

Charity number: 249972  
Company number: 145650

**Canterbury Diocesan Board of Finance**  
(A company limited by guarantee)

**Directors report and financial statements**  
for the year ended 31 December 2008

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**Canterbury Diocesan Board of Finance**  
**(A company limited by guarantee)**

**Contents**

	Page
<b>Reference and administrative details</b>	<b>1</b>
<b>Director's report</b>	<b>2 - 10</b>
<b>Independent auditors' report</b>	<b>11</b>
<b>Statement of financial activities</b>	<b>12</b>
<b>Balance sheet</b>	<b>13</b>
<b>Income and expenditure account</b>	<b>14</b>
<b>Cash flow statement</b>	<b>15</b>
<b>Notes to the financial statements</b>	<b>16 - 34</b>

## **Canterbury Diocesan Board of Finance**

### **Reference and administrative details for the year ended 31 December 2008**

#### **Ex-officio directors:**

The Archbishop of Canterbury  
The Bishop of Dover  
The Bishop of Maidstone  
The Archdeacon of Canterbury  
The Archdeacon of Maidstone

The Dean of Canterbury  
Canon Mark Roberts  
Mr Raymond Harris - Chairman  
Mrs Caroline Spencer

#### **Elected directors**

Mrs Judy Blount  
Mr Andrew Collie  
Mr Christopher Gabriel  
Reverend Stephen Laird  
Mr Lionel Marchant  
Mr Barrie Marshall

Canon Sheila McLachlan  
Miss Audrey Morris  
Reverend Colin Preece  
Reverend John S Richardson  
Mrs Margaret Tilley

**Charity Registration number:**

249972

**Company Registration number:**

145650

**Principal Officers:** Diocesan Secretary  
Diocesan Accountant

Mr Julian Hills  
Mr Rob Trice

**Registered Office:**

Diocesan House  
Lady Wootton's Green  
Canterbury  
Kent CT1 1NQ

**Auditors:**

haysmacintyre  
Chartered Accountants  
Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**Solicitors:**

Mowl & Mowl  
35 and 36 Castle Street  
Dover  
Kent CT16 2 SE

**Bankers:**

Lloyds TSB plc  
49 High Street  
Canterbury  
Kent CT1 2 SE

## **Canterbury Diocesan Board of Finance**

### **Directors' Report for the year ended 31 December 2008**

The directors submit their annual report and the audited financial statements of the Canterbury Diocesan Board of Finance (the Board) for the year ended December 2008. The Directors confirm that the annual report and financial statements comply with current statutory requirements, the requirements of the Board's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

### **Summary information about the structure of the Church of England**

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the southern province and York for the northern). Each province comprises dioceses of which there are 43 in England. Each diocese is divided into deaneries and each deanery then into parishes, and each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the "cure of souls" in their parish.

Her Majesty the Queen, who is the Supreme governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 of the senior bishops sit in the House of Lords.

The Church of England is episcopally-led; there are 108 bishops including Diocesan Bishops, Assistant and Suffragan Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. Its members belong to one of three groups or houses: the House of Bishops, the House of Clergy and the House of Laity, and meets in London or York at least twice annually to consider matters for the broader good of the Church.

### **The Diocese**

#### **Diocesan Synod**

The statutory governing body of the diocese is the Diocesan Synod which is composed of Archbishop nominated members and elected members with representation across the diocese from both clergy and laity and meeting together with the Archbishop of Canterbury, our 2 bishops and 2 archdeacons. Its role is to

- Consider matters affecting the Church of England in this diocese
- Act as a forum for debate of Christian opinion on matters of religious or public interest
- Advise the archbishop and bishops where requested
- Deal with matters referred by General Synod
- Provide for the financing of the diocese

#### **Deanery Synod**

The Deanery Synod is elected with representation from laity and clergy across the parishes within that deanery and its role is to

- Respond to questions from General Synod
- Give effect to the decisions made by the Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery

## **Canterbury Diocesan Board of Finance**

### **Directors' Report for the year ended 31 December 2008 (continued)**

- Act as a channel of communication to express the views of the parishes to Diocesan Synod and thence to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to the Diocesan Synod and of the diocese to General Synod
- Provide for the allocation of Parish Share to parishes and thence to oversee financial strategies for the provision of mission and ministry.

### **Parochial Church Council**

The Parochial Church Council (PCC) is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the parish priest as chair, the churchwardens and a number of elected and ex-officio members. Each PCC is a charity, and currently all are "excepted" from registration with the Charity Commission, subject to the Charities Act 2006, under which there is a timetable for those with gross income in excess of £100,000 in any one year to be registered. The financial transactions of PCC's do not form part of the Diocese's financial statements; these can be obtained from the relevant PCC Treasurer.

