

**COVENTRY DIOCESAN BOARD
OF FINANCE LIMITED**

**REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2016**

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2016

Coventry Diocesan Board of Finance Limited: serving the Diocese of Coventry

The Diocese of Coventry is one of 42 dioceses in the Church of England. Re-founded in 1918 but with a history dating back to 658, the diocese has an overall population of approximately 900,000 and covers an area of just under 700 square miles, covering Coventry, most of Warwickshire and a small part of Solihull. The diocese is sub-divided into 11 areas called deaneries and, overall, includes 200 parishes. Some parishes have more than one church - the diocese has 238 churches open for public worship. The diocese has one Cathedral – The Cathedral Church of St Michael, Coventry.

Each diocese is led by a Diocesan Bishop. The Right Reverend Doctor Christopher Cocksworth became Bishop of Coventry in 2008. Shortly after his installation he re-affirmed the diocesan mission as one of worshipping God, making new disciples and transforming communities. The diocesan strategy to achieve this is by focussing on eight qualities essential for healthy growing churches: empowering leadership; gift-orientated ministry; passionate spirituality; inspiring worship; holistic small groups; need-orientated outreach; loving relationships; and functional structures.

The Coventry Diocesan Board of Finance Limited (“the DBF”) was established under the Diocesan Boards of Finance Measure 1925 and is both a company limited by guarantee and a registered charity. Its main role is the payment of stipends and fees and the provision of housing for diocesan clergy; clergy and lay training and other services in support of mission and ministry which are suited to being provided centrally within the diocese; and the administration and payment of grants from funds held centrally within the diocese.

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COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

CHAIR'S REPORT

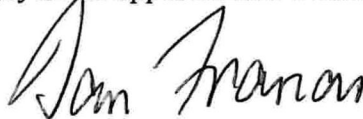
for the year ended 31 December 2016

2016 has once again been a busy year for the Diocesan Board of Finance. The Board received the first full year's funding for the Acceler8 project enabling the recruitment of eleven 20s to 30s Development Workers, who work with churches to build up their strength in the eight essential quality (8EQs) characteristics identified by Natural Church Development (NCD) needed for healthy growing churches. Their work particularly focuses on building these characteristics in the mission and ministry with people in the 20s to 30s age range. This work is already reaping rewards with new disciples coming to faith as a direct result of this ministry.

Other new faces have joined the DBF staff during 2016 contributing to the delivery of the diocesan strategy of supporting and developing healthy growing churches; Andy Brookes joined the team in April as Interim Diocesan Secretary following the departure of Canon Simon Lloyd. Andy made a significant contribution to the diocese's approach to strategic planning around a number of key areas of work and also assisted in the recruitment of the new permanent Diocesan Secretary, Ruth Marlow, who joined full-time in September. I wish to thank Andy for his clear thinking and fresh outlook on many aspects of the work of the DBF, which I am sure will continue to be useful to Ruth as she becomes established in her role. The Reverend Tim Mitchell also joined the DBF staff team in June as Healthy Churches Development Mentor, working alongside The Reverend Canon Martin Saxby and then taking over on Martin's retirement in December.

The DBF played its part in a number of other important decisions affecting the life and character of the diocese during 2016 including the decision not to reopen Offa House, which up until 2013 was the diocesan retreat house, but to put the property on the market. I am immensely grateful to the many people who gave a huge amount of their time and energy to this project during 2016. It was not an easy decision, but it is hoped that if the property is sold, some of the excellent ideas which arose during the exploration of the options for the future of Offa House will bear fruit. Whilst Offa House may now be sold, 2016 saw the seeds of new life being sown in the two exciting new church projects; the planned reopening of St. Mark's, Swanswell, which received Bishop's Council approval in October and exciting plans coming forward for a new city centre church, St Clare's at the Cathedral.

However none of this would be possible without accompanying financial resources. I am therefore pleased to report that during 2016 the DBF consolidated its positive financial position, with further increases in total parish share income received to support stipendiary clergy, their housing requirements and training needs and a healthy increase in investment income, which will contribute to our ambitious plans for the future. As ever I am indebted to all the clergy, stipendiary and self-supporting, licensed lay-workers, volunteers and staff of the DBF who have worked hard over the past year in their many roles to make this possible. A year that has been filled with both great sadness at the loss of long serving and committed colleagues as well as great joy in the opportunities we have for the future.



Canon Ian Francis

Chair of Coventry Diocesan Board of Finance Limited
8 May 2017

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016

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 2016. The Trustees' and Directors' Report is presented in sections as follows:

Section 1: Strategic Report - which includes a review of achievements and performance in the year

Section 2: Governance Report

Section 3: Trustees' and Directors' Report Approval

SECTION 1: STRATEGIC REPORT

1.1 OBJECTIVES AND ACTIVITIES

Coventry Diocesan Board of Finance Limited ("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.

The main activities of the DBF in support of its aims are as follows:

- payment of stipends and fees and the provision of housing for clergy in the diocese;
- clergy and lay training delivered by the Diocesan Training Partnership;
- various services in support of mission and ministry which are suited to being provided centrally within the diocese, including: support with diocesan governance, the development of healthy churches and transforming communities; the provision of development leaders focussing on mission to the 20s and 30s age range; support for the Archdeacons, the Coventry Diocesan Board of Education and Coventry Cathedral; safeguarding advice and training; advice to parishes seeking permission for changes to their church buildings; communications advice; provision of office space to the Coventry diocesan branch of the Mothers' Union; and maintenance of Offa House, the former diocesan retreat house;
- administration and payment of grants - details of the grants awarded are given in note 8 to the financial statements. The DBF's policy is to pay grants for the furtherance of the mission and ministry of the Church of England from funds available to: parishes and other diocesan organisations; the linked dioceses of Kaduna (in Nigeria) and Jerusalem (of the Syrian Orthodox Church); and the Archbishops' Council by way of an annual grant. The grant to the Archbishops' Council includes a contribution to the Council's own administration costs, the central cost of training potential future ministers ("ordinands") and the cost of providing retirement housing for clergy under the Church's Housing Assistance for the Retired Ministry ("CHARM") scheme.

To fund these activities, the DBF raises most of its income by advising its funding need to Deaneries ("the Deanery Share"), which Deaneries in turn allocate to parishes ("the Parish Share"). The DBF also receives some investment and other income. The DBF seeks to maintain sound finances in order to be able to support mission and ministry in the diocese both in the short and in the long term.

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 of England policy by the national church institutions such as the Archbishops' Council, the Church Commissioners and the Pensions Board.

Public benefit

The trustees are confident 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 of England - 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 Commission's general guidance on public benefit when reviewing the DBF's aims and objectives and in planning future activities.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016 (continued)

1.2 PRINCIPAL RISKS

The major risks and uncertainties which have been identified by the DBF's trustees and staff are shown in the table below, together with mitigating actions taken.

Risk	Mitigation
Under-collection of parish share	The Deanery Share system for allocating the parish share and the collection of parish share are kept under regular review by the Diocesan Finance Group.
Under-funding of the defined benefit Church of England clergy pension scheme leading to an unaffordable rise in contributions	The funding of the Church of England clergy pension scheme and any changes in contribution levels required are kept under review primarily by the Church of England Pensions Board, but also by the trustees and other Church of England bodies.
A serious safeguarding failure with respect to a child or a vulnerable adult.	The DBF employs a full time Diocesan Safeguarding Adviser who reports to the Diocesan Secretary and leads a small team which issues guidelines, conducts training and is available to deal with any matters arising.

Parish share and the Church of England clergy pension scheme are also referred to in other sections of this report and in the notes to the financial statements.

1.3 ACHIEVEMENTS AND PERFORMANCE

During the year, the DBF continued to support the Diocese of Coventry through its range of activities described in section 1.1. Following through a major development of these activities in the previous year, 2016 was the first full calendar year for 'Acceler8', a project with Church Commissioners' grant funding of £639,143 awarded in 2015 towards the costs for the first five years. This project is aimed at speeding up the growth of churches across the diocese by improving their health in the eight quality characteristics identified as essential for healthy growing churches by the Institute for Natural Church Development ("NCD"), and by intentionally relating these quality characteristics to mission and ministry with the 20s and 30s age range.

