

**COVENTRY DIOCESAN BOARD
OF FINANCE LIMITED**

**REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2014**

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2014

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 820,000 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 199 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 essential qualities of 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 2014

I am pleased to report that we have had another year of good financial performance. The parish share collection rate did drop slightly from 98% in 2013 to 97% in 2014, but a number of allocation matters are being addressed and the share collection rate remains commendably high. With parish share and other regular sources of income holding up, the DBF was able to finance the same level of stipendiary ministry as in 2013, support some significant developments across the diocese and increase the funds available for both the Diocesan Mission Fund and for Church Fabric Fund grants. I would like to highlight three particularly significant developments.

Firstly, supported by our Healthy Churches Development Mentor, we have seen a step up in the focus of our churches on healthy growth. Over half of our parishes are now actively engaged in the diocesan process for developing the eight quality characteristics identified as essential for healthy growing churches. This process is our core long-term strategy for church growth and we are optimistic that in time it will yield spiritual and numerical growth across the diocese.

Secondly, we have taken a major step forward in our commitment to transforming communities, with the appointment of a Transforming Communities Together Officer and the forming of a collaborative venture Together for Change Coventry and Warwickshire with the Church Urban Fund.

Thirdly, in addition to supporting the above, the diocesan office team have provided a much higher level of support to other diocesan organisations than in recent years. The DBE and the diocesan multi-academy trust have been navigating an ever changing landscape in education, and the Cathedral has been in a time of transition in its senior leadership team. The DBF released substantial amounts of its chief officer's time in support of all three of those organisations, we have continued to provide accounting support for the DBE, and our finance team has now merged with the Cathedral's finance team to provide it with improved accounting support. Offa House has required support too, particularly following its partial re-opening for prayer and quiet days.

Times are changing and there is much to do, but I would like to conclude by paying tribute to all those across the diocese – clergy and lay, paid and unpaid – whose commitment and sacrifice in the last year have got us to where we are now.



Canon Ian E Francis

Chair of Coventry Diocesan Board of Finance Limited

20 April 2015

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2014

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 2014. 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:

- the 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 for 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; 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;
- the administration and payment of grants - details of the grants awarded are given in note 7 to the financial statements. The DBF's policy is to pay grants 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 Commissioners' general guidance on public benefit when reviewing the Charity'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 2014 (continued)

1.2 PRINCIPAL RISKS

The major risks which have been identified by the DBF's trustees and staff are as follows, together with the actions taken to mitigate the risks.

Risk	Mitigation
Under-collection of parish share	A new Deanery Share system for allocating the parish share was implemented on 1 January 2012. This system 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	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.
An allegation or finding of a 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 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 activities described in section 1.1. Key developments included:

- 7 people were ordained as priests, 7 people were ordained as deacons at Petertide 2014 and 11 candidates went forward to Bishop's Advisory Panels, all supported by the work of the Diocesan Training Partnership;
- 59 parishes in the diocese, supported by the diocesan office, completed surveys of their strengths and weaknesses in relation to the eight quality characteristics identified as essential for healthy growing churches by the Institute for Natural Church Development;
- a Transforming Communities Together Officer was appointed in May 2014 and, together with the Church Urban Fund, a new company "Together for Change Coventry and Warwickshire" was created to facilitate projects to transform communities;
- £114,000 was transferred into the Diocesan Mission Fund, which means that a total of £504,000 has been transferred into the fund since it was set up in 2009;
- £57,000 was transferred into the Church Buildings Fund (also known as the Church Fabric Fund), which has resulted in the fund's closing balance being the highest it has been in the last five years;
- all Coventry Diocesan Advisory Committee for Care of Churches ("DAC") guidance notes were fully updated on the diocesan website;
- assistance to Coventry Cathedral already included the support of the Diocesan Secretary and the Diocesan Safeguarding Advisor, and this was extended to include the DBF's Director of Finance and newly appointed Finance Manager taking responsibility for leading the Cathedral's finance team;
- Offa House was partially re-opened, with a cycle of daily prayer to be established there and a series of quiet days starting.

The table on the next page summarises the achievements in 2014 in areas for which the 2014 plans were reported in last year's Trustees' and Directors' Report.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2014 (continued)

Plans for 2014 reported in last year's Trustees' and Directors' Report	Achievements in 2014
Continue to set annual budgets which seek to resource diocesan needs, as approved by Diocesan Synod based on the plans of Deaneries, Bishop's Council and the Bishop of Coventry.	A budget for 2015 was set which included a 2.2% increase in the costs of ministry for a benefice with a full time stipendiary minister, a house and its share of training costs – despite a 5.9% increase in pension costs per head. Overall, the 2015 budget includes an increase in total parish share of less than 1%.
Continue work with the Deaneries towards full allocation and payment of the Deanery Shares as determined under the new Deanery Share system	Communications with and within Deaneries regarding the funds needed from parishes to fund ministry continue to improve. The number of Deaneries paying 100% of the allocated share remained five (out of eleven) as in 2013. The number of Deaneries fully allocating their Deanery Share for the current year (2015) to parishes has increased from seven to nine.
With a view to strengthening the focus on transforming communities, launch a new venture in partnership with the Church Urban Fund.	This has been done and a major project is at the discussion stage.

