

**COVENTRY DIOCESAN BOARD
OF FINANCE LIMITED**

**REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2013**

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2013

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

The Diocese of Coventry is one of 42 dioceses in the Church of England. Re-founded in 1918 but with a history dating back to 658, the diocese has an overall population of approximately 820,000 and covers an area of just under 700 square miles, covering Coventry, most of Warwickshire and a small part of Solihull. The diocese is sub-divided into 11 areas called deaneries and, overall, includes 199 parishes. Some parishes have more than one church - the diocese has 241 churches open for public worship.

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

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

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COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

CHAIR'S REPORT

for the year ended 31 December 2013

I am pleased to report that 2013 has left Coventry Diocesan Board of Finance Limited ("the DBF") in good shape to continue to serve our mission purpose of worshipping God, making new disciples and transforming communities. I am very aware that this is a result of much sacrifice, generosity and commitment of time and energy, paid and unpaid, seen and unseen, all around the diocese, to which I pay tribute.

The diocese is hugely dependent on the parish share for its ministry and mission. We have now completed two years of operating the new Deanery Share system, under which the need for parish share is allocated to Deaneries based on the cost of ministry in each Deanery and a payment into or from a central Support Fund, with any surplus in the Support Fund going to help new initiatives for mission. The Support Fund payments are decided by deanery representatives, who have set a fine example of mutual support and working together as a diocese.

No parish share system is perfect and there are still a few areas in the diocese where it has not been fully adopted. However overall, the system has been adopted very well and the diocese has done well to be united in its focus on what the parish share is for – paying for our ministry and mission. We owe much to the foresight of those who worked on the system leading up to its approval by Diocesan Synod back in May 2010.

The DBF's General Fund overall had an operating surplus in 2013 of £197,000 (which compares to £158,000 in 2012). This surplus was largely due to vacancies in parochial stipendiary posts and central posts. Whilst this saved money in 2013, that's not necessarily a good thing for the long term, and so it is good that initial signs are of a lower vacancy rate in 2014. The operating surplus and some investment gains have enabled the DBF to increase the number of houses for curates, make transfers into three discretionary funds and end with an increase in the General Fund of £46,000. This left the General Fund with 3.1 months' worth of costs, which is within our policy range. For further detail, see section 1.3 of the Trustees' and Directors' Report starting on page 3.

The transfers into three discretionary funds mentioned above were to a new fund created in the year to assist with financing events to celebrate the centenary of the re-founding of the Diocese of Coventry in 1918, to the Church Fabric Fund - we are well aware that parishes don't only have the challenge of paying for ministry through the parish share, and to the Diocesan Mission Fund. Mission grants from this and other DBF funds have been substantial in the last few years, and it has been a joy to read reports coming in from the grant recipients telling of new signs of growth.

We have much to be thankful for, so let us continue to run with perseverance the race that is set before us.



Canon Ian E Francis

Chair of Coventry Diocesan Board of Finance Limited

21 May 2014

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2013

Company Registered Number: 319482

Registered Charity Number: 247828

The trustees, who are also directors for the purposes of company law, present their combined Trustees' Report and Directors' Report, together with the audited financial statements, for the year ended 31 December 2013. The Trustees' and Directors' Report is presented in sections as follows:

- Section 1: Strategic and Operational Report
- Section 2: Governance Report
- Section 3: Trustees' and Directors' Report Approval

SECTION 1: STRATEGIC AND OPERATIONAL REPORT

1.1 OBJECTIVES AND ACTIVITIES

Coventry Diocesan Board of Finance Limited ("the DBF") aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Coventry and elsewhere.

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

- the payment of stipends and fees and the provision of housing for clergy in the diocese;
- clergy and lay training delivered by the Diocesan Training Partnership;
- various services in support for mission and ministry in the diocese which are suited to being provided centrally within the diocese, including: support with diocesan governance and the development of healthy churches; support for the Archdeacons and the Diocesan Board of Education; safeguarding advice and training; advice to parishes seeking permission for changes to their church buildings; communications advice; provision of office space to the Coventry diocesan branch of the Mothers' Union;
- the administration and payment of grants - details of the grants awarded are given in note 7 to the financial statements on page 22. The DBF's policy is to pay grants from funds available to: parishes and other diocesan organisations; the linked dioceses of Kaduna (in Nigeria) and Jerusalem (of the Syrian Orthodox Church); and the Archbishops' Council by way of an annual grant. The grant to the Archbishops' Council includes a contribution to the Council's own administration costs, the central cost of training potential future ministers ("ordinands") and the cost of providing retirement housing for clergy under the Church's Housing Assistance for the Retired Ministry ("CHARM") scheme.

In 2013, the DBF also took responsibility for the maintenance of Offa House, the former diocesan retreat house which closed on 22 March 2013.

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

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

Public benefit

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

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
TRUSTEES' AND DIRECTORS' REPORT
for the year ended 31 December 2013 (continued)

1.2 PRINCIPAL RISKS

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

Risk	Mitigation
Under-collection of parish share	A new Deanery Share system for allocating the parish share was implemented on 1 January 2012. This system and the collection of parish share are kept under regular review by the Diocesan Finance Group.
Under-funding of the defined benefit Church of England clergy pension scheme	The funding of the Church of England clergy pension scheme and any changes in contribution levels required are kept under review primarily by the Church of England Pensions Board, but also by the trustees and other Church of England bodies.
An allegation or finding of a safeguarding failure with respect to a child or a vulnerable adult.	The DBF employs a full time Diocesan Safeguarding Adviser who reports to the Diocesan Secretary and issues guidelines, conducts training and is available to deal with any matters arising.