Development of the eight quality characteristics essential for healthy growing churches

There was a steady increase in the number of parishes who have engaged in the diocesan process for developing the eight quality characteristics essential for healthy growing churches, supported by a Healthy Churches Development Mentor and a half-time Healthy Church Mentor, both employed by the DBF, an expert consultant engaged part time and a team of volunteer mentors. The post of Healthy Churches Development Mentor was first occupied by The Revd Canon Martin Saxby, who created and implemented high standard processes for facilitating parish engagement in NCD principles and appropriate systems for monitoring progress. Martin retired from this post during the year and was replaced, with a good handover period, by The Revd Tim Mitchell.

The aim is for churches across the diocese to grow in quality, with the hope and expectation supported by NCD statistics, that this will lead to numerical growth. NCD statistics suggest the numerical growth tends to occur after the third cycle of survey improvement.

The number of parishes engaging in the diocesan process for developing the eight quality characteristics identified as essential for healthy growing churches has increased during the year. Other parishes not yet engaged are being gently encouraged to consider doing so. By the end of the year, 71% of churches, including the Cathedral, were engaged with the process. Those churches completing a second survey during the year have consistently improved their overall average score and their weakest quality, showing significant signs of improvement in health and slight increases in attendance.

The range of parishes involved is comprehensive - from small rural communities through to large city churches, evangelical to liberal catholic. Positive experiences have been reported across the board. The use of NCD survey results in Parish Profiles as part of the clergy appointments process has led to feedback that the profiles are refreshing and honest. The Diocesan Training Partnership is working on addressing passionate spirituality as the weakest essential quality across the Diocese.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016 (continued)

Focus on the 20s and 30s age range

By the end of the year, led by the 20s and 30s Strategy Team Leader there were two full time and nine part time workers who were part of the 20s and 30s team, six are laity and five clergy, including three curates. A 20s and 30s emphasis has also been included in some parish priest role specifications. Posts are mainly based in areas with a high concentration of people in their 20s and 30s, which tend to be the more deprived areas of the Diocese. One of the team is based in a rural missional community, and another is based in a semi-rural market town. The team meet regularly to share success stories and challenges.

The 20s and 30s development workers have been involved in a wide range of activities, from helping to lead Alpha courses, setting up a small group for single parents and starting a new worship service to creating a community café, football matches and an open mic event. Several young adults came to faith in 2015 through the work of the Acceler8 project shortly after it started in 2015. In 2016, the team had seen 33 new disciples come to faith, made many other connections and 13 people in their 20s and 30s had taken up leadership positions in their churches. Growth of those in the 20s and 30s age range in churches has also acted as a catalyst for growth in children and older people.

Offa House

Offa House was the diocesan retreat house until it closed in 2013. Towards the end of 2015 and in early 2016, the DBF investigated with local councils and other charities whether Offa House could be used as short term welcome accommodation for Syrian refugees or for asylum seekers. As part of that investigation, a very clear understanding of the works and finance required to put the House back into use was obtained. It was decided not to pursue the use of the House for this purpose. Subsequently, after much careful and diligent work, discussion and prayer, Bishop's Council, the body which is also the Trustee of the House, decided not to re-open the House as a retreat house and that the House should be sold. If the property is sold, the proceeds shall be applied to such charitable purposes connected with the advancement of the Christian faith in the Diocese as the Trustee of the House and the Bishop of Coventry shall determine. It is hoped that some of the excellent ideas which arose during the exploration for Offa House will now find their fulfilment in a new context.

Summary of financial performance

The 2016 operating surplus was £421,000 (2015: £99,000), which is reported as the General Fund net income before investment gains in the Statement of Financial Activities. The operating surplus was higher than in 2015 primarily due to a significant increase in investment income and a reduction in stipend costs, which was mainly due to a higher level of vacancies for stipendiary parochial clergy than in recent years. After net gains on investments and transfers to other funds mainly relating to the purchase and sale of properties, the movement in the General Fund in the year was an inflow of £540,000 (2015: an outflow of £450,000).

Designated Funds increased by £925,000 (2015: £1,016,000), of which £832,000 (2015: £1,128,000) was an increase in the Operational Properties fund, primarily due to gains on the sale of DBF properties held in the Operational Properties fund for the purchase of houses in 2017. Other designated funds increased by £93,000 (2015: decreased by £112,000), mostly due to a transfers from the General Fund, including £65,000 to a new fund for the forthcoming Diocesan Centenary in 2018 and also due to the replenishment of mission and fabric funds.

Restricted Funds increased by £152,000 (2015: increased by £1,135,000). The Pastoral Fund increased by £467,000 (2015: £453,000), primarily due to the sale of a parsonage in the year. Other restricted funds reduced by £315,000 (2015: increased by £682,000) mainly due to the award of grants for missionary activities, including for the re-opening of St Mark's, Swanswell, and the use of grant funding for the Acceler8 and the Church Growth in Deprived Areas projects. (In 2015, other restricted funds increased mainly due to the award by the Church Commissioners of the grant for the Acceler8 project.)

Endowment funds increased by £11,551,000 (2015: £13,058,000). Of this £10,760,000 (2015: £12,776,000) was due to net gains in investments. Also, £579,000 (2015: £106,000) of the increase was due to actuarial gains on the Church of England Funded Pension Scheme (the clergy pension scheme).

The result for the year is shown in full in the Statement of Financial Activities on page 13.

Principal funding sources

60% of total income before the surplus on sale of assets in 2016 came from Parish Share (2015: 57%), 21% (2015: 17%) from investment income and 19% (2015: 26%) from other sources. Other sources of income include: parochial fees from weddings and funerals; rental income from the letting of houses to tenants whilst not occupied by clergy; restricted income received from The King Henry VIII Endowed Trust, Warwick used to meet the costs of stipends, pensions and housing costs for clergy in the Warwick area; and various other grants and donations.

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for the year ended 31 December 2016 (continued)

In 2015, other sources of income included grant income of £639,000 for the Acceler8 project. If this is excluded as well as the surplus on sale of assets, income from other sources was unchanged as a proportion at 19%, the proportion from parish share reduced by 2% to 60% and the proportion from investment income increased by 2% to 21%.

Parish Share

Total parish share income received was £5,058,000, which was £100,000 more than in 2015. This includes amounts relating to parish share allocated for previous years but excluding amounts received after the 31 January cut-off date and was 99% of the allocation (2015: 99%).

Total parish share receipts in relation to the 2016 allocation, i.e. excluding amounts relating to allocations for previous years, were £5,014,000, 98% of the allocation (2015: £4,917,000, 98% of the allocation). The commitment of parishes to paying the parish share allocated by the Deaneries is very high.

The total parish share allocated to the deaneries for 2016 was £5,094,000 (2015: £4,993,000). The allocation was determined in accordance with the Deanery Share System as approved by Diocesan Synod in May 2010, and is calculated by reference to the budgeted cost of parochial ministry posts (including training costs) and any surplus for mission agreed annually by deanery representatives. Details of the Deanery Share system are published on the diocesan website at www.dioceseofcoventry.org/deaneryshare. The share allocated was based on 101 stipendiary parochial ministry posts (2015: 101) and 116 houses (2015: 113) allocated to parochial ministry. For 2016, there was an under-allocation by one deanery by £3,000 (compared to under-allocations by two deaneries in 2015 adding up to £9,000).

Investment income

Investment income increased by 19% to £1,770,000 (2015: £1,490,000). After allowing for Glebe management fees and other Glebe operating costs, net investment income was £1,532,000 (2015: £1,265,000). This was an increase of 21%, an above-inflation increase, with CPI inflation in 2016 being 1.6%.

Net investment income from Glebe investment properties was £954,000 (2015: £942,000). Other investment income in 2016 increased to £578,000 from £323,000 in 2015 mainly due to an increase in amounts invested shortly before the end of both 2015 and 2016 following the sale of Glebe land.

Income yields¹ in the year for investment funds in which the DBF is invested were as follows:

- CCLA's CBF Church of England Investment Fund: 3.9% (2015: 4.1%)
- CCLA's CBF Church of England Global Equity Income Fund: 4.6% (2015: 4.7%)
- Ecclesiastical's Amity Balanced Fund for Charities: 5.3% (2015: 5.7%)

Investment objectives and investments held

The DBF's investment objective with respect to amounts available for investment is to safeguard capital values 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 in investment funds which are compliant with the Church of England Ethical Investment Policy. Glebe investment properties are comprised of agricultural, commercial and residential land and buildings. The investment funds are managed by CCLA Investment Management Limited and Ecclesiastical Investment Management Ltd and are diversified funds for charities, invested mainly in equities but also in fixed interest securities, property and other assets.

