

**COVENTRY DIOCESAN BOARD
OF FINANCE LIMITED**

**REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2012**

**Company Registered Number: 319482
Registered Charity Number: 247828**

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2012

CONTENTS

	Page
Chair's Report	1
Trustees' and Directors' Report	2 - 12
Auditor's Report	13
Financial Statements	
Statement of Financial Activities	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements	17 - 31

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

CHAIR'S REPORT

for the year ended 31 December 2012

2012 was a very positive year for the financing of the ministry and mission of the Diocese of Coventry.


This was the first year for which parish shares were set under the new Deanery Share system, with Deanery Shares based on the costs of ministry but with adjustments for mutual support. Those deaneries that are able generously support those in need of support. Deaneries continue to take responsibility for allocating the share to parishes.

Our total parish share receipts in the year (including receipts relating to previous years' allocations but excluding receipts after the 31 January 2013 cut-off) were 98% of the allocation to deaneries for the year. Although this is slightly down on the 99% achieved in 2011, in cash terms it was £56,000 higher than in 2011. Overall, the new system is working well.

Thanks to some one-off good news items in our investment income and our costs being lower than anticipated, we were able to end the year with a General Fund operating surplus of £158,000. This was achieved after awarding a grant of £64,000 towards the re-building costs for St Nicholas, Radford Semele and after purchasing land at Stoke Aldermoor for a church to be built on that site. It was a real privilege to be present in the Bishop's Council meetings when these items were approved.

In 2012, we also funded the highly successful visit by Archbishop Rowan and saw significant sums awarded as grants from the Church Commissioners' Mission Fund (£158,000) and from the Diocesan Mission Fund (£103,000), all in support of worshipping God, making new disciples and transforming communities.

What we see in the Diocesan Board of Finance is but a fraction of the mutual support, generosity and hard work, paid and unpaid, seen and unseen, all around the diocese, to which I pay tribute. We are greatly blessed and I look forward in hope to seeing the fruits of what we have witnessed this year.



Canon Ian E Francis

Chair of Coventry Diocesan Board of Finance Limited
3 June 2013

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012

Company Registered Number: 319482

Registered Charity Number 247828

The trustees, who are also directors for the purposes of company law, present their combined Trustees' Report and Directors' Report, together with the audited financial statements, for the year ended 31 December 2012.

This report is divided into the following sections:

	page	
1	Context	2
2	Structure, governance and management	2 - 5
3	Objectives and activities	6
4	Achievements and performance	7 - 8
5	Plans for future periods	9
Appendices		
A	Reference and administrative details	10
B	The structure of the Church of England	11 - 12

1 CONTEXT

The Diocese of Coventry was re-founded in 1918; it covers a geographic area of just under 700 square miles with an overall population of c. 805,000. There are 241 churches open for public worship, 198 parishes, and 128 benefices.

The Right Reverend Doctor Christopher Cocksworth was installed as Bishop of Coventry on 1 November 2008 and shortly thereafter re-affirmed the Diocesan Mission Purpose as one of worshipping God, making new disciples and transforming communities. The diocesan strategy also focuses on eight quality characteristics for healthy growing churches: empowering leadership; gift-orientated ministry; passionate spirituality; inspiring worship; holistic small groups; need-orientated outreach; loving relationships; and functional structures.

2 STRUCTURE, GOVERNANCE AND MANAGEMENT

Diocesan governance

The Diocese is governed in accordance with the Synodical Government Measure 1969. Its statutory governing body is Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Diocesan Synod works according to Standing Orders which were approved by Diocesan Synod on 19 July 2000, and amended on 14 March 2009. Members of Diocesan Synod hold office for a term of three years. The membership includes a number of ex officio members, namely the Bishops, the Dean of the Cathedral, the Archdeacons, the Chancellor of the Diocese, the Diocesan General Synod members and the chairs of the Board of Finance and of the Diocesan Advisory Committee. Clergy members are elected by the houses of clergy of Deanery Synods and lay persons are elected by the houses of laity of Deanery Synods. Up to five persons may be co-opted by each of the house of clergy and the house of laity. A maximum of ten members (five clergy, five lay) may be nominated by the Diocesan Bishop. Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to its Standing Committee, the Bishop's Council.

Company status

The Coventry Diocesan Board of Finance Limited ("the DBF") was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 12 October 1936 as a charitable company limited by membership guarantees (No. 319482) and its governing documents are the Memorandum and Articles of Association. The DBF is registered with the Charity Commission (No. 247828). The DBF has also been designated as the Parsonages Board for the Diocese of Coventry under the Repair of Benefice Buildings Measure 1972.

Every member of Diocesan Synod is a member of the DBF for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

Bishop's Council

The Bishop's Council is the senior committee of the Diocese and its members have a number of concurrent roles. They are the members of the Standing Committee of Diocesan Synod, the trustees of the Charity for the purposes of charity law, the directors of the DBF for the purposes of company law, and the members of the Diocesan Mission and Pastoral Committee.

Functions delegated to Bishop's Council by Diocesan Synod

Diocesan Synod has delegated the following functions to the Bishop's Council:

- planning the business of Diocesan Synod including the preparation of agendas and papers;
- initiation of proposals for action by Diocesan Synod and provision of policy advice;
- transacting the business of Diocesan Synod when not in session;
- management of the funds and property of the Diocese;
- preparation of annual estimates of expenditure;
- advising on action needed to raise the income necessary to finance expenditure;
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- advising Diocesan Synod on financial aspects of its policies and on any other matters referred to it;
- appointing members of committees or nominating members for election to committees.

Bishop's Council also carries out any other functions or tasks which may be requested by Diocesan Synod.

Responsibilities of Bishop's Council members as trustees and directors

The trustees of the DBF, who are also the directors of the DBF for the purposes of company law, are responsible for preparing the Directors' and Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for the maintenance and integrity of the DBF's corporate and financial information included on the diocesan website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Membership of the Bishop's Council

The membership of the Bishop's Council is comprised of a maximum of 32 members as follows:

- 8 ex officio members;
- 15 members elected by Diocesan Synod (seven clergy and eight lay, in both cases with a minimum of two from each archdeaconry);
- up to 6 nominated members (three may be nominated by the Bishop of Coventry and one may be nominated by each of the Diocesan Advisory Committee, the Parsonages Committee and the Diocesan Board of Education);
- up to 3 members co-opted by the Bishop's Council.

The ex officio members of Bishop's Council include the Chair of the DBF, who is nominated by the Diocesan Bishop and appointed by Diocesan Synod acting as members of the DBF.

During 2012, the Bishop's Council met five times as Bishop's Council and board of trustees and directors. A new Bishop's Council is formed every three years. The current Bishop's Council was formed on 1 January 2013 and trustee induction and training took place on 14 January 2013.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

During the year and as at the date of signing this report the members of Bishop's Council were as follows:

Ex officio

<i>Bishop of Coventry (President)</i>	The Rt Revd Dr C J Cocksworth	
<i>Chair of the DBF</i>	Canon I E Francis	
<i>Suffragan Bishop of Warwick</i>	The Rt Revd J R A Stroyan	
<i>Archdeacon of Coventry</i>	The Ven I L S Watson	<i>(to 31 January 2012)</i>
	The Ven J Green	<i>(from 19 April 2012)</i>
<i>Archdeacon Missioner</i>	The Ven M Rodham	
<i>Dean of Coventry</i>	The Very Revd J D Irvine	<i>(to 1 October 2012)</i>
	The Very Revd J J Witcombe	<i>(from 19 January 2013)</i>
<i>Chair of the House of Clergy</i>	The Revd Canon R E Williams	<i>(to 20 August 2012)</i>
	The Revd R E Walker	<i>(from 20 August 2012)</i>
<i>Chair of the House of Laity</i>	Mr G P Wright	

