

**COVENTRY DIOCESAN BOARD
OF FINANCE LIMITED**

**REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2017**

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2017

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

The Diocese of Coventry is one of 42 dioceses in the Church of England. Re-founded in 1918 but with a history dating back to 658, the diocese has an overall population of approximately 900,000 and covers an area of just under 700 square miles, covering Coventry, most of Warwickshire and a small part of Solihull. The diocese is sub-divided into 11 areas called deaneries and, overall, includes 200 parishes. Some parishes have more than one church - the diocese has 240 churches open for public worship. The diocese has one Cathedral – The Cathedral Church of St Michael, Coventry.

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

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

CONTENTS

	Page
Chair’s Report	1
Trustees’ and Directors’ Report (including the Strategic Report)	2 - 12
Auditor’s Report	13-14
Financial Statements	
Statement of Financial Activities	15
Income and Expenditure Account	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19 - 34

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

CHAIR'S REPORT

for the year ended 31 December 2017

Once again it has been a busy year for the Diocesan Board of Finance. 2017 was marked by both exciting new projects getting under way, including the opening of St Clare's at the Cathedral in August and St Mark's Coventry in October, as well as closure of others, most notably Offa House, the former diocesan retreat house which was sold in January 2018.

It was also a year of great optimism and anticipation as we prepared for the Diocesan Centenary celebrations in 2018. A highlight of these preparations was the clergy conference held in Liverpool which provided an opportunity for over 180 clergy from the across the diocese to come together to learn, reflect and pray in support of their ongoing mission and ministry in the diocese. I am indebted to the Diocesan Training Partnership for all their hard work in making this happen.

With the second year of funding for the Acceler8 project received in 2017 we have seen this work become increasingly established and fruitful. More churches have engaged with the Natural Church Development programme ("NCD") to help develop the eight essential qualities that have been identified by NCD as being critical for the health and growth of churches and more people have come to faith. What is really encouraging is that the work of our 20s and 30s Development Workers in our churches, which has formed a particular focus of this programme, has seen not only greater engagement of this age group, but more children and young people, as well as older adults coming to faith. Building on this success, in 2017 the DBF supported the submission of a second Strategic Development Funding ("SDF") bid to the Church Commissioners in April. This was successful and we were proud to launch the Serving Christ programme in July which has enabled the DBF to employ six Learning Mentors who will work with lay people in our churches, further supporting our strategy to improve health and growth.

With all this activity and focus on growth the need to ensure that we continue to support and sustain the wellbeing of our clergy in what are still very challenging times for the Church has never been far from our minds. To this end at the beginning of the year we undertook a clergy wellbeing survey and following its analysis have started to roll out a number of improvements to the ways we do things. We have set up a Clergy Wellbeing Group, improved information on our website and commissioned Resilience Workshops. This work will be ongoing in 2018.

None of this work would be possible without the continuing careful stewardship of our financial resources. In 2017 total parish share received was slightly up on 2016, but the pressure on sustaining this level of generosity is never far from our minds. Our success at securing SDF funding is to be celebrated in the ability this gives us to increase our missional activities, but we also need to plan for the future when this time-limited resource will cease. To that end the DBF approved a 10 year financial plan in September which identified the increasing importance of income from our investments to support a growing church. I am hugely grateful to all our staff and particularly David Oglethorpe our Director of Finance for his hard work in ensuring the DBF is well served with professional advice and guidance. I am also indebted to all our clergy, stipendiary and self-supporting, licensed lay-workers and volunteers who have worked hard over the past year to make all this possible.

In closing I was delighted to be part of the recent Diocesan Centenary Festival and the visit of The Most Revd Justin Welby, Archbishop of Canterbury and I am looking forward to the opportunities of the emerging Whole Diocese Strategy, which is integrating the work of the DBF, Cathedral, Diocesan Board of Education and Chaplaincies in the mission of the Church in this diocese.



Canon Ian Francis

Chair of Coventry Diocesan Board of Finance Limited

14 May 2018

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017

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 2017. The Trustees' and Directors' Report is presented in sections as follows:

- Section 1: Strategic Report - which includes a review of achievements and performance in the year
- Section 2: Governance Report
- Section 3: Trustees' and Directors' Report Approval

SECTION 1: STRATEGIC REPORT

1.1 OBJECTIVES AND ACTIVITIES

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

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

- payment of stipends and fees and the provision of housing for clergy in the diocese;
- clergy and lay training delivered by the Diocesan Training Partnership;
- various services in support of mission and ministry which are suited to being provided centrally within the diocese, including: support with diocesan governance, the development of healthy churches and transforming communities; the provision of development leaders focussing on mission to the 20s and 30s age range; support for the Archdeacons, the Coventry Diocesan Board of Education and Coventry Cathedral; safeguarding advice and training; advice to parishes seeking permission for changes to their church buildings; communications advice; provision of office space to the Coventry diocesan branch of the Mothers' Union; and maintenance of Offa House, the former diocesan retreat house sold in January 2018;
- administration and payment of grants - details of the grants awarded are given in note 7 to the financial statements. The DBF's policy is to pay grants for the furtherance of the mission and ministry of the Church of England from funds available to: parishes and other diocesan organisations; the linked dioceses of Kaduna (in Nigeria) and Jerusalem (of the Syrian Orthodox Church); and the Archbishops' Council by way of an annual grant. The grant to the Archbishops' Council includes a contribution to the Council's own administration costs, the central cost of training potential future ministers ("ordinands") and the cost of providing retirement housing for clergy under the Church's Housing Assistance for the Retired Ministry ("CHARM") scheme.

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

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

Public benefit

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

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

1.2 PRINCIPAL RISKS

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

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

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

1.3 ACHIEVEMENTS AND PERFORMANCE

During the year, the DBF continued to support the Diocese of Coventry through its range of activities described in section 1.1. 2017 saw increased activity in the second full calendar year for 'Acceler8', a project with Church Commissioners' grant funding aimed at speeding up the growth of churches across the diocese by improving their health in the eight quality characteristics identified as essential for healthy growing churches by the Institute for Natural Church Development ("NCD"), including a specific focus on the 20s and 30s age range. During the year, a grant of £1,773,000 was awarded by the Church Commissioners towards the costs of the Serving Christ project as an extension of the existing diocesan strategy of growing healthy churches. The Serving Christ 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 supported by increased DBF staffing capacity, including a team of Learning Mentors, and by creating a digital learning platform with related resources and training materials. By the end of the year, four full time and one part time Learning Mentors had been recruited to start this important work. Another full time Learning Mentor has been recruited since the year end to complete the new team of Learning Mentors.

