference Centre is shown in note 17 to the financial statements.

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, during 2022, the investment managers were instructed to seize opportunities to generate £15m cash in relation to the total anticipated £20m 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 performance of the portfolio was ahead of the benchmark for the year. The Corporation's investments delivered an overall return of -4.8% (2021: plus 10.9%) compared with the bespoke benchmark of -6.0% (2021: plus 13.3%). UK equities returned -0.2% (2021: plus 18.8%) against the FTSE All Share index return of 0.3% (2021: plus 18.3%), overseas equities returning -6.3% (2021: plus 11.3%) against the FTSE World index (excluding UK) return of -7.7% (2021: plus 22.2%). The overall bond allocation returned -15.5% (2021: plus 0.1%) which compares to the FTSE All Stock Gilts index return of -23.8% (2021: minus 5.2%).

2022 was overshadowed by Russia's invasion of Ukraine which sent most equity prices and bond yields down while energy stocks rose. The reintroduction of Covid restrictions in China and fears about inflation and rising interest rates contributed to the volatility.

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 2022 (continued)

Investment performance (continued)

The Corporation withdrew £15,000,000 (2021: £1,500,000) from the portfolio to fund the refurbishment of Church House. No capital (2021: 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 £6,899,680 (2021: £21,041,126). The two year end positions are not comparable because of the amount of cash realised during the year.

The market value of the portfolio at 31 December includes cumulative unrealised gains over historic cost of £1,293,400 (2021: £5,216,879). The surplus for the year includes a revaluation loss of £1,048,671 which can be analysed into unrealised losses of £681,506 and realised losses of £367,165 (2021: gain £80,971). The realised loss does not imply that investments were sold at a loss to historic cost but instead to the market value on 31 December 2021.

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 2023 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 2022 was £9,746,446 (2021: £932,903). This is disclosed as part of the “cash at bank and in hand” figure in the financial statements.

Reserves

The reserves of The Corporation, predominantly represented by its investment portfolio and cash holding, 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 2022 amounting to £24,708,047 (2021: £24,459,733), the free reserves amounted to £2,976,032 (2021: £1,464,906). Free reserves consist of the general reserve, the non-charitable trading fund and, in 2021, 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 lessened during the year and the view in respect to the adequacy of free reserves has not changed.

Expenditure charged to the refurbishment reserve reduced the balance to £6,701,439 (2021: £10,000,000). The fund will continue to be used to meet the anticipated costs of the two-phase project to refurbish Church House with works which began in June 2022 and due to be completed in spring 2024.

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 2022 (continued)

Reserves (continued)

The grant of £750,000 (2021: £1,752,000) awarded to the Archbishops' Council to support racial justice and digital development has been funded from the designated grant-making fund.

The balance of the grant-making fund at 31 December 2022 was £9,375,617 (2021: £10,125,617).

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 had approved the £16m estimated costs for the project to refurbish Church House, but understands at the time of writing that costs may be c£20m.

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 2022 (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 refurbishment of the building and the lessening impact of 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 that subsequently 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. The Corporation was happy to note that the level of business in 2022 was greater than in 2019, the last full year of trading pre-Covid.

To mitigate the financial impact of COVID-19 The Corporation 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. At the time that these financial statements were signed the facility remained undrawn.

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 2022 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

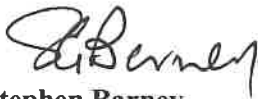
Report of the Council of The Corporation of the Church House (continued)

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



Stephen Barney
Chair



Hywel Rees-Jones
Treasurer and Deputy Chair

18 May 2023

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 2022 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 2022 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. 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 2023

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 2022

	Note	2022 £	2021 £
Income from:			
Investments and bank deposits	3	312,855	429,346
Other trading activities – Conference Centre	17(b)	4,620,357	2,275,613
Charitable activities			
. Rental income and service charge		2,415,925	2,764,021
Other			
. Coronavirus Job Retention Scheme Grant		-	85,907
. Management fees receivable		8,000	6,667
. Profit on disposal of tangible fixed assets		-	-
Total income		7,357,137	5,561,554
Expenditure on:			
Raising funds			
. Investment management fees		61,222	112,643
. Conference Centre costs	17(b)	2,889,221	1,600,913
. Taxation		-	-
Charitable activities			
. Grants awarded to the National Church Institutions of the Church of England	4	750,000	1,752,000
. Corporation operating costs	5	2,450,696	3,057,878
Other			
. Interest payable	8(a)	2,000	2,000
. Loss on disposal of tangible fixed assets		-	1,167
Total expenditure		6,153,139	6,526,601
Net income /(expenditure) before (losses)/gains on investments		1,203,998	(965,047)
Net (losses)/gains on investments	10	(1,048,671)	2,002,801
Net (expenditure)/income		155,327	1,037,754
Other recognised gains			
Actuarial gains on defined benefit pension scheme	8(a)	92,987	2,961
Net movement in funds	6	248,314	1,040,715
Reconciliation of funds:			
Fund balances brought forward at 1 January	13	24,459,733	23,419,018
Fund balances carried forward at 31 December	13	24,708,047	24,459,733