Nominated

<i>by the Bishop of Coventry</i>	Miss H A Pritchard	<i>(from 1 February 2013)</i>
	The Revd Canon K R G Scott	
	The Revd Dr J Tucker	<i>(co-opted to 31 December 2012)</i>
<i>by the Board of Education</i>	Dr R H Pogson	

Elected by Diocesan Synod

<i>Re-elected from 1 January 2013</i>	<i>Elected from 1 January 2013</i>	<i>Elected to 31 December 2013</i>
Mr C H Baker	The Revd Canon B C Clutton	The Revd J T H Britton
Mr K Downham	The Revd C Gale	The Revd T J Colling
Mrs F Hawke	The Revd C Jones	The Revd M Gorick
Mr N J M Hodges	Mr S J Margrave	The Revd K Mier
The Revd P Manuel	The Revd T M Mason	Miss K Parrington
Mrs J E Owen	The Revd D Silvester	
Mr P C Rogers	The Revd Canon Dr D A Stone	<i>Elected to 19 November 2013</i>
Mr D G Wigman		The Revd Canon M P Saxby

Committee structure

There are a number of other Diocesan committees that, though not all sub-committees of the DBF, can influence its operations. They are:

- the Business Committee, which considers the content of the agendas for Bishop's Council and Diocesan Synod and appointments to fill non-elected vacancies on various boards and committees;
- the Diocesan Finance Group, which monitors the central finances of the Diocese and advises the Bishop's Council on financial matters, in particular the application of the Deanery Share system and matters relating to the Church Fabric Fund;
- the Glebe Committee, which oversees management of the Diocesan Glebe investments, under the powers laid down in a scheme under the Endowments and Glebe Measure 1976;
- the Investment Sub-Committee, which considers investment strategy and policy;
- the Parsonages Committee, which considers policy, repairs and improvements in relation to parsonage houses, under powers laid down in a scheme under the Repair of Benefice Buildings Measure 1972;
- the Conditions of Employment Group, which deals with the terms and conditions of employment, including remuneration, of all those non-stipendiary staff employed by the DBF, except the Diocesan Secretary (whose terms and conditions of employment, including remuneration, are reviewed by the Chair of the DBF and the Diocesan Bishop);
- the Audit Committee, which considers the appointment of the auditor, the audit fee, the nature and scope of the audit, reviews the annual financial statements prior to submission to the Bishop's Council and keeps under review the systems of internal control and risk management;
- the Diocesan Advisory Committee for the Care of Churches ("the DAC"), which advises on the repair and improvement of places of worship, their contents and churchyards, with a view to the furtherance of the Church's mission and the protection of the nation's heritage;
- the Diocesan Mission Fund Committee, which considers matters relating to the Diocesan Mission Fund, makes recommendations to the Bishop's Council and makes decisions on applications for Diocesan Mission Fund grants of less than £10,000.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

Diocesan Secretary and staff

The Diocesan Secretary, Canon S J Lloyd, serves as the Secretary to Diocesan Synod and Bishop's Council and as Company Secretary. The Diocesan Secretary and his staff at the Diocesan Offices carry out the day-to-day work of the DBF. They consult regularly with the Chair of the DBF and the various diocesan committees. Although some senior staff have job titles incorporating the word 'Director' and the functions they direct, they are not directors of the company for the purposes of company law.

Related parties

General Synod, Church Commissioners and Archbishops' Council

The DBF has to comply with Measures passed by the General Synod of the Church of England and makes certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners. Some general information about the structure of the Church of England is contained in Appendix B on pages 11 and 12.

Parochial Church Councils (PCCs) and the Coventry Diocesan Trustees

The DBF has no control over PCCs, which are independent charities. The accounts of PCCs do not form part of these financial statements. PCCs are able to influence the decision-making within the DBF at Diocesan Synod level through representations and through the input of their Deanery Synods.

The Coventry Diocesan Trustees (a separate body) is the Diocesan Authority under the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964. The Trust therefore is the custodian trustee holding property and trust funds on behalf of PCCs, as well as on behalf of the DBF.

Coventry Diocesan Board of Education

Coventry Diocesan Board of Education ("the DBE") is a statutory body established under the Diocesan Boards of Education Measure 1991, responsible to Diocesan Synod. Its functions under this measure principally relate to the promotion or assistance in the promotion of education in the diocese, being education which is consistent with the faith and practice of the Church of England and therefore consistent with the objectives of the DBF. On 1 January 2012, the activities, assets, liabilities and staff of the DBE were transferred to a company limited by guarantee (Coventry Diocesan Board of Education, registered in England and Wales no. 3663851 and a registered charity no. 1091145). This transfer had no impact on the DBF's net assets and funds.

Risk management

The trustees confirm that the major risks to which the DBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures to manage those and other identified risks have been established and reviewed. The trustees review the risk register at least annually and delegate to the Diocesan Secretary and his staff the task of ensuring that noteworthy risks to the DBF are registered, reviewed and managed. In addition, the Audit Committee reviews the risk management processes and the risk register at least annually, reports to trustees on whether it is satisfied with its findings and makes recommendations about areas for further work.

Major risks identified include the under-collection of parish share and under-funding of the defined benefit Church of England clergy pension scheme. A new system for allocating the parish share was implemented on 1 January 2012 and the parish share system and collection are kept under regular review by the Diocesan Finance Group. The funding of the Church of England clergy pension scheme is kept under review by the trustees and other Church of England bodies. These major risk areas are also referred to in other sections of this report and in the notes to the financial statements. Another major risk identified is an allegation or finding of a safeguarding failure with respect to a child or a vulnerable adult. The DBF employs a Diocesan Safeguarding Adviser who reports to the Diocesan Secretary and issues guidelines, conducts training and is available to deal with any matters arising.

Auditor

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees and directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. A resolution to reappoint Baker Tilly UK Audit LLP as auditor to the company and to authorise the Board of Directors to fix the auditor's remuneration will be proposed at the Annual General Meeting.

Reference and administrative details

These are set out in Appendix A to this report on page 10.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

3 OBJECTIVES AND ACTIVITIES

The DBF aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Coventry and elsewhere.

In order to achieve this aim, the DBF's strategy is to maintain sound finances so that it can continue to support parochial ministry through the payment of stipends, the provision of housing and providing training and other support to both ordained and lay people in parishes across the Diocese.

The main activities of the DBF are as follows:

- support for Mission and Ministry in the Parishes, including all clergy and lay training delivered by the Diocesan Training Partnership, housing, stipends, pension and all other expenditure supporting parish based ministry; and
- support for the National Church institutions by way of an annual grant paid to them. This grant includes a contribution to the cost of training ordinands and the cost of providing retirement housing for clergy under the Church's Housing Assistance for the Retired Ministry ("CHARM") scheme.

During the year, the DBF also supported, via staff and accommodation at the Diocesan Offices, the Archdeacons and the DBE. The DBE outgrew its space in the Diocesan Offices and in September 2012 moved to a former school building in Rugby, now called the Benn Education Centre. The Diocesan Offices also act as an office base for the Coventry diocesan branch of the Mothers' Union.

The Diocesan Secretary and the Chair of the DBF consult regularly with colleagues from other dioceses and are themselves consulted on matters of national church policy by central church bodies such as the Church Commissioners, Archbishops' Council and the Pensions Board.

Public Benefit

The trustees believe that by promoting the work of the Church of England in the Diocese of Coventry the DBF helps to promote the whole mission of the Church (pastoral, evangelistic, social, and ecumenical), both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care, and spiritual, moral, and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees confirm that they have referred to the guidance contained in the Charity Commissioners' general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

Grant-making (beneficiary-selection) policy

The DBF makes a grant to the Archbishops' Council of the Church of England towards the costs of central training for the church's ministry, the central administration of the church, certain pension contributions and retired clergy housing. The DBF also distributes grants to individuals, PCCs and other organisations connected with the Diocese. Details of the grants awarded are given in note 7 to the financial statements on page 24.