Development of the eight quality characteristics essential for healthy growing churches

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

The number of parishes engaging in the diocesan process for developing the eight quality characteristics identified as essential for healthy growing churches has increased during the year, supported by a Healthy Churches Development Mentor and a half-time Healthy Church Mentor employed by the DBF, an expert consultant engaged part time and a team of volunteer mentors. By the end of the year, over 75% (2016: 71%) of churches were engaged with the process and a small number of churches have now completed their fourth survey. The range of parishes involved is comprehensive - from small rural communities through to large city churches, evangelical to liberal catholic, and the Cathedral. Positive experiences have been reported across the board. The use of NCD survey results in Parish Profiles as part of the clergy appointments process has led to feedback that the profiles are refreshing and honest and has helped with the appointment of clergy suited to parish needs. Passionate spirituality continues to be measured as the weakest essential quality across the Diocese, and the Diocesan Training Partnership has increased its provision of training in areas which may help churches to address this significant obstacle to growth.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

By the year end, 63% of churches in the Diocese were in a measurably healthier place than two years previously. The data suggests that the health across all eight essential qualities across the Diocese as a whole is not yet at a high enough level to bring about consistent long term growth. However, there are early indications that attention to the eight essential quality characteristics does improve growth potential and some churches are starting to be at the level where consistent long term growth can be expected.

Focus on the 20s and 30s age range

At the end of the year, led by the 20s and 30s Strategy Team Leader, there were four full time and eight part time workers who were part of the 20s and 30s team, seven are laity and five clergy, including two curates. This includes a 20s and 30s Development Worker based in Budbrooke and Warwick who was recruited during the year, thanks to funding from the King Henry VIII Endowed Trust, Warwick. A 20s and 30s emphasis has also been included in some parish priest role specifications. Posts are mainly based in areas with a high concentration of people in their 20s and 30s, which tend to be the more deprived urban areas of the Diocese. One of the team is based in a semi-rural market town and another is based in a rural area. The team meet regularly to share success stories and challenges.

The groups and services that were begun in 2016 by Acceler8 team members have continued to take up momentum. As a result of this we now have small, but fruitful, areas of the Diocese where investment in and discipleship of young adults is happening effectively. The number of events organised by the 20s and 30s development workers increased significantly in 2017. These events include special activities such as 'open mic' nights, student lunches and afternoon teas, as well as worship and prayer events.

It is estimated that about 130 in the 20s-30s age range have become new disciples during 2016 and 2017, 32% of the target outcome for the five year period, with 55 of these being a direct result of the 20s and 30s development workers. This suggests that about 37% of new disciples in the Diocese in the last two years have been in the 20s and 30s age range. In addition to these new disciples, there are increased numbers of 20s-30s becoming involved in church related activities as a result of the 20s-30s workers presence and growth of those in the 20s and 30s age range in churches has acted as a catalyst for growth in children and older people. During 2017, over 30 congregation members in their 20s-30s moved into leadership positions (leading worship, small groups and Alpha groups, helping to plan and lead services, being churchwardens and assisting with wider church events). This is a significant increase compared to the number of young adults in new leadership positions in 2016.

Offa House

Offa House was the diocesan retreat house until it closed in 2013. Towards the end of 2015 and in early 2016, the DBF investigated with local councils and other charities whether Offa House could be used as short term welcome accommodation for Syrian refugees or for asylum seekers. As part of that investigation, a very clear understanding of the works and finance required to put the House back into use was obtained. It was decided not to pursue the use of the House for this purpose. Subsequently, after much careful and diligent work, discussion and prayer, Bishop's Council, the body which is also the Trustee of the House, decided not to re-open the House as a retreat house and that the House should be sold. During 2017 a purchaser was found and the property sale agreed; completion took place in January 2018. The net sales proceeds of £1,033,344 shall be applied to such charitable purposes connected with the advancement of the Christian faith in the Diocese as the Trustee of the House and the Bishop of Coventry shall determine.

Summary of financial performance

The 2017 operating surplus was £139,000 (2016: £421,000), which is reported as the General Fund net income before investment gains in the Statement of Financial Activities. The operating surplus was lower than in 2016 primarily due to an increase in grant expenditure associated with supporting the development of two new churches, an increase in clergy stipends, clergy housing costs and the cost of clergy appointments as vacancies were filled, and a corresponding reduction in rental income from non-investment properties as more were occupied by clergy. After net gains on investments and transfers to and from other funds, the movement in the General Fund in the year was an inflow of £178,000 (2016: £540,000).

Designated Funds increased by £1,108,000 (2016: £925,000), of which £1,305,000 (2016: £832,000) was an increase in the Operational Properties fund, primarily due to an increase in the number of DBF properties held in the Operational Properties fund. Other designated funds decreased by £197,000 (2016: increased by £93,000), mostly due to grant expenditure, including grants for St Clare's at the Cathedral and St Mark's Coventry.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

Restricted Funds increased by £826,000 (2016: £152,000). The Pastoral Fund decreased by £794,000 (2016: increased by £467,000), primarily due to the purchasing of a house for the new parish of Heathcote and the deposit payment for a house on the new Houlton development in the parish of Hillmorton. Other restricted funds increased by £1,620,000 (2016: decreased by £315,000) mainly due to the receipt of a grant of £1,773,000 from the Church Commissioners contributing to the costs of the Serving Christ project until 2022.

Endowment funds increased by £5,128,000 (2016: £11,551,000). Of this £4,799,000 (2016: £10,760,000) was due to net gains on investments.

The result for the year is shown in full in the Statement of Financial Activities on page 15.

Principal funding sources

Excluding two significant but non-recurring income sources, 58% of total income in 2017 came from Parish Share (2016: 60%), 22% (2016: 21%) from investment income, 5% (2016: 1%) from Church Commissioners and 15% (2016: 18%) 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 costs incurred for activity in the Warwick area mainly the costs of stipends, pensions and housing costs for clergy; and various other grants and donations. In 2017, two significant elements of DBF's income were grant income of £1,773,000 for the Serving Christ project and a surplus on sale of assets of £677,000.

Parish Share

Total parish share income received was £5,134,000, which was £76,000 more than in 2016. This includes amounts relating to parish share allocated for previous years but excluding amounts received after the 31 January cut-off date and was 98% of the allocation (2016: 99%).

Total parish share receipts in relation to the 2017 allocation, i.e. excluding amounts relating to allocations for previous years, were £5,115,000, 98% of the allocation (2016: £5,014,000, 98% of the allocation). The commitment of parishes to paying the parish share allocated by the Deaneries is very high.

The total parish share allocated to the deaneries for 2017 was £5,227,000 (2016: £5,094,000). The allocation was determined in accordance with the Deanery Share System as approved by Diocesan Synod in May 2010, and is calculated by reference to the budgeted cost of parochial ministry posts (including training costs) and any surplus for mission agreed annually by deanery representatives. Details of the Deanery Share system are published on the diocesan website at www.dioceseofcoventry.org/deaneryshare. The share allocated was based on 102 full time equivalent stipendiary parochial ministry posts (2016: 101) and 119 houses (2016: 116) allocated to parochial ministry.