Summary of financial performance

The movements in the General Fund may be summarised as follows:

	2014 £000s	2013 £000s
Operating surplus (net incoming resources before transfers)	186	197
Transfers to discretionary funds for mission and fabric grants and towards the costs of celebrating the centenary of the diocese in 2018	(186)	(75)
Transfers to finance the purchase and sale of houses	19	(219)
Gains on investments	71	143
Net movement in the year	90	46

Designated Funds, excluding the Operational Properties Fund, increased by £84,000 (2013: £37,000). This was mostly due to grants from mission funds and the Church Buildings Fund being more than offset by transfers from the General Fund to replenish some of those funds and increase the Centenary Events Fund.

Restricted Funds decreased by £403,000 (2013: increased by £72,000), principally due to the purchase of a parsonage for St Mary Magdalen, Coventry.

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

Principal funding sources

62% of total incoming resources in 2014 came from Parish Share (2013: 60%), 19% (2013: 18%) from investment income and 19% (2013: 22%) 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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2014 (continued)

Parish Share

Total parish share income received was £4,772,000, which was £5,000 less than in 2013. This includes amounts relating to parish share allocated for previous years but excluding amounts received after the 31 January cut-off date and was 97% of the allocation (2013: 98%).

Total parish share receipts in relation to the 2014 allocation, i.e. excluding amounts relating to allocations for previous years, were £4,736,000, 96% of the allocation (2013: £4,746,000, 98% of the allocation). The commitment of parishes to paying the parish share allocated by the Deaneries is very high. A number of allocation matters which are being addressed were the main contributor to the receipts being below 100% in both years.

The total parish share allocated to the deaneries for 2014 was £4,914,000 (2013: £4,863,000). 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 increase in allocation compared to 2013 was principally due to inflation in the cost per stipendiary post and additional training being offered by the Diocesan Training Partnership, offset by a reduction of 1.85 stipendiary posts (2013: 0.3 posts) allocated to parish ministry.

Investment income

Investment income decreased by 0.1% to £1,431,000 (2013: £1,433,000). After allowing for Glebe management fees and other Glebe operating costs, net investment income was £1,236,000 (2013: £1,195,000) – an increase of 3.4%, which was greater than CPI inflation in 2014 of 0.5%.

Net investment income from Glebe investment properties was £971,000 (2013: £944,000), representing a net income yield on net book values¹ during the year of 3.9% (2013: 3.8%), with a lower yield from agricultural and residential property at 1.6% (2013: 1.6%) offset by a higher yield from commercial property at 7.5% (2013: 7.3%). Other investment income in 2014 increased to £265,000 from £251,000 in 2013 mainly due to investment of cash and deposits in investment funds during 2013.

Net income yields² 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% (2013: 4.2%)
- CCLA's CBF Church of England Global Equity Income Fund: 4.4% (2013: 4.6%)
- Ecclesiastical's Amity Balanced Fund for Charities: 5.1% (2013: 5.3%)

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 and managed by CCLA Investment Management Limited and Ecclesiastical Investment Management Ltd. Glebe investment properties are comprised of agricultural, commercial and residential land and buildings. The CCLA and Ecclesiastical investment funds 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 2014 was approximately £34.0 million (2013: £31.0 million), of which £32.4 million was permanent endowment. During the year, £0.5 million was invested in the CCLA CBF Church of England Global Equity Income Fund, a fund selected to improve diversification in the DBF's portfolio.

¹ Net income yields for Glebe investment properties are calculated using actual net income and book values weighted for purchases and sales in the year. Book values are not revalued every year on grounds of cost. Caution should therefore be exercised before making performance comparisons with investment funds which have up to date market values at each year end.

² Net income yields calculated using dividends per share and the average of the year's opening and closing market values of a share.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2014 (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 2014 was 112 (2013: 112).

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 £8,492 (2013: £8,315) per full time stipendiary clergy member. If not members of the clergy pension scheme, the DBF's staff are invited to be members of the Church Workers Pension Fund. Further details are provided in note 2 to the Financial Statements. No significant change in the DBF's pension arrangements are expected to be caused by the new pensions auto-enrolment regulations.

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 funds³ 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 2015 of £7,684,000. The balance on the General Fund at 31 December 2014 was £2,007,000, which represented 3.1 months' worth of maximum approved spend from operating funds in 2015 and was therefore within policy limits.

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 FUTURE PERIODS

The trustees will continue to set annual budgets which seek to resource diocesan needs, as approved by Diocesan Synod based on the plans of Deaneries, Bishop's Council and the Bishop of Coventry.