Joint Working

The trustees have a joint working arrangement, which started in 2002, with the Leicester Diocesan Board of Finance (company registered number 227087; registered charity number 249100). During the year the arrangements continued to operate satisfactorily to the benefit of the Diocese and covered the areas of Finance, Property, Information Systems and the Diocesan Advisory Committee for the Care of Churches (DAC). The staff involved in the joint working arrangements are all directly employed by the Leicester Diocesan Board of Finance with the DBF normally contributing 50% of employment costs. These arrangements are subject to a formal agreement between the Boards of Finance and there is regular contact between the Diocesan Secretaries of the Dioceses of Coventry and Leicester to ensure that these arrangements are working satisfactorily.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

4 ACHIEVEMENTS AND PERFORMANCE

Plans and achievements in 2012

During 2012 the DBF planned to:

- work with the Deaneries towards full allocation of the Deanery Shares as determined under the new Deanery Share system;
- continue with the new Deanery Share system and build on the mutual support already provided through generous support for needs in other deaneries;
- break even financially; and
- collect more up to date statistics regarding parishes using the new web-based data collection and reporting system which has already been trialled by other dioceses.

During the year, the DBF has:

- with some assistance from other Deaneries, worked with one Deanery, which had not managed to allocate fully its Deanery Share to parishes in 2011 and 2012, to achieve full allocation of its 2013 Deanery Share;
- worked on transparency and future plans with two other Deaneries struggling to achieve full allocation;
- fully implemented the new Deanery Share system, with an increasing understanding of the mutual support needed and generously given;
- made a General Fund operating surplus before transfers of £158,000 (2011: £187,000); and
- successfully implemented the web-based parish data collection and reporting system, with over 80% of parishes completing their 2011 data entry within the first half of 2012.

Summary of operational performance

The result for the year is shown in full in the Statement of Financial Activities on page 14. Showing separately the surplus from the sale of assets and the recognition in 2011 of assets held by the Diocesan Trustees, the result may be summarised as follows:

	2012	2011
	£000s	£000s
General Fund operating surplus (net incoming resources before transfers)	158	187
Surplus/(deficit) from the sale of non-investment assets	168	(57)
Recognition of assets held by trustees	-	405
Other net (outgoing)/incoming resources		
Designated Funds	(88)	(128)
Restricted Funds	(80)	42
Net incoming resources before gains and losses on investments	158	449

Principal funding sources

62% of total incoming resources in 2012 came from Parish Share (2011: 59%), 18% (2011: 17%) from investment income and 20% (2011: 24%) from other sources.

Parish Share

The total parish share allocated to the deaneries for 2012 was £4,893,000 (2011: £4,797,000). Total parish share income, including amounts relating to parish share allocated for previous years and excluding amounts received after the 31 January cut off date, was 98% of the allocation (2011: 99%).

Total parish share receipts in relation to the 2012 allocation, i.e. excluding arrears, were £4,755,000, 97% of the allocation (2011: £4,677,000, 98% of the allocation). This was £128,000 short of the costs of parochial ministry allocated to be covered by parish share under the new Deanery Share system, which was used in 2012 to determine each Deanery's total parish share allocation for the first time.

Investment income

Investment income increased to £1,427,000 (2011: £1,367,000), principally due to a surrender premium received in connection with the sale of a commercial property in Bristol shortly before the end of the year.

The King Henry VIII Endowed Trust, Warwick

Other sources of income include restricted income received from The King Henry VIII Endowed Trust, Warwick, used to meet the costs of stipends, pensions and housing costs for six clergy in the Warwick area.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

Investment objectives and performance

The DBF's investment objective with respect to amounts available for investment is to safeguard the value of the capital in real terms over the long term and to provide real growth in net income, whilst complying with the Church of England Ethical Investment Policy. Investments are principally held in Glebe properties and the CBF Church of England Investment Fund managed by CCLA Investment Management Limited.

The total value of investments at 31 December 2012 was approximately £28.6 million (2011: £29.1 million). Sales of properties with a net book value of £1,162,000 were offset by additional investment of £283,000 in the CBF Church of England Investment Fund and a gain in the value of shares in this fund of £363,000.

Glebe investments

£24.2 million (2011: £25.4 million) of the DBF's investments at the year end were in Glebe investment properties, which are held to generate a sustainable income to continue funding clergy stipends, and which are comprised of agricultural, commercial and residential land and buildings.

Net rents receivable amounted to £1,017,000 (2011: £856,000), representing an income yield on net book values of 4.0% (2011: 3.4%), with higher yields for commercial property at 7.9% offset by yields for agricultural property at 1.4%. The increase in net rents receivable in the year was primarily related to the timing of dilapidations costs and recoveries and the surrender premium received in connection with the sale of a commercial property in Bristol shortly before the end of the year.

CBF Church of England Investment Fund

CCLA's CBF Church of England Investment Fund is a diversified fund invested mainly in equities but also in fixed interest securities, property and other assets. It aims to provide capital growth and rising income from a portfolio managed in accordance with the Church of England's ethical investment policy. The DBF's investment in this fund was valued at £4.3 million at 31 December 2012 (2011: £3.7 million). Dividends per share increased slightly compared to 2011, and the dividend income receivable was £178,000 (2011: £174,000).

Non-investment properties

All non-investment freehold properties - Parsonage Houses, Operational Properties, Team Vicar Houses and the Diocesan Offices - are shown at cost. In the opinion of the trustees the market value of these properties is substantially in excess of cost, but the amount of this excess is not economically quantifiable.

Pension schemes

All stipendiary clergy in the Diocese and some licensed lay workers are members of the defined benefit Church of England clergy pension scheme. The contribution for this scheme in the year was £8,074 (2011: £7,804) per full time stipendiary member of the clergy, following a reduction effective 1 January 2011 from 45% to 38.2% of the previous year's national minimum stipend. The lay staff of the DBF are members of the Church Workers Pension Fund. Further details are provided in the note 2 to the Financial Statements.

Going concern

After making enquiries the Trustees are satisfied that the DBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Reserves policy

The objective of the DBF's reserves policy is to ensure adequate working capital resources. The policy is for the General Fund at each year end to be within a range equivalent to between two and a half and three and a half months' worth of the maximum sum approved to be spent from operating funds by Diocesan Synod for the ensuing year. The policy and expected compliance with it has been kept under review during the year.

Diocesan Synod approved a maximum sum to be spent from operating funds in 2013 of £7,365,000. The balance on the General Fund at 31 December 2012 was £1,871,000, which represented 3.0 months' worth of maximum approved spend from operating funds in 2013 and was therefore within policy limits.

Volunteers

The activities in the Church of England in the Diocese of Coventry, in parishes, deaneries and Diocese-wide, depend hugely on significant amounts of time contributed by volunteers. The value of this time cannot be quantified and recognised in the financial statements of the DBF.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

5 PLANS FOR FUTURE PERIODS

The trustees will continue to set annual budgets which seek to ensure that operational costs are fully funded and to hold down Deanery Share increases in order to allow funds to be spent on mission activity. The new Deanery Share system should give greater scope for Deanery involvement in recognising areas where funds are most needed. Details of the new Deanery Share system have been published on the diocesan website at www.coventry.anglican.org/admin/finance/deanerysharesystem/.

The ongoing objective is to resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

For 2013, the trustees of the DBF plan to:

- Continue work with the Deaneries towards full allocation and payment of the Deanery Shares as determined under the new Deanery Share system;
- Complete a review of and agree an updated investment policy; and
- Break even financially.

