

COVENTRY

DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND STATUTORY ACCOUNTS 2019



COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2019

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A MESSAGE FROM THE BISHOP OF COVENTRY

I wish to begin this report by recording my huge debt of gratitude to Canon Ian Francis who has successfully, and with great humility, guided the work of the Diocesan Board of Finance as Chair of the Board for nearly 20 years. Ian has given dedicated service and has steered the DBF through many successful and also difficult times.

I am delighted that Peter Rogers has agreed to Chair the DBF on an interim basis, of which we are all grateful for during the circumstances we find ourselves in at the start of 2020. Peter has been a Trustee for many years and brings a wealth of experience to support the diocese.

During the year, The Venerable Morris Rodham, Archdeacon Missioner stood down from the DBF in April to take up a new role in Carlisle Diocese. Morris was the inspiration behind much of the work of the DBF, in particular our work to support the development of healthy, growing churches and driving mission.

Looking to the future it is my great pleasure to welcome our newest Board member The Venerable Barry Dugmore who took over from Morris as our Archdeacon Missioner in October. Barry comes to the Board with a wealth of experience from his previous role as Mission Enabler for Exeter Diocese and has already started to develop the next phase of growth in the diocese as he takes forward the Church Planting Strategy.

2019 has been another successful year. A year in which we have seen the DBF embed its work across the diocese in a Whole Diocese Strategy. The approach seeks to integrate the work of the DBF with that of our Cathedral, the Diocesan Board of Education and our many chaplaincies, anchored around the diocesan shared six Strategic Objectives.



The diocese has also supported the development of work which seeks to improve our engagement with the Black, Asian and minority ethnic (BAME) communities across the diocese, through the establishment of the BAME working group led by Bishop John.

I give grateful thanks for the hard work of everyone who helps to make all of our work possible; Board members, Committee members, Clergy, Licensed Lay Readers, diocesan staff, Churchwardens, PCCs and members of the wider church community. May the Lord continue to bless and guide us in our work in His name.

**The Rt. Rev. Dr Christopher Cocksworth
Bishop of Coventry**

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REPORT FROM THE CHAIR

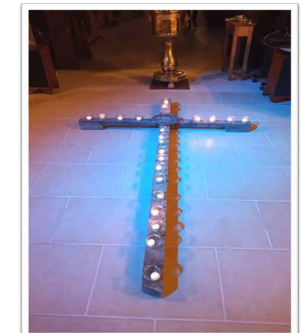
It gives me great pleasure to write this report, as interim Chair of the Coventry Diocesan Board of Finance ("the DBF"). I am fortunate to be taking on the responsibilities of Chair of the Board at a time when, as a result of Ian Francis' dedicated oversight, the DBF finances are in a strong position. Giving through parish share has held up well despite the many pressures on individuals and church communities. Through careful stewardship and the work of our Glebe and Investment Sub Committees; the diocesan property and equity investments have performed well. Together this puts the DBF in the strong position to face the inevitable challenges of the future, particularly the most recent turbulence in the wider economy.

We started the year with the launch of our on-going Generous Relationships campaign. The purpose of the campaign is to ensure everyone across the diocese has an opportunity to hear, first-hand, the great work undertaken in each of our deaneries and to get a better understanding of the varying needs that exist in each of these places. Through the story telling of the lives changed as part of discipleship journeys and communities transformed through Christian social action, we hope to refresh the Christian message of generosity, without which our work to build the Kingdom of God would not be possible.

This campaign preceded the launch, in July, of the DBF's membership of the Parish Giving Scheme. This scheme enables parishes to support their planned givers by providing a simple and effective way to contribute to the work of the Church through the direct debit scheme. We now have 24 parishes taking part, with 62% of donors who have set their gifts to automatically inflate each year. This is great news and the Board is indebted to the work of PCCs and their treasurers for promoting this excellent opportunity to strengthen our financial base.

The National Church's Renewal and Reform programme carry out Peer Reviews of the 42 Dioceses in England every two years. These are opportunities for the DBF leadership team to have their peers critique delivery of our Strategy. The reviewers were taken by our commitment to a Whole Diocese Strategy with the deliberate inclusion of schools, cathedral and chaplaincies as well as churches, impressed by our passion for healthy churches, and appreciated our work on deepening discipleship. They offered suggestions on where we might be even better, developing our deanery planning including clergy deployment, and being more strategic in our approach to church planting and fresh expressions of church. This has since been discussed by Bishops Council and our strategy is being refocused to take account of this valuable feedback.

The DBF continues to support wider community transformation across the diocese through Together for Change (TFC) a joint venture with the Church Urban Fund (CUF). A new grant of £20,000 in the year was made to support TFC's exciting new project in Nuneaton, called Saints. This project, in one of our most disadvantaged deaneries, is engaging with volunteers from local churches and through the Saints hub is providing training facilities, opportunities for new business to market their products and support to young parents.



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Another exciting development in 2019 was the partnership work started with the DBE as it explored becoming a Growing Faith Trailblazer. The programme, supported by a National Church initiative, is encouraging dioceses to improve the relationships between school, family and church in the development of the Christian faith. A pilot programme has been set up involving churches in Bedworth and Stockingford with the five schools in their parishes. It is hoped that the learning from this pilot will help inform a roll-out of this project more widely across the diocese. I am thrilled that these two community developments are happening in my own deanery, and I am hopeful these will make a positive difference to those that engage with them.

Also in 2019 the Serving Christ project launched the new Equip Hub, a web based learning platform aimed at providing learning opportunities in everything from understanding the role of a Churchwarden, to successfully running Small Groups. The site went live at the end of 2019 with the first intake of learners. This opportunity for personal development is especially relevant now we are all confined to our homes with the outbreak of the Covid-19 pandemic.

The diocese continues to support missional projects through grant funding to parishes. The new 'Church Improvements Fund' was launched in 2019, this offers grants to help with increasing church facilities to enable mission. Ten parishes benefited from the first wave of the new funding in the autumn. Going into 2020, the diocese has been awarded £1.19m from the Lowest Income Communities Fund (LINC), to continue to support mission and development across the poorest communities.

The diocese achieved the Eco diocese Bronze Award in recognition of the work done across the diocese in our churches and diocesan office. As General Synod have recently voted for a move to net zero carbon target by 2030, consideration of our environmental impact is more important than ever and the diocesan church buildings team are working on solutions to help parishes work towards this goal.

Performance against the six shared objectives, outlined in this report, shows a few more examples of excellent work undertaken across the diocese, moving us forwards in our mission and ministry.

With my grateful thanks to you all,



Peter Rogers
Interim Chair of Coventry Diocesan Board of Finance
May 2020



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The trustees, who are also directors for the purposes of company law, present their combined Trustees' Report and Directors' Report, together with the audited financial statements, for the year ended 31 December 2019. The Trustees' and Directors' Report is presented in sections as follows:

Section 1: Strategic report - including achievements and performance

Section 2: Governance report

Section 3: Trustees' and Directors' report approval

SECTION 1: STRATEGIC REPORT

1.1 OBJECTIVES AND ACTIVITIES

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

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

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

To achieve this and associated church growth, the diocese has already agreed a strategy which focuses on the development of the 8 Essential Qualities (8EQ's), identified by Natural Church Development (NCD) principles, across all aspects of church and diocesan life. NCD have identified that where all of the 8EQ's are strong in churches and worshipping communities, they will become healthier, flourish, and grow.

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

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

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

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In its work towards these objectives the Bishop's Council has endorsed two priority themes for particular emphasis; engaging with people with Black, Asian and Minority Ethnic heritage (BAME) and a focus on children's and young people's spirituality and discipleship.

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.

Going Concern

The Covid-19 pandemic has not had a significant, immediate impact on the DBF's operations but the Trustees are aware that if the current situation becomes prolonged then this may change. CCLA have indicated that income distributions from the investment funds held are currently unaffected, and are in regular contact sharing how our funds are being managed and how the fund value is changing. The Glebe committee is working pro-actively with our property managers to ensure where possible income from these investments is maintained. The closure of Parish churches and halls is likely to have the biggest impact on the DBF through the reduction in payments of parish share. Parishes that generate funds from letting halls, or running large one off events have been in contact to indicate their share payments may be impacted. Those where congregational giving is mainly cash in the plate are also finding closure of the church financially challenging. The Resourcing the Vision mentor in the Serving Christ team is supporting parishes to set up electronic giving, and providing suggestions on what to communicate to congregations at this difficult time. Where parishes have reserves put away for a "rainy day" consideration will need to be given to using them, the rainy day has arrived.

In light of the financial impact that Covid-19 may have on the Charity, the Trustees have carried out further financial modelling, based on reduction in Parish Share and Glebe investment returns. The Trustees are able to utilise unapplied Total Return if necessary to cover any potential shortfall of investment income in order to meet clergy costs. Parish Share would need to be reduced by more than 50% to not cover the support costs. Unlisted investments (as per note 12 can be liquidated to meet any working capital cash flow requirements.