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 2021 and 2022 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 2022

	Note	Group		The Corporation	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible assets	9	6,154,657	3,048,903	5,958,943	2,859,956
Investments	10	7,059,251	21,974,029	7,559,251	22,474,029
Total fixed assets		13,213,908	25,022,932	13,518,194	25,333,985
Current assets					
Debtors: due after more than one year	11(a)	-	-	1,012,486	1,006,431
Debtors: due within one year	11(b)	1,999,217	806,049	1,708,081	580,268
Cash at bank and in hand		12,754,363	2,260,479	10,837,878	1,512,182
Total current assets		14,753,580	3,066,528	13,558,445	3,098,881
Liabilities					
Creditors: amounts falling due within one year	12	(3,259,441)	(3,396,727)	(1,980,860)	(2,438,039)
Net current assets/(liabilities)		11,494,139	(330,199)	11,577,585	660,842
Total assets less current liabilities		24,708,047	24,692,733	25,095,779	25,994,827
Provisions for liabilities and charges	8(a)	-	(233,000)	-	(233,000)
Total net assets		24,708,047	24,459,733	25,095,779	25,761,827
The funds of the charity					
Restricted income funds	13	9,254	9,254	9,254	9,254
Unrestricted income funds	13				
Designated funds					
Tangible fixed assets fund		5,422,749	2,859,956	5,422,749	2,859,956
Refurbishment reserve		6,924,395	10,000,000	6,924,395	10,000,000
Grant-making reserve		9,375,617	10,125,617	9,375,617	10,125,617
Undesignated funds					
General reserve		3,426,536	3,000,000	3,363,764	3,000,000
Non-charitable trading fund		(450,504)	(1,302,094)	-	-
Pension reserve		-	(233,000)	-	(233,000)
Total charity funds	14	24,708,047	24,459,733	25,095,779	25,761,827


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 18 May 2023 and signed on its behalf by

STEPHEN BARNEY



Member of Council and Chair of the Council

HYWEL REES-JONES



Member of Council, Treasurer and Deputy Chair

STEPHANIE MAUREL



Secretary

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Consolidated statement of cash flows for the year ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	<u>(118,955)</u>	<u>(687,498)</u>
Cash flows from investing activities			
Income from listed investments		192,817	428,615
Interest received		120,038	731
Purchase of tangible fixed assets		(3,566,123)	(177,449)
Purchase of fixed asset investments		(1,870,372)	(3,384,228)
Proceeds from the disposal of fixed asset investments		14,963,147	3,821,773
Net cash provided by investing activities		<u>9,839,507</u>	<u>689,442</u>
Change in cash and cash equivalents		9,720,552	1,944
Cash and cash equivalents at 1 January	B	3,193,382	3,191,438
Cash and cash equivalents at 31 December	B	<u>12,913,934</u>	<u>3,193,382</u>

Notes to the consolidated statement of cash flows for the year to 31 December 2022

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

	2022 £	2021 £
Net movement in funds (as per consolidated statement of financial activities)	248,314	1,040,715
Adjustments for:		
Depreciation of tangible fixed assets	458,317	876,823
Gains/(losses) on investments	1,048,671	(2,002,801)
Loss/(profit) on disposal of tangible fixed assets	-	1,167
Fixed asset write-off	2,052	-
Investment income	(312,855)	(429,346)
Decrease (increase) in debtors	(1,193,168)	256,891
(Decrease) in creditors	(137,286)	(287,973)
(Decrease) in provisions	(233,000)	(142,974)
Net cash (used in) operating activities	<u>(118,955)</u>	<u>(687,498)</u>

B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	12,754,363	2,260,479
Cash held by investment managers	159,571	932,903
Total cash and cash equivalents	<u>12,913,934</u>	<u>3,193,382</u>

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022

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 2022 with comparative information given for the year ended 31 December 2021.

