



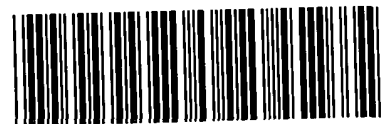
**DIOCESE<sup>OF</sup>  
COVENTRY**

**COVENTRY DIOCESAN BOARD  
OF FINANCE LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
for the year ended 31 December 2021**

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

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**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 December 2021**

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# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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### Message from Bishop Christopher

The Covid-19 Pandemic has continued to bring its challenges, not least as we have come out of the restrictions. The pressures of multiple other crises – climate, economic and the grave and foreboding tensions in international relationships – have all brought their additional burdens. To the people of God, though, such circumstances provide the opportunity not only to reaffirm our faith in the midst of adversity but also to speak words of hope and demonstrate actions of love in the difficult times that many people are experiencing. That is just what has been happening across the Diocese of Coventry as we have sought to fulfil the particular calling of the Church of England to be a Christian presence in every community, serving the people of all our parishes whoever they may be and whatever their circumstances in life.

At the start of 2021, I had in my mind and on my heart three words – recovery, renewal and resurrection – that I felt spoke to the place in which we found ourselves and the road we were called to follow as Christians. As the year has progressed those words have developed into a vision of *restored health, new growth and renewal of relationships*. I am immensely grateful to everyone across the Diocese of Coventry for their great commitment to the health of the Church, for their imaginative ways of reaching out to others to bring growth to the life of the Church as we serve the kingdom of God and for their readiness to renew the relationships that people have with each other, with God and with the earth of which we are part as we seek to be agents of God's life-giving purposes in the world.

It will take some time to restore the health of Church and nation, to bring the new growth that we know belongs to the dynamic of the kingdom of God and to renew relationships in all their forms so that God's reconciling purposes can be fulfilled. But as this report sets out, there are both many signs of this great work happening in all sorts of ways and also much evidence of the responsible stewarding of finances and assets that is necessary for it to be properly resourced.

As well as paying tribute to all those who care for the finances of the Diocese, I would like to thank Ruth Marlow in particular for her service to the Diocese of Coventry as Diocesan Secretary and Chief Executive to the Bishop, and for all that she contributed to our life together. We wish Ruth a happy retirement.

**The Rt Revd Dr Christopher Cocksworth,  
Bishop of Coventry**



# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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## Chair's Report

It gives me great pleasure to present this my second report as Chair of the Coventry Diocesan Board of Finance (DBF). Once again, it has been a year affected by on-going challenges arising from the Covid-19 pandemic. Continuing Government restrictions and concerns about new variants of the virus have, for many, resulted in a slow return to worshipping in person in our church buildings, which has dampened some of our hopes and plans for a speedy return and recovery. I know this has been disheartening for many of us, because although the creation of on-line worship has brought the Word to many for the first time, the desire to meet together in person remains a hugely important part of our tradition. I therefore want to start by expressing my sincere thanks to everyone across the diocese, all our clergy and volunteers, staff within the Diocesan Offices and members of our congregations for their hard work and faithful prayer for the restored health, new growth and renewed relationships that Bishop Christopher has expressed in his vision statement for the Diocese of Coventry over the next five years.

Without your steadfast work, commitment, and prayer it would not be possible for the Coventry DBF to do the work we are called to do in the resourcing and supporting of you in building God's Kingdom here in this place.

This endeavour has resulted in 2021 being a year in which the DBF has performed better than perhaps we might have dared to have imagined at the end 2020. Giving through Parish Share has continued thanks to the generosity of many people that support the work of the church in the diocese.

In acknowledgment, however, of the continuing financial challenges faced by many of our parishes the DBF approved £155K in Parish Share Relief Grant in 2021, and in total 63 parishes have received help and support in this way during the pandemic.

Our equity investments held by CCLA have performed well thanks to the work of the Investment Sub-Committee. Our property investments have also performed well and throughout the year the Glebe Committee has continued to work hard to identify new opportunities and continue to pursue projects that will support growth in the future.

One of the greatest pleasures, and indeed privileges, of my role as Chair of the DBF is to be able to see and share with you the great missional work that is being undertaken across the diocese. Despite the challenges we have all experienced, 2021 has proved to be yet another year in which we have been able to witness, through the grace of our Lord Jesus Christ, many inspiring and uplifting works. In the following pages of this report we talk about some of these in more detail, however I cannot conclude my report without mentioning the highly acclaimed Acceler8 project that drew to a close in the Summer, when its funding, which had been provided by the National Church's Strategic Development Fund (SDF), came to an end as planned. Our learning from this project, both in terms of the work on Healthy Churches and ministry to the 20's to 30's will, however, continue to support our strategy for growth going forward. In 2021, the DBF also supported other important missional work, notably the Serving Christ Project that focused on building confidence in our congregations through training and support of our laity, which entered its penultimate year of SDF funding, and celebrated the launch of the Equip Hub learning platform in September, and the developing Growth Strategy led by Archdeacon Barry and the DBF Mission and Discipleship Team. In June, we were delighted to receive confirmation that our Stage 2 bid to the SDF, which will provide £1.25 million to support the development of 4 Church Plants in urban areas in the Diocese over the next 5 years, had been successful. Work on the identification of 6 Mission Hub Churches also progressed in 2021.

The DBF has also continued to provide a grant to support Together for Change: Coventry and Warwickshire,

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which has given vital support to a number of churches providing befriending services, emergency food, and support to families and young people throughout the pandemic. This DBF grant enabled the TFC staff to focus on other grant applications, which secured £363K from the National Lottery Fund for the Saints project in Nuneaton, and grants from a variety of funders for projects across the diocese.

Despite having much to be grateful for, we are not out of the woods yet. The DBF will continue to face many challenges in 2022 and beyond and recognises and understands the continuing challenges faced by our parishes, clergy, volunteers and the communities they support. In 2022 we are putting more resources aside to support churches in growing new worshipping communities as part of the Growth Strategy and Church Planting work, which will see the appointment of associate ministers to our Mission Hub Churches and an investment in clergy housing. We will also be taking further steps towards our Net Zero target with the introduction of a Sustainable Travel Policy, a review of the Diocesan Office's Environmental Policy and investing in Energy Efficiency Performance Certificates for all our housing stock. A commitment to ensure the Church is a safe place for everyone will also remain at the centre of the DBF work in 2022, especially as we respond to the national Church's Past Case Review II report, due to be published later this year. I remain confident that the DBF will rise to all these challenges and respond appropriately and once again I extend my thanks to, and appreciation of, the work of all my colleagues on the Board, the clergy, committee members, Readers, volunteers and wider members of the church community for all that you all do to serve the Church in this diocese.

Whilst this report covers 2021, I am writing this in early 2022, at a time when Ruth Marlow is about to retire from her role as Diocesan Secretary. We are grateful to Ruth for her service to the diocese and for the skills and focus that she has brought to the role. Her dedication and professionalism have been a great example to all and I wish her many years of happiness as she settles into what we know will be a very active retirement.

With my grateful thanks

**Simon Danks**  
**Chair of Coventry Diocesan Board of Finance**  
**28 February 2022**

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## TRUSTEES' AND DIRECTORS' REPORT

### for the year ended 31 December 2021

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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 2020. 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 mission purpose of the Diocese of Coventry is "worshipping God, making new disciples and transforming communities." With an emphasis on reconciliation, Bishop Christopher has described the working out of this statement across the Diocese as seeing:

***"The reconciling love of God in Jesus Christ manifested in Christian Communities that worship God, make new disciples and transform the communities around them."***

The Diocese reaches out to all the people of Warwickshire and Coventry in its Mission Purpose through a number of bodies and organisations, not just churches. Coventry Cathedral, the Diocesan Board of Education, our church schools, our chaplains, Together For Change, all play a part in delivering a Whole Diocese integrated strategy, recognising the individual distinctiveness of each member of the diocesan family, currently aligned to 6 priorities which forms the focus for the allocation of diocesan resources including, people, money and prayer.

**The Bishop's Council has endorsed the six Shared Objectives which are:**

- Making the gospel known throughout the Diocese so people become followers of Christ.
- Strengthening the health of churches and organisations across the Diocese in the 8 Essential Qualities identified by NCD.
- Enabling the well-being, development and flourishing of clergy and lay people across the Diocese.
- Equipping the whole Diocese for the work of reconciliation.
- Promoting the life-long Christian learning and education across the Diocese.
- Delivering positive community transformation.

In its work towards these objectives the Bishop's Council continues to endorse priority themes for particular emphasis; engaging with people of UK Minority Ethnic (UKME) or Global Majority Heritage (GMH) a focus on children's and young people's spirituality and discipleship and Carbon reduction strategies.

To fund these activities, the DBF raises most of its income by advising the "Cost of Ministry" to Deaneries ("the Deanery Share"), which Deaneries in turn allocate to parishes ("the Parish Share"). The DBF also receives investment and other income and has in addition released capital from the historic assets. 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.

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#### **Going Concern**

The Covid-19 pandemic continued to have a significant impact, on the DBF's operations in 2021 with diocesan staff predominantly home working at the beginning of the year, moving to a model of home and office working as restrictions relaxed. Many activities of the SDF funded projects Acceler8 and Serving Christ have been curtailed, but great stamina and creativity has been shown by diocesan staff in seeking new ways to support clergy and laity as they further the outcomes of these projects.

Income distributions from equity investment funds have been maintained by CCLA at planned levels. During the year the investment management agreement was reviewed by the Investment Subcommittee, and the decision was taken to move fund management to CCLA. The Glebe committee worked pro-actively with our property managers to ensure, where possible, rental income from this portfolio was maintained, ensuring property was fully occupied in a difficult market. The Trustees are able to utilise historic assets releasing unapplied Total Return, if necessary, to cover any potential shortfall of investment income in order to meet clergy costs. Unlisted investments (as per note 12 can be liquidated to meet any working capital cash flow requirements).

Income from parish share has continued at a similar level to 2020, with some parishes finding their financial sustainability to be more precarious than they would like. During the year, parishes have continued to join the Parish Giving Scheme to facilitate planned regular giving, recognising the stable financial foundation this provides. As restrictions have eased there have been more opportunities to open church buildings and halls, which, after planned giving, has had the biggest financial benefit for parishes. Providing support to parishes who are concerned about their financial health is ongoing, with this being provided by the Archdeacons and the finance team.

Having regard to the above, the Trustees believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

#### **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 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.

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## TRUSTEES' AND DIRECTORS' REPORT

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### 1.2 PRINCIPAL RISKS

The DBF operates a comprehensive system of risk management, with a strategic risk register being reviewed three times a year by the leadership team and the Audit and Risk Committee. The trustees go through an annual process of horizon scanning to consider the strategic risks to the organisation, following which the register is reviewed and updated to take account of new and emerging risks.