Investment income

Investment income increased by 9% to £1,935,000 (2016: £1,770,000). After allowing for Glebe management fees and other Glebe operating costs, net investment income was £1,758,000 (2016: £1,532,000). This was an increase of 15%, an above-inflation increase, with CPI inflation in 2017 being 3.0%.

Net investment income from Glebe investment properties was £972,000 (2016: £954,000). Other investment income in 2017 increased to £784,000 from £578,000 in 2016 mainly due to an increase in amounts invested following the sale of Glebe land.

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

- CCLA's CBF Church of England Investment Fund: 3.6% (2016: 3.9%)
- CCLA's CBF Church of England Global Equity Income Fund: 4.1% (2016: 4.6%)
- CCLA's CBF Church of England UK Equity Fund: 3.8% (2016: 4.1%)
- Ecclesiastical's Amity Balanced Fund for Charities: 5.1% (2016: 5.3%)

Investment objectives and investments held

The DBF's investment objective with respect to amounts available for investment is to safeguard capital values in real terms over the long term and to provide real growth in net income, whilst complying with the Church of England Ethical Investment Policy.

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

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

The total value of investments at 31 December 2017 was £60.7 million (2016: £53.3 million), of which £58.9 million was permanent endowment. Gains realised on the sale of some Glebe land, together with receipt of £4.3m deferred consideration for a sale in 2016, enabled investment in a commercial property in Coventry and further investments in shares in CCLA funds and some agricultural property.

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

Stipendiary clergy headcount

The full time equivalent ("FTE") number of office holders in the Diocese who were stipendiary clergy or licensed lay workers in 2017 was 103 (2016: 100). The increase related primarily to clergy in parochial posts where vacancies have been filled during the year. The average number of curates was 19 (2016: 15).

House for Duty clergy headcount

The average number of office holders in the Diocese who were non-stipendiary clergy provided with houses for their office in 2017 was 9 (2016: 10).

Pension schemes

All stipendiary clergy in the Diocese, some clergy employed in central diocesan posts and some licensed lay workers are members of the defined benefit Church of England clergy pension scheme. The contribution for this scheme in the year was £9,334 (2016: £9,231) per full time stipendiary clergy member. If not members of the clergy pension scheme, the DBF's permanent staff are enrolled in the Pension Builder Classic section of the Church Workers Pension Fund. Further details are provided in note 2 to the Financial Statements. DBF staff who are employed on temporary or short term contracts, who have qualifying earnings or the right to opt in, are enrolled in the National Employment Savings Trust ("NEST" - the workplace pension scheme set up by government).

Reserves policy and the General Fund position at the year end

The objective of the DBF's reserves policy is to ensure adequate working capital resources. The policy is for the General Fund at each year end to be within a range equivalent to between two and a half and three and a half months' worth of the maximum sum approved to be spent from operating funds² by Diocesan Synod for the ensuing year. The policy and expected compliance with it has been kept under review during the year.

Diocesan Synod approved a maximum sum to be spent from operating funds in 2018 of £9,268,000. The balance on the General Fund at 31 December 2017 was £2,275,000, which represented 2.9 months' worth of maximum approved spend from operating funds in 2017 and was therefore just below the middle of the policy range.

Self-supporting ministry and volunteers

The activities in the Church of England across the Diocese of Coventry depend hugely on significant amounts of time contributed by self-supporting ministers and volunteers. Whilst this is of great value and essential for the Diocese, 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.

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

1.4 PLANS FOR THE FUTURE

The DBF plans to continue to serve and equip the Diocese of Coventry's mission purpose of worshipping God, making new disciples and transforming communities and its agreed strategy to achieve this by focussing on the eight qualities identified as essential for healthy growing churches to become healthier, flourish, and grow.

However, the diocese is a complex entity which reaches out to all the people of Warwickshire and Coventry in its Mission Purpose through a number of bodies and organisations, not just churches. Bishop's Council therefore agreed in 2017 an integrated 'Whole Diocese' strategy which, while recognising the individual distinctiveness of each member of the diocesan family, has identified six strategic priorities which will form the focus for the allocation of diocesan resources including, people, money and prayer:

- 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 eight essential qualities identified by NCD.
- Supporting the well-being and flourishing of clergy and lay people across the Diocese.
- Equipping the whole diocese for the work of reconciliation.
- Promoting the life-long Christian education across the diocese.
- Delivering positive community transformation.

Within this framework, the DBF has agreed additional funds that would strengthen the Coventry Diocesan Board of Education's core funding, allow the DBE to provide an improved, free offer of improvement support to schools and advice on academisation, and respond to requests for new school bids from Local Authorities looking to develop additional school provision in new communities.

Also, to help secure the Cathedral's place at the heart of the diocese in worship, discipleship, learning and reconciliation, the DBF approved a grant in support of transforming the entry to Coventry Cathedral by the removal of admissions charges in 2018 - the Diocesan and Cathedral centenary year. A variety of activities in the Cathedral and across the Diocese to celebrate this centenary year are under way.

The Venerable Sue Field was installed as Archdeacon Pastor on 18 March 2018 and will be supported by the Revd Clive Hogger. Together with the Archdeacon Missioner it is hoped that this increase to the archidiaconate team will enable a much greater level of support for clergy and activities in general in the Diocese.

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 2017 was as follows:

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

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

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

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

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

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

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

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

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

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;

³ General Synod is the Church of England's legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of acts of Parliament. It is made up of three groups or 'houses' of members: the Houses of Bishops, of Clergy and of Laity. The House of Bishops is made up of the 42 diocesan bishops, the Bishop of Dover, the Bishop to the Forces and 7 elected suffragan bishops. The Houses of Clergy and Laity are primarily comprised of members from each diocese elected by the members of deanery synods.

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

- prepares an annual budget for consideration and approval by Diocesan Synod, with estimates of expenditure and the income needed to finance that expenditure;
- monitors income and expenditure against estimates in the budget approved by Diocesan Synod;
- advises the Diocesan Synod on financial aspects of its policies and on any other matters referred to it.

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

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

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

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

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

Membership of the Bishop's Council

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

- 8 ex officio members;
- 15 members elected by the Diocesan Synod (seven clergy and eight lay, in both cases with a minimum of two from each archdeaconry⁶);
- up to 6 nominated members (three may be nominated by the Bishop of Coventry and one may be 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 2017, the Bishop's Council met six times as Bishop's Council and board of trustees and directors. The term of office of the members of Bishop's Council (excluding ex officio members) lasts for three years. A new term began on 1 January 2016 and trustee induction and training took place on 8 February 2016.