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

Public benefit

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

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

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

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1.2 PRINCIPAL RISKS

The DBF operates a comprehensive system of risk management, with a strategic risk register being reviewed three times a year by the leadership team and the Audit and Risk Committee. The trustees review the risk register at least annually to ensure there are no material omissions. The Audit and Risk Committee work with the leadership team and have developed the approach to risk management over the year to ensure a proportionate approach to risk is taken and that the risk register closely links to the strategic objectives. The major risks identified by the DBF's trustees are;

Risk to long term sustainability of the organisation, where parishes fail to meet parish share requests, the investment returns are not in line with the objectives of the Investment Policy, and where there is a lack of clergy deployment strategy and there is a risk of not having the right ministers in the right places at the right times. The approach to mitigating this risk is that the Diocesan Finance Group is reviewing the allocation of Parish Share taking account of local contexts and affordability. There is an ongoing communication of the purpose of the Parish Share system alongside support to parishes. The Investment Sub Committee and the Glebe Committee are reviewing the performance of investment assets, and Deanery Mission and Pastoral Committees are working with the Archdeacons on the development of a clergy deployment strategy.

Ongoing Political and Economic uncertainty/instability leading to increasing levels of concern and worry by Parishes and DBF staff, has led to increased levels of communication from the diocese to the parishes to keep them updated with sources of help and support during the Covid-19 pandemic. The Diocesan Secretary has been promoting regular communication with and by the leadership team to reassure and inform staff.

Non-delivery of strategic outcomes, impacting church health and growth, leading to a lengthy clergy appointments process and a higher number of clergy vacancies. There has always been a structure of governance for the strategic management of the projects across the diocese. At the onset of Covid-19 Bishop Christopher set up groups from the Core Staff to ensure that the impact of the pandemic on wellbeing, prayer, mission and finances were being considered on a weekly basis.

The Data Protection Act risk. Contravention of Data Protection Act, leading to a loss of confidential information and accidental sharing of personal data. This risk has increased with the transfer of all staff into home working locations. Reminders on how to work from home and to maintain confidentiality have been shared with staff.

Absence of key staff causing disruption to service delivery and loss of organisational knowledge is more likely during the Covid-19 pandemic and key staff have put in place cover arrangements both in and across teams at the DBF. Cover for clergy is being managed by the Archdeacon Pastor.

A significant safeguarding incident is managed through the safeguarding training strategy. The safeguarding dashboard has been provided free of charge to all parishes to aid them in the management of their safeguarding requirements. Additional support has been provided to Parish Safeguarding officers during the pandemic, to support them with risk management approaches for new missional activities and emerging risks.

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1.3 ACHIEVEMENTS AND PERFORMANCE

Making the Gospel known so that people become followers of Christ

This objective is to ensure that all churches increase their non-church contact and relationships.

With the appointment of the new Archdeacon Missioner in 2019, work has begun on the development of a diocesan church planting strategy, based on identifying missing and unreached people. The plan will use the skills and experience of existing churches who have church planting experience. The initial plans have been presented to Bishops Council in February 2020 for their observations and feedback and will go forward to Diocesan Synod once the plans have been fully formed, with indicative costings and time lines.

Other aspects of this objective are to develop a strategy to reach Children and Young people in the context of their families, linking churches and schools. As mentioned in the Chairs report, the Bishops Council voted to support the pilot project in Nuneaton Deanery between parishes in Bedworth and Stockingford and the five schools in those parishes. The Archbishop of York's Young Leaders Award will be paid for by the DBF and delivered in the schools, with the support of family link workers. The aim is to build pupils' leadership skills and character, grow confidence, teamwork, resilience and care for others, and to empower pupils to serve their communities. Outcomes from this pilot will be reviewed in 2020 and decisions made on next steps.

Increasing disciples in 20s - 30s age range within the churches of the diocese

The diocese has supported a number of pioneer churches to grow younger followers.

The Acceler8 initiative continues to move from strength to strength, in 2019 we achieved the project target of 400 new disciples in the 20s to 30s age range, a year ahead of schedule and 25% of our largest churches, in our target category of 70-100 members, are now able to show a clear discipleship pathway is in place.

In 2019 we started two church plants, going some way to achieve another of our project targets. 'Vine' began in August and 'The Collective' was launched in December. Ian Sweeney, 20s-30s Development Leader and leader of Vine says *"Vine is a new worshipping community that is engaging those in their 20s-30s who typically find it difficult to connect with traditional church. We gather each Thursday and every other Sunday to share a meal and learn what it means to be a follower of Jesus. The highlights so far include witnessing young adults reconnect with the Christian faith and new believers wanting to be baptised."*

The Collective is co-led by Jonny Dant, 20s-30s Development Leader and Gareth Fitzpatrick, Serving Christ Learning Mentor for Need-Oriented Evangelism. Gareth writes *"Where do you invite your friends who would never consider going to church? This is a question I was trying to work through. I wanted my friends to hear the good news of Jesus but getting them to come to church was impossible. To them, church was scary, strange and a bridge too far. At The Collective we meet in an environment familiar to most people, a coffee house. We address everyday issues and explore what the Christian faith has to say about them. It is light hearted, accessible for all and interactive. We want to provide a space that is friendly and familiar and we want to meet people where they are."*

Both Vine and The Collective are reaching young adults in fresh ways and it has been exciting to see both of these ideas come to life.



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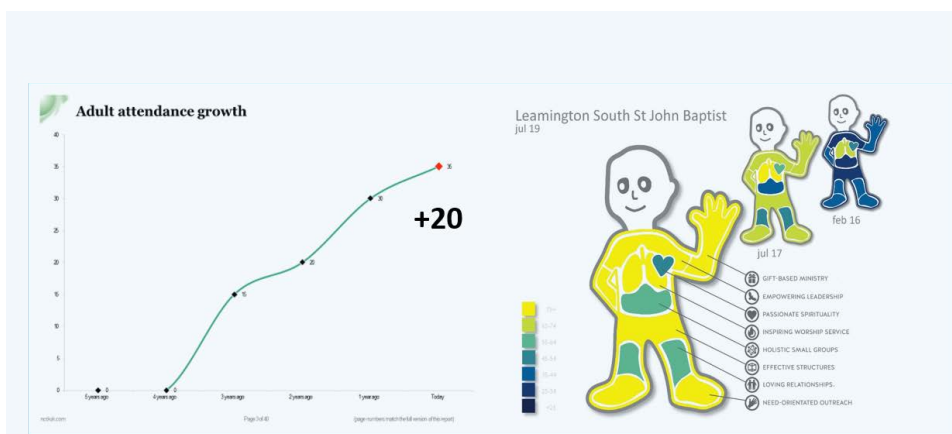
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Strengthening the health of churches and organisations across the diocese in the 8 Essential Qualities identified by Natural Church Development

This shared objective supports the aim for churches across the diocese to grow in quality, with hope and expectation supported by NCD statistics that this will lead to numerical growth.

St John the Baptist, Leamington Spa has enjoyed something of a revival in recent years under Father Stephen Parker's skilful leadership. Stephen, who was inducted in December 2016, reflected on the church's latest Natural Church Development (NCD survey. He realised he had inherited an elderly congregation, with low Sunday attendance, very few children and precious little community engagement. Stephen used his insights to focus on those aspects of church life that were inhibiting church growth. He says "we focused on two things: worshipping God and serving the community". In practical terms this meant intentionally empowering the laity by extending their roles and encouraging them to offer their gifts to God during the liturgy.

The church has since completed two further NCD surveys, the latest in 2019 reveals a church with an average health rating of 71.9 points, an increase of 31.1 points on the first survey. This places St John's comfortably in the top 15% of churches using NCD in the country. Nor only has the health of the congregation improved, they have also increased numerically having added 20 adults to their usual Sunday attendance, which represents a growth of 133% since Father Parker was inducted.



NCD growth across all areas of what makes a healthy church and increase in adult attendance

Further work to help people develop their discipleship, skills and confidence across the eight essential qualities is being delivered by the Serving Christ project, through the creation of a digital learning platform, the EEquip Hub. The Hub provides a wide range of resources including online training modules, videos and download-able guides, forums for discussions, and space for webinars. The prototype system launched in 2019, and trials of the platform with churchwardens began in December 2019. The hub is currently being populated with content and will launch by Summer 2020.



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Enabling the wellbeing and flourishing of clergy and lay people across the diocese

The Bishop of Warwick, supported by the Archdeacon Pastor is leading on the delivery of this objective.

The well-being, development and flourishing of clergy and lay people across the diocese has been an important focus in 2019. Attendance at Clergy resilience training increased by almost 50% in 2019 and attendance at the Bishop's study days, other centrally organised training and take-up of retreat opportunities supported by DBF grants remains in line with last year.

A repeat of our Clergy well-being survey showed an increase in the number of clergy self-assessing an improvement in their sense of well-being since the last survey in 2017. 65% reported that their wellbeing had improved or stayed the same since the last survey and 71% reported that they are flourishing in ministry.

It is also good to be able to report that our work to support new vocations appears to be paying dividends with 9 of the 12 candidates recommended to the Bishop's Advisory Panel being subsequently recommended for ordination training. This is thanks to the hard work of our Vocations Advisors running the Called course and the 25 parish communities that have nurtured formation within their congregations and encouraged candidates to follow their call into the discernment process.

The retreat gave me space to breath, think and deepen my relationship with God. Very welcomed in my busy world. (Female laity, South Warks)

Enabling laity and clergy through funding retreats has grown with 113 grants made during 2019 (2018:70).