During the year, the Audit and Risk Committee continued to look at the domino effect of risks and the potential impact on the organisation. They have also looked at how risk velocity might be brought into the consideration of risk by the leadership team. At all times they have reflected on whether the risk approach is proportionate and whether the risk register is closely linked to the strategic objectives of the Diocese. The major risks identified by the DBF's trustees and the measures in place to mitigate and manage them are described below.

#### **The long-term sustainability of the organisation.**

This risk reflects the potential impacts of parishes failing to pay their parish share, of investment returns not being in line with the objectives of the Investment Policy and of failing to have an effective clergy deployment strategy, leading to the risk of not having the right ministers in the right places at the right times.

The DBF seeks to mitigate this risk by working with deaneries which allocate Parish Shares to individual parishes so that local contexts and affordability can be taken into consideration. However, during the pandemic parish income has come under increasing pressure and the Bishops Council approved the release of a small proportion of historic funds to finance Parish Share Relief. It has been recognised by Diocesan Synod that the Parish Share system requires review and a working group, including clergy and laity from across the diocese, will bring the outcome of that review to Bishops Council and then Synod in 2022. As regards investment returns, the Investment Sub Committee (ISC) and the Glebe Committee meet regularly to review the performance of investment assets and ISC has put in place a new investment management agreement with CCLA to ensure that organisational objectives that rely on investment funding can be achieved. To help ensure that clergy deployment meets the missional needs of the Diocese, the Archdeacons are working closely with Area Deans and deanery mission and pastoral committees to put deanery plans in place. Bishops Council, in its role as the Diocesan Mission and Pastoral Committee, will see these plans in May 2022.

#### **Political uncertainty and associated economic impacts**

This risk reflects the effects of political decisions, notably those being driven by the pandemic the continuing impact of Brexit, and now the risks around inflation. Their impacts may lead to increasing levels of concern among parishes and DBF staff with consequential effects on morale and effectiveness.

To mitigate and monitor this risk, the Diocese has maintained higher than normal levels of communication with parishes and diocesan staff. During 2021, The Bishop of Coventry led a planning group to focus on the special needs arising from the pandemic, supported by working groups that focus on key areas of church life. Bishop Christopher also sent video messages of encouragement to clergy and churchwardens throughout the pandemic to keep them updated on sources of financial help and support. Bishop Christopher continues to communicate by video message to the Diocese as clergy and parishes have looked to him for guidance as world events have unfolded. In addition, the Bishop of Warwick and the Archdeacon Pastor have maintained regular contact with clergy to respond to pastoral needs. As regards DBF staff, the Diocesan Secretary has led regular communication with and by the leadership team to reassure and inform staff through a weekly staff bulletin.

#### **Failing to deliver strategic objectives**

Failing to deliver strategic objectives and outcomes could significantly impact mission across the diocese, particularly church health and growth. A lengthy clergy appointments process could lead to a higher number of clergy vacancies leading to unnecessary pressure and challenges for office holders in parishes.



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To mitigate this risk there is a structure of governance for the management of strategic objectives and the projects that support them, with personal objectives set and reviewed twice yearly for individual members of staff delivering them. During interregnums, support is provided to churchwardens and parishes to guide them through the appointments process.

#### **Contravening the Data Protection Act**

Failing to comply with The Data Protection Act could potentially lead to the loss of confidential information and, or, the accidental sharing of personal data, with potentially serious impacts on those to whom the data belongs, as well as legal, reputational and financial consequences for the Church.

Since this Act came into force in 2018, the DBF has put measures in place to minimise and manage this risk through ensuring that it has strong data management processes in place, backed by ensuring that staff are trained and understand and comply with its requirements.

#### **Absence of Trustees, key staff and advisers**

Failing to recruit and retain high quality Trustees, key staff and specialist advisers has the potential to cause significant disruption to governance and service delivery and also result in the loss of valuable organisational knowledge.

To mitigate this risk the DBF has processes in place to review committee membership and terms of reference regularly, to maintain up-to-date job descriptions, to anticipate retirements and, where possible, departures and to undertake recruitment campaigns and the appointment of professional external advisers.

#### **Safeguarding**

The Diocese regards protecting the health, well-being and human rights of individuals, especially, children, young people and vulnerable adults, as an absolute priority, given the potentially serious impacts that failing to do so can have on individuals.

To minimise and manage this risk, the Diocese has a rigorous and widely disseminated safeguarding policy and management process, backed by a safeguarding training strategy. The safeguarding dashboard has been provided free of charge to all parishes to aid them in the management of their own safeguarding requirements. Additional support has been provided to Parish Safeguarding Officers during the pandemic to support them with risk management for new missional and other activities arising as a result of changes to the way in which parishes have had to adapt to new ways of worshiping and operating.

#### **Achieving Net Zero Emissions target by 2030**

The risk that the DBF does not meet the net zero emissions target set by General Synod would lead to financial and reputational consequences.

To minimise and manage this risk the Diocesan Environment Group and Net Zero Group are working with the diocesan office and parishes to put action plans in place to reduce emissions to net zero. Communication and education training is being provided on environmental issues e.g. Creation Care, the Bishop's Certificate in Discipleship and Lent courses, alongside the promotion of the Eco Church Scheme.

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### 1.3 ACHIEVEMENTS AND PERFORMANCE

#### Making the Gospel known so that people become followers of Christ

##### **The Growth Strategy**

During 2020, following consultation with parishes across the Diocese via online roadshow sessions, the Bishop's Core Staff presented to Bishop's Council and Diocesan Synod plans that will form part of the reimagining of ministry renewal and resurrection, which is key to the Growth Strategy. These were approved and work commenced in 2021 to set up Resourcing Mission Hubs, City Church Plants and the recruitment of clergy to fill vacancies in inner city parishes and laity to support the delivery of this strategy. Outcomes from this work are expected over the next five years, with the aspiration to grow 150 new worshipping communities. Existing parishes continued to play their part in delivering this objective.

Over the last year, churches in Fosse Deanery have been taking their services outside in response to Covid restrictions. Churches blessed with technology have streamed services online, while others have not been able to do this. But in sharing experiences of how some Fosse Deanery parishes have continued worship, share fellowship and reach out to their communities, a common theme emerged, which demonstrated the benefits of taking the message of the Good News beyond the walls of church buildings.

The rural nature of much of Fosse Deanery lent itself to this approach. St Peter's in Wellesbourne held their 'Paddock Praise' in Summer and in December they created walk-through scenes that depicted the barely-sheltered first Nativity. At Holy Trinity in Stratford-upon-Avon, another walk-through idea enabled parishioners to experience Christmas at church by 'walking through it'. Displays, lighting, floral decoration and carol-singing by the choir conveyed the spiritual atmosphere and significance of the Christmas story and celebration. Visitors could pre-book and queueing was carefully planned and managed so that the church and its grounds could be used safely.

In Shotton, parishioners marked Pentecost by making a bright bunting of 'flames', strung across St Andrew's hedged frontage on a popular route for daily exercise. Information about Pentecost and the significance of the 'flames' was posted on the noticeboard for passers-by to read.

Children have often been the ones to miss out since many services went online. But in February 2021, Shotton's young 'Illumin8' group set a 'Heart Trail' that involved hanging or hiding home-made hearts (drawn, sewn, knitted) around the church rounds, together with a QR code quiz. Such ideas make the Gospel message more accessible to those who do not usually attend church and bear witness to a living faith and continuing worship.



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### **Increasing disciples in the 20s – 30s age range within the churches of the Diocese**

Acceler8 was an early strategically funded initiative by the Church of England that began in 2016. It was a bold initiative to speed up growth by improving church health and specifically focused on the 20s to 30s age demographic that came to an end during 2021. By the end of 2019, well over 900 people became new disciples, of which over 400 in their 20s or 30s and two 20/30s focused worshipping communities had also started.



Over 40 people in their 20s/30s have also explored [Christian] vocations and there is good evidence that those churches who actively embraced NCD have grown both in rural and urban settings.

This is a very pleasing result and had the pandemic not significantly disrupted progress there was every expectation that Acceler8 would have exceeded its initial aspirations, which were to see 1000 new disciples added to the worshipping community in the diocese, including 400 in the 20s to 30s age range, 20 people in the 20s/30s age range entering [Christian] vocations, 4 Pioneer Plants established and a general strengthening of the health and growth of churches, both numerically and spiritually.

This project clearly demonstrated that a focus on church health using the NCD provides a robust approach to achieving growth and that it can be used by a wide range of church traditions, if introduced sensitively. The use of the 20-30s Development Leaders can also make a positive impact on church engagement with this age range.

### **Strengthening the health of churches and organisations across the Diocese in the 8 Essential Qualities identified by Natural Church Development**

The aim of this shared objective is to support church growth, both spiritual and numerical, across the Diocese. NCD statistics continue to demonstrate that when churches focus on the 8 Essential Qualities this leads to numerical and spiritual growth, making them more effective in our mission of worshipping God, making new disciples and transforming communities.

During 2021, a number of Ebbsfleet Churches across the country engaged with NCD and begun work on their 8 EQ's. Father Gary however, caught Covid and has been making a steady but slow recovery meaning progress on delivering this objective has been delayed.

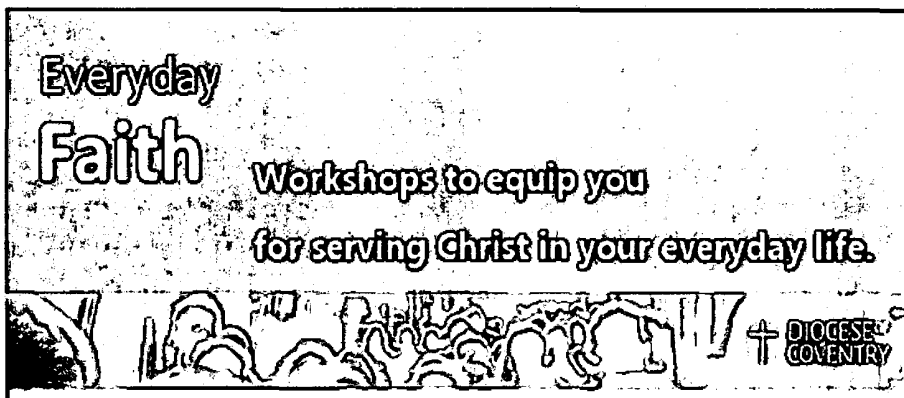
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#### Enabling the wellbeing and flourishing of clergy and lay people across the Diocese



The Serving Christ Team were active during 2021, running many courses online to support and enable the wellbeing of lay people across the diocese. In 2020, the Church of England launched its Everyday Faith campaign. Everyday Faith is about where and how we encounter God as we go about our daily lives, from loading the washing machine to entering data and answering emails. It highlights the value of everyday work, helps us to live out our Christian faith wherever we may be and emphasises how even the smallest, routine activities matter to God and can make a difference to others. In Coventry Diocese 6 Everyday faith sessions were run in 2021 to support lay people in their Everyday Faith

During 2021, the Clergy Wellbeing Group continued to meet and to 'take the temperature' of clergy wellbeing as the pandemic unfolded. The Archdeacons worked with Area Deans to ensure that clergy concerns were heard and responded to. Support through phone calls from the Bishop of Warwick and the two Archdeacons, alongside video messages from the Bishop of Coventry has been ongoing throughout 2021 and provided a source of encouragement and support to clergy. The Clergy Wellbeing survey that was planned during 2021 has been deferred to 2022 to ensure it captures feedback from clergy managing the challenges caused by the pandemic.