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

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

Ex officio

<i>Bishop of Coventry (President)</i>	The Rt Revd Dr Christopher Cocksworth	
<i>Chair of the DBF</i>	Canon Ian Francis	
<i>Suffragan Bishop of Warwick</i>	The Rt Revd John Stroyan	
<i>Archdeacon Pastor</i>	The Ven John Green	<i>to 31 August 2017</i>
<i>Acting Archdeacon Pastor</i>	The Revd Clive Hogger	<i>from 1 September 2017 to 17 March 2018</i>
<i>Archdeacon Pastor</i>	The Ven Sue Field	<i>from 18 March 2018</i>
<i>Archdeacon Missioner</i>	The Ven Morris Rodham	
<i>Dean of Coventry</i>	The Very Revd John Witcombe	
<i>Chair of the House of Clergy</i>	The Revd Charlotte Gale	
<i>Chair of the House of Laity</i>	Mrs Helen Simmonds	

Nominated

<i>by the DAC</i>	Mr Nigel Allcoat	<i>to 17 October 2017</i>
<i>by the Bishop of Coventry</i>	Mrs Sybil Hanson	<i>to 29 January 2018</i>
<i>by the Bishop of Coventry</i>	The Revd Kate Massey	
<i>by the Bishop of Coventry</i>	The Revd Elaine Scrivens	<i>from 9 February 2018</i>

Elected by Diocesan Synod

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

2.4 COMMITTEE STRUCTURE

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

2.5 DIOCESAN SECRETARY AND STAFF

The Diocesan Secretary, Mrs Ruth Marlow, 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 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. Although some senior staff have job titles incorporating the word 'Director' in the sense of directors of certain activities of the DBF, they are not directors of the company for the purposes of company law or trustees of the charity for the purposes of charity law. For staff headcount and costs, see note 10 to the financial statements.

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

2.6 RELATED PARTIES

Coventry Diocesan Trustees (Registered)

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

Coventry Diocesan Board of Education

Coventry Diocesan Board of Education ("the DBE" – a company registered in England and Wales no. 3663851 and a registered charity no. 1091145) is a statutory body established under the Diocesan Boards of Education Measure 1991, responsible to Diocesan Synod. Its functions under this measure principally relate to the promotion or assistance in the promotion of education in the diocese, being education which is consistent with the faith and practice of the Church of England and therefore consistent with the objectives of the DBF.

2.7 OTHER GOVERNANCE MATTERS

Risk management

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

Fundraising activities

Other than raising parish share and grants from a small number of charities supporting the Church of England in the Diocese, the DBF has a low dependency on fundraising income. Fundraising activities mainly consist of collections at church services for ordination candidates and appeals for projects in linked dioceses to existing supporters and others who have provided their contact details for such electronic mailings. No third party fundraising organisations are appointed.

Valuation of properties in the financial statements

Investment properties and houses for clergy held in Glebe are stated in the balance sheet at fair value. All non-investment properties other than houses for clergy held in Glebe, ie parsonage houses, operational properties, 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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

for the year ended 31 December 2017 (continued)

An audit tender exercise was undertaken during the year. RSM UK Audit LLP resigned and Crowe Clark Whitehill LLP were appointed as auditor by the trustees to fill the vacancy. A resolution to reappoint Crowe Clark Whitehill LLP as auditor to the company and to authorise the Board of Directors to fix the auditor's remuneration will be proposed at the Annual General Meeting.

2.8 REFERENCE AND ADMINISTRATIVE DETAILS

<i>Registered & Principal Office</i>	Diocesan Offices, 1 Hill Top, Coventry, CV1 5AB
<i>Telephone</i>	024 7652 1200
<i>Website</i>	www.dioceseofcoventry.org
<i>Company registration number</i>	319482 (England and Wales)
<i>Charity registration number</i>	247828 (England)
<i>Company Secretary</i>	Mrs Ruth Marlow
<i>Registrar and solicitors</i>	Mrs Mary Allanson, Rotherham & Co 8 & 9 The Quadrant, Coventry, CV1 2EG
<i>Auditor</i>	Crowe Clark Whitehill 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>	YMD Boon Ltd York House, Fernie Road, Market Harborough, 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 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.



Canon Ian Francis

Chair of Coventry Diocesan Board of Finance Limited
14 May 2018

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2017 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).

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.

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 2017 and of its incoming resources and application of resources 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 Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is inappropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 (continued)

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

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' and director' report, which includes 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 trustees' and director' report and the strategic report included within the trustees' and director' 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 its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' and director' report or the strategic report included within the trustees' and director' 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 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 9 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.

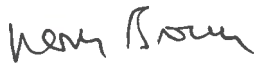
In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate 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.

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. This description forms part of our auditor's report.



Kerry Brown

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

15 May 2018

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2017

	Notes	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Income and endowments from:							
Donations							
Parish Share	4a	4,723	-	411	-	5,134	5,058
Church Commissioners	4b	30	-	2,176	-	2,206	121
Other grants and donations	4c	118	-	326	-	444	543
Charges for charitable activities	4d	367	-	11	-	378	417
Other trading activities	4e	484	-	-	-	484	559
Investments	4f	58	5	1,872	-	1,935	1,770
Surplus on sale of assets		-	677	-	-	677	1,243
Total		5,780	682	4,796	-	11,258	9,711
Expenditure on:							
Raising funds							
Raising funds	5a	203	-	177	-	380	423
Charitable activities							
Mission and ministry	5b	3,042	-	1,972	-	5,014	4,716
Support for mission and ministry	5c	1,735	474	675	-	2,884	2,196
Contributions to Archbishops' Council	5d	479	-	-	-	479	460
Diocesan Board of Education	5e	182	-	-	-	182	176
Other	5f	-	-	-	34	34	78
Total		5,641	474	2,824	34	8,973	8,049
Net income/(expenditure) before investment gains		139	208	1,972	(34)	2,285	1,662
Net gains on investments	12	146	7	3	4,799	4,955	10,927
Net income		285	215	1,975	4,765	7,240	12,589
Transfers between funds	18	(107)	893	(1,149)	363	-	-
Other recognised gains:							
Gains on revaluation of fixed assets	11	-	-	-	288	288	-
Actuarial (losses)/gains on defined benefit pension scheme	2	-	-	-	(288)	(288)	579
Net movement in funds		178	1,108	826	5,128	7,240	13,168
Reconciliation of funds							
Funds at 1 January	16	2,097	9,855	2,055	59,583	73,590	60,422
Net movement in funds		178	1,108	826	5,128	7,240	13,168
Funds at 31 December	16	2,275	10,963	2,881	64,711	80,830	73,590

⁷ For analysis of 2016 by fund type see note 22

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2017

	2017	2016
	Total	Total
	£000s	£000s
Total income	11,258	9,687
Total expenditure	(8,939)	(7,971)
	2,319	1,716
Net gains on investments	156	167
Net income for the year before transfers	2,475	1,883
Transfer to endowment funds	(363)	(266)
Net income for the year after transfers	2,112	1,617