By Order of the Board



Canon Simon J Lloyd
Diocesan Secretary



Canon Ian E Francis
Chair of Coventry Diocesan Board of Finance Limited

3 June 2013

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

Appendix A: REFERENCE AND ADMINISTRATIVE DETAILS

Registered & Principal Office Telephone	Diocesan Offices, 1 Hill Top, Coventry CV1 5AB 024 7652 1200
Company registration number	319482 (England and Wales)
Charity registration number	247828 (England)
Company Secretary	Canon S J Lloyd
Registrar	Mrs M H Allanson Rotherham & Co 8 & 9 The Quadrant Coventry CV1 2EG
Solicitors	Rotherham & Co 8 & 9 The Quadrant Coventry CV1 2EG
Auditor	Baker Tilly UK Audit LLP St Philips Point Temple Row Birmingham B2 5AF
Bankers	Bank of Scotland Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ
Diocesan Surveyors	YMD Boon Ltd York House Fernie Road Market Harborough Leicestershire LE16 7PH
Glebe Agent	Godfrey-Payton 25 High Street Warwick CV34 4BB
Insurers	Ecclesiastical Insurance Office plc Beaufort House Brunswick Road Gloucester GL1 1JZ
Investment Managers	CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

Appendix B: THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 43 in England.

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese in England is divided into parishes. Each parish is overseen by a parish priest, who is usually called an incumbent, vicar, rector or priest in charge. From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty The Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led, with 112 bishops including Diocesan Bishops and Assistant and Suffragan Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of acts of Parliament. It is made up of three groups or 'houses' of members: the Houses of Bishops, of Clergy and of Laity. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations. The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

The Diocese

The Cathedral

Coventry Cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Offices, 1 Hill Top, Coventry, CV1 5AB.

Diocesan Synod

The statutory governing body of the diocese is Diocesan Synod which is made up of broadly equal numbers of clergy and lay representatives elected from across the diocese together with the diocesan bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese
- act as a forum for debate of Christian opinion on matters of religious or public interest
- advise the bishop where requested
- deal with matters referred by General Synod
- provide for the financing of the diocese

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2012 (continued)

Deanery Synod

There is a Deanery Synod in each of the Diocese's eleven deaneries. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

- Respond to requests from General Synod
- Give effect to the decisions made by Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- Act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to Diocesan Synod and of the diocese to General Synod
- Allocate the Deanery share between its constituent parishes and benefices

The Bishop's Council

Under the constitution of Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the Synod and to advise it on matters of policy
- To advise the President (the Diocesan Bishop) on any matter
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the Synod may delegate to it

Parochial Church Council (PCC)

A PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. A PCC is made up of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income currently set at a level of over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the foreseeable future. If not required to register, PCCs are 'excepted' charities. Other than where shown, the transactions of PCCs do not form part of the attached financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Benefices, Parishes, Deaneries and Archdeacons

A benefice is a parish or group of parishes normally served by a single incumbent or priest in charge, with the exception of team ministries, which may have several clergy serving one benefice. A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible to the Diocesan Bishop, although many archdeacons' duties can be delegated.

The information in this appendix about General Synod, the Church Commissioners, the Archbishops' Council, Coventry Cathedral and PCCs is included as background only. The financial transactions of these bodies do not form part of these financial statements.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

Independent auditor's report to the members of Coventry Diocesan Board of Finance Limited

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2012 on pages 14 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of responsibilities of Bishop's Council Members as Trustees and Directors set out on page 3, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its 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 Companies Act 2006.

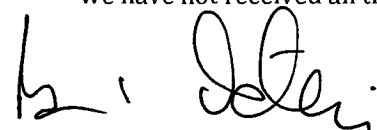
Opinion on other requirements of the Companies Act 2006

In our opinion the information given in the Trustees' and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Paul Oxtoby (Senior Statutory Auditor)

For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
St Philips Point
Temple Row
Birmingham
B2 5AF

4 June 2013

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2012 (including the Income and Expenditure Account)

	Notes	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s	2011 Total £000s
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income:							
Parish Share	4a	4,262	-	550	-	4,812	4,756
Archbishops' Council	4b	23	-	86	-	109	153
Donations, legacies and similar income	4c	87	65	280	-	432	470
Activities for generating funds	4d	237	-	-	-	237	233
Investment income	4e	63	9	1,355	-	1,427	1,367
Incoming resources from charitable activities							
Parochial fees		-	-	339	-	339	322
Other income from charitable activities	4f	192	-	101	-	293	391
Other incoming resources	4g	-	(18)	-	186	168	348
Total incoming resources		4,864	56	2,711	186	7,817	8,040
RESOURCES EXPENDED							
Costs of generating funds	5a	150	-	204	-	354	617
Charitable activities							
Archbishops' Council	5b	454	-	-	-	454	488
Other grants and similar items	5c	489	162	183	-	834	455
Ministry and mission in parishes	5d	2,862	-	2,374	-	5,236	5,006
Supporting ministry and mission	5e	555	-	30	-	585	833
Governance costs	5f	196	-	-	-	196	192
Total resources expended	6	4,706	162	2,791	-	7,659	7,591
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS							
		158	(106)	(80)	186	158	449
Transfers between funds	18	(171)	255	105	(189)	-	-
Net (outgoing)/incoming resources before other recognised gains/(losses)		(13)	149	25	(3)	158	449
Realised loss on investments		-	-	-	(19)	(19)	-
Net income/(expenditure) for the year		(13)	149	25	(22)	139	449
Unrealised gains on investments	12	107	4	214	38	363	3,971
NET MOVEMENT IN FUNDS		94	153	239	16	502	4,420
RECONCILIATION OF FUNDS							
Funds at 1 January	16	1,777	7,300	3,209	32,604	44,890	40,470
Net movement in funds in the year		94	153	239	16	502	4,420
FUNDS AT 31 DECEMBER	16	1,871	7,453	3,448	32,620	45,392	44,890

The Statement of Financial Activities has been prepared on the basis that all activities are continuing and includes all recognised gains and losses.

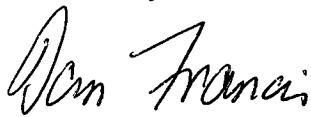
COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

as at 31 December 2012

	Notes	2012 £000s	2012 £000s	2011 £000s	2011 £000s
FIXED ASSETS					
Tangible fixed assets	11		12,603		12,360
Fixed asset investments	12		28,608		29,124
			<u>41,211</u>		<u>41,484</u>
CURRENT ASSETS					
Debtors	13	882		1,003	
Short term deposits		3,151		2,529	
Cash at bank and in hand		<u>1,327</u>		<u>975</u>	
		5,360		4,507	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	<u>(1,069)</u>		<u>(991)</u>	
NET CURRENT ASSETS					
			4,291		3,516
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>45,502</u>		<u>45,000</u>
Creditors: amounts falling due after more than one year	15		(110)		(110)
NET ASSETS					
			<u>45,392</u>		<u>44,890</u>
FUNDS					
Unrestricted funds:					
General Fund	16		1,871		1,777
Designated funds	16		7,453		7,300
			<u>9,324</u>		<u>9,077</u>
Restricted funds	16		3,448		3,209
Endowment funds	16		32,620		32,604
TOTAL FUNDS					
			<u>45,392</u>		<u>44,890</u>

The financial statements on pages 14 to 31 were approved by the Board of Directors and authorised for issue on 3 June 2013 and are signed on its behalf by:



Canon Ian E Francis

Chair of Coventry Diocesan Board of Finance Limited

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2012

	Notes	2012 £000s	2012 £000s	2011 £000s	2011 £000s
Net cash inflow from operating activities	20		189		311
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets	11	(639)		(1,267)	
Payments to acquire fixed asset investments	12	(283)		(33)	
Receipts from sales of tangible fixed assets		564		357	
Receipts from sales of endowment fixed asset investments		1,143		-	
			785		(943)
Increase/(decrease) in cash and cash equivalents	21		974		(632)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), the Church of England Diocesan Annual Reports and Financial Statements Guide 4th edition 2009 and under the historical cost accounting rules except that fixed asset investments are included at market valuation.