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

1.3 ACHIEVEMENTS AND PERFORMANCE

During the year, the DBF continued to support the Diocese of Coventry through its activities described in section 1.1. Key developments included:

- the appointment of Revd Canon Martin Saxby in March 2013 as Healthy Churches Development Mentor;
- the work of the Diocesan Training Partnership which led to 9 people being ordained as priests and 8 people being ordained as deacons at Petertide 2013, and to 11 candidates going forward to Bishop's Advisory Panels in 2013;
- the provision of assistance to Coventry Cathedral by releasing the Diocesan Secretary to devote some of his time to working with the Cathedral senior management team.

The table below shows the achievements in 2013 in areas for which the 2013 plans were reported in last year's Trustees' and Directors Report.

Plans for 2013 reported in last year's Trustees' and Directors' Report	Achievements in 2013
Continue to work with the Deaneries towards full allocation and payment of the Deanery Shares as determined under the new Deanery Share system	Communications with and within one Deanery have greatly improved and enabled that Deanery to adopt the new Deanery Share system. The number of Deaneries paying 100% of the allocated share increased from three (out of eleven) in 2012 to five in 2013.
Complete a review of and agree an updated investment policy	Following a review led by the Investment Sub-Committee and including liaison with the Diocesan Finance Group and the Glebe Committee, an updated investment policy was considered and approved by Bishop's Council on 3 June 2013.
Break even financially	The DBF General Fund made an operating surplus of £197,000 (2013: £158,000) before transfers and gains on investments and, after transfers and gains on investments, increased by £46,000 (2012: £94,000) in the year.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

Summary of financial performance

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

	2013 £000s	2012 £000s
Operating surplus (net incoming resources before transfers)	197	158
Transfers to finance the purchase and sale of houses	(219)	(166)
Transfers to discretionary funds	(75)	(5)
Gains on investments	<u>143</u>	<u>107</u>
Net movement in the year	<u>46</u>	<u>94</u>

Designated Funds, excluding the Operational Properties Fund and investment gains, increased by £30,000 (2012: decreased by £96,000) principally as a result of grants, mostly from mission funds and the Church Buildings Fund, being more than offset by transfers from the General Fund to replenish some of those funds and to start the Centenary Events Fund.

Restricted Funds, excluding investment gains, increased by £70,000 (2012: £25,000), half of which was due to funds remaining to be spent in 2014 from a grant from the Coventry Diocesan Trustees towards the costs of setting up a temporary church building for St Catherine's, Stoke Aldermoor.

The result for the year is shown in full in the Statement of Financial Activities on page 12.

Principal funding sources

60% of total incoming resources in 2013 came from Parish Share (2012: 62%), 18% (2012: 18%) from investment income and 22% (2012: 20%) from other sources. Other sources of income include: parochial fees from weddings and funerals; rental income from the letting of houses to tenants whilst not occupied by clergy; restricted income received from The King Henry VIII Endowed Trust, Warwick, used to meet the costs of stipends, pensions and housing costs for clergy in the Warwick area; and various other grants and donations.

Parish Share

The total parish share allocated to the deaneries for 2013 was £4,863,000 (2012: £4,893,000). The allocation was determined in accordance with the new Deanery Share System as approved by Diocesan Synod in May 2010, and is calculated by reference to the budgeted cost of parochial ministry posts (including training costs) and any surplus for mission agreed annually by deanery representatives. Details of the new Deanery Share system have been published on the diocesan website at www.dioceseofcoventry.org/deaneryshare. The reduction in allocation compared to 2012 was principally due to a reduction in budgeted training costs more than offsetting inflation in the cost per stipendiary post, an increase in the credit given for parochial fees received, and a reduction of 0.3 stipendiary posts and 0.5 houses allocated to parish ministry.

Total parish share income received, including amounts relating to parish share allocated for previous years but excluding amounts received after the 31 January cut off date, was 98% of the allocation (2012: 98%).

Total parish share receipts in relation to the 2013 allocation, i.e. excluding amounts relating to parish share allocated for previous years, were £4,746,000, 98% of the allocation (2012: £4,769,000, 97% of the allocation). The number of Deaneries paying 100% of the allocated share or more increased from three in 2012 to five in 2013.

Investment income

Investment income increased by 0.2% to £1,433,000 (2012: £1,430,000). In 2012, investment income included a one-off lease surrender premium of £61,000 in connection with the sale of a Glebe commercial property in Bristol. Adjusting for this one-off item and allowing for Glebe management fees and other Glebe operating costs, net investment income increased by 2.6%, which was greater than CPI inflation in 2013 of 2.0%.

Investment income included £1,182,000 (2012: £1,221,000) of Glebe property income. After allowing for Glebe management fees and other Glebe operating costs, the net income yield from Glebe properties was 3.8% (2012: 4.0%) on net book values, with a lower yield from agricultural and residential property at 1.6% (2012: 1.4%) offset by a higher yield from commercial property at 7.3% (2012: 7.9%, or 7.3% adjusted for the one-off surrender premium referred to above). Glebe property income in both years also benefited from dilapidations recoveries.

Other investment income in 2013 increased to £251,000 from £209,000 in 2012, mainly due to investment of cash and deposits in investment funds during the year.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

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. An updated investment policy, including this investment objective, was considered and approved by Bishop's Council on 3 June 2013.