#### Equipping the whole Diocese for the work of reconciliation



in-person groups.

Working closely with the Archbishop of Canterbury's reconciliation team in both London and Coventry, Emma Crick de Boom, was appointed as Reconciliation Enabler in January 2021. Her role is to mobilise, envision and empower churches and individuals in the Diocese of Coventry and across the West Midlands to engage with 'Difference'. Difference is a course that explores what it means to follow Jesus in a divided and conflicted world, equipping people with three formational habits of reconciliation to enable transformation through everyday encounters. The course is designed for both online and

Drawing on the experience of the Cathedral, Emma has built upon the experience gained from the 'Difference' course to embed and re-energise the Diocese's commitment to the gospel of reconciliation. She will play a key part in enabling the Diocese to engage with the Living in Love and Faith Resources. She

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will also be equipping and empowering churches, schools, chaplaincies, and individuals to be 'Partners together in the Message and Ministry of Reconciliation' throughout the Diocese.

Bishop Christopher says:

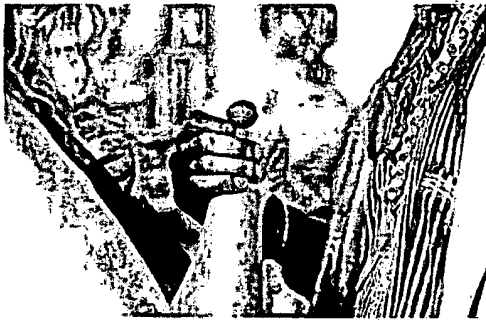
"I am delighted that Coventry Diocese has the chance to collaborate with the Archbishop of Canterbury's Reconciliation Ministry through the creation of this exciting post. Emma's appointment will enable the Difference Course to become embedded in the Diocese and for Christian people in the region to live out the gospel in their discipleship as they follow Christ and serve God's kingdom. I very much look forward to working with Emma and to seeing her gifts bear fruit among us."

#### Promoting lifelong Christian learning and education across the Diocese

The Diocesan Board of Education fulfils much of this shared objective, however we should not forget the part our clergy and parishes play in the spiritual development of both young and old. Below are just two examples of how this shared objective has been delivered in 2020.

#### **Racial Justice Sunday**

A new page has been created on the diocesan website with links to resources for Racial Justice Sunday, collated by the Revd Dr Rosalyn Murphy. The Covid-19 crisis has highlighted the existing inequalities in our society as the poorer, more marginalised communities are being disproportionately impacted by the pandemic, which serves to demonstrate the need for greater racial justice on our society.



Rosalyn says:

"Celebrating Racial Justice Sunday in our churches reminds us that Christ calls his followers to lead the world in extending equality to all human beings, because we are all made in His image. Excluding even one, somehow says that God has made a mistake. Paul writes in Romans 8 that, 'not only creation (groans in labour pains), but we ourselves...groan inwardly while we wait for our adoption...'

The suffering that inequality and injustice cause the global majority actually opposes the redemptive work of Christ. Our redemption comes not simply by accepting Christ as our saviour, but also by allowing his Holy Spirit to complete the 'heart' work needed in us. Of course, the outcome of Spirit working in us is that our hearts are opened to love each other, even as we love ourselves."

#### Delivering positive community transformation

The Diocese, working in partnership with Together for Change, strives to transform the lives of the most disadvantaged throughout Coventry and Warwickshire. The following story is one example of what Together For Change has delivered during 2021.

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'Message Buses', like the one shown below, are used by The Message [Trust], which is a UK christian charity that creates christian resources for working with young people, including working with schools and to support local churches with mission and evangelism training. Message Buses are state of the art mobile youth centres that operate across the UK. This new bus will be the first Message Bus in the Midlands. Together for Change obtained funding through the Warwick Churches Team and the King Henry 8th Trust in order to give the Message Trust a grant that enabled it to commission this new Message Bus. The bus will be based in Warwick and used to support young people in that area, but it will also be available for hire across the diocese when it is free, with the objectives of



launching new Christian youth groups and of support existing youth groups and schools. The bus can accommodate up to 30 young people and provides ample space for learning. A full time Youth Evangelist/Bus Manager has also been funded, who will oversee the use of bus in reaching out to young people as well as the recruitment of volunteers and additional drivers in order to make the vision of the bus youth ministry a reality.

CEO of Together for Change, Jet Jones says;

*"The Message Trust have a long history of working with the most disadvantaged young people and engaging them with exciting presentations on the gospel of Jesus and we are looking forward to partnering with them."*

During 2021, the DBF continued to fund the Further Education (FE) Chaplaincy Ambassador project, which aims to build relationships across the diocese in FE. In addition, the DBF funded the Workcare programme, which seeks to grow the number of chaplains in workplaces. The Archdeacon Pastor, who is a Workcare Trustee, has been providing support to all our Chaplains in prisons, hospitals, school and workplaces, bringing them together to network as a group.

### 1.4 SUMMARY OF FINANCIAL PERFORMANCE

Following a year of uncertainty, the underlying result in 2021 was a deficit of £311,000 (2020: £978,000), which was offset by the release of £1,511,000 (2020: £1,909,000) of historic funds. This release was approved by Diocesan Synod in November 2021 to cover a reduction in income from Parish Share, due to a combination of lower offers from parishes followed by a lower than expected collection rate during the year.

The cost of mission and ministry increased by 13% to £6,052,000 (2020: £5,355,000) (Note 5b to the Financial Statements), with expenditure on interregnum works on parsonages doubling. As Covid restrictions lifted, work which could not be completed in 2020 was carried out in 2021. Associated with clergy moves are the appointment and retirement costs for clergy, which increased by 82% to £175,000 (2020: £96,000). The average number of clergy in post during 2021 fell to 105 (2020:109) Costs in support of mission and ministry (Note 5c), fell by 5% to £2,549,000 (2020: £2,683,000), due to staff vacancies and a reduction in grants awarded to parishes, as planned missional activity was impacted by the uncertainty caused by the pandemic.

The value of Designated Funds increased to £16,097,000 (2020: £15,624,000), primarily due to the transfer of a further £500,000 to the Cathedral "Endowment" Fund (Note 16 to the Financial Statements). Restricted Funds at the end of the year amounted to £4,205,000 (2020: £3,336,000). Notable items within Restricted Funds included the continuation of grant funding for the Serving Christ project and the receipt of Capacity funding from the Church Commissioners to help with initial set up costs of the SDF City Church Plant project and provide funding for a Programme Manager and the Director of New Worshipping communities. LINC funding increased during the year and the Acceler8 project came to an end as planned, with the final claim on grant funding made before the end of the year.

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2021

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The Endowment Funds (Note 16 to the Financial Statements) were valued at £77,013,000 at the end of the year, (2020:£73,286,000). Within this total there were a number of notable movements. These included gains on revaluation of investment assets of £5,096,000 (2020: £2,339,000), a £138,000 surplus on the sale of investments, actuarial movements on the Church of England Clergy Pension scheme of £6,000 (2020:£5,000) and the release of £3,647,000 of Endowment Funds of which £2,136,000 (2020:£2,213,000) is investment income, which forms part of the total return on the Diocesan Stipends Fund. Note 18 explains the full impact of total return on these accounts.

### Principal funding sources

The principal sources of funding in 2021 came from Parish Share £4.9m, 53% (2020: £4,988, 49%), investment income of £2.247m, 24% (2020: £2.336m, 23%), £0.8m, 9%, from Church Commissioners (2020: £0.9m, 9%), and £1.361m, 14%, from other sources (2020: £1.964m 19%). Other sources of income include parochial fees from weddings and funerals, which have recovered to pre-pandemic levels, rental income from the letting of houses whilst not occupied by clergy, restricted income from The King Henry VIII Endowed Trust, used to meet costs in the Warwick area and various other grants and donations.

### Parish Share

Total parish share income received was £4.987m, which is similar to that received in 2020 (2020: £4.988m which was a £341,000 reduction on 2019). This includes amounts received that related to parish share allocated for previous years, but excluded amounts received after the 31 December 2021 cut-off date. Total parish share receipts amounted to 93% of the allocation (2020: 91%). Deaneries continue to indicate that they are struggling to meet Parish Share allocations. During the year, support was provided to Parishes by the Diocesan Finance team, particularly when applying for relief through the Parish Share relief scheme that was created by Bishops Council in 2020 at the start of the pandemic. Parish Share relief of £154,587 was given in 2021, making the total relief offered to struggling parishes over past two years of £431,587. The scheme has now been closed for further applications.

The Diocese has continued to promote the Parish Giving Scheme, a direct debit scheme that encourages individual church members to review their giving regularly and also provides an efficient way for parishes to receive Gift Aid on gifts received. During the pandemic, parishes that switched to using this method of giving have seen an increase in planned giving. This was reflected in the Statistics for Mission collected in 2020, which showed that the average donation made under planned giving in Coventry Diocese increased from £13 to £14.02 per week.

### Investment Income

Investment income was £2,247,000 (2020: £2,336,000) and derived from both equities and Glebe assets. After allowing for Glebe management fees and other Glebe operating costs, net investment income was £1,958,000 (2020: £2,103,000). Net investment income from Glebe investment decreased to £914,000 during the year as a result of increased costs of maintaining farm dwellings and repairs to farm buildings. (2020: £1,096,000). Other investment income, which includes interest and dividends, increased to £1,089,000 (2020: £1,054,000), as a result of increased interest from holdings in the CCLA deposit account.

Discrete-year total return performance (gross) for investment funds in which the DBF is invested were as follows.