In particular for 2015, the trustees of the DBF plan to:

- support a significant increase in the proportion of parishes actively engaged in the diocesan process for developing the eight quality characteristics identified as essential for healthy growing churches;
- continue work with the Deaneries towards full allocation and payment of the Deanery Shares as determined under the Deanery Share system;
- review the DBF's investment strategy and how a Total Return approach to investments could be adopted in 2016 with a view to increasing funds available to support growth;
- explore a major regeneration project in partnership with a locally based construction company.

³ 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 2014 (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 2014 was as follows:

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

House of Clergy: 44 members, of which seven were ex officio (the Dean of the Cathedral, two Archdeacons, the chair of the Diocesan Advisory Committee and the three diocesan clergy General Synod⁴ members). The remainder were elected by the houses of clergy of Deanery Synods⁵.

House of Laity: 54 members, of which 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.

⁴ 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.

⁵ 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 normally 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")⁴.

⁶ 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 2014 (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 and Operational 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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2014 (continued)

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 archdeaconry⁷);
- up to 6 nominated members (three may be nominated by the Bishop of Coventry and one may be nominated by each of the Diocesan Advisory Committee, the Parsonages Committee and the Diocesan Board of Education);
- up to 3 members co-opted by the Bishop's Council.

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

During 2014, the Bishop's Council met five 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. The current term began on 1 January 2013 and trustee induction and training took place on 14 January 2013.

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 C J Cocksworth
<i>Chair of the DBF</i>	Canon I E Francis
<i>Suffragan Bishop of Warwick</i>	The Rt Revd J R A Stroyan
<i>Archdeacon Pastor</i>	The Ven J Green
<i>Archdeacon Missioner</i>	The Ven M Rodham
<i>Dean of Coventry</i>	The Very Revd J J Witcombe
<i>Chair of the House of Clergy</i>	The Revd R E Walker
<i>Chair of the House of Laity</i>	Mr G P Wright

Nominated

<i>by the Bishop of Coventry</i>	Miss H A Pritchard	
	The Revd Canon K R G Scott	<i>(to 25 January 2015)</i>
	The Revd Canon Dr J Tucker	
<i>by the Board of Education</i>	Dr R H Pogson	

Elected by Diocesan Synod

Mr C H Baker	The Revd Canon B C Clutton	
Mr K Downham	The Revd C Gale	
Mrs F Hawke	The Revd B Jackson	<i>(from 20 November 2014)</i>
Mr N J M Hodges	The Revd C Jones	
Mr S J Margrave	The Revd P Manuel	
Mrs J E Owen	The Revd T M Mason	<i>(to 9 September 2014)</i>
Mr P C Rogers	The Revd D Silvester	
Mr D G Wigman	The Revd Canon Dr D A Stone	

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

⁷ 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 2014 (continued)

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;
- 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

The Diocesan Secretary, Canon S J Lloyd, 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 his 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.

Some staff, principally 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). Whilst the scope of the joint working arrangements has reduced since they were first set up in 2002, they 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 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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2014 (continued)

Valuation of properties in the financial statements

Investment properties are stated in the balance sheet at market 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 market value of these non-investment properties is substantially in excess of cost, but the amount of this excess is not economically quantifiable.

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 Baker Tilly UK Audit LLP as auditor to the company and to authorise the Board of Directors to fix the auditor's remuneration will be proposed at the Annual General Meeting.

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>	Canon S J Lloyd
<i>Registrar and solicitors</i>	Mrs M H Allanson, Rotherham & Co 8 & 9 The Quadrant, Coventry, CV1 2EG
<i>Auditor</i>	Baker Tilly 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, incorporating both the Strategic Report and the Governance Report, is approved by the trustees, by whose authority it is signed as below.



Canon Simon J Lloyd
Diocesan Secretary

20 April 2015



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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

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

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2014 on pages 13 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of responsibilities of Bishop's Council Members as Trustees and Directors set out on page 8, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

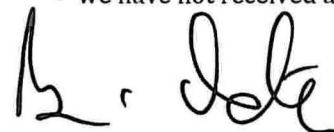
Opinion on other requirements of the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Paul Oxtoby (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

St Philips Point
Temple Row
Birmingham
B2 5AF

21 April 2015

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2014 (including the Income and Expenditure Account)