The total value of investments at 31 December 2016 was £53.3 million (2015: £46.6 million), of which £51.5 million was permanent endowment. The main reasons for the increase were unrealised gains in the value of shares in CCLA fund, Ecclesiastical funds and a number of Glebe agricultural properties, and £4.1m invested in further shares in CCLA funds from the proceeds realised on the sale of Glebe land in Weddington valued at £2.5m at 31 December 2015. The sale value net of sale costs for the Glebe land in Weddington was £8.5 million, but £4.3 million of the proceeds was deferred for one year.

The Investment Sub-Committee has reviewed how a Total Return approach to investments could be adopted and is considering further the benefits and how best to adopt the approach.

¹ Income yields calculated using dividends per share declared during the year and the opening bid value of a share.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016 (continued)

Stipendiary clergy headcount

The full time equivalent ("FTE") number of office holders in the Diocese who were stipendiary clergy or licensed lay workers in 2016 was 100 (2015: 109). The reduction related primarily to clergy in parochial posts due to a high number of leavers and retirements in the year. The average number of curates was unchanged at 15 FTEs.

House for Duty clergy headcount

The full time equivalent ("FTE") number of office holders in the Diocese who were non-stipendiary clergy provided with houses for their office in 2016 was 10 (2015: 9).

Pension schemes

All stipendiary clergy in the Diocese, some clergy employed in central diocesan posts 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 £9,231 (2015: £9,048) per full time stipendiary clergy member. If not members of the clergy pension scheme, the DBF's permanent staff are enrolled in the Pension Builder Classic section of the Church Workers Pension Fund. Further details are provided in note 2 to the Financial Statements. DBF staff who are employed on temporary or short term contracts, who have qualifying earnings or the right to opt in, are enrolled in the National Employment Savings Trust ("NEST" - the workplace pension scheme set up by government).

Reserves policy and the General Fund position at the year end

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 funds² 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 2017 of £8,459,000. The balance on the General Fund at 31 December 2016 was £2,097,000, which represented 3.0 months' worth of maximum approved spend from operating funds in 2017 and was therefore in the middle of the policy range.

Self-supporting ministry and volunteers

The activities in the Church of England across the Diocese of Coventry depend hugely on significant amounts of time contributed by self-supporting ministers and volunteers. The value of this time, to the diocese as a whole and in particular to the DBF, cannot be quantified and recognised in the financial statements of the DBF.

1.4 PLANS FOR THE FUTURE

The DBF plans to continue its mission purpose of worshipping God, making new disciples and transforming communities and the strategy to achieve this by focussing on the eight quality characteristics essential for healthy growing churches, supported by the Acceler8 project with the full backing of Bishop's Council and Diocesan Synod.

Following the award of initial grant funding in 2016, plans are under way for the re-opening of a church previously closed for public worship. In October 2016 it was announced that a Coventry church, St Mark's, Swanswell, will open up its doors to worshippers again in autumn of 2017, 45 years after it closed in 1972. The Revd Dr Phillip Atkinson has been appointed to lead this new initiative and has started to gather people who are interested in forming the new community at St Mark's.

At the Bishop's Council meeting in January, a grant was awarded for initial funding for 'St Clare's at the Cathedral', a new church community planned to offer renewed worship in the ruins of Coventry Cathedral. St Clare's is to be led by The Revds Charlotte Gale and Naomi Nixon under the auspices of the Cathedral, and plans are under way for opening, also in the autumn of 2017.

The DBF also plans to continue to develop its main activities, as outlined in section 1.1, to better serve the diocese as a whole. Improved support for clergy wellbeing and succession for the Archdeacon Pastor who retires in 2017 are under consideration. Another particular challenge for 2017 is how best to support churches as they seek to grow. With this challenge in mind, in addition to maintaining the momentum of the Acceler8 project, plans are under way for a mentoring project called "Serving Christ", possibly with support for its initial funding from the Church Commissioners.

² Operating funds comprise the General Fund, the Stipends Income Fund, the Warwick Clergy Stipends and Housing Fund, the Ordination Candidates' Fund and the Deanery Share Support Fund.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016 (continued)

SECTION 2: GOVERNANCE REPORT

2.1 COMPANY LEGAL STATUS

The DBF was incorporated on 12 October 1936 as a charitable company (No. 319482) limited by membership guarantees 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.

2.2 DIOCESAN SYNOD AND DBF MEMBERSHIP

The Diocese is governed in accordance with the Synodical Government Measure 1969, under which its governing body is the Diocesan Synod. Every Diocesan Synod member 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 it being wound up.

The Diocesan Synod is made up of three Houses, and its membership at 31 December 2016 was as follows:

House of Bishops: the Bishop of Coventry (President of the Diocesan Synod) and the Bishop of Warwick

House of Clergy: 38 members, of whom seven were ex officio (the Dean of the Cathedral, two Archdeacons, the chair of the Diocesan Advisory Committee and the three diocesan clergy General Synod³ members). The remainder were elected by the houses of clergy of Deanery Synods⁴.

House of Laity: 51 members, of whom six were ex officio (the Chancellor of the Diocese, the chairs of the Board of Finance and the Board of Education and the three diocesan lay General Synod members) and one was nominated by the Bishop of Coventry. The remainder were elected by the houses of laity of Deanery Synods.

Elected and nominated members of the Diocesan Synod hold office for a term of three years.

Diocesan Synod normally meets three times a year and its functions are 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;
- consider the annual accounts of the DBF;
- consider and approve the DBF's annual budget.

Diocesan Synod governs itself through Standing Orders, which were approved by Diocesan Synod on 19 July 2000, and amended on 14 March 2009. Through the Standing Orders, many of Diocesan Synod's responsibilities have been delegated to its Standing Committee, the Bishop's Council.

2.3 BISHOP'S COUNCIL AND THE TRUSTEES AND DIRECTORS OF THE DBF

The Bishop's Council is the senior committee of the Diocese. Under the Standing Orders of the Diocesan Synod 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.

³ General Synod is the Church of England's 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. The House of Bishops is made up of the 42 diocesan bishops, the Bishop of Dover, the Bishop to the Forces and 7 elected suffragan bishops. The Houses of Clergy and Laity are primarily comprised of members from each diocese elected by the members of deanery synods.

⁴ A Deanery Synod is the Church of England's deliberative body at Deanery level, which is also responsible for election of members to Diocesan Synods and the General Synod, and in the Diocese of Coventry, for the allocation of Deanery Share between its constituent benefices and parishes. Its House of Clergy is mainly comprised of clergy licensed in the Deanery. Its House of Laity is mainly comprised of laity elected by the Annual Parochial Church Meetings of the parishes within the Deanery in the same meeting as the election of the members of their Parochial Church Councils ("PCCs")⁵.

⁵ A PCC is the elected governing body of an individual parish which is normally the smallest pastoral area in the Church of England. PCCs are independent charities and their financial transactions are not included within these financial statements. Financial statements of an individual PCC can be obtained from the PCC treasurer.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016 (continued)

As the Standing Committee of the Diocesan Synod, the Bishop's Council:

- plans the business of the Synod and circulates the agenda and supporting papers for its sessions;
- initiates proposals for action by the Synod and advises it on matters of policy;
- advises the President (the Diocesan Bishop) on any matter;
- transacts the business of the Synod when not in session;
- appoints members of committees and nominates individuals for election to committees;
- carries out such functions as the Synod may delegate to it.

As the Diocesan Mission and Pastoral Committee and in consultation with the eleven Deanery Mission and Pastoral Committees, the Bishop's Council:

- advises the Bishop of Coventry on the deployment of clergy within the Diocese;
- considers and authorises pastoral schemes.

As the trustees and directors of the DBF, the Bishop's Council:

- takes responsibility for the activities of the DBF, including financial accountability as set out below;
- manages funds and property held centrally in the Diocese;
- prepares an annual budget for consideration and approval by Diocesan Synod, with estimates of expenditure and the income needed to finance that expenditure;
- monitors income and expenditure against estimates in the budget approved by Diocesan Synod;
- advises the Diocesan Synod on financial aspects of its policies and on any other matters referred to it.