- CCLA's CBF Church of England Investment Fund: 17.46% (2020: 10.2%)
- CCLA's CBF Church of England Global Equity Income Fund: 19.20% (2020: 22.69%)
- CCLA's CBF Church of England UK Equity Fund: 21.25% (2020: 0.81%)

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## TRUSTEES' AND DIRECTORS' REPORT

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### 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. The investment funds are managed by CCLA Investment Management Limited and are diversified funds for charities, invested mainly in equities, but also in fixed interest securities, property and other assets. There are no holdings in Fossil Fuels. Glebe investment properties comprise agricultural, commercial and residential land and buildings.

The total value of investments shown on the Balance Sheet at 31 December 2021 was £76.4 million (2020: £71.5 million,) of which £70 million was permanent endowment (Note 12 and Note 16).

Following the approval of a Total Return approach to investments in the Diocesan Stipends Fund, and a further subsequent discussion at Bishop's Council, the trustees agreed that historic unapplied return of £1.5m (2020:£1.9m), plus the income investment returns that would ordinarily be recognised in the 2021 accounts if total return had not been adopted, would be recognised as income in the 2021 accounts.

### Clergy and lay ministers

We are blessed with a great diversity of clergy in our Diocese, who exercise their valued ministry in a number of ways: full-time, part-time, incumbents, associate ministers, and chaplains, ministers in secular employment, stipendiary and self-supporting, Readers and lay-ministers. For the purposes of this report, it is helpful to refer separately to those who are stipendiary.

### Stipendiary clergy headcount

The full time equivalent ("FTE") number of office holders in the Diocese who were stipendiary clergy or licensed lay workers in 2021 was 105 (2020: 111), which includes two Archdeacons. The decrease does not reflect the increased level of activity by the Archdeacons office to fill vacancies, rather vacancies have increased quicker than the capacity for recruitment to happen. The average number of curates was 21 (2020:17) reflecting the diocese's commitment to increase the intake of clergy over the coming years.

### House for Duty Clergy, Self-Supporting Ministry and volunteers

Whilst acknowledging that many of our self-supporting ministers are office holders and living in their own houses, there are office holders that the DBF provide with houses. In 2021 there were 9 (2020:9).

It cannot be underestimated that the activities of the Church of England across the Diocese of Coventry depend hugely on the generosity of our retired clergy, self-supporting ministers, Readers and lay ministers. 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. The DBF is grateful to all those whose contribution is essential to the mission of the whole Diocese.

### 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 to this scheme in 2021 was £10,031 (2020: £9,843) per full time stipendiary clergy member. If they are not members of the clergy pension scheme, the DBF's permanent staff are members of the Church Workers Pension Fund. Further details of both Schemes are in note 2 to the Financial Statements. DBF staff 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).



# **COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**

## **TRUSTEES' AND DIRECTORS' REPORT**

### **for the year ended 31 December 2021**

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#### **Reserves policy and the General Fund position at the year end**

The funds held by the DBF at 31 December 2021 comprise the following.

Endowment funds totalling £77,013,000. This amount includes expendable endowment of £6,217,582 relating to the Parsonages Housing Fund and permanent endowments of £70,796,000. The permanent endowment includes £70,132,000 relating to the Diocesan Stipends Fund of which £48,067,000 is unapplied total return. The Trustees can apply the unapplied total return to the Diocesan Stipends Fund Income Account, to use for the restricted purpose of payment of clergy stipends, houses and the management and maintenance of Glebe property.

Restricted Funds totalling £4,205,000, to be spent in accordance with the donor's wishes.

Unrestricted funds of £18,120,000, which includes £16,097,000 of designated funds that relate substantially to operational properties and are therefore illiquid.

The objective of the DBF's reserves policy is to ensure adequate working capital resources. During 2021, the policy was to ensure the General Fund remained within a range equivalent to two and a half to three and a half months' worth of operating costs, as approved by Diocesan Synod for the ensuing year. This policy has been reviewed and has been left unchanged.

Diocesan Synod approved a maximum sum to be spent from operating funds in 2022 of £10,224,835. The balance in the General Fund at 31 December 2021 was £2,023,000, which represents 2.4 months' of planned spending and is therefore below the bottom of the policy target range.

#### **1.5 PLANS FOR THE FUTURE and FUTURE COMMITMENTS**

The Coventry Diocesan mission strategy has been shaped by long-term investment in the development of healthy churches using the Natural Church Development programme (NCD) and there is now a recognition that church health brings growth. However, in order to see a step change in numerical growth, missional focus must widen to develop an integrated Growth Strategy for urban and rural church planting, which includes new church communities (church plants) in areas of new housing, urban estates, and in other developed communities where mission potential exists, was approved by Bishop's Council.

In 2021, six key churches serving as 'Resourcing Hub' churches were commissioned and their development, together with the on-going development of St Marks Resource Church launched in 2016, will support the delivery of this strategy.

This strategy will also seek to encompass the full breadth of church traditions, with fresh expressions of church, missional communities and worship styles. In 2022, we expect to see this activity begin to deliver new growth, renewed relationships and restored health across the Diocese.

The Diocesan Synod approved the budget for this five-year programme in November 2021 that included the release of £4.2m of historic funding, together with the award of £1.25m of Strategic Development Funding in February 2022. The DBF will fund the stipends and housing for 6 new associate ministers who have been recruited to build capacity in each of the resourcing hubs.

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## TRUSTEES' AND DIRECTORS' REPORT

### for the year ended 31 December 2021

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## 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:-

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

House of Clergy: 58 members, including the Chair of the House and seven ex-officio members (the Dean of the Cathedral, two Archdeacons, the Chair of the Diocesan Advisory Committee and the three diocesan clergy General Synod members). The remainder were elected by the houses of clergy of Deanery Synods.

House of Laity: 50 members, of whom six were ex officio (the Chancellor of the Diocese, the Chair of the Board of Finance, the Chair of Board of Education, 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. Elections for a new triennium happened during the year, with the new Diocesan Synod in place from 1<sup>st</sup> August. The 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.

### 2.1 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.

# **COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**

## **TRUSTEES' AND DIRECTORS' REPORT**

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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 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 archdeaconry);

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## TRUSTEES' AND DIRECTORS' REPORT

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- 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 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 2021, 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. Their term will end in 2024, upon the election of the new Diocesan Synod. During the year and as at the date of this report the members of Bishop's Council were as follows:

### EX-OFFICIO

President	The Rt Revd Dr Christopher Cocksworth
Bishop of Warwick	The Rt Revd John Stroyan
Archdeacon Pastor	The Ven Sue Field
Archdeacon Missioner	The Ven Barry Dugmore
Dean of Coventry	The Very Revd John Witcombe
Chair of the House of Clergy	The Revd Claire McArthur
Chair of the House of Laity	Mrs Helen Simmonds – to August 2021 Mr Phil Swards – from October 2021
Chair of the DBF	Mr Simon Danks

### NOMINATED MEMBERS

Chair of DAC	The Revd Canon Richard Williams – to August 2021
DAC Nomination	The Revd Peter Walker – from September 2021
Chair of DBE	Mr Chris Edwards

### BISHOP'S NOMINEE

The Revd Kate Massey

### ELECTED CLERGY

The Revd Canon Dr Jill Tucker – to August 2021  
The Revd Graeme Anderson – to August 2021  
The Revd Canon Dr David Stone – to August 2021  
The Revd Dwayne Engh – to August 2021  
The Revd Alison Evans – to August 2021  
The Revd Kay Dyer – from September 2021  
The Revd Claire McArthur  
The Revd Stella Bailey  
The Revd Barry Jackson – from September 2021  
The Revd Jo Parker – from September 2021  
The Revd Stephen Parker – from September 2021  
The Revd Jonathan Jee – from September 2021  
The Revd Alison Evans – from September 2021

### ELECTED LAITY

Mrs Karen Armbrister – to August 2021      Mr Chris Baker  
Mr John Franks – to August 2021      Mrs Jo King  
Mr Peter Rogers - to August 2021      Mr Tim Pollard  
Mr David Spiers – to August 2021  
Dr Yvonne Warren- to August 2021  
Ms Ogechi Ngemegwai – from September 2021  
Ms Alex Suffell – from September 2021  
Ms Marion Maclellan – from September 2021  
Dr Sarah Mount – from September 2021  
Mrs Sue Williams- from September 2021

### CO-OPTED MEMBERS

Mrs Joyce Amos – to August 2021      Mr James Styan Kendall – to August 2021

# **COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**

## **TRUSTEES' AND DIRECTORS' REPORT**

### **for the year ended 31 December 2021**

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#### **2.4 COMMITTEE STRUCTURE**

There are a number of Diocesan committees which advise the DBF. They are:

- the Audit and Risk 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 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 Bishop's Council and the Diocesan Synod;
- the Conditions of Employment Group, which deals with the terms and conditions of employment, including remuneration, of staff employed by the DBF and annual increases to clergy stipends in line with increases in the cost of living, 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 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 and Church Improvement Grants, makes recommendations to 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 during 2021 was Ruth Marlow. She served 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 her 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. Ruth Marlow retired from the DBF on 28 February 2022 and recruitment for a replacement is ongoing.

Whilst senior staff have job titles incorporating the word 'Director' 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 information relating to staff headcount and costs, see note 10 to the financial statements.

In 2021 there was one staff member working in the area of IT systems that is employed under joint working arrangements with the Leicester Diocesan Board of Finance (company registered number 227087; registered charity number 249100). These arrangements are regularly reviewed and continue to be an effective method 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 FINANCE LIMITED

## TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2021

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### 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, which is consistent with the faith and practice of the Church of England and therefore consistent with the objectives of the DBE.

## 2.7 OTHER GOVERNANCE MATTERS

### Risk management

The trustees confirm that the risks to which the DBE 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. The trustees review the risk register at least annually and delegate to the DBE leadership team day to day management of the risks the DBE is exposed to. In addition, the Audit & Risk Committee reviews the risk management processes and the risk register at least annually, and reports to the trustees on whether it is satisfied with its findings. This year the register has been reviewed at each Audit & Risk Committee meeting. Recommendations are made as a result of those findings.

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.

### 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 Crowe 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.

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## TRUSTEES' AND DIRECTORS' REPORT

### for the year ended 31 December 2021

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#### 2.8 REFERENCE AND ADMINISTRATIVE DETAILS

<i>Registered &amp; Principal Office</i>	Diocesan Offices, 1 Hill Top, Coventry, CV1 5AB
<i>Telephone</i>	024 7652 1200
<i>Website</i>	<a href="http://www.Diocesefcoventry.org">www.Diocesefcoventry.org</a>
<i>Company registration number</i>	319482 (England and Wales)
<i>Charity registration number</i>	247828 (England)
<i>Company Secretary</i>	Vacant
<i>Registrar and solicitors</i>	Mrs Mary Allanson, Mrs Jenny Dymond, Rotherham & Co 8 & 9 The Quadrant, Coventry, CV1 2EG
<i>Auditor</i>	Crowe UK LLP Black Country House, Rounds Green Road, Oldbury, B69 2DG
<i>Bankers</i>	Bank of Scotland Pentland House, 8 Lochside Avenue, Edinburgh, EH12 9DJ
<i>Diocesan Surveyors</i>	Tom Picking, Godfrey-Payton 25 High Street, Warwick, CV34 4BB
<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 Senator House, 85 Queen Victoria Street, London, EC4V 4ET 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.