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 2022 (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.

The Corporation commenced a major refurbishment project in June 2022 to secure the long-term viability of Church House. This project is expected to be completed in early 2024 and will see a shift in the tenant portfolio away from National Church Institutions towards commercial tenants. This is expected to increase future rental income.

The Board of Directors of Church House Conference Centre are cautiously optimistic that the Company will meet its revenue target for 2023. 2022 saw a rapid increase in the number of bookings as the country emerged from lockdown. The Board believes that it can benefit from the growing demand for face to face events.

The Council is of the opinion that the overall finances of The Corporation and its subsidiary are robust and 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 2022 for The Corporation only, including the £750,000 (2021: £1,752,000) provision for grants payable, £nil of actuarial gains (2021: £2,961 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 £201,507 (2021: net expenditure of £752,934).

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (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 2022 (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. Assets under Construction are not depreciated until they are brought into use, at which point they are transferred to the appropriate asset category.

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 2022 (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 trade 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 project costs for the major refurbishment works at Church House that commenced in June 2022. Any cost in excess of this will be met initially from the general reserve and then by a combination of transfer from other reserves, future income and, if necessary, borrowing

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Principal accounting policies (continued)

m) Fund structure (continued)

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. This reduced to £nil in 2022.

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 2022 or 31 December 2021.

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 2022 (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

	2022 £	2021 £
Income from listed investments	192,817	428,615
Bank interest receivable	120,038	731
	<u>312,855</u>	<u>429,346</u>

4 Grants payable

	2022 £	2021 £
Grants awarded in the year		
. Archbishops' Council	750,000	1,752,000

Grants awarded during 2022 were unpaid as at 31 December 2022 (note 12) and will be paid by twelve equal monthly instalments during 2023.

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (continued)

5 Corporation operating costs

	2022 £	2021 £
Staff costs (note 7)	948,504	823,099
House expenses and cleaning	395,550	394,418
Rates, insurance and heating	294,543	316,614
Office and administrative expenses	68,152	33,843
Repairs and maintenance	272,328	651,499
Marketing	(150)	(785)
Professional fees	89,623	53,745
Depreciation – owned assets	370,799	776,359
Auditor’s remuneration – The Corporation	11,322	9,050
Donations and presentations	25	36
	2,450,696	3,057,878

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:

	2022 £	2021 £
Auditor’s remuneration		
. Audit	25,143	22,871
. Non-audit services – taxation and advisory services	2,600	3,421
Depreciation	458,317	876,823
Hire of equipment	9,990	9,990

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (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	
	2022 Number	2021 Number	2022 Number	2021 Number
Maintenance and security	10	10	10	10
Administration	21	16	6	6
	31	26	16	16

Staff costs during the year were as follows:

	Group		The Corporation	
	2022 £	2021 £	2022 £	2021 £
Wages and salaries	1,203,664	1,096,313	811,114	703,763
Social security costs	132,591	122,967	86,656	77,032
Other pension costs	154,363	145,933	50,734	42,304
	1,490,618	1,365,213	948,504	823,099

Included in wages and salaries above is £17,070 relating to redundancy arrangements for one (2021: None) employee of which £nil 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	
	2022 Number	2021 Number	2022 Number	2021 Number
£60,000 to £69,999	1	1		1
£70,000 to £79,999	1	1	1	1
£80,000 to £89,999	1	—	1	—
£90,000 to £99,999	-	1	-	1
£100,000 to £109,999	-	—	-	—
£110,000 to £119,999	1	—	1	—

Retirement benefits under a defined benefit pension scheme are accruing to 4 (2021: 3) employees earning more than £60,000 per annum. Employer pension contributions totalling £45,723 (2021: £35,790) 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 2022 (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 £349,698 (2021: £304,126).

During the year ended 31 December 2022, expenses of £5,140 (2021: £994) were reimbursed to 5 (2021: 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 (2021: £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 2022 (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.