Investments are principally held in Glebe properties and in two investment funds which are compliant with the Church of England Ethical Investment Policy and managed by CCLA Investment Management Limited and Ecclesiastical Investment Management Ltd. Glebe investment properties are comprised of agricultural, commercial and residential land and buildings. The CCLA and Ecclesiastical investment funds are diversified funds for charities, invested mainly in equities but also in fixed interest securities, property and other assets.

The total value of investments at 31 December 2013 was approximately £31.0 million (2012: £28.6 million), of which £26.9 million was permanent endowments. During the year, a commercial property was purchased for £0.7 million using part of the sales proceeds from a commercial property sale in 2012, £0.7 million was invested in the CCLA CBF Church of England Investment Fund and £0.6m was invested in the Ecclesiastical Amity Balanced Fund for Charities, a fund selected in 2013 to add diversification to the DBF's investments in funds.

Net income yields¹ in 2013 were as follows:

- Glebe investment properties: 3.8% (2012: 4.0% - see above for further detail)
- CCLA's CBF Church of England Investment Fund: 4.2% (2012: 4.5%)
- Ecclesiastical's Amity Balanced Fund for Charities: 5.3% (2012: n/a)

Stipendiary clergy headcount

The full time equivalent ("FTE") number of office holders in the Diocese who were stipendiary clergy or licensed lay workers in 2013 was 112 (2012: 115). This change was mainly a result of an increase in vacant parochial clergy posts. There was also a 0.3 FTE reduction in parochial ministry posts and a 0.2 FTE reduction in curates.

Pension schemes

All stipendiary clergy in the Diocese, clergy employed in central diocesan posts and some licensed lay workers are members of the defined benefit Church of England clergy pension scheme. The contribution for this scheme in the year was £8,315 (2012: £8,074) per full time stipendiary clergy member. The DBF's lay staff are invited to be members of the Church Workers Pension Fund. Further details are provided in note 2 to the Financial Statements.

Reserves policy and the General Fund position at the year end

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

Diocesan Synod approved a maximum sum to be spent from operating funds in 2014 of £7,517,000. The balance on the General Fund at 31 December 2013 was £1,917,000, which represented 3.1 months' worth of maximum approved spend from operating funds in 2014 and was therefore within policy limits.

Self-supporting ministry and volunteers

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

1.4 PLANS FOR FUTURE PERIODS

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

In particular for 2014, the trustees of the DBF plan to:

- Continue work with the Deaneries towards full allocation and payment of the Deanery Shares as determined under the new Deanery Share system;
- With a view to strengthening the focus on transforming communities, launch a new venture "Coventry and Warwickshire Together" in partnership with the Church Urban Fund.

¹ Net income yields calculated using: for Glebe properties, actual net income and book values weighted for purchases and sales in the year; for investment funds, dividends per share and the average of the year's opening and closing market values of a share.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

SECTION 2: GOVERNANCE REPORT

2.1 COMPANY LEGAL STATUS

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

2.2 DIOCESAN SYNOD AND DBF MEMBERSHIP

The Diocese is governed in accordance with the Synodical Government Measure 1969, under which its governing body is the Diocesan Synod. Every Diocesan Synod member is a member of the DBF for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up.

The Diocesan Synod is made up of three Houses, and its membership at 31 December 2013 was as follows:

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

House of Clergy: 45 members, of which seven were ex officio (the Dean of the Cathedral, two Archdeacons, the chair of the Diocesan Advisory Committee and the three diocesan clergy General Synod² members). The remainder were elected by the houses of clergy of Deanery Synods³.

House of Laity: 54 members, of which six were ex officio (the Chancellor of the Diocese, the chairs of the Board of Finance and the Board of Education and the three diocesan lay General Synod members) and one was nominated by the Bishop of Coventry. The remainder were elected by the houses of laity of Deanery Synods.

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

Diocesan Synod normally meets three times a year and its functions are to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- consider the annual accounts of the DBF;
- consider and approve the DBF's annual budget.

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

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

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

² General Synod is the Church of England's legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of acts of Parliament. It is made up of three groups or 'houses' of members: the Houses of Bishops, of Clergy and of Laity. The House of Bishops is made up of the 42 diocesan bishops and 7 elected suffragan bishops. The Houses of Clergy and Laity are primarily comprised of members from each diocese elected by the members of deanery synods.

³ A Deanery Synod is the Church of England's deliberative body at Deanery level, which is also responsible for election of members to Diocesan Synods and the General Synod, and in the Diocese of Coventry, for the allocation of Deanery Share between its constituent benefices and parishes. Its House of Clergy is mainly comprised of clergy licensed in the Deanery. Its House of Laity is mainly comprised of laity normally elected by the Annual Parochial Church Meetings of the parishes within the Deanery in the same meeting as the election of the members of their Parochial Church Councils ("PCCs")⁴.

⁴ A PCC is the elected governing body of an individual parish which is normally the smallest pastoral area in the Church of England. PCCs are independent charities and their financial transactions are not included within these financial statements. Financial statements of an individual PCC can be obtained from the PCC treasurer.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

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

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

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

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

As the Trustees and Directors of the DBF, the Bishop's Council:

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

Financial accountability responsibilities of Bishop's Council members as trustees and directors

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

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

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

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

Membership of the Bishop's Council

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

- 8 ex officio members;
- 15 members elected by the Diocesan Synod (seven clergy and eight lay, in both cases with a minimum of two from each archdeaconry⁵);
- 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.