Parsonage Houses, Operational Properties, Team Vicar Houses and Diocesan Offices

For parsonage houses, the legal title and right to beneficial occupation are vested in the incumbent, whereas the DBF is responsible for the maintenance and repair of such properties and can determine their subsequent use or sale. FRS 5, 'Reporting the Substance of Transactions' requires accounting treatments to follow the substance of arrangements rather than their strict legal form. Accordingly, parsonage houses are capitalised as tangible fixed assets.

Operational properties are houses owned by the DBF for occupation by stipendiary clergy and House for Duty priests. Team vicar houses, where identified separately in these financial statements, are those houses for occupation by team vicars that have been purchased using the funds of the Stipends Glebe Fund. The Diocesan Offices are at 7 Priory Row, Coventry (which shares the postal address of 1 Hill Top, Coventry, CV1 5AB).

Parsonage houses, operational properties, team vicar houses and the diocesan offices are held at cost or estimated cost. Where the original cost of parsonages is not readily available the original cost has been estimated using the Nationwide Index. The cost of extensions which enhance the capital value of buildings is capitalised.

Depreciation is not provided on buildings as any annual or accumulated depreciation would not be material. This is due to the long estimated remaining useful economic lives and because the estimated residual values, by reference to prices ruling at the time of acquisition in each case, are not materially less than their carrying values and the buildings are unlikely to suffer from obsolescence. Disposals of buildings occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying values. An impairment review is carried out at least annually to ensure that the carrying value is not more than the recoverable amount and takes into consideration whether the buildings continue to be suitable for use by the DBF.

The DBF has a policy of regular inspection, repair and maintenance of buildings, charges for which are included in resources expended in the Statement of Financial Activities.

Depreciation

Depreciation of non-property fixed assets is charged by equal annual instalments at rates estimated to write off their cost or valuation less any residual value over the expected useful lives that are as follows:

IT & Telecommunications Equipment	3 years
Office Furniture and Fittings	5 years

Individual items of office equipment and furniture with a purchase price of £5,000 or less are written off in the year in which the assets are acquired.

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 ("Glebe properties"), other than team vicar houses, are included at estimated market value. Glebe properties are comprised of commercial properties and agricultural properties. Agricultural properties are predominantly land but include some agricultural buildings and residential properties. At 31 December 2010 all commercial properties other than those purchased in the previous two years and a proportion of the agricultural properties were valued by the surveyors Godfrey-Payton and Bruton Knowles as part of the move to valuing all investment properties over a rolling five year period. At 31 December 2011 the remaining proportion of the agricultural properties was valued by the surveyors Godfrey-Payton. Unlisted investments in CBF Funds are included at market value at the balance sheet date.

Parish share income and income from parochial fees

Parish share and parochial fee income include amounts received up to the 31 January following the year end. Parish share income also includes any arrears received from previous years.

Grants

Grant income is accounted for when the amount can be measured reliably and there is clear entitlement and certainty of receipt. Grants payable are accounted for when authorised, when the award of the grant has been specifically communicated to the recipient and when either the trustees have agreed to pay the grant without condition, or any condition attaching to the grant is outside the control of the DBF.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

1 Principal accounting policies (continued)

Investment gains and losses

Realised gains or losses are recognised in the Statement of Financial Activities when investments are sold. Unrealised gains or losses are accounted for on revaluation of investments at the year end.

Deferred income

Income is recognised as deferred where the event or rental period to which the income relates occurs beyond the end of the financial period being reported on.

Investment income

Investment income is accounted for when receivable.

Donations, legacies and similar income

Donations and similar income are accounted for on a receivable basis. Income from legacies is recognised on an accruals basis to the extent that the DBF has been notified that there is a clear indication of the amounts involved.

Resources expended and liabilities

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources. Expenditure is accounted for on an accruals basis and is allocated between expenditure incurred:

- in generating funds, including Parish Share
- directly in the fulfilment of the charity's objectives
- in the governance of the charity and its assets
- on support costs including central functions (see below)

Support Costs

These costs are allocated to categories of expenditure on the basis of the proportion of staff time spent on each area of activity.

Governance costs

The costs allocated to governance costs are those costs incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Operating leases

Payments under operating leases are charged against income as incurred.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with any qualifying institution repayable on demand without more than seven days' notice or penalty.

Fund accounting

The General Fund is an unrestricted income fund which receives incoming resources available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted income funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes below.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.

Endowment funds are funds held on trust to be retained for the charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

2 Pension schemes

The DBF participates in three pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other two are for lay staff and are separate sections of the Church Workers Pension Fund – one a final salary scheme and the other a deferred annuity scheme.

All three of these schemes are multi-employer defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 9 of FRS 17, 'Retirement benefits' requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pensions Scheme

With effect from 1 January 1998, diocesan clergy became members of the new Church of England Funded Pensions Scheme. This scheme provides benefits based on their final pensionable stipends and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

The DBF participates in the Church of England Funded Pensions Scheme and at the end of the year was paying contributions for 123 members of the scheme out of a total membership of approximately 9,000 active members. Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends, which are currently the same as the National Minimum Stipend. The scheme pension costs are accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year.

The most recent scheme valuation completed was carried out at as 31 December 2009. This revealed a deficit of £262 million, based on assets of £605 million and a funding target of £867 million, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 4.4% p.a. on gilts and 5.9% p.a. on equities;
- RPI inflation of 3.8% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.8% p.a.; and
- Post-retirement mortality in accordance with 80% of the S1NA tables, with allowance for future improvements in mortality rates from 2003 according to the "medium cohort" projections, and subject to a minimum annual improvement of 1.5% for males and 1.0% for females.

Following the valuation of the scheme as at 31 December 2009 and some agreed changes to benefits, the contribution rate has been set at 38.2% of pensionable stipends with effect from 1 January 2011, of which 23.5% relates to providing the benefit in relation to ongoing pensionable service, including 0.9% for the day-to-day expenses of running the scheme, and 14.7% relates to recovery of the deficit over the twelve years to 31 December 2022. Benefits are currently being accrued on the basis of half of the National Minimum Stipend being paid as the normal pension on reaching the age of 68, or 1.25 times this amount for archdeacons, plus a lump sum of three times the normal pension payable from the scheme.

The next valuation of the scheme is being carried out as at 31 December 2012.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

2 Pension schemes (continued)

Church Workers Pension Fund – Defined Benefits Scheme

The Defined Benefits Scheme (“DBS”) section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. At 31 December 2012, the DBF had one active member, no deferred pensioner members and six pensioners in the scheme.

The scheme pension costs are accounted for as if the scheme were a defined contribution scheme, except that provision is made in full for agreed contributions that can be specifically allocated to the past service of employees. The amount charged to the Statement of Financial Activities in respect of on-going pension costs and other post retirement benefits is the contributions payable for the year, together with any liabilities recognised in respect of past service costs.

The most recent scheme valuation completed was carried out as at 31 December 2010, and the DBF's contribution rate was revised with effect from 1 April 2012.