'The lay retreat grant is really exciting for me. As a trainee student I would not be able to afford to go on retreat without it. Because of the grant I was able to attend a retreat in December which turned out to be really important for my journey with God, therefore I am very grateful that the grant is out there and I can continue to use it.'
(Nia)

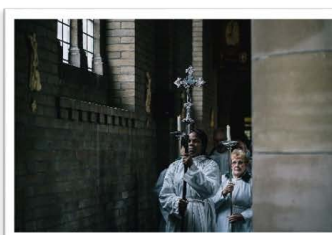
Equipping the whole diocese for the work of reconciliation

The Cathedral is a key part of the whole diocese strategy

Visitors to the new Cathedral continue to grow. 2019 saw a 118% increase in visitor numbers over 2017 (the last full year when admission was charged). Much of this increase can be attributed to the continuing grant from the DBF to support open admission which commenced in 2018 and will run for 3 years.

With recent national research showing that a visit to a cathedral is one of the most influential experiences on young people beginning to explore a journey to faith, the Trustees are particularly encouraged that over 13,000 pupils visited to engage with the schools programme in 2019, with a further nearly 3,700 engaged off-site through visits of Cathedral education members to schools.

The Cathedral's work in reconciliation continues with 12 new partners joining the Community of the Cross of Nails and 4 new schools becoming International Cross of Nails Schools (ICONS) in 2019.



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Promoting lifelong Christian learning and education across the diocese

This shared objective is being led by the Diocesan Director of Education and includes elements delivered by the DBF as well as the Diocesan Board of Education (DBE).

Empowered was a one day conference to share ideas and think about nurturing faith in children. This was aimed at parents and those who work with children in schools and churches; to network and encourage and learn from each other about how best to nurture faith in children. The conference which ran for one day in autumn 2019, covered a range of practical workshops, along with worship and, a keynote talk from Lynn Alexander, author of *Children, Families and God*, a book that gives advice and guidance on how to nurture children's spirituality.

Lynn talked about her personal experiences of working with children and families in Scotland and gave advice on how to grow children's spirituality to lifelong personal faith. Empowered was organised by a committee of diocesan office workers, led by Archdeacon Sue Field and Canon Linda Wainscot.

Linda commented: "Empowered grew out of an idea I had about bringing together the good folk from our parishes and Church of England schools to be affirmed, inspired and equipped in their ministry with and for children, young people and families... I felt a genuine sense of the diocesan family coming together to worship, learn and be EMPOWERED!"



The worship was led by the talented children of St Bartholomew's Church of England Academy.



The Bishops' Certificate in Discipleship and Mission

Training continues with 213 people across the diocese participating in the courses in 2019, with 169 people pursuing two or more modules. There was particular excitement about the new module available of 'Digital Issues Facing Christians Today'.

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Delivering positive community transformation

The diocese, by working in partnership with Together for Change, works to transform the lives of the most disadvantaged throughout Coventry and Warwickshire.

St Catherine's Stoke Aldermoor has a new home! The new church building was opened by the Bishop of Coventry, the Rt Revd Dr Christopher Cocksworth, at a dedication service on 1st October 2019. Bishop Christopher announced that the opening marked a "great day" for St Catherine's, Stoke Aldermoor and the Diocese of Coventry. This was in contrast to the sad situation many years ago when he received the request to close the old church and sell its site on St Catherine's Close.

The church family embarked on a long journey, moving into the front room of a house, then a school hall, and until last month a set of portacabins. They can now celebrate a new site on Acorn Street in the heart of Stoke Aldermoor. This brand new building serves the new Parish of St Catherine's Stoke Aldermoor and New Century Park in Coventry.

Now St Catherine's has its own purpose-built fully-accessible premises. The space includes a multipurpose hall an informal lounge/café, kitchen and toilets. Also there is a meeting room, vestry for quiet prayer and an office.



The building work took 26 weeks to build and was completed in September 2019. Funding came from Diocesan LINC funds (for low income communities) supplemented by St Catherine's own funds and support from a range of charitable trusts. The project oversight was provided by Together for Change Coventry & Warwickshire, on behalf of the Diocese of Coventry and St Catherine's.



From left to right: Antoinette Nyandwi, Vicar Revd Buff Forbes Stone, Curate Julie Watkins-Wollner.

Vicar of St Catherine's, the Revd Buff Forbes Stone:

"We are so grateful for all the support which has enabled us to have this splendid new building. We want it to be a sign of hope and commitment that God is here right in the midst of Stoke Aldermoor."

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1.4 SUMMARY OF FINANCIAL PERFORMANCE

The surplus generated from all funds in 2019 was £208,000 (2018:£1,658,000). There has been increased distribution of restricted grant funding compared to 2018, and a further sale of £363,000 from the Offa House Estate (2018:£1,033,000). The general fund operating surplus before investment gains was £3,000 (2018: £106,000) with a nominal increase on all sources of income in the year. Costs of mission and ministry have increased with a full year of funding of the Serving Christ project contributing to the lower surplus amount. There was a cost of living increase in clergy stipends and increased investment in clergy housing with a number of significant works carried out across the diocese following quinquennial reports. The Archdeacon's team continued their work to fill clergy vacancies, despite the Archdeacon Missioner role being vacant for part of the year and at year end there were 106 stipendiary clergy in post (2018:104). After net gains on investments and transfers to and from other funds, the movement in the General Fund in the year was an outflow of £62,000 (inflow 2018: £447,000).

The net movement in designated funds in the year was an increase of £766,000 (2018: £317,000), with £779,000 being the net funds movement into the general fund. Note 19 summarises these financial movements, which are broken down between two types. The first are property transactions, the sale of three houses in Studley, Rugby and Leamington Spa, which were no longer suitable for curates £785,000, and £1,394,000 of house purchases in Coventry and Studley and the Archdeacon Missioner's house in Hampton Lucy. The second type are the transfer of surplus funds from 2018, following trustee approval, of £105,000 into the Church Improvement Fund, and £29,000 into the Diocesan Mission Fund.

The net movement in restricted funds in the year was a decrease of £385,000 (2018: increase £590,000). Within these movements was £635,000 of Lowest Income Community Funding which built the new St Catherine's church in Stoke Aldermoor. Further movements included grant funding of £92,000 (2018:£193,000) for the Acceler8 project, and £255,000 (2018:£173,000) for the Serving Christ project. The trustees agreed to create two restricted funds from the sale proceeds of Offa House and the Lodge Cottage.

Net movements in endowment funds in the year show an increase of £6,560,000 (2018: increase £978,000). Within this there were gains on revaluation of fixed assets, £5,131,000, £49,000 surplus on sale of investments, and the actuarial movements on the Church of England Clergy Pension scheme of £1,148,000 (2018:£22,000). During 2019 the actuarial review of the scheme identified a £50m deficit in the scheme, which had been £236m following the valuation at 31 December 2015. £2,251,000, (2018:£2,323,000) of investment income which forms part of the total return on the Diocesan Stipends Fund and was transferred into restricted funds during the year. Note 18 explains the full impact of total return on these accounts.

The full results for the year are on page 26 in the Statement of Financial Activities.

Principal funding sources

52% of total income in 2019 came from Parish Share (2018: 50%), 23% from investment income (2018: 23%), 6% from Church Commissioners (2018: 5%), 19% from other sources (2018:22%). Other sources of income include parochial fees from weddings and funerals; rental income from the letting of houses whilst not occupied by clergy; the sale proceeds from the Offa Estate; restricted income from The King Henry VIII Endowed Trust, used to meet costs in the Warwick area; and various other grants and donations.

Parish Share

Total parish share income received was £5.3m, which is £29,000 more than 2018 (2018:£166,000 increase). This includes amounts relating to parish share allocated for previous years but excluding amounts received after the 31 January cut-off date and was 97% of the allocation (2018: 99%). Deaneries are continuing to indicate that they struggle to meet Parish Share allocations. During the year support was provided to Parishes by the Resourcing the Vision Mentor, the National Giving Advisor and the Diocesan Finance team. The Diocese joined and launched the Parish Giving Scheme, a direct debit scheme which encourages individuals to regularly review their giving and provides an efficient way for parishes to receive Gift Aid on those gifts.

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Investment Income

Investment income was £2,357,000 (2018: £2,409,000) and is derived from both equities and Glebe assets (see notes 11 and 12). After allowing for Glebe management fees and other Glebe operating costs, net investment income was £2,114,000 (2018: £2,200,000). Net investment income from Glebe investment properties fell to £1,115,000 during the year due to increased property maintenance costs and a period where there were vacant properties. (2018: £1,227,000). Other investment income, which includes interest and dividends, increased to £999,000 from £948,000 in 2018 mainly due to an increase in amounts held in cash whilst potential investment opportunities were explored during the year.

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

- CCLA's CBF Church of England Investment Fund: 23.16% (2018: 2.42%)
- CCLA's CBF Church of England Global Equity Income Fund: 28.6% (2018: 1.86%)
- CCLA's CBF Church of England UK Equity Fund: 27.8% (2018: (3.8)%)
- Edentree Amity Balanced Fund for Charities: 16.6% (2018: 5.6%)

Investment objectives and investments held

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

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

The total value of investments at 31 December 2019 was £68.9 million (2018: £61.3 million,) of which £66 million was permanent endowment. Gains realised on the sale of Glebe land have been reinvested in CCLA funds.