⁵ The area of the Diocese of Coventry is legally divided into the Archdeaconry of Coventry (which includes six Deaneries) and the Archdeaconry of Warwick (which includes five Deaneries), and has two archdeacons to oversee those archdeaconries. However, the primary focus of the Diocese of Coventry archdeacons is functional, with the Archdeacon Pastor focused on pastoral matters and the Archdeacon Missioner focused on diocesan mission strategy. Both are authorised to carry out each other's legal duties so that they can apply their functional focus to the whole diocese without geographic limitations.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

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

During 2013, the Bishop's Council met five times as Bishop's Council and board of trustees and directors. The term of office of the members of Bishop's Council (excluding ex-officio members) lasts for three years. The current term began on 1 January 2013 and trustee induction and training took place on 14 January 2013.

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

Ex officio

<i>Bishop of Coventry (President)</i>	The Rt Revd Dr C J Cocksworth	
<i>Chair of the DBF</i>	Canon I E Francis	
<i>Suffragan Bishop of Warwick</i>	The Rt Revd J R A Stroyan	
<i>Archdeacon of Coventry</i>	The Ven J Green	
<i>Archdeacon Missioner</i>	The Ven M Rodham	
<i>Dean of Coventry</i>	The Very Revd J J Witcombe	<i>(from 19 January 2013)</i>
<i>Chair of the House of Clergy</i>	The Revd R E Walker	
<i>Chair of the House of Laity</i>	Mr G P Wright	

Nominated

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

Elected by Diocesan Synod

Mr C H Baker	Mr S J Margrave
The Revd Canon B C Clutton	The Revd T M Mason
Mr K Downham	Mrs J E Owen
The Revd C Gale	Mr P C Rogers
Mrs F Hawke	The Revd D Silvester
Mr N J M Hodges	The Revd Canon Dr D A Stone
The Revd C Jones	Mr D G Wigman
The Revd P Manuel	

2.4 COMMITTEE STRUCTURE

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

2.5 DIOCESAN SECRETARY AND STAFF

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

Some staff, principally working in the areas of IT systems and property, are employed under joint working arrangements by the Leicester Diocesan Board of Finance (company registered number 227087; registered charity number 249100). Whilst the scope of the joint working arrangements has reduced since they were first set up in 2002, they continue to be an effective method of learning from a neighbouring diocese and of generating economies of scale without detriment to the service provided.

2.6 RELATED PARTIES

Coventry Diocesan Trustees (Registered)

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

Coventry Diocesan Board of Education

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

2.7 REFERENCE AND ADMINISTRATIVE DETAILS

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

2.8 OTHER GOVERNANCE MATTERS

Risk management

The trustees confirm that the major risks to which the DBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures to manage those and other identified risks have been established and reviewed. The trustees review the risk register at least annually and delegate to the Diocesan Secretary and his staff the task of ensuring that noteworthy risks to the DBF are registered, reviewed and managed. In addition, the Audit Committee reviews the risk management processes and the risk register at least annually, reports to trustees on whether it is satisfied with its findings and makes recommendations about areas for further work. The principal risks identified are shown in Section 1.2 of this report.

Valuation of properties in the financial statements

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

Going concern

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

Auditor


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

SECTION 3: DIRECTORS' AND TRUSTEES' REPORT APPROVAL

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



Canon Simon J Lloyd
Diocesan Secretary



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

21 May 2014

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

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

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2013 on pages 12 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of responsibilities of Bishop's Council Members as Trustees and Directors set out on page 7, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

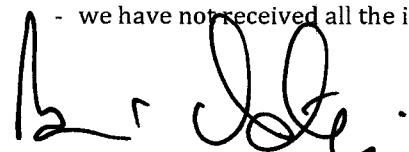
Opinion on other requirements of the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Paul Oxtoby (Senior Statutory Auditor)

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

22 May 2014

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2013 (including the Income and Expenditure Account)

	Notes	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income:							
Parish Share	4a	4,230	-	547	-	4,777	4,812
Archbishops' Council	4b	24	-	89	-	113	109
Other grants and donations	4c	91	-	407	-	498	429
Activities for generating funds	4d	279	-	-	-	279	237
Investment income	4e	61	6	1,366	-	1,433	1,430
Incoming resources from charitable activities							
Parochial fees		380	-	-	-	380	339
Other income from charitable activities	4f	186	-	101	-	287	293
Other incoming resources	4g	-	127	45	-	172	168
Total incoming resources		5,251	133	2,555	-	7,939	7,817
RESOURCES EXPENDED							
Costs of generating funds							
	5a	153	-	238	-	391	354
Charitable activities							
Archbishops' Council	5b	490	-	-	-	490	454
Other grants and similar items	5c	246	51	201	-	498	834
Ministry and mission in parishes	5d	3,376	-	1,991	-	5,367	5,236
Supporting ministry and mission	5e	584	-	22	-	606	585
Governance costs	5f	205	-	-	-	205	196
Total resources expended	6	5,054	51	2,452	-	7,557	7,659
NET INCOMING RESOURCES BEFORE TRANSFERS							
		197	82	103	-	382	158
Transfers between funds	18	(294)	294	(33)	33	-	-
Net incoming/(outgoing) resources before other recognised gains		(97)	376	70	33	382	158
Realised gains/(losses) on investments		3	-	-	172	175	(19)
Net income/(expenditure) for the year		(94)	376	70	205	557	139
Unrealised gains on investments	12	140	7	282	73	502	363
NET MOVEMENT IN FUNDS		46	383	352	278	1,059	502
RECONCILIATION OF FUNDS							
Funds at 1 January	16	1,871	7,453	3,448	32,620	45,392	44,890
Net movement in funds in the year		46	383	352	278	1,059	502
FUNDS AT 31 DECEMBER	16	1,917	7,836	3,800	32,898	46,451	45,392