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

as at 31 December 2017

	Notes	2017 £000s	2017 £000s	2016 £000s	2016 £000s
FIXED ASSETS					
Tangible fixed assets	11		16,677		14,509
Fixed asset investments	12		<u>60,685</u>		<u>53,268</u>
			77,362		67,777
CURRENT ASSETS					
Debtors	13	3,232		5,883	
Cash and cash equivalents		<u>4,298</u>		<u>3,641</u>	
		7,530		9,524	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	<u>(1,668)</u>		<u>(1,344)</u>	
NET CURRENT ASSETS			5,862		8,180
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>83,224</u>		<u>75,957</u>
Creditors: amounts falling due after more than one year	15		(2,394)		(2,367)
NET ASSETS	19		<u>80,830</u>		<u>73,590</u>
FUNDS					
Unrestricted funds:					
General Fund ⁸	16		2,275		2,097
Designated funds ⁹	16		<u>10,963</u>		<u>9,855</u>
			13,238		11,952
Restricted funds ¹⁰	16		2,881		2,055
Endowment funds ¹¹	16		<u>64,711</u>		<u>59,583</u>
TOTAL FUNDS			<u>80,830</u>		<u>73,590</u>

The financial statements on pages 15 to 34 were approved by the Board of Directors and authorised for issue on 14 May 2018 and are signed on its behalf by:



Canon Ian Francis
Chair of Coventry Diocesan Board of Finance Limited

⁸ General Fund revaluation reserve: £534,000 (2016 £388,000)

⁹ Designated funds revaluation reserve: £30,000 (2016: £23,000)

¹⁰ Restricted funds revaluation reserve: £14,000 (2016: £11,000)

¹¹ Endowment funds revaluation reserve: £29,560,000 (2016: £27,823,000)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	2017 £000s	2017 £000s	2016 £000s	2016 £000s
Cash flows from operating activities:				
<i>Net cash generated/(used) by operating activities</i>		4,325		(4,086)
Cash flows from investing activities:				
Proceeds from sale of fixed asset properties	893		2,572	
Purchase of fixed assets	(2,099)		(1,494)	
Proceeds from sale of investments	7,297		8,483	
Purchase of investments	(9,759)		(4,178)	
<i>Net cash (used)/generated by investing activities</i>		(3,668)		5,383
Change in cash and cash equivalents in the year		657		1,297
Cash and cash equivalents at 1 January		3,641		2,344
Cash and cash equivalents at 31 December		4,298		3,641
		2017 £000s		2016 £000s
Analysis of cash and cash equivalents at 31 December				
Cash in hand		3,019		1,594
Short term deposits (less than 3 months)		1,279		2,047
Total cash and cash equivalents		4,298		3,641
Reconciliation of net movement in funds to net cash flow from operating activities				
		2017 £000s		2016 £000s
Net movement in funds for the year		7,240		13,168
Adjustments for:				
Gains on investments		(4,955)		(10,927)
Profit on sale of fixed asset properties		(677)		(1,243)
Depreciation		3		-
Gains on revaluation of fixed assets		(288)		-
Actuarial losses/(gains) on defined benefit pension scheme		288		(579)
Unwinding of pension liability discount		34		78
Payment of pension deficit contributions		(350)		(347)
Decrease/(increase) in debtors for proceeds from sale of investments		4,300		(4,300)
Increase in non-investment debtors		(1,649)		(87)
Increase in creditors		379		151
Net cash generated/(used) by operating activities		4,325		(4,086)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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.

Income

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

Parish share income and income from parochial fees

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

Grants (receivable)

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

Donations, legacies and similar income

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

Investment income

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

Deferred income

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

Expenditure

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

Grants (payable)

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

Support costs

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

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

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

Tangible fixed assets

Parsonage houses, 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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

1 Principal accounting policies (continued)

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).

Glebe houses

Glebe houses are for occupation by clergy and are therefore classified as tangible fixed assets. Glebe houses are those which have been purchased or appropriated from other funds using the Capital Account of the Diocesan Stipends Fund.

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 (see above).

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

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.

Accounting policy

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

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

Church of England Funded Pensions Scheme

With effect from 1 January 1998, diocesan clergy became members of the new Church of England Funded Pensions Scheme. To enable this the DBF participates in this scheme and at 31 December 2017 was paying contributions for 114 members (2016: 104 members). The scheme provides benefits based on members' final pensionable stipends and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Pensionable stipends are currently the National Minimum Stipend in the preceding year. Benefits are currently being accrued on the basis of half of the pensionable stipend being paid as the normal pension on reaching the age of 68, or 1.25 times this amount for archdeacons, plus a lump sum normally three times the pension payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 are provided by the Church Commissioners under the previous arrangements. Each participating entity in the scheme pays contributions at a common contribution rate applied to pensionable stipends, which are currently the same as the National Minimum Stipend of the previous year.

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

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 2.6% p.a. on gilts and 4.6% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S2NFA and S2NMA tables, with allowance for future improvements in mortality in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5% for females and males. By way of illustration, the assumption for members aged 65 at 31 December 2015 is an expected aged of death of 91.5 for females (2012: 91.9) and 89.4 for males (2012: 89.3).

Following the valuation of the scheme as at 31 December 2015, the contribution rate has continued at 39.9% of pensionable stipends, the same rate as has applied since 1 January 2015. Of this rate (a) 25.8% relates to providing the benefit in relation to ongoing pensionable service until 31 December 2017, increasing to 28.0% from 1 January 2018 and including 1.2% for the day-to-day expenses of running the scheme, and (b) 14.1%, reducing to 11.9% from 1 January 2018, relates to recovery of the deficit over the nine years to 31 December 2025. This means that contributions by the DBF relating to the deficit, based on active members and pensionable stipends as at 31 December 2017, would be £295,000 in 2018 and then continue at that rate until 2025, if there were no changes in membership, pensionable stipends and contribution rates following subsequent valuations of the scheme. At 31 December 2015 there were 8,376 active members in the scheme, and 17,445 in total including deferred members and pensioners and dependants, and an annual reduction of active members by 1.5% p.a. was assumed. The next valuation of the scheme is due to be carried out as at 31 December 2018 and is required to be completed by 31 March 2020.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

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

Church of England Funded Pensions Scheme pension liability movements:	2017 £000s	2016 £000s
Pension liability at 1 January	2,437	3,285
Deficit contributions paid	(350)	(347)
Unwinding of pension liability discount	34	78
Actuarial losses/(gains)	288	(579)
Pension liability at 31 December	2,409	2,437
Due within one year	359	366
Due after more than one year	2,050	2,071

Assumptions used by the Pensions Board to calculate the pension liability:	2017	2016	2015
Discount rate	1.4% p.a.	1.5% p.a.	2.5% p.a.
Price inflation	3.0% p.a.	3.1% p.a.	2.4% p.a.
Increase to total pensionable payroll	1.5% p.a.	1.6% p.a.	0.9% p.a.

Church Workers Pension Fund - Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. At 31 December 2017, the DBF had no active members, and plans not to admit any further Coventry DBF staff to membership of this section of the scheme. Also, three joint workers employed by Leicester Diocesan Board of Finance ("Leicester DBF") were active members of this section of the Church Workers Pension Fund.