Following the approval of a Total Return approach to investments on the Diocesan Stipends Fund, it was agreed that the income investment returns that would ordinarily be recognised in the 2019 accounts if total return had not been adopted would be recognised as income in the 2019 accounts.

Stipendiary clergy headcount

The full time equivalent ("FTE") number of office holders in the diocese who were stipendiary clergy or licensed lay workers in 2019 was 108 (2018: 107), which includes two Archdeacons. The increase relates to vacancies filled during the year. The average number of curates was 17 (2018: 19).

House for Duty Clergy, Self-Supporting Ministry and volunteers

Whilst acknowledging that many of our self-supporting ministers are office holders and living in their own houses, there are office holders that the DBF provide with houses. In 2019 there were 8 (2018:8).

The activities in the Church of England across the Diocese of Coventry depend hugely on significant amounts of time contributed by retired clergy, Readers and volunteers. The value of this time, to the diocese as a whole and in particular to the DBF, cannot be quantified and recognised in the financial statements. The DBF is grateful to all those whose contribution is essential to the mission of the whole diocese

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

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 £9,640 (2018: £9,460) per full time stipendiary clergy member. If not members of the clergy pension scheme, the DBF's permanent staff are members of the Pension Builder Classic section of the Church Workers Pension Fund. Further details are 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 funds held by the DBF at 31 December 2019 comprise;

Endowment funds totalling £72,249,000. This amount includes expendable endowment of £6,233,000 relating to the Parsonages Housing Fund and permanent endowments of £66,016,000. The permanent endowment includes £65,985,000 relating to the Diocesan Stipends Fund of which £44,711,000 is unapplied total return. The Trustees can apply the unapplied total return to the Diocesan Stipends Fund Income Account, to use for the restricted purpose of payment of clergy stipends, houses and management and maintenance of Glebe property.

Restricted Funds totalling £3,086,000. To be spent in accordance with the donor's wishes.

Unrestricted funds of £14,706,000. Unrestricted funds includes £12,046,000 of designated funds, which substantially relate to operational properties and are therefore illiquid. Unrestricted funds less designated funds and tangible fixed assets for charitable use total £2,659,924.

The objective of the DBF's reserves policy is to ensure adequate working capital resources. During 2019 the policy was to ensure the General Fund was within a range equivalent to two and a half and three and a half months' worth of operating funds spend approved by Diocesan Synod for the ensuing year. With the onset of Covid-19 this policy is being reviewed and if appropriate a recommendation will be made to Bishops Council in May 2020 to update the policy.

Diocesan Synod approved a maximum sum to be spent from operating funds in 2020 of £9,111,384. The balance on the General Fund at 31 December 2019 was £2,659,924, which represented 3.4 months' spend and is at the top of the policy range. It is expected that two curate houses will need to be purchased from general funds during the year but this will now be subject to available funds, as there is now a greater risk that Parish Share may not be collected at the levels originally planned.

1.5 PLANS FOR THE FUTURE and FUTURE COMMITMENTS

The Coventry Diocesan mission strategy has been shaped by long-term investment in the development of healthy churches using the Natural Church Development programme (NCD).

There is now a recognition that to see real numerical growth we must now widen our missional focus to develop an integrated strategy for church planting which includes new church communities (church plants) in areas of new housing, urban estates, and in other developed communities where mission potential exists. This activity will be supported by the development of six key churches serving as 'Resourcing Hub' churches in addition to on-going development of St Marks Resource Church launched in 2016. This will happen across various contexts; rural, urban, estates, and market towns, and encompass a breadth of church tradition, fresh expressions of church, missional communities and worship styles.

During 2020 the outcomes of the "Growing Faith" pilot in Nuneaton deanery will be considered, and learning from this pilot will inform the next steps in the roll out of this project.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

SECTION 2: GOVERNANCE REPORT

2.1 COMPANY LEGAL STATUS

The DBF was incorporated on 12 October 1936 as a charitable company (No. 3192) limited by membership guarantees and its governing documents are the Memorandum and Articles of Association. The DBF is registered with the Charity Commission (No. 2728). The DBF has also been designated as the Parsonages Board for the Diocese of Coventry under the Repair of Benefice Buildings Measure 1972.

2.2 DIOCESAN SYNOD AND DBF MEMBERSHIP

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

The Diocesan Synod is made up of three Houses:-

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

House of Clergy: 50 members, of whom eight were ex officio (the Dean of the Cathedral, two Archdeacons, the chair of the Diocesan Advisory Committee, the chair of the Diocesan Board of Education and the three diocesan clergy General Synod members). The remainder were elected by the houses of clergy of Deanery Synods.

House of Laity: 47 members, of whom six were ex officio (the Chancellor of the Diocese, the chair of the Board of Finance, 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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

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

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

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

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

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

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

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

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

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

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

Membership of the Bishop's Council

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

- 8 ex officio members;
- 15 members elected by the Diocesan Synod (seven clergy and eight lay, in both cases with a minimum of two from each archdeaconry);
- 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 2019, 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. During the year and as at the date of this report the members of Bishop's Council were as follows:

EX-OFFICIO

President	The Rt Revd Dr Christopher Cocksworth		
Bishop of Warwick	The Rt Revd John Stroyan		
Archdeacon Pastor	The Ven Sue Field		
Archdeacon Missioner	The Ven Morris Rodham	to 30 April 2019	
	The Ven Barry Dugmore	from 10 October 2019	
Dean of Coventry Cathedral	The Very Revd John Witcombe		
Chair of the House of Clergy	The Revd Charlotte Gale		
Chair of the House of Laity	Mrs Helen Simmonds		
Chair of the DBF	Canon Ian Francis		

ELECTED

CLERGY MEMBERS

The Revd Graeme Anderson
 The Revd Stella Bailey
 The Revd Dwayne Engh
 The Revd Claire McArthur
 The Revd Richard Mutter
 The Revd Celia Parkes
 The Revd Canon Dr David Stone
 The Revd Canon Dr Jill Tucker

ELECTED

LAITY MEMBERS

Mrs Karen Armbrister
 Mr Chris Baker
 Mr John Franks
 Mrs Jo King
 Mr Tim Pollard
 Mr Peter Rogers
 Mr David Spiers
 Dr Yvonne Warren

BISHOP'S NOMINEE

The Revd Clive Hogger
 The Revd Kate Massey
 The Revd Canon Dr Jill Tucker

NOMINATED MEMBERS

Chair of DAC, The Revd Canon Richard Williams
Chair of DBE, The Revd Elaine Scrivens

CO-OPTED MEMBERS

(from 13 April 2019)
 Mrs Joyce Amos
 Mr James Styan Kendall

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

2.4 COMMITTEE STRUCTURE

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

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. Whilst senior staff have job titles incorporating the word 'Director' they are not directors of the company for the purposes of company law or trustees of the charity for the purposes of charity law. For information relating to staff headcount and costs, see note 10 to the financial statements.

There are staff working in the areas of IT systems and property that are employed under joint working arrangements by the Leicester Diocesan Board of Finance (company registered number 227087; registered charity number 249100). These arrangements generate economies of scale for each diocese 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, 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 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 DBF leadership team day to day management of the risks the DBF is exposed to. In addition, the Audit & Risk Committee reviews the risk management processes and the risk register at least annually, and reports to the trustees on whether it is satisfied with its findings. Recommendations are made as a result of those findings.

The principal risks identified are shown in Section 1.2 of this report.

Valuation of properties in the financial statements

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

Auditor

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees and directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

A resolution to reappoint Crowe LLP as auditor to the company and to authorise the Board of Directors to fix the auditor's remuneration will be proposed at the Annual General Meeting.

2.8 REFERENCE AND ADMINISTRATIVE DETAILS

<i>Registered & Principal Office Telephone Website</i>	Diocesan Offices, 1 Hill Top, Coventry, CV1 5AB 024 7652 1200 www.dioceseofcoventry.org
<i>Company registration number Charity registration number Company Secretary</i>	319482 (England and Wales) 247828 England) Mrs Ruth Marlow
<i>Registrar and solicitors</i>	Mrs Mary Allanson, Rotherham & Co. 9 The Quadrant, Coventry, CV1 2EG
<i>Auditors</i>	Crowe LLP Black Country House, Rounds Green Road, Oldbury, B69 2DG
<i>Bankers</i>	Bank of Scotland Pentland House, 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 CCLA Investment Management Ltd Senator House, 85 Queen Victoria Street, London, EC4V 4ET
<i>Investment Managers</i>	Ecclesiastical Investment Management Ltd Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

SECTION 3: DIRECTORS' AND TRUSTEES' REPORT APPROVAL

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



Mr Peter Rogers
Interim Chair of Coventry Diocesan Board of Finance Limited
12 May 2020

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 2018 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 2018 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's 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

Kerry Brown | Senior Statutory Auditor. For and on behalf of Crowe UK LLP.
Black Country House, Rounds Green Road, Oldbury, West Midlands, B69 2DG

2 June 2020



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...Whoever sows generously will also reap generously.
2 Corinthians 9.6