Financial accountability 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 (including the Strategic 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 the Diocesan Synod (seven clergy and eight lay, in both cases with a minimum of two from each archdeaconry⁶);
- up to 6 nominated members (three may be nominated by the Bishop of Coventry and one may be

⁶ The area of the Diocese of Coventry is legally divided into the Archdeaconry of Coventry (which includes six Deaneries) and the Archdeaconry of Warwick (which includes five Deaneries), and has two archdeacons to oversee those archdeaconries. However, the primary focus of the Diocese of Coventry archdeacons is functional, with the Archdeacon Pastor focused on pastoral matters and the Archdeacon Missioner focused on diocesan mission strategy. Both are authorised to carry out each other's legal duties so that they can apply their functional focus to the whole diocese without geographic limitations.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016 (continued)

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 Chair of the DBF, one of the ex officio members of Bishop's Council, is nominated by the Bishop of Coventry and appointed by Diocesan Synod.

During 2016, the Bishop's Council met six times as Bishop's Council and board of trustees and directors. The term of office of the members of Bishop's Council (excluding ex officio members) lasts for three years. A new term began on 1 January 2016 and trustee induction and training took place on 8 February 2016.

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

Ex officio

<i>Bishop of Coventry (President)</i>	The Rt Revd Dr Christopher Cocksworth	
<i>Chair of the DBF</i>	Canon Ian Francis	
<i>Suffragan Bishop of Warwick</i>	The Rt Revd John Stroyan	
<i>Archdeacon Pastor</i>	The Ven John Green	
<i>Archdeacon Missioner</i>	The Ven Morris Rodham	
<i>Dean of Coventry</i>	The Very Revd John Witcombe	
<i>Chair of the House of Clergy</i>	The Revd Ruth Walker	<i>to 6 November 2016</i>
<i>Chair of the House of Clergy</i>	The Revd Charlotte Gale	<i>from 7 November 2016</i>
<i>Chair of the House of Laity</i>	Mr Graham Wright	<i>to 24 August 2016</i>
<i>Chair of the House of Laity</i>	Mrs Helen Simmonds	<i>from 10 October 2016</i>

Nominated

<i>by the DAC</i>	Mr Nigel Allcoat	<i>from 21 January 2016</i>
<i>by the Bishop of Coventry</i>	Mrs Sybil Hanson	<i>from 6 April 2016</i>
<i>by the Bishop of Coventry</i>	The Revd Kate Massey	

Elected by Diocesan Synod

Mrs Karen Armbrister	The Revd Stella Bailey
Mr Christopher Baker	The Revd Canon Barbara Clutton
Mr Timothy Day-Pollard	The Revd Barry Jackson
Mrs Felicity Hawke	The Revd Nicholas Leggett
Mr Peter Rogers	The Revd Andrew March
Dr Yvonne Warren	The Revd Canon Dr David Stone
Mr David Wigman	The Revd Canon Dr Jill Tucker
Mr Nicholas Hodges	<i>to 21 October 2016</i>
Miss Helen Perryman	<i>from 27 February 2017</i>

2.4 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 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 Business Committee, which considers the content of the agendas for the Bishop's Council and the Diocesan Synod and appointments to fill non-elected vacancies on various boards and committees;
- the Conditions of Employment Group, which deals with the terms and conditions of employment, including remuneration, of all 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 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 Environment Group, which encourages the Diocese in its vocation to care for the earth;
- the Diocesan Finance Group, which monitors the finances of the DBF 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;

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016 (continued)

- 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 grants of less than £10,000;
- the Glebe Committee, which oversees the management of Diocesan Glebe investments, under the powers laid down in a scheme under the Endowments and Glebe Measure 1976;
- the Investment Sub-Committee, which oversees 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.

2.5 DIOCESAN SECRETARY AND STAFF

Mrs Ruth Marlow was appointed as Diocesan Secretary on 5 September 2016. The previous Diocesan Secretary, Canon Simon Lloyd, resigned on 30 April 2016 and an Interim Diocesan Secretary, Mr Andy Brookes, covered the gap between appointments. The Diocesan Secretary serves as the Secretary to Diocesan Synod and Bishop's Council and as chief executive officer and Company Secretary of the DBF. The Diocesan Secretary and their staff 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' in the sense of directors of certain activities of the DBF, they are not directors of the company for the purposes of company law or trustees of the charity for the purposes of charity law. For staff headcount and costs, see note 11 to the financial statements.

Some staff working in the areas of IT systems and property are employed under joint working arrangements by the Leicester Diocesan Board of Finance (company registered number 227087; registered charity number 249100). These arrangements continue to be an effective method of learning from a neighbouring diocese and generating economies of scale without detriment to the service provided.

2.6 RELATED PARTIES

Coventry Diocesan Trustees (Registered)

The Coventry Diocesan Trustees (Registered), registered charity number 249165, is the Diocesan Authority under the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964. The Trust is the custodian trustee holding property and funds on behalf of PCCs and the DBF.

Coventry Diocesan Board of Education

Coventry Diocesan Board of Education ("the DBE" – a company registered in England and Wales no. 3663851 and a registered charity no. 1091145) 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.

2.7 OTHER GOVERNANCE MATTERS

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 her (or 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 the trustees on whether it is satisfied with its findings and makes recommendations about areas for further work. The principal risks identified are shown in Section 1.2 of this report.

Valuation of properties in the financial statements

Investment properties are stated in the balance sheet at fair value. All non-investment properties - parsonage houses, operational properties, houses for clergy held in Glebe and the diocesan offices – are freehold properties and are stated in the balance sheet at cost. In the opinion of the trustees the fair value of these non-investment properties is substantially in excess of cost, but the amount of this excess is not economically quantifiable.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT (including the Strategic Report)

for the year ended 31 December 2016 (continued)

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.

Auditor

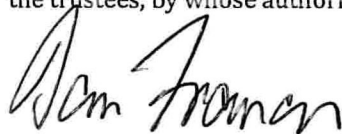
The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken 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 RSM 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.

2.8 REFERENCE AND ADMINISTRATIVE DETAILS

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

SECTION 3: DIRECTORS' AND TRUSTEES' REPORT APPROVAL

This Trustees' and Directors' Report, including both the Strategic Report and the Governance Report, is approved by the trustees, by whose authority it is signed as below.



Canon Ian Francis
Chair of Coventry Diocesan Board of Finance Limited
8 May 2017

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

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

Opinion on financial statements

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 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 requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' and Directors' Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Trustees' and Directors' Report (including the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' and Directors' Report (including the Strategic Report).

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:

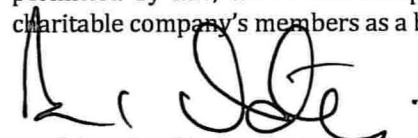
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for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

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 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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.

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.



Paul Oxtoby (Senior Statutory Auditor)

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

9 May 2017

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2016

	Notes	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 ⁷ Total £000s
Income and endowments from:							
Donations							
Parish Share	4a	4,556	-	502	-	5,058	4,958
Archbishops' Council	4b	27	-	94	-	121	120
Other grants and donations	4c	111	4	428	-	543	1,021
Charges for charitable activities	4d	390	-	27	-	417	476
Other trading activities	4e	559	-	-	-	559	572
Investments	4f	55	6	1,709	-	1,770	1,490
Surplus on sale of assets		-	1,219	-	24	1,243	883
Total		5,698	1,229	2,760	24	9,711	9,520
Expenditure on:							
Raising funds	5a	185	-	238	-	423	433
Charitable activities							
Mission and ministry	5b	2,886	-	1,830	-	4,716	5,003
Support for mission and ministry	5c	1,570	104	522	-	2,196	1,518
Contributions to Archbishops' Council	5d	460	-	-	-	460	448
Education	5e	176	-	-	-	176	181
Other	5f	-	-	-	78	78	80
Total		5,277	104	2,590	78	8,049	7,663
Net income/(expenditure) before Investment gains		421	1,125	170	(54)	1,662	1,857
Net gains on investments	7	156	8	3	10,760	10,927	12,796
Net income		577	1,133	173	10,706	12,589	14,653
Transfers between funds	19	(37)	(208)	(21)	266	-	-
Other recognised gains:							
Actuarial gains on defined benefit pension scheme	2	-	-	-	579	579	106
Net movement in funds		540	925	152	11,551	13,168	14,759
Reconciliation of funds							
Total funds brought forward	17	1,557	8,930	1,903	48,032	60,422	45,663
Total funds carried forward	17	2,097	9,855	2,055	59,583	73,590	60,422

⁷ For analysis of 2015 by fund type see note 23

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2016

	2016	2015
	Total	Total
	£000s	£000s
Total income	9,687	9,520
Total expenditure	(7,971)	(7,583)
	1,716	1,937
Net gains on investments	167	20
Net income for the year before transfers	1,883	1,957
Transfer to endowment funds	(266)	(256)
Net income/(expenditure) for the year after transfers	1,617	1,701