**Mr Simon Danks**  
Chair of Coventry Diocesan Board of Finance Limited

6th June 2022

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## AUDITOR'S REPORT

### Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

#### **Opinion**

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2021 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, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of 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

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## AUDITOR'S REPORT

### Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper 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.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 18, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## AUDITOR'S REPORT

### Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The key laws and regulations we considered in this context for the UK operations were employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## AUDITOR'S REPORT

### Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

#### Use of our report

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.



**Kerry Brown** | Senior Statutory Auditor

For and on behalf of **Crowe U.K. LLP**

Statutory Auditor

Black Country House, Rounds Green Road, Oldbury, West Midlands, B69 2DG

Date: 4 July 2022

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2021**

	Notes	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
<b>Income and endowments from:</b>							
<b>Donations</b>							
Parish Share	4a	4,688	-	299	-	4,987	4,988
Church Commissioners	4b	162	-	667	-	829	863
Other grants and donations	4c	124	-	309	-	433	480
Charges for charitable activities	4d	351	-	3	-	354	218
Other trading activities	4e	574	-	-	-	574	626
<b>Investments</b>							
Investments income	4f	67	-	44	2,136	2,247	2,336
Total return allocated to income	18	-	-	2,136	(2,136)	-	-
Release of historic return	18	-	-	1,511	(1,511)	-	-
Surplus on sale of assets		-	-	-	-	-	640
<b>Total</b>		<b>5,966</b>	<b>-</b>	<b>4,969</b>	<b>(1,511)</b>	<b>9,424</b>	<b>10,151</b>
<b>Expenditure on:</b>							
Raising funds	5a	234	-	-	246	480	425
<b>Charitable activities</b>							
Mission and ministry	5b	2,347	-	3,705	-	6,052	5,355
Support for mission and ministry	5c	2,231	26	296	-	2,553	2,683
Contributions to Archbishops' Council	5d	467	-	-	-	467	517
Diocesan Board of Education	5e	187	-	-	-	187	188
Other	5f	-	-	-	1	1	6
<b>Total</b>		<b>5,466</b>	<b>26</b>	<b>4,001</b>	<b>247</b>	<b>9,740</b>	<b>9,173</b>
<b>Net income before investment gains</b>		<b>500</b>	<b>(26)</b>	<b>968</b>	<b>(1,758)</b>	<b>(316)</b>	<b>978</b>
<b>Net gains on investments:</b>							
Net gains on revaluation	12	307	16	176	5,150	5,649	2,563
Surplus on sale of investments		-	-	-	138	138	288
<b>Net income</b>		<b>807</b>	<b>(10)</b>	<b>1,144</b>	<b>3,530</b>	<b>5,471</b>	<b>3,829</b>
<b>Transfers between funds</b>	19	<b>(408)</b>	<b>480</b>	<b>(275)</b>	<b>203</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains:</b>							
Actuarial gains on defined benefit pension scheme	2	-	-	-	(6)	(6)	5
<b>Net movement in funds</b>		<b>399</b>	<b>470</b>	<b>869</b>	<b>3,727</b>	<b>5,465</b>	<b>3,834</b>
<b>Reconciliation of funds</b>							
Funds at 1 January	16	1,628	15,624	3,336	73,286	93,874	90,041
Net movement in funds		399	470	869	3,727	5,465	3,833
<b>Funds at 31 December</b>	16	<b>2,027</b>	<b>16,094</b>	<b>4,205</b>	<b>77,013</b>	<b>99,339</b>	<b>93,874</b>

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2021**

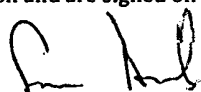
	<b>2021</b>	2020
	<b>Total</b>	Total
	<b>£000s</b>	£000s
Total income	<b>10,935</b>	10,151
Total expenditure	<b>9,493</b>	9,167
	<b>1,442</b>	984
Net gains on investments	<b>5,649</b>	224
<b>Net income for the year before transfers</b>	<b>7,091</b>	1,208
Transfer to endowment funds	<b>(203)</b>	<b>(320)</b>
<b>Net income for the year after transfers</b>	<b>6,888</b>	888

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**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2021**

	Notes	2021 £000s	2020 £000s
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	18,288	18,290
Fixed asset investments	12	<u>76,353</u>	<u>71,503</u>
		94,641	89,793
<b>CURRENT ASSETS</b>			
Debtors	13	2,156	2,354
Cash and cash equivalents		<u>3,952</u>	<u>3,281</u>
		6,108	5,635
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	14	<u>(1,352)</u>	<u>(1,376)</u>
<b>NET CURRENT ASSETS</b>		<u>4,756</u>	<u>4,259</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		99,397	94,052
Creditors: amounts falling due after more than one year	15	(58)	(178)
<b>NET ASSETS</b>	20	<u>99,339</u>	<u>93,874</u>
<b>FUNDS</b>			
Unrestricted funds:			
General Fund	16	2,027	1,628
Designated funds	16	<u>16,094</u>	<u>15,624</u>
		18,121	17,252
Restricted funds			
Endowment funds	16	4,205	3,336
	16	<u>77,013</u>	<u>73,286</u>
<b>TOTAL FUNDS</b>		<u>99,339</u>	<u>93,874</u>

The financial statements on pages 27 to 48 were approved by the Board of Directors and authorised for issue on and are signed on its behalf by:



6th June 2022

**Mr Simon Danks**  
Chair of Coventry Diocesan Board of Finance Limited

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2021**

	2021 £000s	2020 £000s
<b>Cash flows from operating activities:</b>		
<b>Net cash generated by operating activities</b>	<b>(266)</b>	<b>(1,379)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of fixed asset properties	-	810
Purchase of fixed assets	-	(332)
Proceeds from sale of investments	937	1,269
Purchase of investments	-	(951)
<b>Net cash used by investing activities</b>	<b>937</b>	<b>796</b>
<b>Change in cash and cash equivalents in the year</b>	<b>671</b>	<b>1,335</b>
<b>Cash and cash equivalents at 1 January</b>	<b>3,281</b>	<b>1,946</b>
<b>Cash and cash equivalents at 31 December</b>	<b>3,952</b>	<b>3,281</b>

	2021 £000s	2020 £000s
<b>Analysis of cash and cash equivalents at 31 December</b>		
Cash in hand	2,201	700
Short term deposits (less than 3 months)	1,751	2,581
<b>Total cash and cash equivalents</b>	<b>3,952</b>	<b>3,281</b>

**Reconciliation of net movement in funds to net cash flow from operating activities**

	2021 £000s	2020 £000s
<b>Net movement in funds for the year</b>	<b>5,465</b>	<b>3,833</b>
<b>Adjustments for:</b>		
Gains on investments	(5,787)	(3,833)
Profit on sale of fixed asset properties	-	(640)
Depreciation of fixed assets	2	2
Actuarial (gains)/ losses on defined benefit pension scheme	(6)	5
Unwinding of pension liability discount	6	(6)
Decrease in debtors	198	53
Increase/(Decrease) in creditors	(144)	(121)
<b>Net cash generated by operating activities</b>	<b>(266)</b>	<b>(707)</b>

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES

### for the year ended 31 December 2021

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#### 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. 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.

##### **Going Concern**

The Covid-19 pandemic has impacted the charity's operations over the past year, particularly the SDF funded projects, and clergy and staff's ability to continue to build and maintain relationships for those the organisation is here to serve. From a financial perspective modelling of the long term impact of the pandemic has been maintained, and impact on parishes is being closely monitored by the Diocesan Finance Group. 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.

##### **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**

Parish share income for the year, or for previous years, include amounts received up to the 31 December following the year end.

##### **Income from parochial fees**

Income from parochial fees is accounted for when received.

##### **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.

##### **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.

##### **Investment gains and losses**

For investments that are not part of the Diocesan Stipends Fund Capital Account, 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. A total return approach has been adopted for the Diocesan Stipends Fund Capital Account. Part of the historic unapplied total return will be allocated to income in the year as determined by Bishop's Council.



# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES

### for the year ended 31 December 2021

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#### 1 Principal accounting policies (continued)

##### Tangible fixed assets

###### *Parsonage houses, operational properties and the diocesan offices*

Parsonage houses, operational properties and the diocesan offices are held at cost or estimated cost. 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.

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 land and 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") are included at fair value. Glebe properties which are fixed asset investments are comprised of commercial properties and agricultural properties. Agricultural properties are predominantly land but include some agricultural buildings and residential properties. Glebe properties also include houses for occupation by clergy that are treated as tangible fixed assets.

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.

###### *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

## STATEMENT OF FINANCIAL ACTIVITIES

### for the year ended 31 December 2021

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#### 2 Pension schemes' accounting policy and significant estimates and judgments

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. On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that formerly contracted-out schemes are required to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. In November 2020, the High Court handed down a further ruling concerning the equalisation of GMPs. This ruling requires Trustees to equalise transfer payments paid from schemes. This exercise will require a check on previous transfers paid and if appropriate pay a top-up transfer payment to the receiving scheme if the GMP element is deemed to be unequal.

Normally the Employer is required to reflect both the backdated and future costs of GMP equalisation arising from this judgment. However, since the DBF participate and are accounting as multi-employer defined benefit pension schemes this is not applicable. Any uplift in liability will be reflected in the financial statements once revised deficit recovery payment plans are issued.

#### 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 Diocesan Stipends Fund Capital Account, an endowment fund held for investment return for the benefit of the Diocesan Stipends Fund Income Account 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 Diocesan Stipends Fund Income Account to the Diocesan Stipends Fund Capital Account.

#### Church of England Funded Pension Scheme (CEFPS)

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 2021 was paying contributions for 120 members (2020: 122 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.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for future improvements in mortality in line with the CMI 2018 extended model, with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5%p.a.

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2021**

**2 Pension schemes' accounting policy and significant estimates and judgments (continued)**

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

Church of England Funded Pensions Scheme pension liability movements:	2021 £000s	2020 £000s
Pension liability at 1 January	397	732
Deficit contributions paid	(139)	(336)
Interest cost	1	6
Remaining change to the balance sheet liability*	6	(5)
Balance sheet liability at 30 September	265	397
Due within one year	265	339
Due after more than one year	-	-

\* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

Assumptions used by the Pensions Board to calculate the pension liability:

	2021	2020	2019
Discount rate	0% p.a	0.2% p.a.	1.1% p.a.
Price inflation	n/a	3.1% p.a.	2.8% p.a.
Increase to total pensionable payroll	1.5% p.a	1.6% p.a.	1.3% p.a.