	Notes	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income:							
Parish Share	4a	4,277	-	495	-	4,772	4,777
Archbishops' Council	4b	25	-	89	-	114	113
Other grants and donations	4c	140	-	258	-	398	498
Activities for generating funds	4d	308	-	-	-	308	279
Investment income	4e	56	5	1,370	-	1,431	1,433
Incoming resources from charitable activities							
Parochial fees		396	-	-	-	396	380
Other income from charitable activities	4f	211	-	72	-	283	287
Other incoming resources	4g	-	1	-	-	1	172
Total incoming resources		5,413	6	2,284	-	7,703	7,939
RESOURCES EXPENDED							
Costs of generating funds	5a	160	-	195	-	355	391
Charitable activities							
Archbishops' Council	5b	517	-	-	-	517	490
Other grants and similar items	5c	287	110	155	-	552	498
Ministry and mission in parishes	5d	3,360	-	1,955	-	5,315	5,367
Supporting ministry and mission	5e	686	-	20	-	706	606
Governance costs	5f	217	-	-	-	217	205
Total resources expended	6	5,227	110	2,325	-	7,662	7,557
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS							
		186	(104)	(41)	-	41	382
Transfers between funds	18	(167)	180	(364)	351	-	-
Net incoming/(outgoing) resources before other recognised gains		19	76	(405)	351	41	382
Realised gains on investments		-	-	-	493	493	175
Net income/(expenditure) for the year		19	76	(405)	844	534	557
Unrealised gains on investments	12	71	2	2	2,283	2,358	502
NET MOVEMENT IN FUNDS		90	78	(403)	3,127	2,892	1,059
RECONCILIATION OF FUNDS							
Funds at 1 January	16	1,917	7,836	1,171	35,527	46,451	45,392
Net movement in funds in the year		90	78	(403)	3,127	2,892	1,059
FUNDS AT 31 DECEMBER	16	2,007	7,914	768	38,654	49,343	46,451

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

as at 31 December 2014

	Notes	2014 £000s	2014 £000s	2013 £000s	2013 £000s
FIXED ASSETS					
Tangible fixed assets	11		13,329		12,950
Fixed asset investments	12		<u>33,935</u>		<u>30,990</u>
			47,264		43,940
CURRENT ASSETS					
Debtors	13	679		843	
Short term deposits		1,736		2,187	
Cash at bank and in hand		<u>719</u>		<u>544</u>	
		3,134		3,574	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	<u>(843)</u>		<u>(824)</u>	
NET CURRENT ASSETS					
			2,291		2,750
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>49,555</u>		<u>46,690</u>
Creditors: amounts falling due after more than one year	15		(212)		(239)
NET ASSETS					
			<u>49,343</u>		<u>46,451</u>
FUNDS					
Unrestricted funds:					
General Fund	16		2,007		1,917
Designated funds	16		<u>7,914</u>		<u>7,836</u>
			9,921		9,753
Restricted funds	16		768		1,171
Endowment funds	16		<u>38,654</u>		<u>35,527</u>
TOTAL FUNDS			<u>49,343</u>		<u>46,451</u>

The financial statements on pages 13 to 30 were approved by the Board of Directors and authorised for issue on 20 April 2015 and are signed on its behalf by:



Canon Ian E Francis

Chair of Coventry Diocesan Board of Finance Limited

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2014

	Notes	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Net cash inflow from operating activities	20		196		133
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets	11	(641)		(399)	
Payments to acquire fixed asset investments	12	(597)		(1,983)	
Receipts from sales of tangible fixed assets		263		224	
Receipts from sales of endowment fixed asset investments		503		278	
			(472)		(1,880)
Decrease in cash and cash equivalents	21		(276)		(1,747)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

1 Principal accounting policies

Basis of accounting

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

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

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, by reference to prices ruling at the time of acquisition in each case, are not materially less than their carrying values and the buildings are unlikely to suffer from obsolescence. Disposals of buildings occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying values. An impairment review is carried out at least annually to ensure that the carrying value is not more than the recoverable amount and takes into consideration whether the buildings continue to be suitable for use by the DBF. The DBF has a policy of regular inspection, repair and maintenance of buildings, charges for which are included in resources expended in the Statement of Financial Activities.

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

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

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

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 ("Glebe properties"), other than Glebe houses classified as tangible fixed assets (see above), are included at estimated market value. Glebe properties are comprised of commercial properties and agricultural properties. Agricultural properties are predominantly land but include some agricultural buildings and residential properties. At 31 December 2010 all commercial properties other than those purchased in the previous two years and a proportion of the agricultural properties were valued by the surveyors Godfrey-Payton and Bruton Knowles. At 31 December 2011 the rest of the agricultural properties were valued by the surveyors Godfrey-Payton. The trustees have updated the valuation for one agricultural property in relation to which planning permission for development was granted in 2014.

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

Parish share income and income from parochial fees

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

1 Principal accounting policies (continued)

Grants

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

Investment gains and losses

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

Deferred income

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

Investment income

Investment income is accounted for when receivable.

Donations, legacies and similar income

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

Resources expended and liabilities

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

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

Support Costs

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

Governance costs

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

Operating leases

Payments under operating leases are charged against income as incurred.

Cash and cash equivalents

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

Fund accounting

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

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

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

2 Pension schemes

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

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

Church of England Funded Pensions Scheme

With effect from 1 January 1998, diocesan clergy became members of the new Church of England Funded Pensions Scheme. This scheme provides benefits based on their final pensionable stipends and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend being paid as the normal pension on reaching the age of 68, or 1.25 times this amount for archdeacons, plus a lump sum of three times the normal pension payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

The DBF participates in the Church of England Funded Pensions Scheme and at the end of the year was paying contributions for 119 members of the scheme out of a total membership of approximately 8,500 active members. Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends, which are currently the same as the National Minimum Stipend. The scheme pension costs are accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year.