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

as at 31 December 2013

	Notes	2013 £000s	2013 £000s	2012 £000s	2012 £000s
FIXED ASSETS					
Tangible fixed assets	11		12,950		12,603
Fixed asset investments	12		30,990		28,608
			<u>43,940</u>		<u>41,211</u>
CURRENT ASSETS					
Debtors	13	843		882	
Short term deposits		2,187		3,151	
Cash at bank and in hand		544		1,327	
		<u>3,574</u>		<u>5,360</u>	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	(824)		(916)	
NET CURRENT ASSETS					
			<u>2,750</u>		<u>4,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>46,690</u>		<u>45,655</u>
Creditors: amounts falling due after more than one year	15		(239)		(263)
NET ASSETS					
			<u>46,451</u>		<u>45,392</u>
FUNDS					
Unrestricted funds:					
General Fund	16		1,917		1,871
Designated funds	16		7,836		7,453
			<u>9,753</u>		<u>9,324</u>
Restricted funds	16		3,800		3,448
Endowment funds	16		32,898		32,620
TOTAL FUNDS					
			<u>46,451</u>		<u>45,392</u>

The financial statements on pages 12 to 29 were approved by the Board of Directors and authorised for issue on 21 May 2014 and are signed on its behalf by:



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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2013

	Notes	2013 £000s	2013 £000s	2012 £000s	2012 £000s
Net cash inflow from operating activities	20		133		189
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets	11	(399)		(639)	
Payments to acquire fixed asset investments	12	(1,983)		(283)	
Receipts from sales of tangible fixed assets		224		564	
Receipts from sales of endowment fixed asset investments		278		1,143	
			<u>(1,880)</u>		<u>785</u>
(Decrease)/increase in cash and cash equivalents	21		<u>(1,747)</u>		<u>974</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

1 Principal accounting policies

Basis of accounting

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

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

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

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

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

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

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

Depreciation

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

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

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

Fixed asset investments

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

Parish share income and income from parochial fees

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

Grants

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

1 Principal accounting policies (continued)

Investment gains and losses

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

Deferred income

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

Investment income

Investment income is accounted for when receivable.

Donations, legacies and similar income

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

Resources expended and liabilities

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

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

Support Costs

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

Governance costs

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

Operating leases

Payments under operating leases are charged against income as incurred.

Cash and cash equivalents

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

Fund accounting

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

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

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

2 Pension schemes

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

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

Church of England Funded Pensions Scheme

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

The DBF participates in the Church of England Funded Pensions Scheme and at the end of the year was paying contributions for 123 members of the scheme out of a total membership of approximately 8,500 active members. Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends, which are currently the same as the National Minimum Stipend. The scheme pension costs are accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year.

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

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males. By way of illustration, the assumption for members aged 65 at 31 December 2012 is a remaining life of 26.9 years for females and 24.3 years for males.

Following the valuation of the scheme as at 31 December 2012, the contribution rate is due to increase on 1 January 2015 from 38.2% to 39.9% of pensionable stipends, of which 25.8% relates to providing the benefit in relation to ongoing pensionable service, including 1.2% for the day-to-day expenses of running the scheme, and 14.1% relates to recovery of the deficit over the twelve years to 31 December 2025. This means that payments by the DBF relating to the deficit based on active members and pensionable stipends as at 31 December 2013 would be £388,000 in 2014 and at the rate of £372,000 per annum from 2015 to 2025.

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

2 Pension schemes (continued)

Church Workers Pension Fund – Defined Benefits Scheme

The Defined Benefits Scheme (“DBS”) section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. At 31 December 2013, the DBF had one active member, no deferred pensioner members and four pensioners in the scheme. Also, four joint workers employed by Leicester Diocesan Board of Finance were active members of this section of the Church Workers Pension Fund.

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

The most recent scheme valuation completed was carried out as at 31 December 2010. The DBF's contribution rate and the Leicester Diocesan Board of Finance contribution rate (affecting the cost of joint workers in this section of the Church Workers Pension Fund) were revised with effect from 1 April 2012.

Church Workers Pension Fund – Pension Builder Scheme

The Pension Builder Scheme section of the Church Workers Pension Fund builds an annuity for members for payment from retirement, accumulated from contributions paid and converted into an annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the future investment returns and other factors. There is no sub-division of assets between employers. The expectation is that any future shortfall or surplus in the scheme will result in a curtailment or increase in bonuses declared. At 31 December 2013, the DBF had 13 active members, 25 deferred members and 8 pensioners in the scheme. Also, one joint workers employed by Leicester Diocesan Board of Finance was an active member of this section of the Church Workers Pension Fund at 31 December 2013. For all participating employers, the scheme's membership includes approximately 2,500 active members, 3,200 deferred members and 2,800 pensioners.