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2019

	Notes	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s	2018 Total £000s
Income and endowments from:							
Donations							
Parish Share	4a	5,036	-	293	-	5,329	5,300
Church Commissioners	4b	38	-	569	-	607	534
Other grants and donations	4c	129	-	714	-	843	1,409
Charges for charitable activities	4d	356	-	8	-	364	346
Other trading activities	4e	637	-	-	-	637	634
Investments							
Investments income	4f	74	8	24	2,251	2,357	2,409
Total return allocated to income	18	-	-	2,251	(2,251)	-	-
Surplus on sale of assets		-	104	-	-	104	-
Total		6,270	112	3,859	-	10,241	10,632
Expenditure on:							
Raising funds	5a	269	-	243	-	512	470
Charitable activities							
Mission and ministry	5b	3,050	-	2,228	-	5,278	5,330
Support for mission and ministry	5c	2,210	140	1,113	-	3,463	2,367
Contributions to Archbishops'							
Council	5d	541	-	-	-	541	515
Diocesan Board of Education	5e	197	-	-	-	197	260
Other	5f	-	-	-	42	42	32
Total		6,267	140	3,584	42	10,033	8,974
Net income/(expenditure) before investment gains		3	(28)	275	(42)	208	1,658
Net gains/(losses) on investments:							
Net gains/(losses) on revaluation	12	314	16	5	5,131	5,466	(103)
Surplus on sale of investments		-	-	-	49	49	522
Net income/(expenditure)		317	(12)	280	5,138	5,723	2,077
Transfers between funds	19	(379)	778	(665)	266	-	-
Other recognised gains/(losses):							
Gains on revaluation of fixed assets	11	-	-	-	8	8	277
Actuarial gains/(losses) on defined benefit pension scheme	2	-	-	-	1,148	1,148	(22)
Net movement in funds		(62)	766	(385)	6,560	6,879	2,332
Reconciliation of funds							
Funds at 1 January	16	2,722	11,280	3,471	65,689	83,162	80,830
Net movement in funds		(62)	766	(385)	6,560	6,879	2,332
Funds at 31 December	16	2,660	12,046	3,086	72,249	90,041	83,162

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2019

	2019	2018
	Total	Total
	£000s	£000s
Total income	10,241	10,632
Total expenditure	9,991	8,942
	250	1,690
Net gains/(losses) on investments	335	(27)
Net income for the year before transfers	585	1,663
Transfer to endowment funds	(266)	(309)
Net income for the year after transfers	319	1,354

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

for the year ended 31 December 2019

	Notes	2019 £000s	2018 £000s
FIXED ASSETS			
Tangible fixed assets	11	18,770	18,001
Fixed asset investments	12	<u>68,937</u>	<u>61,332</u>
		87,707	79,333
CURRENT ASSETS			
Debtors	13	2,407	2,777
Cash and cash equivalents		<u>1,946</u>	<u>4,589</u>
		4,353	7,366
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	14	<u>(1,478)</u>	<u>(1,581)</u>
NET CURRENT ASSETS			
		<u>2,875</u>	<u>5,785</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		90,582	85,118
Creditors: amounts falling due after more than one year	15	(541)	(1,956)
NET ASSETS			
	20	<u>90,041</u>	<u>83,162</u>
FUNDS			
Unrestricted funds:			
General Fund	16	2,660	2,722
Designated funds	16	<u>12,046</u>	<u>11,280</u>
		14,706	14,002
Restricted funds	16	3,086	3,471
Endowment funds	16	<u>72,249</u>	<u>65,689</u>
TOTAL FUNDS		<u>90,041</u>	<u>83,162</u>

The financial statements on pages 26 to 50 were approved by the Board of Directors and authorised for issue on 12 May 2020 and are signed on its behalf by:



Mr Peter Rogers

Interim Chair of Coventry Diocesan Board of Finance Limited

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	2019 £000s	2018 £000s
Cash flows from operating activities:		
Net cash generated by operating activities	106	1,568
Cash flows from investing activities:		
Proceeds from sale of fixed asset properties	786	-
Purchase of fixed assets	(1,445)	(1,049)
Proceeds from sale of investments	156	1,685
Purchase of investments	(2,246)	(1,913)
Net cash used by investing activities	(2,749)	(1,277)
Change in cash and cash equivalents in the year	(2,643)	291
Cash and cash equivalents at 1 January	4,589	4,298
Cash and cash equivalents at 31 December	1,946	4,589

	2019 £000s	2018 £000s
Analysis of cash and cash equivalents at 31 December		
Cash in hand	592	916
Short term deposits (less than 3 months)	1,354	3,673
Total cash and cash equivalents	1,946	4,589

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

	2019 £000s	2018 £000s
Net movement in funds for the year	6,879	2,332
Adjustments for:		
Gains on investments	(5,515)	(419)
Profit on sale of fixed asset properties	(104)	-
Depreciation	2	2
Gains on revaluation of fixed assets	(8)	(277)
Actuarial gains on defined benefit pension scheme	(1,148)	22
Unwinding of pension liability discount	42	32
Payment of pension deficit contributions	(316)	(309)
Decrease in debtors	370	455
Decrease in creditors	(96)	(270)
Net cash generated by operating activities	106	1,568

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 Principal accounting policies

Basis of accounting

The DBF is a charitable company and a public benefit entity. Therefore, the financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (FRS 102), the Companies Act 2006 and the applicable UK accounting standard (FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements have been prepared under the historical cost convention except that fixed asset investments are included at fair value at the balance sheet date. After making enquiries the trustees are satisfied that the DBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Going Concern

The Covid-19 pandemic has not had a significant, immediate impact on the charity's operations but the Trustees are aware that if the current situation becomes prolonged then this may change. In light of the financial impact that Covid-19 may have on the DBF, the Trustees have carried out financial modelling to better understand the impact of falling revenue. The Trustees are satisfied that the DBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Income

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

Parish share income

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

Income from parochial fees

Income from parochial fees is accounted for when received.

Grants (receivable)

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

Donations, legacies and similar income

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

Investment income

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

Deferred income

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

Expenditure

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

Grants (payable)

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

Support costs

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

Governance costs

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

Operating leases

Payments under operating leases are charged against income as incurred.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 Principal accounting policies (continued)

Investment gains and losses

For investments that are not part of the Diocesan Stipends Fund Capital Account, realised gains or losses are recognised in the Statement of Financial Activities when investments are sold. Unrealised gains or losses are accounted for on revaluation of investments at the year end.

A total return approach has been adopted for the Diocesan Stipends Fund Capital Account. Part of the unapplied total return will be allocated to income in the year as determined by the Bishop's Council.

Tangible fixed assets

Parsonage houses, operational properties and the diocesan offices

Parsonage houses, operational properties and the diocesan offices are held at cost or estimated cost. The cost of extensions which enhance the capital value of buildings is capitalised.

For parsonage houses, the legal title and right to beneficial occupation are vested in the incumbent, whereas the DBF is responsible for the maintenance and repair of such properties and can determine their subsequent use or sale. FRS 102 requires accounting treatments to follow the substance of arrangements rather than their strict legal form. Accordingly, parsonage houses are capitalised as tangible fixed assets. Operational properties are houses owned by the DBF for occupation by stipendiary clergy and House for Duty priests. The Diocesan Offices are at 7 Priory Row, Coventry (which shares the postal address of 1 Hill Top, Coventry, CV1 5AB).

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.

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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1 Principal accounting policies (continued)

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.

2 Pension schemes' accounting policy and significant estimates and judgments

The DBF participates in three pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other two are for lay staff and are separate sections of the Church Workers Pension Fund – one a final salary scheme and the other a deferred annuity scheme. All three of these schemes are multi-employer defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. A valuation of each scheme, to determine future contribution levels, is carried out once every three years and the resulting report and recovery plan for any deficit is required to be completed within fifteen months of the valuation date. On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that formerly contracted-out schemes are required to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. Normally the Employer is required to reflect both the backdated and future costs of GMP equalisation arising from this judgment. However, since the DBF participate and are accounting as multi-employer defined benefit pension schemes this is not applicable. Any uplift in liability will be reflected in the financial statements once revised deficit recovery payment plans are issued. The Trustees are aware of the issue and when further information is available they will be considering this at future meetings and decisions will be taken as to any next steps.

Accounting policy

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

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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

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 2019 was paying contributions for 119 members (2018: 119 members). The scheme provides benefits based on members' final pensionable stipends and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Pensionable stipends are currently the National Minimum Stipend in the preceding year. Benefits are currently being accrued on the basis of half of the pensionable stipend being paid as the normal pension on reaching the age of 68, or 1.25 times this amount for archdeacons, plus a lump sum normally three times the pension payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 are provided by the Church Commissioners under the previous arrangements. Each participating entity in the scheme pays contributions at a common contribution rate applied to pensionable stipends, which are currently the same as the National Minimum Stipend of the previous year.

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for future improvements in mortality in line with the CMI 2018 extended model, with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5%p.a..

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

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

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2018 and over 2019 is set out in the table below.

Church of England Funded Pensions Scheme pension liability movements:	2019	2018
	£000s	£000s
Pension liability at 1 January	2,154	2,409
Deficit contributions paid	(316)	(309)
Unwinding of pension liability discount	42	32
Remaining change to the balance sheet liability*	(1,148)	22
Pension liability at 31 December	732	2,154
Due within one year	347	360
Due after more than one year	385	1,794

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

Assumptions used by the Pensions Board to calculate the pension liability:	2019	2018	2017
Discount rate	1.1% p.a.	2.1% p.a.	1.4% p.a.
Price inflation	2.8% p.a.	3.1% p.a.	3.0% p.a.
Increase to total pensionable payroll	1.3% p.a.	1.6% p.a.	1.5% p.a.