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

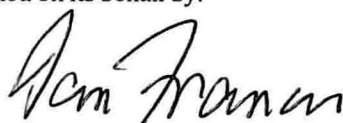
COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

as at 31 December 2016

	Notes	2016 £000s	2016 £000s	2015 £000s	2015 £000s
FIXED ASSETS					
Tangible fixed assets	12		14,509		14,344
Fixed asset investments	13		<u>53,268</u>		<u>46,646</u>
			67,777		60,990
CURRENT ASSETS					
Debtors	14	5,883		1,496	
Cash and cash equivalents		<u>3,641</u>		<u>2,344</u>	
		9,524		3,840	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	15	<u>(1,344)</u>		<u>(1,414)</u>	
NET CURRENT ASSETS					
			8,180		2,426
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>75,957</u>		<u>63,416</u>
Creditors: amounts falling due after more than one year	16		<u>(2,367)</u>		<u>(2,994)</u>
NET ASSETS					
	20		<u>73,590</u>		<u>60,422</u>
FUNDS					
Unrestricted funds:					
General Fund ⁸	17		2,097		1,557
Designated funds ⁹	17		<u>9,855</u>		<u>8,930</u>
			11,952		10,487
Restricted funds ¹⁰	17		2,055		1,903
Endowment funds ¹¹	17		<u>59,583</u>		<u>48,032</u>
TOTAL FUNDS					
			<u>73,590</u>		<u>60,422</u>

The financial statements on pages 13 to 32 were approved by the Board of Directors and authorised for issue on 8 May 2017 and are signed on its behalf by:



Canon Ian Francis

Chair of Coventry Diocesan Board of Finance Limited

⁸ General Fund revaluation reserve: £388,000 (2015 £232,000)

⁹ Designated funds revaluation reserve: £23,000 (2015: £15,000)

¹⁰ Restricted funds revaluation reserve: £11,000 (2015: £8,000)

¹¹ Endowment funds revaluation reserve: £27,823,000 (2015: £23,046,000)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	2016 £000s	2016 £000s	2015 £000s	2015 £000s
Cash flows from operating activities:				
<i>Net cash used in operating activities</i>		(4,086)		(64)
Cash flows from investing activities:				
Proceeds from the sale of fixed asset properties	2,572		1,496	
Purchase of fixed assets	(1,494)		(1,628)	
Proceeds from sale of investments	8,483		6,523	
Purchase of investments	(4,178)		(6,447)	
<i>Net cash provided by/(used in) investing activities</i>		5,383		(47)
Change in cash and cash equivalents in the year		1,297		(111)
Cash and cash equivalents at 1 January		2,344		2,455
Cash and cash equivalents at 31 December		3,641		2,344
		2016		2015
		£000s		£000s
Analysis of cash and cash equivalents at 31 December				
Cash in hand		1,594		1,430
Short term deposits (less than 3 months)		2,047		914
Total cash and cash equivalents		3,641		2,344
Reconciliation of net movement in funds to net cash flow from operating activities				
		2016		2015
		£000s		£000s
Net movement in funds for the year		13,168		14,759
Adjustments for:				
Gains on investments		(10,927)		(12,796)
Profit on the sale of fixed asset properties		(1,243)		(883)
Actuarial gains on defined benefit pension scheme		(579)		(106)
Unwinding of the pension creditor discount		78		80
Payment of defined benefit pension liability		(347)		(369)
Increase in debtors for proceeds from sale of investments		(4,300)		-
Increase in non-investment debtors		(87)		(817)
Increase in creditors		151		68
Net cash used in operating activities		(4,086)		(64)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

1 Principal accounting policies

Basis of accounting

The DBF is a charitable company and a public benefit entity. Therefore, the financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (FRS 102), the Companies Act 2006 and the applicable UK accounting standard (FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements have been prepared under the historical cost convention except that fixed asset investments are included at fair value at the balance sheet date. The DBF has elected to apply in full FRS 102 sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' to all of its financial instruments.

Income

Income is included in the Statement of Financial Activities when the charity is legally entitled to it, receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish share income and income from parochial fees

Parish share and parochial fee income for the year, or for previous years, include amounts received up to the 31 January following the year end.

Grants (receivable)

Grant income is accounted for when the formal offer of funding is communicated in writing, any conditions related to the entitlement have been met, receipt is probable and the amount can be measured reliably.

Donations, legacies and similar income

Income from legacies is recognised when the DBF has been notified that there is a clear indication of the amount receivable. Donations and similar income are accounted for when received.

Investment income

Investment income is accounted for when receivable. Investment income from Common Investment Funds managed by CCLA Investment Managers Ltd is considered receivable when dividends are declared.

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.

Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate similar costs under each category of the Statement of Financial Activities.

Grants (payable)

Grants payable, are accounted for either in full or in part, when authorised, when the award of the grant has been specifically communicated to the recipient or when paid if there is no communication to the recipient in advance, and when any condition attaching to the grant is outside the control of the DBF.

Support costs

These costs consist of indirect staff costs, office and IT costs and governance costs. They are allocated to categories of expenditure on the basis of the proportion of staff time spent on each area of activity.

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.

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.

Tangible fixed assets

Parsonage houses, Glebe houses, operational properties and the diocesan offices

Parsonage houses, Glebe houses for clergy, operational properties 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.

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 102 requires accounting treatments to follow the substance of arrangements rather than their strict legal form. Accordingly, parsonage houses are capitalised as tangible fixed assets.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

Principal accounting policies (continued)

Glebe houses are classified as tangible fixed assets and identified separately in the notes to the financial statements where houses for occupation by clergy have been purchased or appropriated from other funds using the Stipends Glebe Fund.

Operational properties are houses owned by the DBF for occupation by stipendiary clergy and House for Duty priests.

The Diocesan Offices are at 7 Priory Row, Coventry (which shares the postal address of 1 Hill Top, Coventry, CV1 5AB).

Depreciation

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

Depreciation of non-property fixed assets is charged at rates estimated to write off their cost less any residual value evenly 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.

Financial instruments

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 ("Glebe properties"), other than Glebe houses classified as tangible fixed assets (see above), are included at fair value. Glebe properties are comprised of commercial properties and agricultural properties. Agricultural properties are predominantly land but include some agricultural buildings and residential properties.

Unlisted shares in investment funds are included at fair value at the balance sheet date.

Current assets and liabilities

Debtors are measured at the transaction price less any impairment losses. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources. Creditors are measured at the transaction price less any amounts settled. For pension liabilities, see note 2. Public benefit entity concessionary loans are measured at the amounts receivable and payable.

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.

Pension schemes – see note 2

Fund accounting

The General Fund is an unrestricted income fund which receives income 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 2016 (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. A valuation of each scheme, to determine future contribution levels, is carried out once every three years and the resulting report and recovery plan for any deficit is required to be completed within fifteen months of the valuation date.

Accounting policy

Where the scheme is in deficit and the DBF is required to make deficit recovery contributions, this obligation is recognised as a liability within creditors in the Balance Sheet. The amount recognised is the sum of the deficit recovery contributions payable, discounted to the net present value. The unwinding of the discount in each year, together with contributions required by the Pensions Board for the benefit in relation to pensionable service in the year, is recognised within expenditure in the Statement of Financial Activities. Changes in the pension liability due to changes in the discount rate used and due to inaccuracies and changes in the actuarial assumptions made by the Pensions Board are recognised as actuarial gains or losses in the Statement of Financial Activities.

The liability and movements in the liability are allocated to the Stipends Glebe Fund, an endowment fund held for investment return for the benefit of the Stipends Income Fund which is expected to be sufficient to cover the DBF's future deficit recovery contributions. Deficit recovery contributions actually paid in the year are transferred from the Stipends Income Fund to the Stipends Glebe Fund.

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. To enable this the DBF participates in this scheme and at 31 December 2016 was paying contributions for 104 members (2015: 116 members). The scheme provides benefits based on members' final pensionable stipends and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Pensionable stipends are currently the National Minimum Stipend in the preceding year. Benefits are currently being accrued on the basis of half of the pensionable 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 normally three times the pension payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 are provided by the Church Commissioners under the previous arrangements. Each participating entity in the scheme pays contributions at a common contribution rate applied to pensionable stipends, which are currently the same as the National Minimum Stipend of the previous year.