The most recent scheme valuation completed was carried out at as 31 December 2012. This revealed a deficit of £293 million, based on assets of £896 million and a funding target of £1,189 million, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% 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 S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 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 2012 is a remaining life of 26.9 years for females and 24.3 years for males.

Following the valuation of the scheme as at 31 December 2012, the contribution rate increased on 1 January 2015 from 38.2% to 39.9% of pensionable stipends, of which 25.8% relates to providing the benefit in relation to ongoing pensionable service, including 1.2% for the day-to-day expenses of running the scheme, and 14.1% relates to recovery of the deficit over the twelve years to 31 December 2025. This means that payments by the DBF relating to the deficit, based on active members and pensionable stipends as at 31 December 2014, would be at the rate of £364,000 per annum from 2015 to 2025.

The next valuation of the scheme is due to be carried out as at 31 December 2015.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

2 Pension schemes (continued)

Church Workers Pension Fund – Defined Benefits Scheme

The Defined Benefits Scheme (“DBS”) section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. At 31 December 2014, the DBF had one active member, no deferred pensioner members and four pensioners in the scheme. Also, five joint workers employed by Leicester Diocesan Board of Finance were active members of this section of the Church Workers Pension Fund and there was one joint worker deferred pensioner member.

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

The most recent scheme valuation completed was carried out as at 31 December 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.

Church Workers Pension Fund – Pension Builder Scheme

The Pension Builder Scheme section of the Church Workers Pension Fund builds an annuity for members for payment from retirement, accumulated from contributions paid and converted into an annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the future investment returns and other factors. There is no sub-division of assets between employers. The expectation is that any future shortfall or surplus in the scheme will result in a curtailment or increase in bonuses declared. At 31 December 2014, the DBF had 14 active members, 25 deferred members and 7 pensioners in the scheme. For all participating employers, the scheme’s membership includes approximately 1,300 active members, 1,500 deferred members and 1,300 pensioners.

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

A valuation of the scheme is carried out once every three years and considers the funding of the scheme under two measures: on an ongoing basis, allowing for additional returns from equities compared to returns from gilts and for future bonuses in line with inflation; and on a 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. 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.

3 Net incoming resources

	2014	2013
	£000s	£000s
Net incoming resources is stated after charging/(crediting):		
Auditor’s remuneration:		
Audit	14	12
Taxation services	-	-
Hire of office equipment	6	4
Surplus on disposal of tangible fixed assets	<u>(1)</u>	<u>(172)</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

4 Analysis of incoming resources

a Parish Share

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Parish Share assessed for the year	4,419	-	495	-	4,914	4,863
Other contributions and adjustments	(2)	-	-	-	(2)	4
Less shortfall in contributions	(176)	-	-	-	(176)	(121)
Received for the year	4,241	-	495	-	4,736	4,746
Arrears received in respect of previous years	36	-	-	-	36	31
	4,277	-	495	-	4,772	4,777

b Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Mission Development Funding	-	-	89	-	89	89
Legal costs' contribution	25	-	-	-	25	24
	25	-	89	-	114	113

c Other grants and donations

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
King Henry VIII Endowed Trust	-	-	218	-	218	217
Other grants, donations and similar income	140	-	40	-	180	281
	140	-	258	-	398	498

d Activities for generating funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Rental income from non-investment properties	308	-	-	-	308	279

e Investment income

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Glebe property income	-	-	1,166	-	1,166	1,182
Unlisted securities	53	3	197	-	253	228
Bank and deposit interest	3	2	3	-	8	19
Other property income	-	-	4	-	4	4
	56	5	1,370	-	1,431	1,433

f Other income from charitable activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Payroll contributions	101	-	50	-	151	169
Churches closed for public worship	-	-	21	-	21	20
Sundry income	110	-	1	-	111	98
	211	-	72	-	283	287

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

4 Analysis of incoming resources (continued)

g Other incoming resources

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Surplus on sale of assets	-	1	-	-	1	172
	-	1	-	-	1	172

5 Analysis of resources expended

a Costs of generating funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Glebe management fees	-	-	54	-	54	53
Glebe operating costs	-	-	141	-	141	185
Other costs	33	-	-	-	33	34
Support costs	127	-	-	-	127	119
	160	-	195	-	355	391

b Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
National Church	171	-	-	-	171	176
Training for ministry	274	-	-	-	274	246
Mission agencies' pension costs	11	-	-	-	11	8
Retired clergy housing & other costs	61	-	-	-	61	60
	517	-	-	-	517	490

c Other grants and similar items

(see also note 7)