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

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

Church Workers Pension Fund – Defined Benefits Scheme

The Defined Benefits Scheme (“DBS”) section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. At 31 December 2018, 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 full in 2017 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 was 22.0% of salary and is 30.8% of salary from 1 April 2018. A liability of £62,000 (2018: £62,000) has been accrued within Other Accruals for the DBF share of the deficit relating to joint workers in the scheme.

Church Workers Pension Fund – 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 2019, the DBF had 48 (2018: 43) 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

	2019	2018
	£000s	£000s
Net income is stated after charging/(crediting):		
Auditor’s remuneration for the audit	15	15
Depreciation	2	2
Hire of office equipment	4	4
Surplus on disposal of tangible fixed assets	(104)	-

4 Analysis of income

a Parish Share

	General Fund	Designated funds	Restricted funds	Endowment funds	2019 Total	2018 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Parish Share assessed for the year	5,170	-	293	-	5,463	5,347
Less shortfall in contributions	(161)	-	-	-	(161)	(92)
Received for the year	5,009	-	293	-	5,302	5,255
Arrears received in respect of previous years	27	-	-	-	27	45
	5,036	-	293	-	5,329	5,300

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

4 Analysis of income (continued)

b Grants from Church Commissioners and Archbishops' Council

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

	General Fund	Designated funds	Restricted funds	Endowment funds	2019 Total	2018 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Mission to Lowest Income Communities grant	-	-	429	-	429	416
Ordination Training Grant (see note 17)	-	-	140	-	140	85
Contribution to Bishop's Legal costs	38	-	-	-	38	33
	38	-	569	-	607	534

c Other grants and donations

	General Fund	Designated funds	Restricted funds	Endowment funds	2019 Total	2018 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Offa House sale proceeds	-	-	363	-	363	1,033
King Henry VIII Endowed Trust	-	-	234	-	234	227
Allchurches' Trust	98	-	-	-	98	91
New church building	-	-	59	-	59	-
Other grants, donations and similar income	31	-	58	-	89	58
	129	-	714	-	843	1,409

d Charges for charitable activities

	General Fund	Designated funds	Restricted funds	Endowment funds	2019 Total	2018 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Parochial fees	355	-	-	-	355	339
Churches closed for public worship	-	-	8	-	8	6
Contributions to expenditure	1	-	-	-	1	1
	356	-	8	-	364	346

e Other trading activities

	General Fund	Designated funds	Restricted funds	Endowment funds	2019 Total	2018 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Rental income from non-investment properties	375	-	-	-	375	350
Recharged payroll costs	139	-	-	-	139	117
Training	64	-	-	-	64	83
Sundry income	59	-	-	-	59	84
	637	-	-	-	637	634

Recharged payroll costs relate to joint workers between Coventry Cathedral and the Diocesan Board of Finance, and to employees working as Bishops' staff paid by Church Commissioners.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

4 Analysis of income (continued)

f Investments

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s	2018 Total £000s
Glebe property income	-	-	-	1,358	1,358	1,461
Unlisted securities	59	3	15	893	970	924
Bank and deposit interest	12	5	6	-	23	11
Other property income	3	-	3	-	6	13
	74	8	24	2,251	2,357	2,409

5 Analysis of expenditure

a Raising funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s	2018 Total £000s
Glebe operating costs	-	-	179	-	179	144
Glebe management fees	-	-	64	-	64	65
Parsonage rental costs	52	-	-	-	52	49
Support costs	217	-	-	-	217	212
	269	-	243	-	512	470

b Mission and ministry

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s	2018 Total £000s
Clergy stipends costs (see note 9)	1,255	-	1,906	-	3,161	2,993
Curates' stipends costs (see note 9)	319	-	294	-	613	685
Clergy housing	936	-	28	-	964	1,114
Clergy appointment and retirement costs	85	-	-	-	85	111
Staff costs (see note 10)	141	-	-	-	141	122
Fees to retired stipendiary clergy	37	-	-	-	37	35
Other clergy diocesan expenses	86	-	-	-	86	82
Support costs	191	-	-	-	191	188
	3,050	-	2,228	-	5,278	5,330

c Support for mission and ministry

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s	2018 Total £000s
Department costs	271	-	12	-	283	285
Staff costs (see note 10)	1,059	-	15	-	1,074	969
Grants (see note 7)	311	140	400	-	851	469
Churches closed for public worship	-	-	50	-	50	17
Legal costs	51	-	-	-	51	46
New church building	-	-	636	-	636	57
Support costs	518	-	-	-	518	524
	2,210	140	1,113	-	3,463	2,367

Support for ministry and mission includes activities carried out by the Diocesan Training Partnership, Acceler8 and Serving Christ projects, and the costs of supporting the joint venture Together For Change.

The new church built in Stoke Aldermoor was financed by Mission to Lowest Income Communities grant funding and was consecrated in the year. Responsibility for this has now been transferred to the PCC.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

5 Analysis of expenditure (continued)

d Contributions to Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s	2018 Total £000s
Training for ministry	232	-	-	-	232	223
National Church Responsibilities	184	-	-	-	184	178
Grants & provisions	20	-	-	-	20	19
Mission agencies' pension costs	2	-	-	-	2	2
Retired clergy housing & other costs	79	-	-	-	79	75
Pooling of candidates' costs	24	-	-	-	24	18
	541	-	-	-	541	515

e Diocesan Board of Education

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s	2018 Total £000s
Grants (see note 7)	160	-	-	-	160	216
Support costs	37	-	-	-	37	44
	197	-	-	-	197	260

f Other

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s	2018 Total £000s
Unwinding of pension liability discount	-	-	-	42	42	32
	-	-	-	42	42	32

6 Analysis and allocation of support costs

	Raising funds £000s	Ministry & mission £000s	Support for ministry & mission £000s	Education £000s	2019 Total £000s	2018 Total £000s
Governance, management & finance						
Staff costs (see note 10)	129	66	227	27	449	436
Other costs	22	17	90	1	130	146
IT & office						
Staff costs (see note 10)	15	81	63	2	161	143
Other costs	51	27	138	7	223	243
	217	191	518	37	963	968

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

7 Grants Awarded

	2019 £000s	2018 £000s
To parishes and other organisations in the Diocese		
<i>Mission & ministry in parishes</i>		
Mission to Lowest Income Communities grants	160	3
Diocesan Mission Fund grants to parishes	60	35
20-30s development work	34	34
Bishop's mission funds grants to parishes	5	(11)
Diocesan centenary grants to parishes	-	1
<i>Church land and buildings</i>		
Church Improvements Fund grants for ten churches (2018: none)	44	-
Other church building developments	35	-
Church Fabric Fund grants for four churches (2018: ten churches)	16	33
<i>Other organisations in the Diocese</i>		
Coventry Diocesan Board of Education	160	160
Coventry Cathedral for Open Admission programme	50	50
Together For Change	42	7
Coventry Cathedral for diocesan services	17	23
Coventry Cathedral for diocesan centenary	9	24
Hope Coventry	7	7
Coventry Diocesan Board of Education for diocesan centenary	4	3
Coventry Diocesan Board of Education for academisation	-	40
Coventry Diocesan Board of Education for new schools developments	-	16
Other	-	2
	643	427
To other institutions		
Link Dioceses of Kaduna, Kapsabet and Jerusalem	22	6
Syrian Orthodox Christian School	10	23
	32	29
To individuals		
For support of ordinands in ministerial training	300	206
Other grants to clergy and readers	27	23
Lay retreat grants	9	-
	336	229
	1,011	685

Summarised by fund type:

	General Fund £000s	Designated funds £000s	Restricted funds £000s	2019 Total £000s	2018 Total £000s
Support for mission and ministry					
Mission and ministry in parishes	34	54	171	259	62
Church land and buildings	15	60	20	95	33
Other organisations in the Diocese	89	20	20	129	116
Other institutions	-	4	28	32	29
Individuals	173	2	161	336	229
	311	140	400	851	469
Diocesan Board of Education					
Other organisations in the Diocese	160	-	-	160	216
	160	-	-	160	216
	471	140	400	1,011	685

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

None of the trustees received any emoluments from the DBF for services performed as directors (2018: £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 £441 in the year for travel expenses related to activity as trustees of the DBF (2018: nine and £500). Two trustees received a total of £552 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 (2018: two and £574). Eighteen trustees received a total of £451,409 in connection with other offices held in the Diocese (2018: twenty-one and £566,650). These amounts were for stipends, accrued pension benefits, housing, expenses and sundry grants for resettlement and ministerial development.

Yvonne Warren provided counselling services to the DBF and received £280 (2018: £nil) as payment for services provided. Yvonne Warren is a trustee of the DBF and a self-employed professional counsellor. The transactions were conducted in accordance with the DBF's normal procurement procedures.

9 Clergy headcount and costs

The average full time equivalent number of stipendiary clergy who were office holders in the Diocese was 108 (2018: 107); this included two (2018: two) archdeacons.