Church Workers Pension Fund – Pension Builder Scheme

The Pension Builder Scheme section of the Church Workers Pension Fund builds an annuity for members for payment from retirement, accumulated from contributions paid and converted into an annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the future investment returns and other factors. There is no sub-division of assets between employers. The expectation is that any future shortfall or surplus in the scheme will result in a curtailment or increase in bonuses declared. At 31 December 2012, the DBF had 12 active members, 25 deferred members and 5 pensioners in the scheme, out of a total membership of approximately 4,145 members.

The scheme pension costs are accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year.

A valuation of the scheme is carried out once every three years and considers the funding of the scheme under two measures: on an ongoing basis, allowing for additional returns from equities compared to returns from gilts and for future bonuses in line with inflation; and on a “minimum reserve” basis, allowing for no additional returns above gilts and for no future bonuses other than statutory increases for pensions in payment. The most recent scheme valuation completed was carried out as at 31 December 2010, at which date the market value of the assets was £68.6m. In this valuation, the scheme was shown to be approximately in balance on an ongoing basis and in surplus by £4.7m on a minimum reserve basis.

3 Net incoming resources

	2012	2011
	£000s	£000s
Net incoming resources is stated after charging/(crediting):		
Auditor's remuneration:		
Audit	15	12
Taxation services	1	-
Hire of office equipment	5	5
(Surplus)/deficit on disposal of tangible fixed assets	(168)	57
Pension past service charge	-	84

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012 (continued)

4 Analysis of incoming resources

a Parish Share

	General Fund	Designated funds	Restricted funds	Endowment funds	2012 Total	2011 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Parish Share assessed for the year	4,294	-	599	-	4,893	4,797
Less shortfall in contributions	(88)	-	(49)	-	(137)	(158)
Arrears received						
in respect of previous years	43	-	-	-	43	87
Other contributions and adjustments	13	-	-	-	13	30
	4,262	-	550	-	4,812	4,756

b Archbishops' Council

	General Fund	Designated funds	Restricted funds	Endowment funds	2012 Total	2011 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Support	-	-	-	-	-	47
Mission Development Funding	-	-	86	-	86	83
Legal costs' contribution	23	-	-	-	23	23
	23	-	86	-	109	153

c Donations, legacies and similar income

	General Fund	Designated funds	Restricted funds	Endowment funds	2012 Total	2011 Total
	£000s	£000s	£000s	£000s	£000s	£000s
King Henry VIII Endowed Trust	-	-	249	-	249	245
Other income including legacies	87	65	31	-	183	225
	87	65	280	-	432	470

d Activities for generating funds

	General Fund	Designated funds	Restricted funds	Endowment funds	2012 Total	2011 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Rental income						
from non-investment properties	237	-	-	-	237	233

e Investment income

	General Fund	Designated funds	Restricted funds	Endowment funds	2012 Total	2011 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Glebe property income	-	-	1,221	-	1,221	1,173
Unlisted securities	56	2	120	-	178	174
Bank and deposit interest	7	7	14	-	28	20
	63	9	1,355	-	1,427	1,367

f Other income from charitable activities

	General Fund	Designated funds	Restricted funds	Endowment funds	2012 Total	2011 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Payroll contributions	107	-	78	-	185	271
Churches closed for public worship	-	-	21	-	21	41
Sundry income	85	-	2	-	87	79
	192	-	101	-	293	391

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

4 Analysis of incoming resources (continued)

g Other incoming resources

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s	2011 Total £000s
(Deficit)/surplus on sale of assets	-	(18)	-	186	168	(57)
Recognition of investments held by Diocesan Trustees	-	-	-	-	-	405
	-	(18)	-	186	168	348

5 Analysis of resources expended

a Costs of generating funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s	2011 Total £000s
Glebe management fees	-	-	51	-	51	53
Glebe operating costs	-	-	153	-	153	264
Other costs	44	-	-	-	44	41
Support costs	106	-	-	-	106	259
	150	-	204	-	354	617

b Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s	2011 Total £000s
National Church	175	-	-	-	175	178
Training for ministry	213	-	-	-	213	246
Mission agencies' pension costs	11	-	-	-	11	12
Retired clergy housing & other costs	55	-	-	-	55	52
	454	-	-	-	454	488

c Other grants and similar items

(see also note 7)

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s	2011 Total £000s
Parishes & organisations in the diocese	427	162	162	-	751	382
Other institutions	-	-	15	-	15	3
Individuals	62	-	6	-	68	70
	489	162	183	-	834	455

d Ministry and mission in parishes

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s	2011 Total £000s
Clergy costs	1,598	-	2,374	-	3,972	3,874
Clergy housing	973	-	-	-	973	984
Other costs	43	-	-	-	43	-
Support costs	248	-	-	-	248	148
	2,862	-	2,374	-	5,236	5,006

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

5 Analysis of resources expended (continued)

e Supporting ministry and mission

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s	2011 Total £000s
Department costs	317	-	-	-	317	598
Support costs	231	-	-	-	231	204
Other costs	7	-	30	-	37	31
	555	-	30	-	585	833

f Governance costs

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s	2011 Total £000s
Synodical costs	9	-	-	-	9	5
Statutory costs	63	-	-	-	63	57
Support costs	124	-	-	-	124	130
	196	-	-	-	196	192

6 Analysis of resources expended showing allocation of support costs

	Activities undertaken directly £000s	Grant funding of activities £000s	Allocation of support costs [†] £000s	2012 Total £000s	2011 Total £000s
Costs of generating funds	248	-	106	354	617
Charitable expenditure					
Archbishops' Council	-	454	-	454	488
Other grants & similar items	-	834	-	834	455
Ministry and mission in parishes	4,988	-	248	5,236	5,006
Supporting ministry and mission	354	-	231	585	833
Governance costs	72	-	124	196	192
	5,662	1,288	709	7,659	7,591

[†]Analysis of support costs

	2012 £000s	2011 £000s
Staff costs	437	522
Pension past service charge	-	84
Other costs	272	135
	709	741

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

7 Other grants and similar items

	2012 £000s	2011 £000s
To parishes and other organisations in the Diocese		
<i>Mission & pioneer ministry</i>		
Church Commissioners' Mission Fund grants to parishes	158	61
Church Commissioners' Mission Fund grant to Three Spires Tots	-	15
Diocesan Mission Fund grants to parishes	103	113
Pioneer Minister grants to parishes	37	12
<i>Church land and buildings</i>		
Land at Stoke Aldermoor, Coventry	104	-
St Nicholas Radford Semele building grant	64	-
St Andrew's Rugby building grant	50	-
Church Fabric Fund grants to sixteen churches (2011: to two churches)	42	5
Faculty fees to parishes	20	17
<i>Other organisations in the Diocese</i>		
Coventry Diocesan Board of Education	91	-
Coventry Cathedral for Director for Reconciliation	17	27
Coventry Cathedral for liturgy support costs	5	5
Coventry Cathedral for sound system	-	50
Workcare	22	22
Offa House	15	-
Bishop's Special Fund grants	-	44
Other	23	11
	751	382
To other institutions		
Syrian Orthodox Christian School	11	-
Link Dioceses of Kaduna and Jerusalem	4	3
	15	3
To individuals		
For support of ordinands in ministerial training	51	51
Other grants to clergy and readers	17	19
	68	70
	834	455

8 Trustees' emoluments and expenses

None of the trustees has received any emoluments from the DBF for services performed as directors (2011: £nil).

The parochial clerical members who are trustees of the DBF and the Archdeacons are in receipt of a stipend, housing and other payments made to clergy paid by the DBF by virtue of their office. The DBF provides housing for the Suffragan Bishop by virtue of his office.