The most recent scheme valuation completed was carried out at as 31 December 2015. This revealed a deficit of £236 million, based on assets of £1,308 million and a funding target of £1,544 million, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030, 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 2.6% p.a. on gilts and 4.6% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S2NFA and S2NMA tables, with allowance for future improvements in mortality in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5% for females and males. By way of illustration, the assumption for members aged 65 at 31 December 2015 is an expected aged of death of 91.5 for females (2012: 91.9) and 89.4 for males (2012: 89.3).

Following the valuation of the scheme as at 31 December 2015, the contribution rate is set to continue at 39.9% of pensionable stipends, the same rate as has applied since 1 January 2015. Of this rate (a) 25.8% relates to providing the benefit in relation to ongoing pensionable service until 31 December 2017, increasing to 28.0% from 1 January 2018 and including 1.2% for the day-to-day expenses of running the scheme, and (b) 14.1%, reducing to 11.9% from 1 January 2018, relates to recovery of the deficit over the nine years to 31 December 2025. This means that contributions by the DBF relating to the deficit, based on active members and pensionable stipends as at 31 December 2016, would be £345,000 in 2017, £295,000 in 2018 and then continue at that rate until 2025, if there were changes in membership, pensionable stipends and contribution rates following subsequent valuations of the scheme. At 31 December 2015 there were 8,376 active members in the scheme, and 17,445 in total including deferred members and pensioners and dependants, and an annual reduction of active members by 1.5% p.a. was assumed. The next valuation of the scheme is due to be carried out as at 31 December 2018 and is required to be completed by 31 March 2020.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

2 Pension schemes (continued)

Church of England Funded Pensions Scheme pension liability movements:	2016	2015	
	£000s	£000s	
Pension liability at 1 January	3,285	3,680	
Deficit contributions paid	(347)	(369)	
Unwinding of the discount	78	80	
Actuarial gains	(579)	(106)	
Pension liability at 31 December	2,437	3,285	
Due within one year	366	361	
Due after more than one year	2,071	2,924	
Assumptions used by the Pensions Board to calculate the pension liability:	2016	2015	2014
Discount rate	1.5% p.a.	2.5% p.a.	2.3% p.a.
Price inflation	3.1% p.a.	2.4% p.a.	2.7% p.a.
Increase to total pensionable payroll	1.6% p.a.	0.9% p.a.	1.2% p.a.

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 2016, the DBF had no active members, one deferred pensioner member and five pensioner and dependant members in the scheme, and plans not to admit any further Coventry DBF staff to membership of this section of the scheme. Also, three joint workers employed by Leicester Diocesan Board of Finance (“Leicester DBF”) were active members of this section of the Church Workers Pension Fund and there were three ex-joint worker active members still employed by Leicester DBF, four deferred members and three pensioner members.

The most recent scheme valuation completed was carried out as at 31 December 2013. The DBF’s contribution rate and the Leicester Diocesan Board of Finance contribution rate (affecting the cost of joint workers in this section of the Church Workers Pension Fund) were revised with effect from 1 April 2015. Based on that valuation the DBF is not currently required to make any deficit recovery contributions.

Church Workers Pension Fund – Pension Builder Classic Scheme

The Pension Builder Classic 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 2016, the DBF had 33 (2015: 27) active members in the scheme.

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 solvency basis, allowing for the cost of winding up and securing the benefits with no future bonuses other than statutory increases for pensions in payment. The most recent scheme valuation completed was carried out as at 31 December 2013, at which date the market value of the assets was £87.1m and there were 5,096 members, comprised of 1,915 active members, 1,344 deferred members and 1,837 pensioner and dependant members. In this valuation, the scheme was shown to have a surplus of £0.5m on an ongoing basis and a surplus of £4.6m on a solvency basis. Based on that valuation the DBF is not currently required to make any deficit recovery contributions.

3 Net income

	2016	2015
	£000s	£000s
Net income is stated after charging/(crediting):		
Auditor’s remuneration for the audit	16	14
Hire of office equipment	6	6
Surplus on disposal of tangible fixed assets	(1,243)	(883)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

4 Analysis of income

a Parish Share

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Parish Share assessed for the year	4,574	-	520	-	5,094	4,993
Other contributions and adjustments	4	-	-	-	4	6
Less shortfall in contributions	(66)	-	(18)	-	(84)	(82)
Received for the year	4,512	-	502	-	5,014	4,917
Arrears received in respect of previous years	44	-	-	-	44	41
	4,556	-	502	-	5,058	4,958

b Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Mission Development Funding	-	-	94	-	94	94
Legal costs' contribution	27	-	-	-	27	26
	27	-	94	-	121	120

c Other grants and donations

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
King Henry VIII Endowed Trust	-	-	182	-	182	186
Allchurches' Trust	91	-	-	-	91	88
Acceler8 grant	-	-	-	-	-	639
Other grants, donations and similar income	20	4	246	-	270	108
	111	4	428	-	543	1,021

d Charges for charitable activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Parochial fees	390	-	-	-	390	428
Contributions to stipends	-	-	7	-	7	30
Churches closed for public worship	-	-	20	-	20	18
	390	-	27	-	417	476

e Other trading activities

	General Fund £000s	Designated Funds £000s	Restricted Funds £000s	Endowment Funds £000s	2016 Total £000s	2015 Total £000s
Rental income from non-investment properties	319	-	-	-	319	312
Recharged payroll costs	146	-	-	-	146	153
Sundry income	94	-	-	-	94	107
	559	-	-	-	559	572

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

4 Analysis of income (continued)

f Investments

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Glebe property income	-	-	1,192	-	1,192	1,167
Unlisted securities	55	3	513	-	571	309
Bank and deposit interest	-	3	1	-	4	9
Other property income	-	-	3	-	3	5
	55	6	1,709	-	1,770	1,490

5 Analysis of expenditure

a Raising funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Glebe management fees	-	-	56	-	56	54
Glebe operating costs	-	-	182	-	182	171
Parsonage rental costs	38	-	-	-	38	41
Support costs	147	-	-	-	147	167
	185	-	238	-	423	433

b Mission and ministry

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Clergy stipends costs (excl. curates)	1,447	-	1,324	-	2,771	3,174
Curates' stipends costs	-	-	506	-	506	492
Clergy housing	974	-	-	-	974	928
Clergy appointment and retirement costs	103	-	-	-	103	75
Fees to retired stipendiary clergy	38	-	-	-	38	45
Other clergy diocesan expenses	70	-	-	-	70	65
Staff costs	127	-	-	-	127	126
Support costs	127	-	-	-	127	98
	2,886	-	1,830	-	4,716	5,003

c Support for ministry and mission

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Department costs	923	-	-	-	923	656
Grants (see note 8)	167	104	501	-	772	416
Churches closed for public worship	-	-	21	-	21	17
Interest on value-linked loan	6	-	-	-	6	8
Support costs	474	-	-	-	474	421
	1,570	104	522	-	2,196	1,518

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

5 Analysis of expenditure (continued)

d Contributions to Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment Funds £000s	2016 Total £000s	2015 Total £000s
National Church	174	-	-	-	174	171
Training for ministry	207	-	-	-	207	202
Mission agencies' pension costs	12	-	-	-	12	12
Retired clergy housing & other costs	67	-	-	-	67	63
	460	-	-	-	460	448

e Education

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment Funds £000s	2016 Total £000s	2015 Total £000s
Grant (see note 8)	102	-	-	-	102	101
Support costs	74	-	-	-	74	80
	176	-	-	-	176	181

f Other

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Unwinding of pension creditor discount	-	-	-	78	78	80
	-	-	-	78	78	80

6 Analysis and allocation of support costs

	Raising funds £000s	Ministry & mission £000s	Support for ministry & mission £000s	Education £000s	2016 Total £000s	2015 Total £000s
Governance, management & finance						
Staff costs	97	62	199	35	393	422
Other costs	17	34	157	7	215	126
IT	28	21	70	30	149	144
Other office costs	5	10	48	2	65	74
	147	127	474	74	822	766

7 Net gains on investments

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s	2015 Total £000s
Realised gains	-	-	-	5,983	5,983	3,937
Unrealised gains	156	8	3	4,777	4,944	8,859
	156	8	3	10,760	10,927	12,796