	2019	2018
	£000s	£000s
Stipends	2,826	2,748
Social security costs	233	230
Pension contributions	715	700
	3,774	3,678

10 Staff headcount and costs

a Staff numbers based on headcount

	2019	2018
	Headcount	Headcount
Staff employed directly:		
Mission and ministry	5	4
Support for mission and ministry	34	30
Central support	12	11
	51	45
Staff employed via third parties		
Support for mission and ministry	1	1
Central support	4	4
	56	50

b Staff costs

	2019	2018
	£000s	£000s
Staff employed directly:		
Salaries	1,402	1,273
Social security costs	124	119
Pension contributions	138	123
	1,664	1,515
Staff employed via third parties:		
For service in the year	161	155
	1,825	1,670

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10 Staff headcount and costs (continued)

The number of employees whose total remuneration amounted to over £60,000 in the year was as follows:

	2019 Headcount	2018 Headcount
£70,001 to £80,000	1	1
£60,001 to £70,000	1	-

None (2018: 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.

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. 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 £356,513 (2018: £346,347).

11 Tangible fixed assets

	Parsonages £000s	Glebe houses £000s	Operational properties £000s	Diocesan offices £000s	Office equipment £000s	Total £000s
Cost						
At 1 January 2019	5,884	1,270	9,995	846	237	18,232
Additions	-	-	1,445	-	-	1,445
Transfers	350	(350)	-	-	-	-
Disposals	-	-	(682)	-	-	(682)
Revaluations	-	8	-	-	-	8
At 31 December 2019	<u>6,234</u>	<u>928</u>	<u>10,758</u>	<u>846</u>	<u>237</u>	<u>19,003</u>
Depreciation						
At 1 January 2019	-	-	-	-	231	231
Charge for year	-	-	-	-	2	2
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233</u>	<u>233</u>
Net book value						
At 31 December 2019	<u>6,234</u>	<u>928</u>	<u>10,758</u>	<u>846</u>	<u>4</u>	<u>18,770</u>
At 31 December 2018	<u>5,884</u>	<u>1,270</u>	<u>9,995</u>	<u>846</u>	<u>6</u>	<u>18,001</u>

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 2019	34,439	26,893	61,332
Additions at cost	-	2,246	2,246
Disposals at cost	(107)	-	(107)
Gains on revaluation	365	5,101	5,466
Fair value at 31 December 2019	<u>34,697</u>	<u>34,240</u>	<u>68,937</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
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12 Fixed asset investments (continued)

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.

13 Debtors

	2019	2018
	£000s	£000s
Glebe agents	250	142
Parish Share	63	96
Accrued grant income due within one year	1,511	2,082
Prepayments and accrued other income	457	395
Other debtors	126	62
	<u>2,407</u>	<u>2,777</u>

14 Creditors: amounts falling due within one year

	2019	2018
	£000s	£000s
Trade creditors	144	136
Grant payment accruals	413	533
Other accruals	229	222
Deferred income	233	246
Taxation and social security	100	75
Pension contributions payable for the period	12	9
Pension liability (see note 2)	347	360
	<u>1,478</u>	<u>1,581</u>

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

15 Creditors: amounts falling due after more than one year

	2019	2018
	£000s	£000s
Pension liability (see note 2)	385	1,794
Grant payment accruals	156	162
	<u>541</u>	<u>1,956</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
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16 Statement of funds

	At 1 Jan 2019 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 Dec 2019 £000s
GENERAL FUND	2,722	6,270	(6,267)	(379)	314	2,660
DESIGNATED FUNDS						
Operational Properties Fund	10,842	-	-	659	104	11,605
Bishop's Mission Fund	26	4	5	-	-	35
Extra Mission and Ministry Support Fund	132	-	(6)	-	-	126
Diocesan Mission Fund	103	1	(60)	29	-	73
Church Buildings Fund	42	-	(16)	-	-	26
Church Improvements Fund	-	-	(44)	105	-	61
Centenary Events Fund	11	-	4	(15)	-	-
Bishop of Coventry's Link Dioceses Fund	26	-	(21)	-	-	5
Clergy Holidays Fund	98	3	(2)	-	16	115
Total designated funds	11,280	8	(140)	778	120	12,046
Total unrestricted funds	14,002	6,278	(6,407)	399	434	14,706
RESTRICTED FUNDS						
Pastoral Fund	72	8	(50)	-	-	30
Acceler8 Grants Fund	215	-	-	(92)	-	123
Serving Christ Fund	1,581	-	-	(255)	-	1,326
Mission to Lowest Income Communities Fund	398	429	(759)	(2)	-	66
New Church Building Fund	-	59	(59)	-	-	-
Church Commissioners' Mission Fund	11	-	(11)	-	-	-
Warwick 20s-30s Development Worker Fund	-	15	(16)	-	-	(1)
Offa House Sale Proceeds Fund	1,037	367	-	(1,404)	-	-
Offa Capital Projects Fund	-	1	(20)	301	-	282
Offa Spiritual Renewal Fund	-	13	-	1,103	(2)	1,114
Syrian Orthodox Christian School Fund	5	10	(10)	-	-	5
SOCS Scholarship Fund	2	-	-	-	-	2
Companionship Link Funds	2	18	(18)	-	-	2
Retreat Grants Fund	28	-	(9)	-	-	19
The Reverend George Goode Fund	15	-	-	-	-	15
Ordination Training Grant Fund	6	140	(148)	-	-	(2)
DC Bonfield Bequest	57	1	-	-	-	58
Ordination Candidates' Fund	-	6	(6)	-	-	-
Archdeacons' Discretionary Fund	40	2	(4)	-	7	45
Queen Victoria Clergy Fund	2	3	(3)	-	-	2
Diocesan Stipends Fund Income Account	-	24	(1,959)	1,935	-	-
Deanery Share Support Fund	-	293	(293)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	219	(219)	-	-	-
Total restricted funds	3,471	1,608	(3,584)	1,586	5	3,086
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	5,883	-	-	350	-	6,233
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	61,309	2,251	-	(2,651)	5,076	65,985
Church of England Funded Pension Fund	(2,154)	-	(42)	316	1,148	(732)
Coventry Diocesan Endowment Fund	651	-	-	-	112	763
Total endowment funds	65,689	2,251	(42)	(1,985)	6,336	72,249
TOTAL FUNDS	83,162	10,137	(10,033)	-	6,775	90,041

* Transfers include £2,251k (2018: £2,323k) released to restricted funds in accordance with the DBFs total return policy.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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for the year ended 31 December 2019

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.

Bishop's Mission Fund

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

Extra Mission and Ministry Support Fund

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

Diocesan Mission Fund

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

Church Buildings Fund

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

Church Improvement Fund

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

Centenary Events Fund

This fund was set up in 2015 to finance events in 2018 celebrating the centenary 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.

Clergy Holidays Fund

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

RESTRICTED FUNDS

Pastoral Fund

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.

Serving Christ Fund

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

Mission to Lowest Income Communities Fund

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

New Church Building Funds

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

Church Commissioners' Mission Fund

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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

Warwick 20s and 30s Development Fund

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

Offa House Estate Sale Proceeds Fund

This fund was set up in 2018 following receipt of the sale proceeds from Offa House, the former diocesan retreat centre. Both capital and income can be used for the charitable purposes connected with the advancement of the Christian religion in the Diocese of Coventry as the Trustees and Bishop of Coventry shall determine.

Offa Capital Projects Fund

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

Offa Spiritual Refreshment Fund

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

Syrian Orthodox Christian School (SOCS) Funds

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

Companionship Link Funds

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

Retreat Grants Fund

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

The Reverend George Goode Fund

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

Ordination Training Grant Fund

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

DC Bonfield Bequest and Ordination Candidates' Fund

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

Archdeacons' Discretionary Fund and the Queen Victoria Clergy Fund

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

Diocesan Stipends Fund Income Account

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

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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
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17 Descriptions of Designated, Restricted and Endowment Funds (continued)

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

EE Bardsley Bequest

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

ENDOWMENT FUNDS

Parsonage Houses Fund

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

Diocesan Stipends Fund Capital Account

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

Coventry Diocesan Endowment Fund

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

18 Total Return

	Trust for Investment £000s	Unapplied Total Return £000s	Total £000s
At 1 January 2019			
Gift component of the permanent endowment	14,984	-	14,984
Accumulated inflation since original gift	6,178	-	6,178
Accumulated net transfers brought forward	(33)	-	(33)
Unapplied total return	-	40,180	40,180
	<u>21,129</u>	<u>40,180</u>	<u>61,309</u>
Movements in the year			
Transfers from Glebe to Parsonages & Operational Properties	(129)	(271)	(400)
Investment return: property income, dividends and interest	-	2,251	2,251
Investment return: realised and unrealised gains and losses	-	5,076	5,076
Indexation on base value of investment	274	(274)	-
	<u>145</u>	<u>6,782</u>	<u>6,927</u>
Unapplied Total Return allocated to income in the year	-	(2,251)	(2,251)
Net movements in the year	<u>145</u>	<u>4,531</u>	<u>4,676</u>
At 31 December 2019			
Gift component of the permanent endowment	14,984	-	14,984
Accumulated inflation since original gift	6,452	-	6,452
Accumulated net transfers carried forward	(162)	-	(162)
Unapplied total return	-	44,711	44,711
	<u>21,274</u>	<u>44,711</u>	<u>65,985</u>