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Parishes & organisations in the diocese	200	109	129	-	438	404
Other institutions	-	1	22	-	23	4
Individuals	87	-	4	-	91	90
	287	110	155	-	552	498

d Ministry and mission in parishes

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Clergy stipends costs (excl. curates)	1,937	-	1,413	-	3,350	3,302
Curates' stipends costs	-	-	542	-	542	520
Clergy housing	919	-	-	-	919	934
Fees to retired stipendiary clergy	34	-	-	-	34	25
Clergy diocesan expenses	148	-	-	-	148	147
Other costs	104	-	-	-	104	140
Support costs	218	-	-	-	218	299
	3,360	-	1,955	-	5,315	5,367

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

5 Analysis of resources expended (continued)

e Supporting ministry and mission

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Department costs	442	-	-	-	442	338
Support costs	236	-	-	-	236	239
Other costs	8	-	20	-	28	29
	686	-	20	-	706	606

f Governance costs

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s	2013 Total £000s
Synodical costs	8	-	-	-	8	5
Statutory costs	64	-	-	-	64	60
Support costs	145	-	-	-	145	140
	217	-	-	-	217	205

6 Analysis of resources expended showing allocation of support costs

	Activities undertaken directly £000s	Grant funding of activities £000s	Allocation of support costs [†] £000s	2014 Total £000s	2013 Total £000s
Costs of generating funds	228	-	127	355	391
Charitable expenditure					
Archbishops' Council	-	517	-	517	490
Other grants & similar items	-	552	-	552	498
Ministry and mission in parishes	5,097	-	218	5,315	5,367
Supporting ministry and mission	470	-	236	706	606
Governance costs	72	-	145	217	205
	5,867	1,069	726	7,662	7,557

[†]Analysis of support costs

	2014 £000s	2013 £000s
Staff costs	500	509
Joint workers' pension deficit (credit)/charge	(7)	63
Other costs	233	225
	726	797

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

7 Other grants and similar items

	2014 £000s	2013 £000s
To parishes and other organisations in the Diocese		
<i>Mission & pioneer ministry</i>		
Church Commissioners' Mission Fund grants to parishes	79	75
Diocesan Mission Fund grants to parishes	74	10
Pioneer Minister grants to parishes	18	17
Church Growth in Deprived Areas grants to parishes	16	10
Bishop's Mission Fund grants to parishes	15	14
<i>Church land and buildings</i>		
Land and buildings at Stoke Aldermoor, Coventry	32	105
Church Fabric Fund grants to seven churches (2013: seven churches)	20	18
Faculty fees to parishes	20	16
<i>Other organisations in the Diocese</i>		
Coventry Diocesan Board of Education	99	98
Workcare	24	22
Coventry Cathedral for Betel café grant	20	-
Coventry Diocesan Trustees	8	3
Coventry Cathedral for liturgy support costs	5	5
Coventry Cathedral for Director for Reconciliation	-	2
Other	8	9
	438	404
To other institutions		
Syrian Orthodox Christian School	22	2
Link Dioceses of Kaduna and Jerusalem	1	2
	23	4
To individuals		
For support of ordinands in ministerial training	78	70
Other grants to clergy and readers	13	20
	91	90
	552	498

8 Trustees' emoluments and expenses

None of the trustees has received any emoluments from the DBF for services performed as directors (2013: £nil).

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

Three trustees received a total of £420 (2013: six and £924) in the year for travel expenses related to activity as trustees of the DBF. Three trustees received a total of £1,801 (2013: two and £1,248) in the year for travel and other expenses in connection with their membership of the General Synod of the Church of England, membership of which is not connected with their membership of the Board.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

9 Clergy headcount and costs

The average full time equivalent number of stipendiary clergy and licensed lay workers who were office holders in the Diocese was 112 (2013: 112). This included 2 (2013: 2) Archdeacons.

	2014 £000s	2013 £000s
Stipends	2,726	2,677
Social security costs	213	213
Pension contributions	953	932
	3,892	3,822

10 Staff headcount and costs

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

	2014 FTEs	2013 FTEs
Staff employed directly:		
Supporting parish and diocese-wide ministry and mission	11.1	9.7
Central support	9.4	8.5
Employees wholly or partly supported by third party funding	3.5	3.4
	24.0	21.6
Joint workers	2.8	3.2
	26.8	24.8

b Staff costs

	2014 £000s	2013 £000s
Staff employed directly:		
Salaries	714	624
Social security costs	64	62
Pension contributions	107	106
	885	792
Joint workers		
For service in the year	112	127
Pension deficit (credit)/charge	(7)	63
	990	982

There were two employees (2013: two) whose total remuneration in the year was over £60,000. One (2013: one) was in the band £60,001 to £70,000 and accrued retirement benefits under a defined benefit scheme (the Pension Builder Scheme section of the Church Workers Pension Fund). One, in 2013 and 2014, was in the band £70,001 to £80,000 and accrued retirement benefits under a defined benefit scheme (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 9.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