The next actuarial valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £13,400 per year. In addition deficit payments of £142,013 per year were agreed for 2.50 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within these financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

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 2022 (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:

	2022 £	2021 £
Balance sheet liability at 1 January	233,000	375,974
Deficit contribution paid	(142,013)	(142,013)
Charged (credited) to the statement of financial activities		
. Interest cost	2,000	2,000
. Change to the balance sheet liability	(92,987)	(2,961)
Balance sheet liability at 31 December	-	233,000

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 2022 %	31 December 2021 %	31 December 2020 %
Discount rate	0.00	1.30	0.40

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 2022 (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 2022 (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 £	Assets under construction £	Total £
Cost						
At 1 January 2022	6,030,092	7,203,992	1,163,445	7,819,268	31,668	22,248,465
Additions	-	-	76,625	161,627	3,327,871	3,566,123
Disposals	-	-	(2,052)	-	-	(2,052)
At 31 December 2022	6,030,092	7,203,992	1,238,018	7,980,895	3,359,539	25,812,536
Depreciation						
At 1 January 2022	4,241,218	7,066,145	1,017,649	6,874,550	-	19,199,562
Disposals	-	-	-	-	-	-
Charge for the year	175,330	95,990	69,457	117,540	-	458,317
At 31 December 2022	4,416,548	7,162,135	1,087,106	6,992,090	-	19,657,879
Net book values						
At 31 December 2022	1,613,544	41,857	150,912	988,805	3,359,539	6,154,657
At 31 December 2021	1,788,874	137,847	145,796	944,718	31,668	3,048,903

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Tangible fixed assets (continued)

The Corporation	Freehold land and buildings £	Furniture and fittings £	Telephone and office equipment £	Plant and equipment £	Assets under Construction £	Total £
Cost						
At 1 January 2022	6,030,089	6,739,337	433,720	7,819,268	31,668	21,054,082
Additions	-	-	9,598	161,627	3,298,561	3,469,786
Disposals	-	-	-	-	-	-
At 31 December 2022	6,030,089	6,739,337	443,318	7,980,895	3,330,229	24,523,868
Depreciation						
At 1 January 2022	4,241,220	6,655,592	422,764	6,874,550	-	18,194,126
Disposals	-	-	-	-	-	-
Charge for the year	175,330	72,134	5,794	117,540	-	370,799
At 31 December 2022	4,416,551	6,727,726	428,558	6,992,090	-	18,564,925
Net book values						
At 31 December 2022	1,613,538	11,612	14,758	988,804	3,330,229	5,958,943
At 31 December 2021	1,788,869	83,745	10,955	944,718	31,668	2,859,956

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 2022 (continued)

10 Investments

Group	Listed investments £	Cash £	2022 Total £	2021 Total £
Cost or valuation				
At 1 January	21,041,126	932,903	21,974,029	21,170,261
Additions	1,870,372	-	1,870,372	3,384,228
Disposals at opening book value **	(15,330,312)	-	(15,330,312)	(3,740,803)
Net unrealised (losses)/gains	(681,506)		(681,506)	1,921,831
Net movement in year	-	(773,332)	(773,332)	(761,488)
At 31 December	6,899,680	159,571	7,059,251	21,974,029

The Corporation	Investment in subsidiary undertaking £	Listed investments £	Cash £	2022 Total £	2021 Total £
Cost or valuation					
At 1 January	500,000	21,041,126	932,903	22,474,029	21,670,261
Additions	-	1,870,372	-	1,870,372	3,384,228
Disposals at opening book value **	-	(15,330,312)	-	(15,330,312)	(3,740,803)
Net unrealised (losses)/gains	-	(681,506)	-	(681,506)	1,921,831
Net movement in year	-	-	(773,332)	(773,332)	(761,488)
At 31 December	500,000	6,899,680	159,571	7,559,251	22,474,029

** proceeds £14,963,147; losses £367,165

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 2022 comprised:

Group	2022 £	2021 £
UK bonds	261,838	264,248
International bonds	617,082	1,443,636
UK equities	1,852,574	8,515,039
International equities	2,657,809	8,360,336
Private equity and alternatives	1,510,377	2,457,867
Total listed investments	6,899,680	21,041,126
Cash with investment managers	159,571	932,903
	7,059,251	21,974,029
Historic cost of listed investments (excluding cash)	5,606,411	15,824,247

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Investments (continued)

At 31 December 2022, the ten largest holdings were:

	2022		2021	
	Value £	% of investment portfolio	Value £	% of investment portfolio
Trojan Investment Funds	540,470	7.83	-	-
Findlay Park American Fund	476,617	6.91	958,490	4.56
Vanguard S&P 500 UCITS ETF	452,196	6.55	610,542	2.90
CG Portfolio Fund - Capital	407,866	5.91	-	-
MU Lyxor Core US TIPS	309,102	4.48	-	-
Robeco BP Global Premium Equities	275,968	4.00	-	-
UK Govt 0.125% RPI IL 2026	261,969	3.80	-	-
Neuberger Berman US Large Cap	240,240	3.48	-	-
Schroder Asia Alpha Plus Fund	238,386	3.45	-	-
Wellington Global Healthcare	222,790	3.23	-	-

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

11 Debtors

a. Amounts receivable after one year

	Group		The Corporation	
	2022 £	2021 £	2022 £	2021 £
Owed by subsidiary undertaking	-	-	1,012,486	1,006,431

The amount of £1,012,486 (2021: £1,006,431) owed by the subsidiary undertaking, Church House Conference Centre Limited, represents the capital amount advanced under 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	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	769,490	560,314	80,487	79,154
Owed by subsidiary undertaking	-	-	426,140	291,719
Rental debtors	651,250	1,240	651,250	1,240
Other debtors	8,022	3,270	8,112	3,270
Recoverable VAT	221,478	45,685	221,478	45,685
Prepayments and accrued income	348,887	195,540	320,614	159,200
	1,999,217	806,049	1,708,081	580,268

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 Creditors: amounts falling due within one year

	Group		The Corporation	
	2022 £	2021 £	2022 £	2021 £
Trade and expense creditors	567,290	520,029	118,284	145,135
Taxation and social security costs	39,580	49,054	39,580	49,054
Amounts owed to subsidiary undertaking	-	-	-	-
Other creditors	142,781	19,749	72,427	19,749
Deposits held	271,242	312,959	-	-
Grants payable to the National Church Institutions of the Church of England	750,000	1,752,000	750,000	1,752,000
Accruals	1,117,117	631,436	629,138	458,901
VAT payable	-	98,300	-	-
Deferred income (see below)	371,431	13,200	371,431	13,200
	3,259,441	3,396,727	1,980,860	2,438,039

	Group		The Corporation	
	2022 £	2021 £	2022 £	2021 £
Deferred income:				
At 1 January	13,200	696,901	13,200	696,901
Released in the year	(13,200)	(696,901)	(13,200)	(696,901)
Deferred in the year	371,431	13,200	371,431	13,200
At 31 December	371,431	13,200	371,431	13,200

Deferred income represents rental income and service charge received from tenants in advance of the financial year end but relating to the following financial year commencing 1 January 2023.

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 2022 (continued)

13 Net funds

Group	At 1 January 2022 £	Net income (expenditure) for the year £	Net gains on revaluation of investments £	Actuarial gains £	Transfers £	At 31 December 2022 £
Restricted funds	9,254	-	-	-	-	9,254
Unrestricted funds						
. Designated funds						
. . Tangible fixed assets fund	2,859,956	(370,799)	-	-	3,665,500	6,154,567
. . Refurbishment reserve	10,000,000	-	-	-	(3,298,561)	6,701,439
. . Grant-making reserve	10,125,617	(750,000)	-	-	-	9,375,617
. Undesignated funds						
. . General reserve	3,000,000	1,475,207	(1,048,671)	-	(508,952)	2,917,584
. . Pension reserve	(233,000)	(2,000)	-	92,987	142,013	-
. . Non-charitable trading fund	(1,302,094)	851,590	-	-	-	(450,504)
Total	24,459,733	1,203,998	(1,048,671)	92,987	-	24,708,047

The Corporation	At 1 January 2022 £	Net income (expenditure) for the year £	Net gains on revaluation of investments £	Actuarial gains £	Transfers £	At 31 December 2022 £
Restricted funds	9,254	-	-	-	-	9,254
Unrestricted funds						
. Designated funds						
. . Tangible fixed assets fund	2,859,956	(370,799)	-	-	3,469,786	5,958,943
. . Refurbishment reserve	10,000,000	-	-	-	(3,298,561)	6,701,439
. . Grant-making reserve	10,125,617	(750,000)	-	-	-	9,375,617
. Undesignated funds						
. . General reserve	3,000,000	1,412,435	(1,048,671)	-	(313,238)	3,050,526
. . Pension reserve	(233,000)	(2,000)	-	92,987	142,013	-
Total	25,761,827	289,636	(1,048,671)	92,987	-	25,095,779