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

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

3 Net incoming resources

	2013 £000s	2012 £000s
Net incoming resources is stated after charging/(crediting):		
Auditor's remuneration:		
Audit	12	15
Taxation services	-	1
Hire of office equipment	4	5
Surplus on disposal of tangible fixed assets	<u>(172)</u>	<u>(168)</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

4 Analysis of incoming resources

a Parish Share

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Parish Share assessed for the year	4,255	-	608	-	4,863	4,893
Other contributions and adjustments	4	-	-	-	4	13
Less shortfall in contributions	(60)	-	(61)	-	(121)	(137)
Received for the year	4,199	-	547	-	4,746	4,769
Arrears received in respect of previous years	31	-	-	-	31	43
	4,230	-	547	-	4,777	4,812

b Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Mission Development Funding	-	-	89	-	89	86
Legal costs' contribution	24	-	-	-	24	23
	24	-	89	-	113	109

c Other grants and donations

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
King Henry VIII Endowed Trust	-	-	217	-	217	249
Other grants, donations and similar income	91	-	190	-	281	180
	91	-	407	-	498	429

d Activities for generating funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Rental income from non-investment properties	279	-	-	-	279	237

e Investment income

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Glebe property income	-	-	1,182	-	1,182	1,221
Unlisted securities	52	2	174	-	228	178
Bank and deposit interest	9	4	6	-	19	28
Other property income	-	-	4	-	4	3
	61	6	1,366	-	1,433	1,430

f Other income from charitable activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Payroll contributions	90	-	79	-	169	185
Churches closed for public worship	-	-	20	-	20	21
Sundry income	96	-	2	-	98	87
	186	-	101	-	287	293

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

4 Analysis of incoming resources (continued)

g Other incoming resources

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Surplus on sale of assets	-	127	45	-	172	168
	-	127	45	-	172	168

5 Analysis of resources expended

a Costs of generating funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Glebe management fees	-	-	53	-	53	51
Glebe operating costs	-	-	185	-	185	153
Other costs	34	-	-	-	34	44
Support costs	119	-	-	-	119	106
	153	-	238	-	391	354

b Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
National Church	176	-	-	-	176	175
Training for ministry	246	-	-	-	246	213
Mission agencies' pension costs	8	-	-	-	8	11
Retired clergy housing & other costs	60	-	-	-	60	55
	490	-	-	-	490	454

c Other grants and similar items

(see also note 7)

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Parishes & organisations in the diocese	163	49	192	-	404	751
Other institutions	-	1	3	-	4	15
Individuals	83	1	6	-	90	68
	246	51	201	-	498	834

d Ministry and mission in parishes

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Clergy stipends costs (excl. curates)	1,848	-	1,454	-	3,302	3,270
Curates' stipends costs	-	-	520	-	520	511
Clergy housing	934	-	-	-	934	973
Fees to retired stipendiary clergy	25	-	-	-	25	22
Clergy diocesan expenses	147	-	-	-	147	169
Other costs	123	-	17	-	140	43
Support costs	299	-	-	-	299	248
	3,376	-	1,991	-	5,367	5,236

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

5 Analysis of resources expended (continued)

e Supporting ministry and mission

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Department costs	338	-	-	-	338	317
Support costs	239	-	-	-	239	231
Other costs	7	-	22	-	29	37
	584	-	22	-	606	585

f Governance costs

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s	2012 Total £000s
Synodical costs	5	-	-	-	5	9
Statutory costs	60	-	-	-	60	63
Support costs	140	-	-	-	140	124
	205	-	-	-	205	196

6 Analysis of resources expended showing allocation of support costs

	Activities undertaken directly £000s	Grant funding of activities £000s	Allocation of support costs† £000s	2013 Total £000s	2012 Total £000s
Costs of generating funds	272	-	119	391	354
Charitable expenditure					
Archbishops' Council	-	490	-	490	454
Other grants & similar items	-	498	-	498	834
Ministry and mission in parishes	5,068	-	299	5,367	5,236
Supporting ministry and mission	367	-	239	606	585
Governance costs	65	-	140	205	196
	5,772	988	797	7,557	7,659

†Analysis of support costs

	2013 £000s	2012 £000s
Staff costs	509	437
Joint workers' pension deficit charge	63	-
Other costs	225	272
	797	709

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

7 Other grants and similar items

	2013 £000s	2012 £000s
To parishes and other organisations in the Diocese		
<i>Mission & pioneer ministry</i>		
Church Commissioners' Mission Fund grants to parishes	75	158
Pioneer Minister grants to parishes	17	37
Bishop's Mission Fund grants to parishes	14	-
Diocesan Mission Fund grants to parishes	10	103
Church Growth in Deprived Areas grants to parishes	10	-
<i>Church land and buildings</i>		
Land and buildings at Stoke Aldermoor, Coventry	105	104
Church Fabric Fund grants to seven churches (2012: sixteen churches)	18	42
Faculty fees to parishes	16	20
St Nicholas Radford Semele building grant	-	64
St Andrew's Rugby building grant	-	50
<i>Other organisations in the Diocese</i>		
Coventry Diocesan Board of Education	98	91
Coventry Cathedral for liturgy support costs	5	5
Coventry Cathedral for Director for Reconciliation	2	17
Workcare	22	22
Offa House	-	15
Other	12	23
	404	751
To other institutions		
Syrian Orthodox Christian School	2	11
Link Dioceses of Kaduna and Jerusalem	2	4
	4	15
To individuals		
For support of ordinands in ministerial training	70	51
Other grants to clergy and readers	20	17
	90	68
	498	834

8 Trustees' emoluments and expenses

None of the trustees has received any emoluments from the DBF for services performed as directors (2012: £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.