11 Tangible fixed assets

	Parsonages £000s	Glebe houses £000s	Operational properties £000s	Diocesan offices £000s	Office equipment £000s	Total £000s
Cost						
At 1 January 2014	5,504	322	6,278	846	226	13,176
Additions	397	-	244	-	-	641
Transfers	(67)	54	13	-	-	-
Disposals	-	-	(262)	-	-	(262)
At 31 December 2014	5,834	376	6,273	846	226	13,555
Depreciation						
At 1 January 2014	-	-	-	-	226	226
Disposals	-	-	-	-	-	-
At 31 December 2014	-	-	-	-	226	226
Net book value						
At 31 December 2014	5,834	376	6,273	846	-	13,329
At 31 December 2013	5,504	322	6,278	846	-	12,950

All tangible fixed assets were used for direct charitable purposes.

12 Fixed asset investments

	Glebe properties £000s	Unlisted £000s	Other £000s	Total £000s
Market value at 1 January 2014	24,858	6,077	55	30,990
Additions at cost	124	473	-	597
Disposals	(10)	-	-	(10)
Unrealised gains on revaluation	2,042	316	-	2,358
Market value at 31 December 2014	27,014	6,866	55	33,935
Historical cost at 31 December 2014	12,225	5,272	55	17,552

Investments are held primarily to provide an investment return. Unlisted investments consist of holdings in the CBF Church of England Investment Fund managed by CCLA Investment Managers Ltd, and in the Amity Balanced Fund for Charities managed by Ecclesiastical Investment Management Ltd. Other investments consist of a residential property.

At 31 December 2010 all commercial properties other than those purchased in the previous two years were valued by the surveyors Godfrey-Payton and Bruton Knowles on an open market value basis. Glebe agricultural properties have been valued by a member of the Royal Institution of Chartered Surveyors and Fellow of the Association of Agricultural Valuers (UK) from the Godfrey-Payton firm of Chartered Surveyors. The most recent valuations of Glebe agricultural properties were carried out over the two year ends as at 31 December 2010 and 2011. Planning permission for development was granted in 2014 for one agricultural property, which has had a significant impact on the value of the properties. Accordingly, the trustees have updated the valuation for this property.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

13 Debtors

	2014 £000s	2013 £000s
Amounts falling due within one year		
Parish Share and parochial fees	134	232
Glebe agents	105	150
Other debtors, prepayments and accrued income	330	344
Loan	-	7
	<u>569</u>	<u>733</u>
Amounts falling due after more than one year		
Loan (see note 15)	110	110
	<u>679</u>	<u>843</u>

14 Creditors: amounts falling due within one year

	2014 £000s	2013 £000s
Trade creditors	85	50
Grants and other accruals	511	447
Deferred income	186	182
Taxation and social security	51	47
Pension creditor	7	95
Other creditors	3	3
Total amounts falling due within one year	<u>843</u>	<u>824</u>

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

15 Creditors: amounts falling due after more than one year

	2014 £000s	2013 £000s
Grant accruals	102	129
Loan	110	110
Total amounts falling due after more than one year	<u>212</u>	<u>239</u>

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

16 Statement of funds

	At 1 Jan 2014 £000s	Income £000s	Expenditure £000s	Transfers £000s	Investment gain/(loss) £000s	At 31 Dec 2014 £000s
GENERAL FUND	1,917	5,413	(5,227)	(167)	71	2,007
DESIGNATED FUNDS						
Operational Properties Fund	7,123	-	-	(6)	-	7,117
Clergy Holidays Fund	71	3	-	-	2	76
Church Buildings Fund	36	-	(20)	57	-	73
Centenary Events Fund	15	-	-	15	-	30
Bishop Bardsley Bequest	85	1	-	-	-	86
Extra Mission and Ministry Support Fund	203	-	-	-	-	203
Bishop's Mission Fund	163	1	(15)	-	-	149
Bishop of Coventry's Link Dioceses Fund	39	-	(1)	-	-	38
Diocesan Mission Fund	101	1	(74)	114	-	142
Total designated funds	7,836	6	(110)	180	2	7,914
Total unrestricted funds	9,753	5,419	(5,337)	13	73	9,921
RESTRICTED FUNDS						
Stipends Income Fund	-	1,439	(1,439)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	218	(218)	-	-	-
Pastoral Fund	555	22	(20)	(175)	-	382
St Mary Magdalene Vicarage Fund	189	-	-	(189)	-	-
DC Bonfield Bequest	56	-	-	-	-	56
Ordination Candidates' Fund	-	3	(3)	-	-	-
The Reverend George Goode Fund	17	-	-	-	-	17
Archdeacons' Discretionary Fund	29	1	-	-	2	32
Queen Victoria Clergy Fund	-	2	(2)	-	-	-
EE Bardsley Bequest	62	-	-	-	-	62
Companionship Link Funds	-	2	-	-	-	2
Syrian Orthodox Christian School Fund	24	9	(21)	-	-	12
Syrian Orthodox Christian School Scholarship Fund	5	-	(1)	-	-	4
Church Commissioners' Mission Fund	163	89	(78)	-	-	174
Church Growth in Deprived Areas Fund	36	-	(16)	-	-	20
Stoke Aldermoor Temporary Building Grant	35	-	(32)	-	-	3
St Aidan's Missional Community	-	4	-	-	-	4
Deanery Share Support Fund	-	495	(495)	-	-	-
Total restricted funds	1,171	2,284	(2,325)	(364)	2	768
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	5,537	-	-	297	-	5,834
<i>Permanent:</i>						
Stipends Capital Fund	2,629	-	-	-	140	2,769
Stipends Glebe Fund	26,895	-	-	54	2,611	29,560
Coventry Diocesan Endowment Fund	466	-	-	-	25	491
Total endowment funds	35,527	-	-	351	2,776	38,654
TOTAL FUNDS	46,451	7,703	(7,662)	-	2,851	49,343