The most recent scheme valuation completed was carried out as at 31 December 2016. The DBF paid in the year its share of the deficit of £54,100, which was based on no active members, one deferred members and its share of the liability for retirement and death benefits. The Leicester Diocesan Board of Finance contribution rate (affecting the cost of joint workers in this section of the Church Workers Pension Fund) effective from 1 April 2015 has been 22.0% of salary and will be 30.8% of salary from 1 April 2018. A liability of £62,000 (2016: £nil) has been accrued for the DBF share of the deficit relating to joint workers in the scheme.

Church Workers Pension Fund - Pension Builder Classic Scheme

The Pension Builder Classic Scheme section of the Church Workers Pension Fund builds an annuity for members for payment from retirement, accumulated from contributions paid and converted into an annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the future investment returns and other factors. There is no sub-division of assets between employers. The expectation is that any future shortfall or surplus in the scheme will result in a curtailment or increase in bonuses declared. At 31 December 2017, the DBF had 36 (2016: 33) active members in the scheme.

A valuation of the scheme is carried out once every three years and considers the funding of the scheme under two measures: on an ongoing basis, allowing for additional returns from equities compared to returns from gilts and for future bonuses in line with inflation; and on a solvency basis, allowing for the cost of winding up and securing the benefits with no future bonuses other than statutory increases for pensions in payment. The most recent scheme valuation completed was carried out as at 31 December 2016, at which date the market value of the assets was £118.4m and there were 6,170 members, comprised of 2,244 active members, 2,024 deferred members and 1,902 pensioner and dependant members. In this valuation, the scheme was shown to have a deficit of £14.2m on an ongoing basis and a deficit of £15.3m on a solvency basis. Based on that valuation the DBF is not currently required to make any deficit recovery contributions.

3 Net income

Net income is stated after charging/(crediting):	2017 £000s	2016 £000s
Auditor's remuneration for the audit	14	16
Depreciation	3	-
Hire of office equipment	6	6
Surplus on disposal of tangible fixed assets	(677)	(1,243)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

4 Analysis of income

a Parish Share

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Parish Share assessed for the year	4,816	-	411	-	5,227	5,094
Other contributions and adjustments	8	-	-	-	8	4
Less shortfall in contributions	(120)	-	-	-	(120)	(84)
Received for the year	4,704	-	411	-	5,115	5,014
Arrears received in respect of previous years	19	-	-	-	19	44
	4,723	-	411	-	5,134	5,058

b Church Commissioners

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Serving Christ grant	-	-	1,773	-	1,773	-
Mission to Lowest Income Communities	-	-	403	-	403	-
Legal costs' contribution	30	-	-	-	30	27
Mission Development Funding	-	-	-	-	-	94
	30	-	2,176	-	2,206	121

c Other grants and donations

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
King Henry VIII Endowed Trust	-	-	225	-	225	182
Allchurches' Trust	90	-	-	-	90	91
Other grants, donations and similar income	28	-	101	-	129	270
	118	-	326	-	444	543

d Charges for charitable activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Parochial fees	365	-	-	-	365	390
Churches closed for public worship	-	-	11	-	11	20
Contributions to expenditure	2	-	-	-	2	7
	367	-	11	-	378	417

e Other trading activities

	General Fund £000s	Designated Funds £000s	Restricted Funds £000s	Endowment Funds £000s	2017 Total £000s	2016 Total £000s
Rental income from non-investment properties	254	-	-	-	254	319
Recharged payroll costs	133	-	-	-	133	146
Training	43	-	-	-	43	18
Sundry income	54	-	-	-	54	76
	484	-	-	-	484	559

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

4 Analysis of income (continued)

f Investments

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Glebe property income	-	-	1,148	-	1,148	1,192
Unlisted securities	56	3	720	-	779	571
Bank and deposit interest	2	2	-	-	4	4
Other property income	-	-	4	-	4	3
	58	5	1,872	-	1,935	1,770

5 Analysis of expenditure

a Raising funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Glebe operating costs	-	-	117	-	117	182
Glebe management fees	-	-	60	-	60	56
Parsonage rental costs	33	-	-	-	33	38
Support costs	170	-	-	-	170	147
	203	-	177	-	380	423

b Mission and ministry

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Clergy stipends costs (excl. curates)	1,484	-	1,317	-	2,801	2,771
Curates' stipends costs	-	-	655	-	655	506
Clergy housing	1,038	-	-	-	1,038	974
Clergy appointment and retirement costs	156	-	-	-	156	103
Staff costs	119	-	-	-	119	127
Fees to retired stipendiary clergy	55	-	-	-	55	38
Other clergy diocesan expenses	57	-	-	-	57	70
Support costs	133	-	-	-	133	127
	3,042	-	1,972	-	5,014	4,716

c Support for ministry and mission

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Department costs	939	49	16	-	1,004	923
Grants (see note 7)	260	425	416	-	1,101	772
Churches closed for public worship	-	-	243	-	243	21
Interest on value-linked loan	-	-	-	-	-	6
Support costs	536	-	-	-	536	474
	1,735	474	675	-	2,884	2,196

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

5 Analysis of expenditure (continued)

d Contributions to Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Training for ministry	216	-	-	-	216	207
National Church	190	-	-	-	190	174
Retired clergy housing & other costs	71	-	-	-	71	67
Mission agencies' pension costs	2	-	-	-	2	12
	479	-	-	-	479	460

e Diocesan Board of Education

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Grant (see note 7)	104	-	-	-	104	102
Support costs	78	-	-	-	78	74
	182	-	-	-	182	176

f Other

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s	2016 Total £000s
Unwinding of pension liability discount	-	-	-	34	34	78
	-	-	-	34	34	78

6 Analysis and allocation of support costs

	Raising funds £000s	Ministry & mission £000s	Support for ministry & mission £000s	Education £000s	2017 Total £000s	2016 Total £000s
Governance, management & finance						
Staff costs	113	59	217	38	427	393
Other costs	21	41	153	7	222	215
IT	24	11	82	29	146	149
Other office costs	12	22	84	4	122	65
	170	133	536	78	917	822

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

7 Grants	2017 £000s	2016 £000s			
To parishes and other organisations in the Diocese					
<i>Mission & ministry</i>					
St Mark's Coventry	339	341			
St Clare's at the Cathedral	189	-			
Diocesan Mission Fund grants to parishes	125	76			
St Mark's, Bilton	44	-			
St Mary Magdalene, Chapelfields	33	-			
20-30s development work	14	-			
Bishop's Mission Fund grants to parishes	10	-			
Mission to Lowest Income Communities grants	4	-			
Diocesan centenary	1	-			
Other mission grants to parishes	-	130			
St Aidan's Missional Community grant	-	10			
Diocesan Conference grant	-	6			
Church Growth in Deprived Areas grants	-	2			
<i>Church land and buildings</i>					
Church Fabric Fund grants for nine churches (2016: eight churches)	33	20			
Faculty fees for parishes	18	20			
<i>Other organisations in the Diocese</i>					
Coventry Cathedral Open Admission	132	-			
Coventry Diocesan Board of Education	104	102			
Coventry Diocesan Trustees	16	25			
Regional Further Education chaplaincy development	16	-			
Coventry Cathedral for diocesan services	10	5			
Workcare	-	15			
Other	-	2			
	1,088	754			
To other institutions					
Syrian Orthodox Christian School	2	8			
Link Dioceses of Kaduna and Jerusalem	-	4			
	2	12			
To individuals					
For support of ordinands in ministerial training	89	89			
Other grants to clergy and readers	26	19			
	115	108			
	1,205	874			
Summarised by fund type:					
	General fund £000s	Designated funds £000s	Restricted funds £000s	2017 Total £000s	2016 Total £000s
Mission and pioneer ministry	-	358	401	759	565
Church land and buildings	18	33	-	51	40
Other organisations in the Diocese	244	34	-	278	149
Other institutions	-	-	2	2	12
Individuals	102	-	13	115	108
	364	425	416	1205	874