A proportion of the general reserve 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 (2021: £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 2022 (continued)

14 Analysis of net assets between funds

Group	Tangible fixed assets fund £	Designated funds and restricted funds £	General reserve £	Non-charitable trading funds £	Total funds £
Fund balances at 31 December 2022 are represented by:					
Tangible fixed assets	6,154,567	-	-	195,717	6,350,284
Investments	-	7,059,251	-	-	7,059,251
Net current assets (liabilities)	-	9,017,805	2,926,928	(646,221)	11,298,512
Total net assets	6,154,567	16,077,056	2,926,928	(450,504)	24,708,047

The Corporation	Tangible fixed assets fund £	Designated funds and restricted funds £	General reserve £	Total funds £
Fund balances at 31 December 2022 are represented by:				
Tangible fixed assets	5,958,943	-	-	5,958,943
Investments	-	7,059,251	500,000	7,559,251
Net current assets	-	9,017,805	2,559,780	11,577,585
Total net assets	5,958,943	16,077,056	3,059,780	25,095,779

The total unrealised (losses)/gains as at 31 December 2022 constitutes movements on revaluation and are as follows:

	2022 £	2021 £
Unrealised gains included above:		
On investments	1,293,400	5,216,879
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January	5,216,879	4,096,108
Less: in respect to disposals in the year	(3,241,973)	(801,060)
	1,974,906	3,295,048
Net gains arising on revaluation	(681,506)	1,921,831
Total unrealised gains at 31 December	1,293,400	5,216,879

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (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:

	2022	2021
Equipment	£	£
Within one year	5,594	7,460
Between one and two years	-	5,594
	5,594	13,054

Other financial commitments

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

	Group		The Corporation	
	2022	2021	2022	2021
	£	£	£	£
Authorised and contracted for:				
Capital expenditure: Buildings	-	125,648	-	125,648
Capital expenditure: Plant and equipment	-	-	-	-
Revenue expenditure: Cyclical maintenance	-	9,337	-	9,337

	Group		The Corporation	
	2022	2021	2022	2021
	£	£	£	£
Authorised but not contracted for:				
Capital expenditure: Buildings	16,669,771	9,614,000	16,669,771	9,614,000
Capital expenditure: Plant and equipment	184,500	53,400	-	53,400
Capital expenditure: Office equipment		4,800	-	-
Capital expenditure: Fixtures and fittings		129,000	-	-
Revenue expenditure: Cyclical maintenance	160,000	94,500	160,000	94,500

Included in 2022 authorised but not contracted for financial commitments above is the balance of the estimated project cost for the planned two-phase major refurbishment of Church House.

The total £20,000,000 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 2022 (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

The Council agreed to make a £500,000 loan facility available to the Company which became available upon expiry of the former 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.

The £1,000,000 drawn against the former facility in 2020 and 2021 remains outstanding although the Board of Directors of the Company anticipates that repayments will commence in 2023.

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 (2021 – none).

THE CORPORATION OF THE CHURCH HOUSE AND ITS SUBSIDIARY

Notes to the financial statements for the year ended 31 December 2022 (continued)

17 Trading subsidiary – Church House Conference Centre Limited

	2022 £	2021 £
a) Summary of results of trading subsidiary		
Turnover	4,621,592	2,276,848
Operating costs	(3,767,914)	(2,514,983)
Operating profit/(loss)	853,674	(238,135)
Coronavirus Job Retention Scheme grants	-	34,671
Bank interest receivable	3,971	115
Interest payable	(6,055)	(5,803)
Profit/(loss) on ordinary activities before taxation	851,590	(209,152)
Taxation	-	-
Profit/(loss) for the financial year	851,590	(209,152)
Payments under deed of covenant		
Provision for payment under deed of covenant	-	-
Movement in (accumulated losses) for the year	851,590	(209,152)
b) Inter group transactions		
Turnover	4,621,592	2,276,848
Less: sales to The Corporation	(1,235)	(1,235)
Net turnover	4,620,357	2,275,613
Operating costs	3,767,914	2,514,983
Less: purchases from The Corporation	(35,885)	(4,756)
Less: rent and service charge paid to The Corporation	(842,808)	(909,314)
Net operating costs	2,889,221	1,600,913
c) Net (liabilities) of trading subsidiary		
Total assets	2,829,485	1,454,744
Total liabilities	(2,779,989)	(2,256,838)
Net (liabilities)	49,496	(802,094)