Three trustees received a total of £498 (2011: two and £709) in the year for travel expenses related to activity as trustees of the DBF. Three trustees received a total of £1,588 (2011: one and £232) in the year for travel and other expenses in connection with their membership of the General Synod of the Church of England, membership of which is not connected with their membership of the Board.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

9 Clergy headcount and costs

The average full time equivalent number of stipendiary clergy and licensed lay workers who were office holders in the Diocese was 115 (2011: 117.4). This included 2 (2011: 2) who were Archdeacons and 0 (2011: 4.1) who held roles in central diocesan departments.

	2012 £000s	2011 £000s
Stipends	2,661	2,728
Social security costs	211	224
Pension contributions	909	907
	3,781	3,859
Other costs	191	202
	3,972	4,061

10 Staff headcount and costs

a Staff headcount based on full time equivalents ("FTEs")

	2012 FTEs	2011 FTEs
Staff employed directly:		
Supporting parish and diocese-wide ministry and mission	7.9	6.1
Central support	8.1	6.5
Employees wholly or partly supported by third party funding		
Bishops' support	3.0	3.0
University chaplain	1.0	0.4
Divine Inspiration workers	0.6	0.6
Ecumenical officer	0.4	-
Education	-	4.7
Deanery-based youth and children's workers	-	0.6
	21.0	21.9
Joint workers	4.3	5.4
	25.3	27.3

b Staff costs

	2012 £000s	2011 £000s
Staff employed directly:		
Salaries	566	611
Social security costs	52	57
Pension contributions	93	72
Pension past service charge	-	59
	711	799
Joint workers		
For service in the year	147	172
Pension past service charge	-	25
	858	996

There were two employees (2011: one) whose total remuneration in the year was over £60,000. One (2011: none) was in the band £60,001 to £70,000 and accrued retirement benefits under a defined benefit scheme (the deferred annuity section of the Church Workers Pension Fund). One, in 2011 and 2012, was in the band £70,001 to £80,000 and accrued retirement benefits under a defined benefit scheme (the final salary section of the Church Workers Pension Fund).

Joint workers are employed by the Leicester Diocesan Board of Finance under joint working arrangements. Their full time equivalents' headcount and costs relate to time allocated to and paid for by the Coventry DBF.

Clergy and licensed lay workers who are office holders in the Diocese are not employees of the DBF and therefore their costs are shown separately in note 9.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

11 Tangible fixed assets

	Parsonages £000s	Diocesan offices £000s	Operational properties £000s	Team Vicar houses £000s	Office equipment £000s	Total £000s
Cost						
At 1 January 2012	5,507	846	5,685	322	316	12,676
Additions	-	-	639	-	-	639
Disposals	(3)	-	(393)	-	(90)	(486)
At 31 December 2012	5,504	846	5,931	322	226	12,829
Depreciation						
At 1 January 2012	-	-	-	-	316	316
Disposals	-	-	-	-	(90)	(90)
At 31 December 2012	-	-	-	-	226	226
Net book value						
At 31 December 2012	5,504	846	5,931	322	-	12,603
At 31 December 2011	5,507	846	5,685	322	-	12,360

All tangible fixed assets were used for direct charitable purposes.

12 Fixed asset investments

	Glebe properties £000s	Unlisted £000s	Other £000s	Total £000s
Market value at 1 January 2012	25,400	3,669	55	29,124
Additions at cost	-	283	-	283
Disposals	(1,162)	-	-	(1,162)
Gain on revaluation	-	363	-	363
Market value at 31 December 2012	24,238	4,315	55	28,608
Historical cost at 31 December 2012	11,491	3,255	55	14,801

Investments are held primarily to provide an investment return. Unlisted investments consist of holdings in the CBF Church of England Investment Fund managed by CCLA Investment Managers Ltd. Other investments consist of a residential property.

A move to a rolling programme of revaluing Glebe properties was introduced in 2010. At 31 December 2010 all commercial properties other than those purchased in the previous two years and a proportion of the agricultural properties were valued by the surveyors Godfrey-Payton and Bruton Knowles on an open market value basis. At 31 December 2011 the remaining proportion of the agricultural properties was valued by a Member of the Royal Institution of Chartered Surveyors and Fellow of the Association of Agricultural Valuers (UK) from the Godfrey-Payton firm of Chartered Surveyors.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

13 Debtors

	2012 £000s	2011 £000s
Amounts falling due within one year		
Parish Share and parochial fees	205	211
Glebe agents	200	286
Other debtors, prepayments and accrued income	365	391
Loan	2	5
	<u>772</u>	<u>893</u>
Amounts falling due after more than one year		
Loan (see note 15)	110	110
	<u>882</u>	<u>1,003</u>

14 Creditors: amounts falling due within one year

	2012 £000s	2011 £000s
Trade creditors	43	126
Accruals	786	516
Deferred income	178	196
Taxation and social security	52	54
Pension creditor	8	92
Other creditors	2	7
Total amounts falling due within one year	<u>1,069</u>	<u>991</u>

Deferred income relates to income received in the year for use in or for rental periods in the following year.

15 Creditors: amounts falling due after more than one year

	2012 £000s	2011 £000s
Loan	<u>110</u>	<u>110</u>

This is a value-linked loan from the Church Commissioners with no fixed term. The loan drawdown was to finance a value-linked loan to the Local Ecumenical Partnership in Binley Woods, included in Debtors (see note 13), for the purchase of 20 Daneswood Road, Binley Woods, in which the Church Commissioners have 100% equity interest.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

16 Statement of funds

	At 1 Jan 2012 £000s	Income £000s	Expenditure £000s	Transfers £000s	Investment gain/(loss) £000s	At 31 Dec 2012 £000s
GENERAL FUND	1,777	4,864	(4,706)	(171)	107	1,871
DESIGNATED FUNDS						
Operational Properties Fund	6,532	(18)	-	263	-	6,777
Clergy Holidays Fund	56	3	-	-	4	63
Church Buildings Fund	11	65	(42)	-	-	34
Bishop Bardsley Bequest	103	-	(17)	-	-	86
Extra Mission and Ministry Support Fund	203	-	-	-	-	203
Bishop's Mission Fund	174	4	-	2	-	180
Bishop of Coventry's Link Dioceses Fund	35	-	-	5	-	40
Diocesan Mission Fund	186	2	(103)	(15)	-	70
Total designated funds	7,300	56	(162)	255	4	7,453
Total unrestricted funds	9,077	4,920	(4,868)	84	111	9,324
RESTRICTED FUNDS						
Stipends Capital Fund	2,137	-	-	-	212	2,349
Stipends Income Fund	-	2,027	(2,027)	-	-	-
Pastoral Fund	644	25	(30)	(97)	-	542
St Mary Magdalene Vicarage Fund	-	-	-	189	-	189
DC Bonfield Bequest	56	-	-	-	-	56
Ordination Candidates' Fund	-	6	(6)	-	-	-
The Reverend George Goode Fund	18	2	(1)	-	-	19
Archdeacons' Discretionary Fund	23	1	-	-	2	26
Queen Victoria Clergy Fund	-	2	(2)	-	-	-
EE Bardsley Bequest	61	1	-	-	-	62
Companionship Link Funds	2	2	(4)	-	-	-
Syrian Orthodox Christian School Fund	9	9	(10)	-	-	8
Syrian Orthodox Christian School Scholarship Fund	7	-	(1)	-	-	6
Church Commissioners' Mission Fund	252	66	(158)	(2)	-	158
Church Growth in Deprived Areas Fund	-	20	(2)	15	-	33
Deanery Share Support Fund	-	550	(550)	-	-	-
Total restricted funds	3,209	2,711	(2,791)	105	214	3,448
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	5,507	186	-	(189)	-	5,504
<i>Permanent:</i>						
Stipends Glebe Fund	26,718	-	-	-	(19)	26,699
Coventry Diocesan Endowment Fund	379	-	-	-	38	417
Total endowment funds	32,604	186	-	(189)	19	32,620
TOTAL FUNDS	44,890	7,817	(7,659)	-	344	45,392

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

17 Descriptions of Designated, Restricted and Endowment Funds

DESIGNATED FUNDS

Operational Properties Fund

This fund represents the value of the properties held for operational use by the DBF and by clergy not in parochial posts, including the houses occupied by the Suffragan Bishop and the archdeacons.