Movements in the year reflect

- a) the pastoral order made for the creation of the new benefice of Rugby St Peter and St John which led to the transfer of an operational property in Lower Hillmorton Road to become a parsonage,
- b) the identification that a piece of land in Preston-on Stour had been incorrectly treated as glebe land when it should have been categorised within operational properties.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
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19 Transfers between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s
Transfers relating to properties:					
From Diocesan Stipends Fund to Parsonage Houses	-	-	-	(350)	(350)
To Parsonage Houses from Diocesan Stipends Fund	-	-	-	350	350
Property sales transferred to the General Fund	785	(785)	-	-	-
Property purchases funded by the General Fund	(1,394)	1,394	-	-	-
Property classified as Operational Property	-	50	-	(50)	-
Property purchase funded by the Pastoral Fund	-	-	-	-	-
	(609)	659	-	(50)	-
Transfers relating to Offa House sale proceeds:					
From sale proceeds to Capital Projects Fund	-	-	(301)	-	(301)
To Capital Projects Fund from sale proceeds	-	-	301	-	301
From sale proceeds to Spiritual Renewal Fund	-	-	(1,103)	-	(1,103)
To Spiritual Renewal Fund from sale proceeds	-	-	1,103	-	1,103
Establishment of Church Improvement Fund	(105)	105	-	-	-
Top up Diocesan Mission Fund	(29)	29	-	-	-
Clear unused Centenary Fund	15	(15)	-	-	-
Pension deficit contributions paid in year	-	-	(316)	316	-
Releases to cover General Fund costs incurred:					
Acceler8 project	92	-	(92)	-	-
Serving Christ project	255	-	(255)	-	-
Lowest Income Communities work	2	-	(2)	-	-
	(379)	778	(665)	266	-

20 Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s
Funds at 31 December 2019 are represented by:					
Tangible fixed assets	4	11,604	-	7,162	18,770
Fixed asset investments	1,995	109	1,139	65,694	68,937
Net current assets	661	395	2,041	(222)	2,875
Creditors falling due after more than one year	-	(62)	(94)	(385)	(541)
Total net assets	2,660	12,046	3,086	72,249	90,041

21 Related party transactions

The Coventry Diocesan Board of Education ("the DBE") is a related party as it is responsible to Diocesan Synod, the members of which are also the members of the DBF. The DBF provided the DBE with grants of £159,504 (2018: £215,524) in the year towards the costs of the DBE's statutory obligations and, in 2018, the costs of academisation and the costs of potential new schools development (see note 7). Other grants provided by the DBF totalled £4,148 (2018: £3,327). Other services provided by the DBF totalled £12,231 (2018: £12,730). The net amount owing from the DBE at 31 December 2018 in relation to transactions between the two parties was £1,302 (31 December 2018: £2,294).

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	£20,614 (2018: £20,108)
Residential property	£3,254 (2018: £3,099)
CJB Meacham Trust	£6,330 (2018: £6,174)
Clifton on Dunsmore-Hanbury Trust	£1,503 (2018: £1,466)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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21 Related party transactions (continued)

Costs incurred by the DBF on behalf of the Diocesan Trustees were £35,602 (2018: £27,936). These costs were for secretarial support, land registrations and audit fees.

Together for Change (TFC) is a joint venture between the DBF and the Church Urban Fund. Costs incurred by the DBF as part of this partnership include the supply of a Chief Executive Officer, office and IT provision, and finance and HR services. A grant of £22,000 was awarded in the year (2018: £7,000).

22 Custodian Trustee

During the year the DBF was the trustee of the Offa House estate, the former diocesan retreat house. Offa House and most of the land had been sold in 2018; the Lodge Cottage was sold in December 2019 and the net sales proceeds were £363,503. 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. Net rental income for the Lodge Cottage of £2,943 (2018: £7,009) has been received.

23 Post balance sheet events

At the time of approval of the financial statements, the COVID19 virus continues to develop and has had a significant negative impact on investment values post year end. At 8 April 2020 equity fund values had fallen by c£4m. The longer term impact on investment values is currently unknown and the trustees and the Investment Sub-Committee will continue to monitor the situation.

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

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2018 Total £000s
Income and endowments from:					
Donations					
Parish Share	4,950	-	350	-	5,300
Church Commissioners	33	-	501	-	534
Other grants and donations	109	2	1,298	-	1,409
Charges for charitable activities	340	-	6	-	346
Other trading activities	599	-	35	-	634
Investments					
Investment income	71	7	8	2,323	2,409
Total return allocated to income	-	-	2,323	(2,323)	-
Other	-	-	-	-	-
Total	6,102	9	4,521	-	10,632
Expenditure on:					
Raising funds	261	-	209	-	470
Charitable activities					
Mission and ministry	2,938	-	2,392	-	5,330
Support for mission and ministry	2,022	150	195	-	2,367
Contributions to Archbishops' Council	515	-	-	-	515
Diocesan Board of Education	260	-	-	-	260
Other	-	-	-	32	32
Total	5,996	150	2,796	32	8,974
Net income/(expenditure) before investment gains	106	(141)	1,725	(32)	1,658
Net gains/(losses) on investments					
Net losses on revaluation	(25)	(2)	-	(76)	(103)
Surplus on sale of investments	-	-	-	522	522
Net income/(expenditure)	81	(143)	1,725	414	2,077
Transfers between funds	366	460	(1,135)	309	-
Other recognised gains/(losses):					
Gains on revaluation of fixed assets	-	-	-	277	277
Actuarial loss on defined benefit pension scheme	-	-	-	(22)	(22)
Net movement in funds	447	317	590	978	2,332
Reconciliation of funds					
Funds at 1 January	2,275	10,963	2,881	64,711	80,830
Net movement in funds	447	317	590	978	2,332
Funds at 31 December	2,722	11,280	3,471	65,689	83,162

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
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25 Prior year Statement of funds

	At 1 Jan 2018 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 Dec 2018 £000s
GENERAL FUND	2,275	6,102	(5,996)	366	(25)	2,722
DESIGNATED FUNDS						
Operational Properties Fund	10,382	-	-	460	-	10,842
Bishop's Mission Fund	31	2	(7)	-	-	26
Extra Mission and Ministry Support Fund	132	-	-	-	-	132
Diocesan Mission Fund	137	1	(35)	-	-	103
Church Buildings Fund	75	-	(33)	-	-	42
Centenary Events Fund	74	-	(63)	-	-	11
Bishop of Coventry's Link Dioceses Fund	36	2	(12)	-	-	26
Clergy Holidays Fund	96	4	-	-	(2)	98
Total designated funds	10,963	9	(150)	460	(2)	11,280
Total unrestricted funds	13,238	6,111	(6,146)	826	(27)	14,002
RESTRICTED FUNDS						
Pastoral Fund	508	41	(17)	(460)	-	72
Acceler8 Grants Fund	408	-	-	(193)	-	215
Serving Christ Fund	1,754	-	-	(173)	-	1,581
Mission to Lowest Income Communities Fund	44	416	(62)	-	-	398
Church Commissioners' Mission Fund	-	-	11	-	-	11
Warwick 20s-30s Development Worker Fund	1	13	(14)	-	-	-
Offa House Sale Proceeds Fund	-	1,037	-	-	-	1,037
Syrian Orthodox Christian School Fund	19	8	(22)	-	-	5
SOCS Scholarship Fund	3	-	(1)	-	-	2
Companionship Link Funds	2	4	(4)	-	-	2
Retreat Grants Fund	28	-	-	-	-	28
The Reverend George Goode Fund	15	-	-	-	-	15
Ordination Training Grant Fund	-	85	(79)	-	-	6
DC Bonfield Bequest	57	-	-	-	-	57
Ordination Candidates' Fund	-	4	(4)	-	-	-
Archdeacons' Discretionary Fund	39	1	-	-	-	40
Queen Victoria Clergy Fund	3	2	(3)	-	-	2
Diocesan Stipends Fund Income Account	-	23	(2,037)	2,014	-	-
Deanery Share Support Fund	-	350	(350)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	214	(214)	-	-	-
Total restricted funds	2,881	2,198	(2,796)	1,188	-	3,471
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	5,676	-	-	207	-	5,883
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	60,784	2,323	-	(2,530)	732	61,309
Church of England Funded Pension Scheme	(2,409)	-	(32)	309	(22)	(2,154)
Coventry Diocesan Endowment Fund	660	-	-	-	(9)	651
Total endowment funds	64,711	2,323	(32)	(2,014)	701	65,689
TOTAL FUNDS	80,830	10,632	(8,974)	-	674	83,162

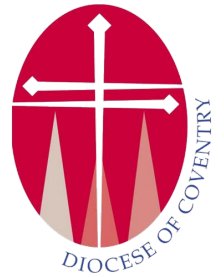
COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

26 Prior year Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2018 Total £000s
Funds at 31 December 2018 are represented by:					
Tangible fixed assets	6	10,841		7,154	18,001
Fixed asset investments	1,682	92	36	59,522	61,332
Net current assets	1,039	447	3,492	807	5,785
Creditors falling due after more than one year	(5)	(100)	(57)	(1,794)	(1,956)
Total net assets	2,722	11,280	3,471	65,689	83,162

COVENTRY

DIOCESAN BOARD OF FINANCE



Company Registered Number: 319482
Registered Charity Number: 247828