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

8 Grants

	2016 £000s	2015 £000s
To parishes and other organisations in the Diocese		
<i>Mission & ministry</i>		
Church Commissioners' Mission Fund grants to parishes	303	42
Mission to Lowest Income Communities grants	163	-
Diocesan Mission Fund grants to parishes	76	75
St Aidan's Missional Community grant	10	-
Diocesan Conference grant	6	-
St Mark's Coventry grant	5	-
Church Growth in Deprived Areas grants	2	23
General Fund grants to parishes for Pioneer Ministers	-	37
Bishop's Mission Fund grants to parishes	-	18
<i>Church land and buildings</i>		
Church Fabric Fund grants for eight churches (2015: eleven churches)	20	40
Faculty fees for parishes	20	21
Land and buildings at Stoke Aldermoor, Coventry	-	3
<i>Other organisations in the Diocese</i>		
Coventry Diocesan Board of Education	102	101
Coventry Diocesan Trustees	25	9
Workcare	15	23
Coventry Cathedral for liturgy support costs	5	5
Other	2	3
	754	400
To other institutions		
Syrian Orthodox Christian School	8	13
Link Dioceses of Kaduna and Jerusalem	4	7
	12	20
To individuals		
For support of ordinands in ministerial training	89	78
Other grants to clergy and readers	19	19
	108	97
	874	517

Summarised by fund type:

	General fund £000s	Designated funds £000s	Restricted funds £000s	2016 Total £000s	2015 Total £000s
Mission and pioneer ministry	-	82	483	565	195
Church land and buildings	20	20	-	40	64
Other organisations in the Diocese	146	-	3	149	141
Other institutions	-	2	10	12	20
Individuals	103	-	5	108	97
	269	104	501	874	517

9 Trustees' emoluments and expenses

None of the trustees received any emoluments from the DBF for services performed as directors (2015: £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.

Seven trustees received a total of £1,105 (2015: five and £790) in the year for travel expenses related to activity as trustees of the DBF. Three trustees received a total of £1,289 (2015: three and £2,560) 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. Fifteen trustees received a total of £373,030 (2015: thirteen and £314,351) in connection with other offices held in the Diocese. These amounts were for stipends, accrued pension benefits, housing, expenses and sundry grants for resettlement and ministerial development.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

10 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 100 (2015: 109); this included two (2015: two) archdeacons.

	2016 £000s	2015 £000s
Stipends	2,499	2,832
Social security costs	199	212
Pension contributions	579	622
	<u>3,277</u>	<u>3,666</u>

11 Staff headcount and costs

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

	2016 FTEs	2015 FTEs
Staff employed directly:		
Supporting parish and diocese-wide ministry and mission	19.0	14.8
Central support	9.9	7.4
Employees wholly or partly supported by third party funding	4.1	4.0
	<u>33.0</u>	<u>26.2</u>
Joint workers	2.1	2.2
	<u>35.1</u>	<u>28.4</u>

b Staff costs

	2016 £000s	2015 £000s
Staff employed directly:		
Salaries	1,006	819
Social security costs	98	80
Pension contributions	127	133
	<u>1,231</u>	<u>1,032</u>
Joint workers:		
For service in the year	65	101
	<u>1,296</u>	<u>1,133</u>

There was one employee (2015: two) whose total remuneration in the year was in the band £70,001 to £80,000. None (2015: one) accrued retirement benefits under a defined benefit pension scheme. (In 2015, the benefits were accrued under the Defined Benefits Scheme 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 10.

Key management personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the charity. The Diocesan Secretary and any acting Diocesan Secretary employed in their absence are considered to comprise the DBF's key management personnel. Remuneration for key management personnel, including employer's national insurance contributions and contributions to the defined benefit and pension builder classic sections of the church workers' pension scheme, amounted to £72,856 (2015: £142,214).

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

12 Tangible fixed assets

	Parsonages £000s	Glebe houses £000s	Operational properties £000s	Diocesan offices £000s	Office equipment £000s	Total £000s
Cost						
At 1 January 2016	5,721	376	7,401	846	226	14,570
Additions	-	-	1,483	-	11	1,494
Transfers	(56)	-	56	-	-	-
Disposals	-	-	(1,329)	-	-	(1,329)
At 31 December 2016	5,665	376	7,611	846	237	14,735
Depreciation						
At 1 January 2016	-	-	-	-	226	226
Charge for year	-	-	-	-	-	-
At 31 December 2016	-	-	-	-	226	226
Net book value						
At 31 December 2016	5,665	376	7,611	846	11	14,509
At 31 December 2015	5,721	376	7,401	846	-	14,344

All tangible fixed assets were used for direct charitable purposes.

13 Fixed asset investments

	Glebe properties £000s	Unlisted investments £000s	Other investments £000s	Total £000s
Fair value at 1 January 2016	33,193	13,398	55	46,646
Additions at cost	60	4,118	-	4,178
Disposals	(2,500)	-	-	(2,500)
Unrealised gains on revaluation	3,430	1,514	-	4,944
Fair value at 31 December 2016	34,183	19,030	55	53,268
Historical cost at 31 December 2016	9,143	15,825	55	25,023

Investments are held primarily to provide an investment return.

The fair value of Glebe properties was measured following consultation with the DBF's advisers.

Unlisted investments primarily consist of holdings in CBF Church of England funds managed by CCLA Investment Managers Ltd (the CBF Investment, UK Equity and Global Equity Income funds), and in the Edentree (previously called Amity) Balanced Fund for Charities managed by Ecclesiastical Investment Management Ltd. Unlisted investments also include an investment of £5,000 in the Churches Mutual Credit Union.

Other investments consist of a residential property.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

14 Debtors

	2016 £000s	2015 £000s
Amounts falling due within one year		
Parish Share	157	103
Parochial fees	31	39
Glebe agents	132	145
Proceeds due from the sale of an investment	4,300	-
Prepayments and accrued income	1,178	999
Other debtors	85	100
Loan (see note 15)	-	110
	5,883	1,496

Proceeds due from the sale of an investment are secured on the original investment (land).

15 Creditors: amounts falling due within one year

	2016 £000s	2015 £000s
Trade creditors	88	224
Grants and other accruals	621	418
Deferred income	196	226
Taxation and social security	65	61
Pension contributions payable for the period	7	7
Pension liability (see note 2)	366	361
Loan	-	110
Other creditors	1	7
Total amounts falling due within one year	1,344	1,414

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

The loan was repaid during 2016 and was 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 14), for the purchase of 20 Daneswood Road, Binley Woods, in which the Church Commissioners had a 100% equity interest. Value-linked loans are accounted for as public benefit entity concessionary loans. Interest charged to CDBF in the year by the Church Commissioners was £5,669 (2015: £7,909). This interest cost was recharged by CDBF to the Local Ecumenical Partnership in Binley Woods.

16 Creditors: amounts falling due after more than one year

	2016 £000s	2015 £000s
Pension liability (see note 2)	2,071	2,924
Grant accruals	296	70
Total amounts falling due after more than one year	2,367	2,994

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

17 Statement of funds

	At 1 Jan 2016 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 Dec 2016 £000s
GENERAL FUND	1,557	5,698	(5,277)	(37)	156	2,097
DESIGNATED FUNDS						
Operational Properties Fund	8,245	1,219	-	(387)	-	9,077
Extra Mission and Ministry Support Fund	203	-	-	-	-	203
Bishop's Mission Fund	135	3	-	-	-	138
Clergy Holidays Fund	76	3	-	-	8	87
Bishop Bardsley Bequest	86	-	-	-	-	86
Diocesan Mission Fund	68	-	(77)	81	-	72
Diocesan Conference Fund	-	4	(6)	65	-	63
Church Buildings Fund	35	-	(20)	33	-	48
Centenary Events Fund	45	-	-	-	-	45
Bishop of Coventry's Link Dioceses Fund	37	-	(1)	-	-	36
Total designated funds	8,930	1,229	(104)	(208)	8	9,855
Total unrestricted funds	10,487	6,927	(5,381)	(245)	164	11,952
RESTRICTED FUNDS						
Pastoral Fund	835	20	(21)	468	-	1,302
Acceler8 Grants Fund	619	-	-	(44)	-	575
St Mark's Coventry Fund	-	150	(5)	-	-	145
DC Bonfield Bequest	56	1	-	-	-	57
Archdeacons' Discretionary Fund	33	1	-	-	3	37
EE Bardsley Bequest	63	-	-	(35)	-	28
Retreat Grants Fund	-	28	-	-	-	28
Church Commissioners' Mission Fund	226	94	(304)	-	-	16
The Reverend George Goode Fund	16	-	-	-	-	16
Syrian Orthodox Christian School Fund	8	9	(7)	-	-	10
Syrian Orthodox Christian School Scholarship Fund	3	1	(1)	-	-	3
Companionship Link Funds	1	3	(3)	-	-	1
Mission to Lowest Income Communities Fund ¹²	-	-	(163)	-	-	(163)
Stipends Income Fund	-	1,730	(1,383)	(347)	-	-
Deanery Share Support Fund	-	502	(502)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	182	(182)	-	-	-
Church Growth in Deprived Areas Fund	33	33	(3)	(63)	-	-
Ordination Candidates' Fund	-	4	(4)	-	-	-
Queen Victoria Clergy Fund	-	2	(2)	-	-	-
St Aidan's Missional Community Fund	10	-	(10)	-	-	-
Total restricted funds	1,903	2,760	(2,590)	(21)	3	2,055
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	5,721	24	-	(81)	-	5,664
<i>Permanent:</i>						
Stipends Glebe Fund	39,001	-	(78)	347	10,972	50,242
Stipends Capital Fund	2,812	-	-	-	312	3,124
Coventry Diocesan Endowment Fund	498	-	-	-	55	553
Total endowment funds	48,032	24	(78)	266	11,339	59,583
TOTAL FUNDS	60,422	9,711	(8,049)	-	11,506	73,590