Six trustees received a total of £924 (2012: three and £498) in the year for travel expenses related to activity as trustees of the DBF. Two trustees received a total of £1,248 (2012: three and £1,588) in the year for travel and other expenses in connection with their membership of the General Synod of the Church of England, membership of which is not connected with their membership of the Board.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

9 Clergy headcount and costs

The average full time equivalent number of stipendiary clergy and licensed lay workers who were office holders in the Diocese was 112 (2012: 115). This included 2 (2012: 2) Archdeacons.

	2013 £000s	2012 £000s
Stipends	2,677	2,661
Social security costs	213	211
Pension contributions	932	909
	<u>3,822</u>	<u>3,781</u>

10 Staff headcount and costs

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

	2013 FTEs	2012 FTEs
Staff employed directly:		
Supporting parish and diocese-wide ministry and mission	9.7	7.9
Central support	8.5	8.1
Employees wholly or partly supported by third party funding	3.4	5.0
	<u>21.6</u>	<u>21.0</u>
Joint workers	3.2	4.3
	<u>24.8</u>	<u>25.3</u>

b Staff costs

	2013 £000s	2012 £000s
Staff employed directly:		
Salaries	624	566
Social security costs	62	52
Pension contributions	106	93
	<u>792</u>	<u>711</u>
Joint workers		
For service in the year	127	147
Pension deficit charge	63	-
	<u>982</u>	<u>858</u>

There were two employees (2012: two) whose total remuneration in the year was over £60,000. One (2012: one) was in the band £60,001 to £70,000 and accrued retirement benefits under a defined benefit scheme (the Pension Builder Scheme section of the Church Workers Pension Fund). One, in 2012 and 2013, was in the band £70,001 to £80,000 and accrued retirement benefits under a defined benefit scheme (the Defined Benefits Scheme section of the Church Workers Pension Fund).

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

11 Tangible fixed assets

	Parsonages £000s	Diocesan offices £000s	Operational properties £000s	Team Vicar houses £000s	Office equipment £000s	Total £000s
Cost						
At 1 January 2013	5,504	846	5,931	322	226	12,829
Additions	-	-	399	-	-	399
Disposals	-	-	(52)	-	-	(52)
At 31 December 2013	5,504	846	6,278	322	226	13,176
Depreciation						
At 1 January 2013	-	-	-	-	226	226
Disposals	-	-	-	-	-	-
At 31 December 2013	-	-	-	-	226	226
Net book value						
At 31 December 2013	5,504	846	6,278	322	-	12,950
At 31 December 2012	5,504	846	5,931	322	-	12,603

All tangible fixed assets were used for direct charitable purposes. At 31 December 2013, contracts had been exchanged but not completed for the purchase of a parsonage at a cost of £325,000, of which £33,000 had been paid and is included within debtors.

12 Fixed asset investments

	Glebe properties £000s	Unlisted £000s	Other £000s	Total £000s
Market value at 1 January 2013	24,238	4,315	55	28,608
Additions at cost	695	1,288	-	1,983
Disposals	(75)	(28)	-	(103)
Unrealised gains on revaluation	-	502	-	502
Market value at 31 December 2013	24,858	6,077	55	30,990
Historical cost at 31 December 2013	12,111	4,799	55	16,965

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

13 Debtors

	2013	2012
	£000s	£000s
Amounts falling due within one year		
Parish Share and parochial fees	232	205
Glebe agents	150	153
Other debtors, prepayments and accrued income	344	412
Loan	7	2
	<u>733</u>	<u>772</u>
Amounts falling due after more than one year		
Loan (see note 15)	110	110
	<u>843</u>	<u>882</u>

14 Creditors: amounts falling due within one year

	2013	2012
	£000s	£000s
Trade creditors	50	43
Grants and other accruals	447	633
Deferred income	182	178
Taxation and social security	47	52
Pension creditor	95	8
Other creditors	3	2
Total amounts falling due within one year	<u>824</u>	<u>916</u>

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

15 Creditors: amounts falling due after more than one year

	2013	2012
	£000s	£000s
Grant accruals	129	153
Loan	110	110
Total amounts falling due after more than one year	<u>239</u>	<u>263</u>

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

16 Statement of funds

	At 1 Jan 2013 £000s	Income £000s	Expenditure £000s	Transfers £000s	Investment gain/(loss) £000s	At 31 Dec 2013 £000s
GENERAL FUND	1,871	5,251	(5,054)	(294)	143	1,917
DESIGNATED FUNDS						
Operational Properties Fund	6,777	127	-	219	-	7,123
Clergy Holidays Fund	63	2	(1)	-	7	71
Church Buildings Fund	34	-	(18)	20	-	36
Centenary Events Fund	-	-	-	15	-	15
Bishop Bardsley Bequest	86	1	(2)	-	-	85
Extra Mission and Ministry Support Fund	203	-	-	-	-	203
Bishop's Mission Fund	180	2	(19)	-	-	163
Bishop of Coventry's Link Dioceses Fund	40	-	(1)	-	-	39
Diocesan Mission Fund	70	1	(10)	40	-	101
Total designated funds	7,453	133	(51)	294	7	7,836
Total unrestricted funds	9,324	5,384	(5,105)	-	150	9,753
RESTRICTED FUNDS						
Stipends Capital Fund	2,349	-	-	-	280	2,629
Stipends Income Fund	-	1,448	(1,448)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	217	(217)	-	-	-
Pastoral Fund	542	68	(22)	(33)	-	555
St Mary Magdalene Vicarage Fund	189	-	-	-	-	189
DC Bonfield Bequest	56	-	-	-	-	56
Ordination Candidates' Fund	-	4	(4)	-	-	-
The Reverend George Goode Fund	19	-	(2)	-	-	17
Archdeacons' Discretionary Fund	26	2	(1)	-	2	29
Queen Victoria Clergy Fund	-	3	(3)	-	-	-
EE Bardsley Bequest	62	-	-	-	-	62
Companionship Link Funds	-	1	(1)	-	-	-
Syrian Orthodox Christian School Fund	8	16	(1)	1	-	24
Syrian Orthodox Christian School Scholarship Fund	6	-	-	(1)	-	5
Church Commissioners' Mission Fund	158	89	(84)	-	-	163
Church Growth in Deprived Areas Fund	33	20	(17)	-	-	36
Stoke Aldermoor Temporary Building Grant	-	140	(105)	-	-	35
Deanery Share Support Fund	-	547	(547)	-	-	-
Total restricted funds	3,448	2,555	(2,452)	(33)	282	3,800
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	5,504	-	-	33	-	5,537
<i>Permanent:</i>						
Stipends Glebe Fund	26,699	-	-	-	196	26,895
Coventry Diocesan Endowment Fund	417	-	-	-	49	466
Total endowment funds	32,620	-	-	33	245	32,898
TOTAL FUNDS	45,392	7,939	(7,557)	-	677	46,451