The legal structure of the scheme is such that if another Responsible Body fails, Coventry DBF could become responsible for paying a share of that Responsible Body's pension liabilities.

**Church Workers Pension Fund (CWPF) - 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 2018, the DBF had no active members, and has not admitted any further Coventry DBF staff to membership of this section of the scheme. There is one joint worker employed by Leicester Diocesan Board of Finance ("Leicester DBF") who is an active member of this section of the Church Workers Pension Fund.

The most recent scheme valuation completed was carried out as at 31 December 2019. The Leicester DBF contribution rate (affecting the cost of joint workers in this section of the Church Workers Pension Fund is 30.8% of salary. A liability of £62,000 (2020:£62,000) has been accrued within Other Accruals for the DBF share of the deficit relating to joint workers in the scheme.

**Church Workers Pension Fund**

This scheme is administered by the Church of England Pensions Board, which holds the assets separately to those of the participating employers. There are two sections, the Defined Benefits Scheme, and the Pension Builder Scheme which has two subsections; a deferred annuity section known as Pension Builder Classic, and a cash balance section known as Pension Builder 2014 both of which are defined benefit schemes. Pension Builder Classic provides a pension accumulated from contributions paid and converted into a deferred annuity during employment. Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account plus any bonuses is payable, unreduced from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review the Board chose to grant a discretionary bonus of 3%, following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
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**2 Pension schemes' accounting policy and significant estimates and judgments (continued)**

**Valuation of Glebe Assets**

At the end of 2021, the pandemic caused as a result of COVID-19 appeared to be drawing to an end with HM Government signalling "Plan B" and a general relaxation and removal of associated restrictions, although there is still a degree of uncertainty surrounding the impact that COVID-19 has had on the commercial property sector. Nevertheless as at the valuation date, property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to "material valuation uncertainty" as defined by VP3 and VPGA 10 of the RICS Valuation Global Standards.

**3 Net income**

	2021 £000s	2020 £000s
<b>Net income is stated after charging/(crediting):</b>		
Auditor's remuneration for the audit	18	18
Depreciation	1	2
Hire of office equipment	4	4
Surplus on disposal of tangible fixed assets	-	(640)

**4 Analysis of income**

**a Parish Share**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Parish Share assessed for the year	5,078	-	299	-	5,377	5,447
Less shortfall in contributions	(440)	-	-	-	(440)	(515)
Received for the year	4,638	-	299	-	4,937	4,932
Arrears received in respect of previous years	50	-	-	-	50	56
	<u>4,688</u>	<u>-</u>	<u>299</u>	<u>-</u>	<u>4,987</u>	<u>4,988</u>

The shortfall in contributions includes Parish Share Relief of £154,587 (2020: £277,000)

**b Grants from Church Commissioners and Archbishops' Council**

This reflects monies from Church Commissioners and Archbishops' Council which are used in the following activities:

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Capacity Funding	-	-	-	-	-	231
Ministry Division funding of Curates	130	-	-	-	130	22
Mission to Lowest Income	-	-	398	-	398	385
Communities grant	-	-	269	-	269	184
Ordination Training Grant (see note 17)	-	-	-	-	-	41
Contribution to Bishop's Legal costs	32	-	-	-	32	41
	<u>162</u>	<u>-</u>	<u>667</u>	<u>-</u>	<u>829</u>	<u>863</u>

**c Other grants and donations**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
King Henry VIII Endowed Trust	-	-	291	-	291	224
Allchurches' Trust	111	-	-	-	111	105
Other grants and similar income	13	-	18	-	31	151
	<u>124</u>	<u>-</u>	<u>309</u>	<u>-</u>	<u>433</u>	<u>480</u>

**d Charges for charitable activities**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Parochial fees	333	-	-	-	333	217
Churches closed for public worship	-	-	3	-	3	-
Contributions to expenditure	18	-	-	-	18	1
	<u>351</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>354</u>	<u>218</u>

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**4 Analysis of income (continued)**

**e Other trading activities**

	<b>General Fund £000s</b>	<b>Designated funds £000s</b>	<b>Restricted funds £000s</b>	<b>Endowment funds £000s</b>	<b>2021 Total £000s</b>	<b>2020 Total £000s</b>
Rental income(non-investment properties)	351	-	-	-	351	385
Recharged payroll costs	159	-	-	-	159	166
Training	8	-	-	-	8	1
Sundry income	56	-	-	-	56	74
	<b>574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>574</b>	<b>626</b>

**f Investments**

	<b>General Fund £000s</b>	<b>Designated funds £000s</b>	<b>Restricted funds £000s</b>	<b>Endowment funds £000s</b>	<b>2021 Total £000s</b>	<b>2020 Total £000s</b>
Glebe property income	-	-	-	1,158	1,158	1,282
Unlisted securities	66	-	10	956	1,032	1,026
Bank and deposit interest	1	-	34	-	35	7
Other property income	-	-	-	22	22	21
	<b>67</b>	<b>-</b>	<b>44</b>	<b>2,136</b>	<b>2,247</b>	<b>2,336</b>

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**5 Analysis of expenditure**  
**a Raising funds**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Glebe operating costs	-	-	-	188	188	124
Glebe management fees	-	-	-	58	58	62
Parsonage rental costs	45	-	-	-	45	47
Support costs	189	-	-	-	189	192
	<b>234</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>480</b>	<b>425</b>

**b Mission and ministry**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Clergy stipends costs (see note 9)	-	-	3,670	-	3,670	3,303
Curates' stipends costs (see note 9)	618	-	-	-	618	702
Clergy housing	1,096	-	35	-	1,131	864
Clergy appointment & retirement costs	175	-	-	-	175	96
Staff costs (see note 10)	151	-	-	-	151	137
Fees to retired stipendiary clergy	24	-	-	-	24	19
Other clergy diocesan expenses	108	-	-	-	108	58
Support costs	175	-	-	-	175	176
	<b>2,347</b>	<b>-</b>	<b>3,705</b>	<b>-</b>	<b>6,052</b>	<b>5,355</b>

**c Support for mission and ministry**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Department costs	232	-	-	-	232	195
Staff costs (see note 10)	995	-	-	-	995	1,069
Grants (see note 7)	386	26	268	-	680	758
Churches closed for public worship	-	-	28	-	28	27
New church building	-	-	-	-	-	12
Support costs	618	-	-	-	618	623
	<b>2,231</b>	<b>26</b>	<b>296</b>	<b>-</b>	<b>2,553</b>	<b>2,684</b>

**d Contributions to Archbishops' Council**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Training for ministry	190	-	-	-	190	232
National Church Responsibilities	162	-	-	-	162	174
Grants & provisions	20	-	-	-	20	19
Mission agencies' pension costs	10	-	-	-	10	9
Retired clergy housing & other costs	85	-	-	-	85	83
	<b>467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>467</b>	<b>517</b>

**e Diocesan Board of Education**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Grants (see note 7)	159	-	-	-	159	159
Support costs	28	-	-	-	28	29
	<b>187</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187</b>	<b>188</b>

**f Other**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s	2020 Total £000s
Unwinding of pension liability discount	-	-	-	1	1	6
	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>6</b>

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**6 Analysis and allocation of support costs**

	Raising funds	Ministry & mission	Support for ministry & mission	Education	2021 Total	2020 Total
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Governance, management &amp; finance</b>						
Staff costs (see note 10)	121	51	239	27	439	448
Other costs	28	19	106	1	154	145
<b>Office</b>						
Staff costs (see note 10)	14	87	135	-	236	239
Other costs	26	17	138	-	181	187
	<b>189</b>	<b>175</b>	<b>618</b>	<b>28</b>	<b>1,010</b>	<b>1,019</b>

**7 Grants Awarded**

	2021 £000s	2020 £000s
<b>To parishes and other organisations in the Diocese</b>		
<i>Mission &amp; ministry in parishes</i>		
Mission to Lowest Income Communities grants	7	109
Diocesan Mission Fund grants to parishes	-	21
20-30s development work	19	39
Growing Faith project grants to parishes	-	50
Bishop's mission funds grants to parishes	3	17
<i>Church land and buildings</i>		
Church Improvement Fund grants	5	44
Other church building developments	7	-
Church Fabric Fund grants	17	30
<i>Other organisations in the Diocese</i>		
Coventry Diocesan Board of Education	159	159
Together For Change	30	30
Coventry Cathedral	120	16
	<b>367</b>	<b>515</b>
<b>To other institutions</b>		
Syrian Orthodox Christian School	9	-
	<b>9</b>	<b>-</b>
<b>To individuals</b>		
For support of ordinands in ministerial training	452	386
Other grants to clergy and readers	10	15
Lay retreat grants	2	1
	<b>464</b>	<b>402</b>
	<b>840</b>	<b>917</b>

**Summarised by fund type:**

	General Fund	Designated funds	Restricted funds	2021 Total	2020 Total
	£000s	£000s	£000s	£000s	£000s
<b>Support for mission and ministry</b>					
Mission and ministry in parishes	19	3	7	29	236
Church land and buildings	7	22	-	29	74
Other organisations in the Diocese	150	-	-	150	46
Other institutions	-	-	9	9	-
Individuals	212	-	252	464	402
	<b>388</b>	<b>25</b>	<b>268</b>	<b>681</b>	<b>758</b>
<b>Diocesan Board of Education</b>					
Other organisations in the Diocese	159	-	-	159	159
	<b>159</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>159</b>
	<b>547</b>	<b>25</b>	<b>268</b>	<b>840</b>	<b>917</b>

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**8 Trustees' emoluments and expenses**

None of the trustees received any emoluments from the DBF for services performed as directors (2020: £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.

No trustees received travel expenses related to activity as trustees of the DBF (2020: one £97). Two trustees received a total of £787 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 (2020: one and £502). Eleven trustees received a total of £435,807 in connection with other offices held in the Diocese (2020: eleven and £446,422). These amounts were for stipends, accrued pension benefits, housing, expenses and sundry grants for resettlement and ministerial development.

**9 Clergy headcount and costs**

The average full time equivalent number of stipendiary clergy who were office holders in the Diocese was 105 (2020: 109); this included two (2020: two) archdeacons.