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

8 Trustees' emoluments and expenses

None of the trustees received any emoluments from the DBF for services performed as directors (2016: £nil).

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

Seven trustees received a total of £608 (2016: seven and £1,105) in the year for travel expenses related to activity as trustees of the DBF. Two trustees received a total of £1,469 (2016: three and £1,289) 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. Thirteen trustees received a total of £343,326 (2016: fifteen and £373,030) in connection with other offices held in the Diocese. These amounts were for stipends, accrued pension benefits, housing, expenses and sundry grants for resettlement and ministerial development.

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 104 (2016: 100); this included two (2016: two) archdeacons.

	2017 £000s	2016 £000s
Stipends	2,614	2,499
Social security costs	206	199
Pension contributions	636	579
	3,456	3,277

10 Staff headcount and costs

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

	2017 FTEs	2016 FTEs
Staff employed directly:		
Supporting parish and diocese-wide ministry and mission	21.4	19.0
Central support	10.2	9.9
Employees wholly or partly supported by third party funding	3.7	4.1
	35.3	33.0
Joint workers	2.1	2.1
	37.4	35.1

b Staff costs

	2017 £000s	2016 £000s
Staff employed directly:		
Salaries	1,102	1,006
Social security costs	93	98
Pension contributions	116	127
	1,311	1,231
Joint workers:		
For service in the year	103	106
	1,414	1,337

The average headcount (number of staff employed) during 2017 was 47.8 (2016: 44.4).

There were two employees (2016: one) whose total remuneration in the year was in the band £70,001 to £80,000. None (2016: none) accrued retirement benefits under a defined benefit pension scheme.

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 2017 (continued)

10 Staff headcount and costs (continued)

Key management personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the charity. The Diocesan Secretary and any acting Diocesan Secretary employed in their absence are considered to comprise the DBF's key management personnel. Remuneration for key management personnel, including employer's national insurance contributions and contributions to the defined benefit pension builder classic section of the church workers' pension scheme, amounted to £91,838 (2016: £72,856).

11 Tangible fixed assets

	Parsonages £000s	Glebe houses £000s	Operational properties £000s	Diocesan offices £000s	Office equipment £000s	Total £000s
Cost						
At 1 January 2017	5,665	376	7,611	846	237	14,735
Additions	-	-	2,099	-	-	2,099
Transfers	12	(54)	42	-	-	-
Disposals	-	-	(216)	-	-	(216)
Revaluations	-	288	-	-	-	288
At 31 December 2017	5,677	610	9,536	846	237	16,906
Depreciation						
At 1 January 2017	-	-	-	-	226	226
Charge for year	-	-	-	-	3	3
At 31 December 2017	-	-	-	-	229	229
Net book value						
At 31 December 2017	5,677	610	9,536	846	8	16,677
At 31 December 2016	5,665	376	7,611	846	11	14,509

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 2017	34,183	19,085	53,268
Additions at cost	3,144	6,615	9,759
Disposals	(7,297)	-	(7,297)
Gains on revaluation	3,247	1,708	4,955
Fair value at 31 December 2017	33,277	27,408	60,685
Historical cost at 31 December 2017	8,052	22,495	30,547

Investments are held primarily to provide an investment return.

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

Unlisted investments primarily consist of holdings in CBF Church of England funds managed by CCLA Investment Managers Ltd (the CBF Investment, UK Equity and Global Equity Income funds), and in the Edentree (previously called Amity) Balanced Fund for Charities managed by Ecclesiastical Investment Management Ltd. Unlisted investments also include an investment of £5,000 in the Churches Mutual Credit Union and a residential property of £55,000.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

13 Debtors

	2017 £000s	2016 £000s
Glebe agents	179	132
Parish Share	160	157
Parochial fees	41	31
Accrued grant income due within one year	2391	847
Prepayments and accrued other income	384	331
Proceeds due from the sale of an investment	-	4,300
Other debtors	77	85
	3,232	5,883

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

14 Creditors: amounts falling due within one year

	2017 £000s	2016 £000s
Trade creditors	118	88
Grant payment accruals	644	492
Other accruals	132	130
Deferred income	229	196
Taxation and social security	179	65
Pension contributions payable for the period	7	7
Pension liability (see note 2)	359	366
	1,668	1,344

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

	2017 £000s	2016 £000s
Pension liability (see note 2)	2,050	2,071
Grant payment accruals	344	296
	2,394	2,367

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

16 Statement of funds

	At 1 Jan 2017 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 Dec 2017 £000s
GENERAL FUND	2,097	5,780	(5,641)	(107)	146	2,275
DESIGNATED FUNDS						
Operational Properties Fund	9,077	677	-	628	-	10,382
Diocesan Mission Fund	72	1	(125)	189	-	137
Extra Mission and Ministry Support Fund	203	-	(72)	1	-	132
Clergy Holidays Fund	87	2	-	-	7	96
Church Buildings Fund	48	-	(33)	60	-	75
Centenary Events Fund	45	-	(1)	30	-	74
Bishop of Coventry's Link Dioceses Fund	36	-	-	-	-	36
Bishop's Mission Fund	138	2	(109)	-	-	31
Bishop Bardsley Bequest	86	-	(85)	(1)	-	-
Diocesan Conference Fund	63	-	(49)	(14)	-	-
Total designated funds	9,855	682	(474)	893	7	10,963
Total unrestricted funds	11,952	6,462	(6,104)	786	153	13,249
RESTRICTED FUNDS						
Serving Christ Fund	-	1,773	-	(19)	-	1,754
Pastoral Fund	1,302	12	(243)	(563)	-	508
Acceler8 Grants Fund	575	-	-	(167)	-	408
DC Bonfield Bequest	57	-	-	-	-	57
Archdeacons' Discretionary Fund	37	1	(2)	-	3	39
Mission to Lowest Income Communities Fund ¹²	(163)	403	(146)	(50)	-	44
Retreat Grants Fund	28	-	-	-	-	28
Syrian Orthodox Christian School Fund	10	11	(2)	-	-	19
The Reverend George Goode Fund	16	-	(1)	-	-	15
Syrian Orthodox Christian School Scholarship Fund	3	-	-	-	-	3
Queen Victoria Clergy Fund	-	3	-	-	-	3
Companionship Link Funds	1	1	-	-	-	2
Warwick 20s-30s Development Worker Fund	-	15	(14)	-	-	1
St Mark's Coventry Fund	145	52	(197)	-	-	-
EE Bardsley Bequest	28	-	(28)	-	-	-
Church Commissioners' Mission Fund	16	-	(16)	-	-	-
Diocesan Stipends Fund Income Account	-	1,878	(1,528)	(350)	-	-
Deanery Share Support Fund	-	411	(411)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	210	(210)	-	-	-
Ordination Training Grant Fund	-	20	(20)	-	-	-
Ordination Candidates' Fund	-	6	(6)	-	-	-
Total restricted funds	2,055	4,796	(2,824)	(1,149)	3	2,881
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fun	5,664	-	-	12	-	5,676
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	53,366	-	(34)	296	4,747	58,375
Coventry Diocesan Endowment Fund	553	-	-	55	52	660
Total endowment funds	59,583	-	(34)	363	4,799	64,711
TOTAL FUNDS	73,590	11,258	(8,973)	-	4,955	80,830