Clergy Holidays Fund

This fund receives interest arising from the capital on the past sale of a flat in Bournemouth and a bequest received in 2005. It is used by the Archdeacons to make holiday grants to clergy and licensed lay workers.

Church Buildings Fund

This fund is also known as the Church Fabric Fund and is normally used to make fabric grants to churches.

Bishop Bardsley Bequest

These funds were received from the estate of the late Bishop Cuthbert Bardsley in 2005, with a small addition in 2006, and became available upon the death of his widow. These funds, both capital and income, are for the general use of the DBF but with a non-binding request in the will that they be used for the furtherance of the Church's outreach in mission.

Extra Mission and Ministry Support Fund

This fund enables the DBF to give financial support to those providing ministry and mission.

Bishop's Mission Fund

This fund has been established to support specific mission projects sponsored by the Bishop of Coventry.

Bishop of Coventry's Link Dioceses Fund

This fund is supported by transfers from the General Fund and relates to the Anglican Diocese of Kaduna and the Syrian Orthodox Diocese of Jerusalem.

Diocesan Mission Fund

The Diocesan Mission Fund was set up in 2009 out of General Reserves to fund applications for mission support from parishes.

RESTRICTED FUNDS

Stipends Capital Fund

This fund consists of accumulated capital surpluses invested to produce income applied to the augmentation of stipends.

Stipends Income Fund

This fund consists of accumulated income balances subject to the Diocesan Stipends Fund Measure 1953. It receives income specifically for support of stipends, in particular Glebe rental income and investment income from the Stipends Capital fund, and is charged with expenditure on Clergy stipends and the management and maintenance of Glebe property. The excess of expenditure over income is charged to the General Fund.

Pastoral Fund

This fund is the Diocesan Pastoral Account as set up under sections 77 and 78 of the Pastoral Measure 1983. It can be used for repairing redundant churches in the ownership of the DBF, for the provision, repair or improvement of churches and parsonages, or any other purposes of the DBF or parishes, other than the augmentation of stipends.

St Mary Magdalene Vicarage Fund

This fund results from proceeds from the sale of a vicarage reserved for a replacement parsonage for the benefice.

DC Bonfield Bequest and Ordination Candidates' Fund

These funds enable the DBF to give financial support to those in training for the Ministry. The DC Bonfield Bequest funds came from the estate of Donald Charles Bonfield in 2006 and subsequent years.

The Reverend George Goode Fund

This fund represents money held for training and supporting the ministry of Readers in the Diocese.

Archdeacons' Discretionary Fund and the Queen Victoria Clergy Fund

These funds enable the Archdeacons and the Bishop to give discretionary grants to those in Parochial Ministry in need.

EE Bardsley Bequest

These funds were received in 2005 and 2006 from the estate of the late Mrs Edith Bardsley, widow of the late Bishop Bardsley, for use by the Coventry Diocesan Board of Mission, of which the DBF is the successor. Both capital and income may be used.

Companionship Link Funds

These funds are funds raised to fund specific projects for the linked dioceses.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

17 Descriptions of Designated, Restricted and Endowment Funds (continued)

Syrian Orthodox Christian School Funds

The Mar Ephraim School is a Syrian Orthodox school that opened in Bethlehem in 2006. Donations to the main fund go to support the school, and the Scholarship Fund is used to provide a bursary for a pupil. These funds were previously managed by Coventry Cathedral and were paid over to the DBF in December 2011.

Church Commissioners' Mission Fund

This fund represents additional funds given to the DBF by the Church Commissioners that have arisen as a result of better returns on their investment assets and may be used to support parochial ministry and mission.

Church Growth in Deprived Areas Fund

This fund has been set up as a result of a grant awarded by the Church Commissioners towards the costs of a project working with young lay leaders to grow churches in the more deprived areas of the diocese.

Deanery Share Support Fund

This fund has been set up as part of the Deanery Share system to assist deaneries that need support to cover the cost of parochial ministry posts with an allocation from the combined parish shares of deaneries that are able to contribute.

ENDOWMENT FUNDS

Parsonage Houses Fund

This fund represents the capitalised value of clergy housing for which the DBF has responsibility for maintenance and outgoings.

Stipends Glebe Fund

This fund represents the value of property and investments held under the Endowments and Glebe Measure 1976. Historically, these holdings were held at parish level for the benefit of individual clergy stipends, but since the Measure they have been managed at Diocesan level for the benefit of all clergy paid for by the DBF.

Coventry Diocesan Endowment Fund

This fund is established to produce income applied for the augmentation of stipends. The assets of the fund are held by the Diocesan Trustees as custodian trustees.

18 Transfers between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s
Transfers relating to houses					
Property purchases funded by the General Fund	(541)	541	-	-	-
Proceeds from sale of operational properties	375	(375)	-	-	-
Property purchase funded by the Pastoral Fund	-	97	(97)	-	-
Proceeds from sale of parsonage	-	-	189	(189)	-
	(166)	263	92	(189)	-
Church Commissioners' Mission Fund transfer to Bishop's Mission Fund	-	2	(2)	-	-
Diocesan Mission Fund transfer to Church Growth in Deprived Areas Fund	-	(15)	15	-	-
General Fund transfer to Bishop of Coventry's Link Dioceses Fund	(5)	5	-	-	-
Total transfers between funds	(171)	255	105	(189)	-

19 Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2012 Total £000s
Funds at 31 December 2012 are represented by:					
Tangible fixed assets	-	6,777	-	5,826	12,603
Fixed asset investments	1,259	56	2,372	24,921	28,608
Net current assets	722	620	1,076	1,873	4,291
Creditors falling due after more than one year	(110)	-	-	-	(110)
Total net assets	1,871	7,453	3,448	32,620	45,392

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012 (continued)

20 Net cash outflow from operating activities

	2012 £000s	2011 £000s
Net incoming resources	158	449
Adjustments for:		
(Surplus)/deficit on disposal of tangible fixed assets	(168)	57
Recognition of investments held by Diocesan Trustees	-	(405)
Decrease/(increase) in debtors	121	(91)
Increase in creditors	78	301
Net cash inflow from operating activities	189	311

21 Net funds

a Breakdown of net funds at 31 December

	2012 £000s	2011 £000s
Cash at bank and in hand	1,327	975
Short term deposits	3,151	2,529
Cash and cash equivalents	4,478	3,504
Loans falling due after one year	(110)	(110)
Net funds at 31 December	4,368	3,394

b Reconciliation of cash flow to net funds

	2012 £000s	2011 £000s
Increase/(decrease) in cash at bank and in hand	352	(91)
Increase/(decrease) in short term deposits	622	(541)
Increase/(decrease) in cash and cash equivalents	974	(632)
Add net funds at 1 January	3,394	4,026
Net funds at 31 December	4,368	3,394

22 Related party transactions

The Coventry Diocesan Board of Education ("the DBE") is a related party as it is responsible to Diocesan Synod, the members of which are also the members of the DBF. A grant to the DBE is shown in note 7. The net amount owing to the DBE at 31 December 2012 in relation to transactions between the two parties was £45,842 (31 December 2011: £33,744 owed from the DBE).

The Coventry Diocesan Trustees (Registered) ("the CDT") is a related party as it is the custodian trustee of the Coventry Diocesan Endowment Fund. The CDT made a contribution to the Church Buildings Fund during the year of £64,420 (2011: Nil).