	2021 £000s	2020 £000s
Stipends	2,937	2,956
Social security costs	244	244
Pension contributions	1,108	761
	<u>4,288</u>	<u>3,961</u>

**10 Staff headcount and costs**

**a Staff numbers based on headcount**

	2021 Headcount	2020 Headcount
Staff employed directly:		
Mission and ministry	9	6
Support for mission and ministry	22	32
Central support	11	10
	<u>42</u>	<u>48</u>
Staff employed via third parties		
Support for mission and ministry	-	1
Central support	2	3
	<u>2</u>	<u>4</u>
	<u>44</u>	<u>52</u>

**b Staff costs**

	2021 £000s	2020 £000s
Staff employed directly:		
Salaries	1,443	1,417
Social security costs	139	134
Pension contributions	131	140
	<u>1,713</u>	<u>1,691</u>
Staff employed via third parties:		
For service in the year	106	199
	<u>106</u>	<u>199</u>
	<u>1,819</u>	<u>1,890</u>



**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**for the year ended 31 December 2021**

**11 Tangible fixed assets**

	Parsonages £000s	Glebe houses £000s	Operational properties £000s	Diocesan offices £000s	Office equipment £000s	Total £000s
<b>Cost</b>						
At 1 January 2021	6,219	928	10,295	846	237	18,525
At 31 December 2021	6,219	928	10,295	846	237	18,525
<b>Depreciation</b>						
At 1 January 2021	-	-	-	-	235	235
Charge for year	-	-	-	-	2	2
At 31 December 2021	-	-	-	-	237	237
<b>Net book value</b>						
At 31 December 2021	6,219	928	10,295	846	-	18,288
At 31 December 2020	6,219	928	10,295	846	2	18,290

All tangible fixed assets were used for direct charitable purposes.

**12 Fixed asset investments**

	Glebe properties £000s	Unlisted investments £000s	Total £000s
Fair value at 1 January 2021	34,654	36,849	71,503
Disposals at cost	(799)	-	(799)
Gains on revaluation	304	5,345	5,649
Fair value at 31 December 2021	34,159	42,194	76,353

**13 Debtors**

	2021 £000s	2020 £000s
Glebe agents	423	171
Parish Share	-	27
Accrued grant income due within one year	1,078	1,530
Prepayments and accrued other income	437	469
Other debtors	218	157
	<u>2,156</u>	<u>2,354</u>

**14 Creditors: amounts falling due within one year**

	2021 £000s	2020 £000s
Trade creditors	224	172
Grant payment accruals	178	300
Other accruals	264	248
Deferred income	288	225
Taxation and social security	133	82
Pension contributions payable for the period	-	10
Pension liability (see note 2)	265	339
	<u>1,352</u>	<u>1,376</u>

**15 Creditors: amounts falling due after more than one year**

	2021 £000s	2020 £000s
Pension liability (see note 2)	-	58
Grant payment accruals	58	120
	<u>58</u>	<u>178</u>

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2021**

16 Statement of funds

	At 1 Jan 2021 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 Dec 2021 £000s
<b>GENERAL FUND</b>	<b>1,628</b>	<b>5,966</b>	<b>(5,466)</b>	<b>(408)</b>	<b>307</b>	<b>2,027</b>
<b>DESIGNATED FUNDS</b>						
Operational Properties Fund	11,143	-	-	-	-	11,143
Cathedral "Endowment" Fund	4,000	-	-	500	-	4,500
Bishop's Mission Fund	34	-	(3)	-	-	31
Extra Mission and Ministry Support Fund	106	-	-	-	-	106
Diocesan Mission Fund	53	-	-	(18)	-	35
Church Buildings Fund	71	-	(17)	-	-	54
Church Improvement Fund	77	-	(5)	(32)	-	40
Bishop of Coventry's Link Dioceses Fund	5	-	-	-	-	5
Lambeth Conference Fund	20	-	-	-	-	20
Special Projects 2020	(9)	-	-	29	-	20
Clergy Holidays Fund	125	-	-	-	16	141
<b>Total designated funds</b>	<b>15,624</b>	<b>-</b>	<b>(25)</b>	<b>480</b>	<b>16</b>	<b>16,094</b>
<b>Total unrestricted funds</b>	<b>17,252</b>	<b>5,966</b>	<b>(5,491)</b>	<b>72</b>	<b>323</b>	<b>18,121</b>
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	3	3	(25)	19	-	-
Acceler8 Grants Fund	65	(10)	-	(55)	-	-
Serving Christ Fund	1,064	-	-	(182)	-	882
Mission to Lowest Income Communities Fund	251	398	-	(66)	-	583
Church Commissioners' Mission Fund	5	-	-	(3)	-	2
LINC DMF Fund	(8)	-	(7)	14	-	(1)
LINC NCD Fund	13	-	-	-	-	13
LINC CGDA Fund	17	-	(3)	-	-	14
LINC Stipends Fund	58	-	-	(54)	-	4
LINC Growth Strategy	-	-	-	300	-	300
Places of Peace Fund	7	-	-	-	-	7
Offa Capital Projects Fund	283	-	-	-	-	283
Offa Spiritual Renewal Fund	1,224	43	-	-	168	1,435
Syrian Orthodox Christian School Fund	11	8	(8)	-	-	11
SOCS Scholarship Fund	2	-	(1)	-	-	1
Companionship Link Funds	2	-	-	-	-	2
Retreat Grants Fund	20	-	(2)	-	-	17
The Reverend George Goode Fund	15	-	-	-	-	15
Ordination Training Grant Fund	(17)	285	(251)	-	-	17
DC Bonfield Bequest	58	-	-	-	-	58
Archdeacons' Discretionary Fund	46	1	-	-	7	53
Queen Victoria Clergy Fund	2	3	-	-	-	5
Diocesan Stipends Fund Income Account	-	-	(3,115)	3,446	-	331
Capacity Funding	215	-	-	(45)	-	170
Deanery Share Support Fund	-	299	(299)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	291	(291)	-	-	-
<b>Total restricted funds</b>	<b>3,336</b>	<b>1,322</b>	<b>(4,001)</b>	<b>3,374</b>	<b>175</b>	<b>4,205</b>
<b>ENDOWMENT FUNDS</b>						
<i>Expendable:</i>						
Parsonage Houses Fund	6,218	-	-	-	-	6,218
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	66,654	2,136	(245)	(3,647)	5,234	70,132
Church of England Funded Pension Fund	(397)	-	1	201	(6)	(201)
Coventry Diocesan Endowment Fund	811	-	-	-	54	865
<b>Total endowment funds</b>	<b>73,286</b>	<b>2,136</b>	<b>(244)</b>	<b>(3,446)</b>	<b>5,282</b>	<b>77,013</b>
<b>TOTAL FUNDS</b>	<b>93,873</b>	<b>9,422</b>	<b>(9,735)</b>	<b>0</b>	<b>5,780</b>	<b>99,339</b>

\* Transfers include £3,621k (2020: £4,122k) released to restricted funds in accordance with the DBFs total return policy.

# COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES

### for the year ended 31 December 2021

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#### 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, together with surplus cash from the sale of properties held for reinvestment in houses for curates and other clergy.

###### **Cathedral "Endowment" Fund**

With the loss of trading income for the Cathedral during the COVID 19 pandemic, the DBF intends to create a fund with a capital amount of £5m which is to remain under the control of the DBF. The income generated from the capital amount, currently invested with CCLA, will be granted on a quarterly basis to the Cathedral each year. It is expected that c£150k will be derived from these investments. This income can be used by the Cathedral on its normal running costs and in return the Cathedral will continue to provide Diocesan services, and work with parishes on the reconciliation ministry strategic objective across the Diocese. These funds can be undesignated, in agreement with the Cathedral, by the DBF in the future. Following the review of the performance in 2020 funds of £4m were made available to create this fund.

###### **Bishop's Mission Fund**

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

###### **Extra Mission and Ministry Support Fund**

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

###### **Church Buildings Fund**

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

###### **Church Improvement Fund**

This fund is used to make improvement grants to churches for their buildings with the aim of increasing mission effectiveness.

###### **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.

###### **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.

##### RESTRICTED FUNDS

###### **Pastoral Fund**

###### **Acceler8 Grants Fund**

This fund has been set up as a result of a grant awarded in 2015 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.

###### **Serving Christ Fund**

This fund has been set up as a result of a grant awarded in 2017 by the Church Commissioners towards the costs of the Serving Christ project, an extension of the existing diocesan strategy of growing healthy churches. The project aims to increase significantly the capacity for growth in existing and emerging churches across the diocese of Coventry, and also Ebbsfleet parishes in other Dioceses, by a focus on discipleship development.

###### **Mission to Lowest Income Communities Fund**

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

###### **New Church Building Funds**

This fund is for monies received from the Stoke Aldermoor PCC for additional works on the new church building.

###### **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.

###### **Warwick 20s and 30s Development Fund**

This fund was set up in the year for income from The King Henry VIII Endowed Trust, Warwick to pay for the cost of a 20s and 30s development worker for the parishes of the Warwick Team and Budbrooke.

###### **Offa Capital Projects Fund**

The Trustees and Bishop of Coventry have set this fund using the proceeds of the Offa House sale. The capital and income from this fund can be used to fund capital projects that support the spiritual development of the members of the church in the Diocese of Coventry.

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**for the year ended 31 December 2021**

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

*Offa Spiritual Refreshment Fund*

This fund has been set up using the monies from the sale of Offa House. The capital and income from this fund is available to fund projects for children and/or adults which develop their spirituality.

*Syrian Orthodox Christian School (SOCS) Funds*

The Mar Ephraim School is a Syrian Orthodox school that opened in Beahlem 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.

*Retreat Grants Fund*

This fund was set up with funds donated by 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.

*The Reverend George Goode Fund*

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

*Ordination Training Grant Fund*

This fund is for the block grant received from the Archbishop's Council for training ordinands sponsored by the Diocese. The block grant is based on the number and age of ordinands sponsored by the Diocese and can only be used to fund training on Initial Ministerial Education Phase 1 pathways at accredited institutions approved by the Ministry Division of the Archbishops' Council.

*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.

*Diocesan Stipends Fund Income Account*

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 Diocesan Stipends Fund Capital Account, 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.

*Capacity Funding*

This fund has been set up as a result of a grant awarded in 2020 from the Church Commissioners to fund the first year of salary for the Programme Manager and the Director of New Worshiping Communities posts which form part of the Growth Strategy of the Diocese.

*Deanery Share Support Fund*

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

*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 Budbrooke.

The following fund is still active but has a zero balance and there has been no activity during the year:

*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.