¹² The negative balance on this fund is due to a grant award having been approved in anticipation of approval at the Church Commissioners' AGM for the 2017 grant to be received into this fund.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

18 Descriptions of Designated, Restricted and Endowment Funds

DESIGNATED FUNDS

Operational Properties Fund

This fund represents the cost of properties held for operational use by the DBF and by clergy not in parochial posts that otherwise would be held by the General Fund, including the houses occupied by the Suffragan Bishop and the archdeacons, but excluding Glebe houses for occupation by clergy, together with surplus cash from the sale of properties held for reinvestment in houses for curates and other clergy.

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.

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.

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.

Diocesan Mission Fund

The Diocesan Mission Fund was set up in 2009 and has been replenished to fund applications for mission support from parishes.

Diocesan Conference Fund

This fund was created in the year to fund the Diocesan Conference planned for 2017.

Church Buildings Fund

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

Centenary Events Fund

This fund was set up in 2015 for funds to be set aside to assist with financing events in 2018 to celebrate the centenary of the re-founding of The Diocese 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.

RESTRICTED FUNDS

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.

Acceler8 Grants Fund

This fund has been set up as a result of a grant awarded by the Church Commissioners towards the cost of a project to speed up the growth of churches across the diocese by improving their health in eight quality areas and by intentionally focusing on the 20s and 30s age range.

St Mark's Coventry Fund

This fund was set up in the year for grants towards the re-opening of and initial running costs for St Mark's Coventry.

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.

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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

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

Retreat Grants Fund

This fund has been set up in 2016 with funds donated by Offa House Limited, the company which managed the former retreat house, for retreat grants for lay people who are not licensed and who are communicant members of the Church of England within the Diocese of Coventry.

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.

The Reverend George Goode Fund

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

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.

Companionship Link Funds

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

Mission to Lowest Income Communities Fund

This fund is due to receive grants from the Church Commissioners during the 2017 to 2019 triennium for mission to lowest income communities in the Diocese.

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.

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.

Warwick Clergy Stipends & Housing Fund

This fund receives income from The King Henry VIII Endowed Trust, Warwick to pay for stipend and housing costs of clergy in the parishes of the Warwick Team and Budbroke.

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.

St Aidan's Missional Community Fund

This fund has been set up as a result of donations received for the St Aidan's Missional Community.

ENDOWMENT FUNDS

Parsonage Houses Fund

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

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.

Stipends Capital Fund

This fund consists of accumulated capital surpluses invested to produce income applied to the augmentation of stipends. This fund was previously shown as a restricted fund and has been reclassified as an endowment fund.

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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

19 Transfers between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s
Transfers relating to properties:					
Transfer of parsonages to operational properties	-	56	-	(56)	-
Property purchases funded by the General Fund	(1,435)	1,435	-	-	-
Property purchase funded by the Pastoral Fund	-	48	(48)	-	-
Proceeds from sale of operational properties	1,435	(1,926)	491	-	-
Cost of parsonages sold	-	-	25	(25)	-
	-	(387)	468	(81)	-
Pension deficit contributions paid in year	-	-	(347)	347	-
Transfers from General Fund reserves:					
To the Diocesan Conference Fund	(65)	65	-	-	-
To the Church Buildings Fund	(33)	33	-	-	-
To the Diocesan Mission Fund	(66)	66	-	-	-
Acceler8 fund transfers:					
Funding allocated from the EE Bardsley Bequest			35		35
Funding allocated from the Church Growth in Deprived Areas Fund			20		20
Release to cover General Fund costs incurred	99		(99)		-
Church Growth in Deprived Areas Fund transfers:					
Release to cover General Fund costs incurred	28		(28)		-
Allocated to the Acceler8 fund			(20)		(20)
Returned to the Diocesan Mission Fund		15	(15)		-
EE Bardsley Fund allocation to Acceler8			(35)	-	(35)
	(37)	(208)	(21)	266	-

20 Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s
Funds at 31 December 2016 are represented by:					
Tangible fixed assets	10	8,457	-	6,042	14,509
Fixed asset investments	1,616	79	30	51,543	53,268
Net current assets	471	1,368	2,272	4,069	8,180
Creditors falling due after more than one year	-	(49)	(247)	(2,071)	(2,367)
Total net assets	2,097	9,855	2,055	59,583	73,590

21 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. The DBF provided the DBE with a grant of £102,493 (2015: £101,316) in the year towards the costs of the DBE's statutory obligations, see note 8. Other services provided by the DBF totalled £16,672 (2015: £17,280). The net amount owing from the DBE at 31 December 2016 in relation to transactions between the two parties was £1,427 (31 December 2015: £1,693 owed by 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. Income received from the Diocesan Trustees during the year for the Stipends Income Fund was:

Diocesan Endowment Fund	£16,204 (2015: £23,995)
CJB Meacham Trust	£4,975 (2015: £5,875)
Clifton on Dunsmore-Hanbury Trust	£1,182 (2015: £1,395)

Costs incurred by the DBF on behalf of the Diocesan Trustees were £25,324 (2015: £9,360), see note 8.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

22 Custodian Trustee

In 2015 the DBF opened a deposit fund account with CCLA to hold funds held as custodian trustee for Offa House Limited and at 31 December 2015 the DBF held funds belonging to Offa House Limited of £25,121. During 2016, these funds, together with other remaining funds held by Offa House Limited, were donated to the DBF and credited to the Retreat Grants Fund (see note 18).

In addition, in 2015 the DBF was appointed as the trustee of Offa House, the former diocesan retreat house. The DBF is a suitable trustee because any use of the House in accordance with the trusts of the House, and the application of any sales proceeds if the House is sold, would be with the aim of contributing to the advancement of the Christian faith in the Diocese of Coventry.

23 Prior year Statement of Financial Activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2015 Total £000s
Income and endowments from:					
Donations					
Parish Share	4,427	-	531	-	4,958
Archbishops' Council	26	-	94	-	120
Other donations	110	3	908	-	1,021
Charges for charitable activities	428	-	48	-	476
Other trading activities	572	-	-	-	572
Investment income	59	7	1,424	-	1,490
Other	-	61	822	-	883
Total	5,622	71	3,827	-	9,520
Expenditure on:					
Raising funds	208	-	225	-	433
Charitable activities					
Mission and ministry	3,421	-	1,582	-	5,003
Support for mission and ministry	1,265	138	115	-	1,518
Contributions to Archbishops' Council	448	-	-	-	448
Education	181	-	-	-	181
Other	-	-	-	80	80
Total	5,523	138	1,922	80	7,663
Net income/(expenditure) before investment gains	99	(67)	1,905	(80)	1,857
Net gains on investments	19	1	-	12,776	12,796
Net income/(expenditure)	118	(66)	1,905	12,696	14,653
Transfers between funds	(568)	1,082	(770)	256	-
Other recognised gains:					
Actuarial gain on defined benefit pension scheme	-	-	-	106	106
Net movement in funds	(450)	1,016	1,135	13,058	14,759
RECONCILIATION OF FUNDS					
Funds at 1 January 2015	2,007	7,914	768	34,974	45,663
Net movement in funds in the year	(450)	1,016	1,135	13,058	14,759
FUNDS AT 31 DECEMBER 2015	1,557	8,930	1,903	48,032	60,422