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

17 Descriptions of Designated, Restricted and Endowment Funds

DESIGNATED FUNDS

Operational Properties Fund

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

Clergy Holidays Fund

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

Church Buildings Fund

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

Centenary Events Fund

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

Bishop Bardsley Bequest

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

Extra Mission and Ministry Support Fund

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

Bishop's Mission Fund

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

Bishop of Coventry's Link Dioceses Fund

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

Diocesan Mission Fund

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

RESTRICTED FUNDS

Stipends Capital Fund

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

Stipends Income Fund

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

Warwick Clergy Stipends & Housing Fund

This fund (previously treated as a sub-fund within the Stipends Income Fund) receives income from The King Henry VIII Endowed Trust, Warwick to pay for stipend and housing costs of clergy in the parishes of the Warwick Team and Budbroke.

Pastoral Fund

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

St Mary Magdalene Vicarage Fund

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

DC Bonfield Bequest and Ordination Candidates' Fund

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

The Reverend George Goode Fund

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

Archdeacons' Discretionary Fund and the Queen Victoria Clergy Fund

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

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

EE Bardsley Bequest

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

Companionship Link Funds

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

Syrian Orthodox Christian School Funds

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

Church Commissioners' Mission Fund

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

Church Growth in Deprived Areas Fund

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

Stoke Aldermoor Temporary Building Grant

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

Deanery Share Support Fund

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

ENDOWMENT FUNDS

Parsonage Houses Fund

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

Stipends Glebe Fund

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

Coventry Diocesan Endowment Fund

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

18 Transfers between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s
Transfers relating to houses					
Property purchases funded by the General Fund	(399)	399	-	-	-
Proceeds from sale of operational properties	180	(180)	-	-	-
	(219)	219	-	-	-
General Fund transfer to Diocesan Mission Fund	(40)	40	-	-	-
General Fund transfer to Church Buildings Fund	(20)	20	-	-	-
General Fund transfer to Centenary Events Fund	(15)	15	-	-	-
Pastoral fund transfer to Parsonages Fund	-	-	(33)	33	-
Total transfers between funds	(294)	294	(33)	33	-

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013 (continued)

19 Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2013 Total £000s
Funds at 31 December 2013 are represented by:					
Tangible fixed assets	-	7,123	-	5,827	12,950
Fixed asset investments	1,371	63	2,654	26,902	30,990
Net current assets	656	664	1,261	169	2,750
Creditors falling due after more than one year	(110)	(14)	(115)	-	(239)
Total net assets	1,917	7,836	3,800	32,898	46,451

20 Net cash inflow from operating activities

	2013 £000s	2012 £000s
Net incoming resources	382	158
Adjustments for:		
Surplus on disposal of tangible fixed assets	(172)	(168)
Decrease in debtors	39	121
Decrease in creditors due within one year	(92)	(75)
(Decrease)/increase in creditors due after more than one year	(24)	153
Net cash inflow from operating activities	133	189

21 Net funds

a Breakdown of net funds at 31 December

	2013 £000s	2012 £000s
Cash at bank and in hand	544	1,327
Short term deposits	2,187	3,151
Cash and cash equivalents	2,731	4,478
Loans falling due after one year	(110)	(110)
Net funds at 31 December	2,621	4,368

b Reconciliation of cash flow to net funds

	2013 £000s	2012 £000s
(Decrease)/increase in cash at bank and in hand	(783)	352
(Decrease)/increase in short term deposits	(964)	622
(Decrease)/increase in cash and cash equivalents	(1,747)	974
Add net funds at 1 January	4,368	3,394
Net funds at 31 December	2,621	4,368

22 Related party transactions

The Coventry Diocesan Board of Education ("the DBE") is a related party as it is responsible to Diocesan Synod, the members of which are also the members of the DBF. A grant to the DBE is shown in note 7. The net amount owing from the DBE at 31 December 2013 in relation to transactions between the two parties was £148 (31 December 2012: £45,842 owed to the DBE).

The Coventry Diocesan Trustees (Registered) ("the CDT") is a related party as it is the custodian trustee of the Coventry Diocesan Endowment Fund. The CDT approved a contribution to the Stoke Aldermoor Temporary Building Grant during the year of £140,000 (2012: £64,420 contributed to the Church Buildings Fund).