**ENDOWMENT FUNDS**

*Parsonage Houses Fund*

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

*Diocesan Stipends Fund Capital Account*

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

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**18 Total Return**

	Trust for Investment £000s	Unapplied Total Return £000s	Total £000s
<b>At 1 January 2021</b>			
Gift component of the permanent endowment	14,984	-	14,984
Accumulated inflation since original gift	6,981	-	6,981
Accumulated net transfers brought forward	(162)	-	(162)
Unapplied total return	-	44,839	44,839
	<b>21,803</b>	<b>44,839</b>	<b>66,642</b>
<b>Movements in the year</b>			
Investment return: property income, dividends and interest	-	2,136	2,136
Investment return: realised and unrealised gains and losses	-	5,234	5,234
Indexation on base value of investment	495	(495)	-
	<b>495</b>	<b>6,875</b>	<b>7,370</b>
<b>Unapplied total return allocated to income in the year</b>			
Release of historic unapplied total return	-	(2,136)	(2,136)
	-	(1,511)	(1,511)
	-	(3,647)	(3,647)
<b>Net movements in the year</b>	<b>495</b>	<b>3,228</b>	<b>3,723</b>
<b>At 31 December 2021</b>			
Gift component of the permanent endowment	14,984	-	14,984
Accumulated inflation since original gift	7,476	-	7,476
Accumulated net transfers carried forward	(162)	-	(162)
Unapplied total return	-	48,067	48,067
	<b>22,298</b>	<b>48,067</b>	<b>70,365</b>

**19 Transfers between funds**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s
Lowest Income Communities work	(327)		327		-
Mission to Lowest Income communities Funds			(300)		-
LINC Growth Strategy			300		-
LINC DMF	45		(45)		-
	48		(48)		-
Church Commissioners' Mission Fund	3		(3)		-
Top up Church Improvement Fund	32	(32)			-
Pension deficit contributions paid in year			(203)	203	-
Releases to cover General Fund costs incurred:					-
Acceler8 project	55		(55)		-
Serving Christ project	182		(182)		-
Diocesan Mission Fund	18	(18)			-
LINC DMF Fund	(14)		14		-
LINC Stipend Fund	54		(54)		-
Special Projects 2020	(29)	29			-
Pastoral Fund	(19)		19		-
Cathedral Endowment Fund	(500)	500			-
Capacity Funding	45		(45)		-
	<b>(408)</b>	<b>480</b>	<b>(275)</b>	<b>203</b>	<b>-</b>

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**20 Analysis of net assets between funds**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s
Funds at 31 December 2021 are represented by:					
Tangible fixed assets	-	11,141		7,147	18,288
Fixed asset investments	2,441	132	1,390	72,388	76,351
Net current assets	(414)	4,824	2,869	(2,522)	4,758
Creditors falling due after more than one year		(3)	(55)	-	(58)
<b>Total net assets</b>	<b>2,027</b>	<b>16,094</b>	<b>4,204</b>	<b>77,013</b>	<b>99,339</b>

**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 grants of £159,000 (2020: £159,000) in the year towards the costs of the DBE's statutory obligations and, in 2020, the costs of academisation and the costs of potential new schools development (see note 7). Other grants provided by the DBF totalled £0 (2020: £0). Other services provided by the DBF totalled £0 (2020: £0). The net amount owing from the DBE at 31 December 2021 in relation to transactions between the two parties was £0 (31 December 2020: £0).

The Coventry Diocesan Trustees (Registered) ("the CDT") is a related party as it is the custodian trustee of the Coventry Diocesan Endowment Fund and a residential property. Income received from the Diocesan Trustees during the year for the Diocesan Stipends Fund Income Account was:

Coventry Diocesan Endowment Fund	£21,987 (2020: £21,232)
Residential property	£4,031 (2020: £2,362)

Costs incurred by the DBF on behalf of the Diocesan Trustees were £33,860 (2020: £35,602). These costs were for secretarial support, land registrations and audit fees.

Together for Change (TFC) is a joint venture between the DBF and the Church Urban Fund. Costs incurred by the DBF as part of this partnership include the supply of a Chief Executive Officer, office and IT provision, and finance and HR services. A grant of £30,000 was awarded in the year (2020: £22,000).

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**22 Prior year Statement of Financial Activities**

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s
<b>Income and endowments from:</b>					
Donations					
Parish Share	4,639	-	349	-	4,988
Church Commissioners	63	-	800	-	863
Other grants and donations	236	-	244	-	480
Charges for charitable activities	218	-	-	-	218
Other trading activities	626	-	-	-	626
Investments					
Investment income	65	5	53	2,213	2,336
Total return allocated to income	-	-	2,213	(2,213)	-
Release of historic return	-	-	1,909	(1,909)	-
Other	-	640	-	-	640
<b>Total</b>	<b>5,847</b>	<b>645</b>	<b>5,568</b>	<b>(1,909)</b>	<b>10,151</b>
<b>Expenditure on:</b>					
Raising funds	239	-	186	-	425
Charitable activities					
Mission and ministry	1,170	-	4,185	-	5,355
Support for mission and ministry	2,212	118	354	-	2,683
Contributions to Archbishops' Council	517	-	-	-	517
Diocesan Board of Education	188	-	-	-	188
Other	-	-	-	6	6
<b>Total</b>	<b>4,325</b>	<b>118</b>	<b>4,725</b>	<b>6</b>	<b>9,173</b>
<b>Net income/(expenditure) before investment gains</b>	<b>1,522</b>	<b>527</b>	<b>843</b>	<b>(1,915)</b>	<b>979</b>
<b>Net gains/(losses) on investments</b>					
Net losses on revaluation	138	7	79	2,339	2,563
Surplus on sale of investments	-	-	-	288	288
<b>Net income/(expenditure)</b>	<b>1,660</b>	<b>534</b>	<b>922</b>	<b>712</b>	<b>3,829</b>
<b>Transfers between funds</b>	<b>(2,692)</b>	<b>3,044</b>	<b>(671)</b>	<b>320</b>	<b>-</b>
<b>Other recognised gains/(losses):</b>					
Actuarial loss on defined benefit pension scheme	-	-	-	5	5
<b>Net movement in funds</b>	<b>(1,032)</b>	<b>3,578</b>	<b>250</b>	<b>1,037</b>	<b>3,834</b>
<b>Reconciliation of funds</b>					
Funds at 1 January	2,660	12,046	3,086	72,249	90,041
Net movement in funds	(1,032)	3,578	250	1,037	3,833
<b>Funds at 31 December</b>	<b>1,628</b>	<b>15,624</b>	<b>3,336</b>	<b>73,286</b>	<b>93,874</b>

**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**23 Prior year Statement of funds**

	At 1 Jan 2020 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 Dec 2020 £000s
<b>GENERAL FUND</b>	<b>2,660</b>	<b>5,847</b>	<b>(4,325)</b>	<b>(2,692)</b>	<b>138</b>	<b>1,628</b>
<b>DESIGNATED FUNDS</b>						
Operational Properties Fund	11,605	-	-	(1,102)	640	11,143
Cathedral Endowment Fund	-	-	-	4,000	-	4,000
Bishop's Mission Fund	35	1	(2)	-	-	34
Extra Mission and Ministry Support Fund	126	-	(20)	-	-	106
Diocesan Mission Fund	73	1	(21)	-	-	53
Church Buildings Fund	26	-	(30)	75	-	71
Church Improvement Fund	61	-	(44)	60	-	77
Bishop of Coventry's Link Dioceses Fund	5	-	(1)	-	-	4
Lambeth Conference Fund	-	-	-	20	-	20
Special Projects 2020	-	-	-	(10)	-	(10)
Clergy Holidays Fund	115	3	-	-	7	125
<b>Total designated funds</b>	<b>12,046</b>	<b>5</b>	<b>(118)</b>	<b>3,044</b>	<b>647</b>	<b>15,624</b>
<b>Total unrestricted funds</b>	<b>14,706</b>	<b>5,852</b>	<b>(4,443)</b>	<b>352</b>	<b>785</b>	<b>17,252</b>
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	30	-	(27)	-	-	3
Acceler8 Grants Fund	123	-	-	(58)	-	65
Serving Christ Fund	1,326	-	-	(261)	-	1,065
Mission to Lowest Income Communities Fund	66	385	(121)	-	-	330
Church Commissioners' Mission Fund	-	-	5	-	-	5
Warwick 20s-30s Development Worker Fund	(1)	1	-	-	-	-
Place of Peace Fund	-	11	(4)	-	-	7
Offa Capital Projects Fund	282	1	-	-	-	283
Offa Spiritual Renewal Fund	1,114	33	-	-	76	1,223
Syrian Orthodox Christian School Fund	5	6	-	-	-	11
SOCS Scholarship Fund	2	-	-	-	-	2
Companionship Link Funds	2	-	-	-	-	2
Retreat Grants Fund	19	2	(1)	-	-	20
The Reverend George Goode Fund	15	-	(1)	1	-	15
Ordination Training Grant Fund	(2)	184	(199)	-	-	(17)
DC Bonfield Bequest	58	-	-	-	-	58
Archdeacons' Discretionary Fund	45	1	(3)	-	3	46
Queen Victoria Clergy Fund	2	2	(3)	1	-	2
Diocesan Stipends Fund Income Account	-	18	(3,799)	3,781	-	-
Capacity Fund	-	231	-	(16)	-	215
Deanery Share Support Fund	-	349	(349)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	223	(223)	-	-	-
<b>Total restricted funds</b>	<b>3,086</b>	<b>1,447</b>	<b>(4,725)</b>	<b>3,449</b>	<b>79</b>	<b>3,336</b>
<b>ENDOWMENT FUNDS</b>						
<i>Expendable:</i>						
Parsonage Houses Fund	6,233	-	-	(15)	-	6,218
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	65,985	2,213	-	(4,122)	2,577	66,653
Church of England Funded Pension Scheme	(732)	-	(6)	336	5	(397)
Coventry Diocesan Endowment Fund	763	-	-	-	48	811
<b>Total endowment funds</b>	<b>72,249</b>	<b>2,213</b>	<b>(6)</b>	<b>(3,801)</b>	<b>2,630</b>	<b>73,285</b>
<b>TOTAL FUNDS</b>	<b>90,041</b>	<b>9,512</b>	<b>(9,174)</b>	<b>-</b>	<b>3,494</b>	<b>93,874</b>



**COVENTRY DIOCESAN BOARD OF FINANCE LIMITED**  
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**24 Prior year Analysis of net assets between funds**

	<b>General Fund £000s</b>	<b>Designated funds £000s</b>	<b>Restricted funds £000s</b>	<b>Endowment funds £000s</b>	<b>2020 Total £000s</b>
Funds at 31 December 2020 are represented by:					
Tangible fixed assets	2	11,141	-	7,147	18,290
Fixed asset investments	2,134	116	1,216	68,037	71,503
Net current assets	(508)	4,392	2,215	(1,898)	4,201
Creditors falling due after more than one year	-	(25)	(95)	-	(120)
<b>Total net assets</b>	<b>1,628</b>	<b>15,624</b>	<b>3,336</b>	<b>73,286</b>	<b>93,874</b>