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

17 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.

Clergy Holidays Fund

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

Church Buildings Fund

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

Centenary Events Fund

This fund was created in the year 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 Bardsley Bequest

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

Extra Mission and Ministry Support Fund

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

Bishop's Mission Fund

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

Bishop of Coventry's Link Dioceses Fund

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

Diocesan Mission Fund

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

RESTRICTED FUNDS

Stipends 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.

Warwick Clergy Stipends & Housing Fund

This fund (previously treated as a sub-fund within the Stipends Income 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.

Pastoral Fund

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

St Mary Magdalene Vicarage Fund

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

DC Bonfield Bequest and Ordination Candidates' Fund

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

The Reverend George Goode Fund

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

Archdeacons' Discretionary Fund and the Queen Victoria Clergy Fund

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

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

EE Bardsley Bequest

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

Companionship Link Funds

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

Syrian Orthodox Christian School Funds

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

Church Commissioners' Mission Fund

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

Church Growth in Deprived Areas Fund

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

Stoke Aldermoor Temporary Building Grant

This fund was set up in the year for a grant received from the Diocesan Trustees towards the costs of setting up a temporary church building for St Catherine's, Stoke Aldermoor.

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.

Deanery Share Support Fund

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

ENDOWMENT FUNDS

Parsonage Houses Fund

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

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.

Stipends Glebe Fund

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

Coventry Diocesan Endowment Fund

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

18 Transfers between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s
Transfers relating to operational properties:					
Transfer of parsonage to operational properties	-	13	-	(13)	-
Property purchases funded by the General Fund	(244)	244	-	-	-
Proceeds from sale of operational properties	263	(263)	-	-	-
	19	(6)	-	(13)	-
General Fund transfer to Diocesan Mission Fund	(114)	114	-	-	-
General Fund transfer to Church Buildings Fund	(57)	57	-	-	-
General Fund transfer to Centenary Events Fund	(15)	15	-	-	-
Pastoral fund transfer to Parsonages Fund	-	-	(364)	364	-
Total transfers between funds	(167)	180	(364)	351	-

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

19 Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2014 Total £000s
Funds at 31 December 2014 are represented by:					
Tangible fixed assets	-	7,119	-	6,210	13,329
Fixed asset investments	1,441	66	27	32,401	33,935
Net current assets	676	740	832	43	2,291
Creditors falling due after more than one year	(110)	(11)	(91)	-	(212)
Total net assets	2,007	7,914	768	38,654	49,343

20 Net cash inflow from operating activities

	2014 £000s	2013 £000s
Net incoming resources	41	382
Adjustments for:		
Surplus on disposal of tangible fixed assets	(1)	(172)
Decrease in debtors	164	39
Increase/(decrease) in creditors due within one year	19	(92)
Decrease in creditors due after more than one year	(27)	(24)
Net cash inflow from operating activities	196	133

21 Net funds

a Breakdown of net funds at 31 December

	2014 £000s	2013 £000s
Cash at bank and in hand	719	544
Short term deposits	1,736	2,187
Cash and cash equivalents	2,455	2,731
Loans falling due after one year	(110)	(110)
Net funds at 31 December	2,345	2,621

b Reconciliation of cash flow to net funds

	2014 £000s	2013 £000s
Increase/(decrease) in cash at bank and in hand	175	(783)
Decrease in short term deposits	(451)	(964)
Decrease in cash and cash equivalents	(276)	(1,747)
Add net funds at 1 January	2,621	4,368
Net funds at 31 December	2,345	2,621

22 Related party transactions

The Coventry Diocesan Board of Education ("the DBE") is a related party as it is responsible to Diocesan Synod, the members of which are also the members of the DBF. A grant to the DBE is shown in note 7. The net amount owing from the DBE at 31 December 2014 in relation to transactions between the two parties was £78 (31 December 2013: £148 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. The CDT made no further contribution to the Stoke Aldermoor Temporary Building Grant fund, having made a contribution of £140,000 in 2013.