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

17 Descriptions of Designated, Restricted and Endowment Funds

DESIGNATED FUNDS

Operational Properties Fund

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

Diocesan Mission Fund

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

Extra Mission and Ministry Support Fund

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

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

Bishop of Coventry's Link Dioceses Fund

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

Bishop's Mission Fund

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

Diocesan Conference Fund

This fund was created in 2016 to fund the Diocesan Conference planned for 2017.

RESTRICTED FUNDS

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 supported by increased DBF staffing capacity, including a team of Learning Mentors, and by creating a digital learning platform with related resources and training materials.

Pastoral Fund

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

Acceler8 Grants Fund

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

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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

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

Mission to Lowest Income Communities Fund

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

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.

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.

The Reverend George Goode Fund

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

Companionship Link Funds

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

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.

St Mark's Coventry Fund

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

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.

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.

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.

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.

Ordination Training Grant Fund

This fund has been set up in 2017 for the new 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.

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 Trustees as custodian trustees.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

18 Transfers between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s
Transfers relating to properties:					
Transfer of parsonages to operational properties	-	42	-	(42)	-
Transfer from Glebe to parsonages	-	-	-	54	54
Transfer to Glebe from parsonages	-	-	-	(54)	(54)
Property purchases funded by the General Fund	(1,537)	1,537	-	-	-
Property purchase funded by the Pastoral Fund	-	563	(563)	-	-
Proceeds from sale of operational properties	1,514	(1,514)	-	-	-
Reallocation of residential property	(55)	-	-	55	-
	(78)	628	(563)	13	-
Pension deficit contributions paid in year	-	-	(350)	350	-
Transfers to/from the General Fund reserves:					
Returned from the Diocesan Conference Fund	14	(14)	-	-	-
To the Diocesan Mission Fund	(189)	189	-	-	-
To the Church Buildings Fund	(60)	60	-	-	-
To the Centenary Fund	(30)	30	-	-	-
Releases to cover General Fund costs incurred:					
Acceler8 project	167	-	(167)	-	-
Serving Christ project	19	-	(19)	-	-
Curate costs from Mission to Lowest Income Communities Fund	50	-	(50)	-	-
	(107)	893	(1,149)	363	-

19 Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2017 Total £000s
Funds at 31 December 2017 are represented by:					
Tangible fixed assets	8	10,383	-	6,286	16,677
Fixed asset investments	1,707	86	33	58,859	60,685
Net current assets	560	697	2,989	1,661	5,907
Creditors falling due after more than one year	-	(203)	(141)	(2,095)	(2,439)
Total net assets	2,275	10,963	2,881	64,711	80,830

20 Related party transactions

The Coventry Diocesan Board of Education ("the DBE") is a related party as it is responsible to Diocesan Synod, the members of which are also the members of the DBF. The DBF provided the DBE with a grant of £103,915 (2016: £102,493) in the year towards the costs of the DBE's statutory obligations, see note 7. Other services provided by the DBF totalled £23,892 (2016: £16,672). The net amount owing from the DBE at 31 December 2017 in relation to transactions between the two parties was £1,049 (31 December 2016: £1,427 owed by the DBE).

The Coventry Diocesan Trustees (Registered) ("the CDT") is a related party as it is the custodian trustee of the Coventry Diocesan Endowment Fund 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	£19,682 (2016:£16,204)
Residential property	£3,410 (2016: £3,454)
CJB Meacham Trust	£6,044 (2016: £4,975)
Clifton on Dunsmore-Hanbury Trust	£1,435 (2016: £1,182)

Costs incurred by the DBF on behalf of the Diocesan Trustees were £16,635 (2016: £25,324), see note 7.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

21 Custodian Trustee

During the year the DBF was the trustee of Offa House, the former diocesan retreat house. Offa House and most of the land (excluding just the Lodge Cottage) was sold in January 2018 and the net sales proceeds were £1,033,344. The DBF as trustee of Offa House and the Bishop of Coventry are jointly responsible for the application of the sales proceeds for the advancement of the Christian faith in the Diocese of Coventry.

In addition, the DBF is a custodian trustee holding the title to property belonging to the Lucy Price Sunday School Fund which exists to provide religious education in the parish of Baginton.

22 Prior year Statement of Financial Activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2016 Total £000s
Income and endowments from:					
Donations					
Parish Share	4,556	-	502	-	5,058
Church Commissioners	27	-	94	-	121
Other donations	111	4	428	-	543
Charges for charitable activities	390	-	27	-	417
Other trading activities	559	-	-	-	559
Investment income	55	6	1,709	-	1,770
Other	-	1,219	-	24	1,243
Total	5,698	1,229	2,760	24	9,711
Expenditure on:					
Raising funds	185	-	238	-	423
Charitable activities					
Mission and ministry	2,886	-	1,830	-	4,716
Support for mission and ministry	1,570	104	522	-	2,196
Contributions to Archbishops' Council	460	-	-	-	460
Education	176	-	-	-	176
Other	-	-	-	78	78
Total	5,277	104	2,590	78	8,049
Net income/(expenditure) before investment gains	421	1,125	170	(54)	1,662
Net gains on investments	156	8	3	10,760	10,927
Net income	577	1,133	173	10,706	12,589
Transfers between funds	(37)	(208)	(21)	266	-
Other recognised gains:					
Actuarial gain on defined benefit pension scheme	-	-	-	579	579
Net movement in funds	540	925	152	11,551	13,168
Reconciliation of funds					
Funds at 1 January	1,557	8,930	1,903	48,032	60,422
Net movement in funds	540	925	152	11,551	13,168
Funds at 31 December	2,097	9,855	2,055	59,583	73,590