### **Archbishops Council**

The members of Archbishops Council are nominated by the Archbishop and elected by members of the Diocesan Synod and constitute the Board of Directors of the Diocese. Their role is to

- Plan the business of Synod, to prepare the agenda for its sessions
- Initiate proposals for discussion by the Synod and to advise on matters of policy
- To transact the business of Synod when the Synod is not in session
- To approve the appointment of members of committees
- To carry out such functions as Synod may delegate

### **Structure, governance and management**

The Canterbury Diocesan Board of Finance (CDBF) was formed under the Diocesan Boards of Finance Measure 1925 to be the registered company of the Diocese to manage its financial affairs and hold its assets.

Every member of Diocesan Synod is a member of the CDBF for company law purposes, and similarly Archbishop's Council comprises the Board of Directors.

The Board is a company limited by guarantee and as such has no share capital.

The Board is a registered charity and as such has no form of income which is liable to tax.

The Board is constituted under a Memorandum of Association and is a registered charity number 249972.

### **Method of appointment or election of Directors**

The management of the Board is the responsibility of the Directors who are elected and co-opted under the terms of the Articles of Association.

### **Policies adopted for the induction and training of Directors**

At the first meeting of the triennium a whole day is set aside for the induction and training of all directors. Also Diocesan officers are always on hand to advise directors on supplementary issues.

**Canterbury Diocesan Board of Finance**  
**Directors' Report for the year ended 31 December 2008 (continued)**

**Organisational structure and decision making**

The Board is organised so that the Directors meet regularly to manage its affairs. The principal officers manage the day to day administration of the Board. The remaining staff assist in the administration as appropriate.

**Related parties**

The CDBF is required to make certain annual payments to the national Archbishops' Council towards the running costs of the National Church. The stipends of all parish priests are paid initially by the Church Commissioners but these are then reimbursed by the CDBF. The stipends of the Archbishop and our 2 bishops together with the salaries of appropriate secretarial support are borne by the Church Commissioners and are not included in these statements.

**Connected Entities**

The trustees consider that the following are connected registered charities.

Canterbury Diocesan Board of Education the aims of which are to:

- Promote education within the Diocese of Canterbury, according to the faith and practice of the Church of England
- Promote religious education and religious worship in schools in the Diocese.
- Watch over the interests of Church schools and secure the provision of new schools
- Give advice as to matters affecting Church schools and Church educational endowments within the Diocese

Diocesan Association for the Deaf  
Church in Society  
Council for Social Aid  
Strategic Property (dormant)

**Risk Management**

The directors actively review on a regular basis the major risks which the Board faces and believe that maintaining our free reserves at the level stated above, combined with our annual review of the major strategic, business and operational risks, will provide sufficient resources in the event of adverse conditions. The directors confirm that systems have been established to enable regular reports to be produced so that necessary steps can be taken to mitigate the significant risks.

**Public Benefit**

The directors of the Board are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board.

The Board believes that, by promoting the work of the Church of England in the Diocese of Canterbury, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- Providing resources 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

**Canterbury Diocesan Board of Finance**  
**Directors' Report for the year ended 31 December 2008 (continued)**

- 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.

**Objectives and activities**

The Canterbury Diocesan Board of Finance's policy continues to be the financing of ministry in the parishes of the Diocese and the maintenance of central and support services.

Our Vision is that in every local community of this Diocese there should be a worshipping, welcoming and serving congregation, working with Christians of other traditions and people of goodwill, witnessing to the transforming power of the love of God as seen in Jesus.

The clergy and laity in the parishes have every cause to be grateful for the manner in which they are served by the committed staff at Diocesan House.

**Strategies for achieving objectives**

The Diocese is continually reviewing its strategy for the achievement of its objectives. It is currently establishing a working strategy for Growing Forward Together Towards 2020 (GFT>>2020) to ensure that there are Diocesan wide plans for effective ongoing Mission and Ministry, underpinned by financial sustainability in each worshipping area of the Diocese.

Archbishops Council has identified areas for change as follows:

Vocations; Mission, Ministry and Money (3M's); Schools and Colleges; Buildings; Research; Communications; Training and Growing into Holiness.

Each area will be reviewed within the overarching GFT>>2020 strategy and resources marshalled so that the most effective mission orientated ministry can be developed to suit the needs of the future.

**Grant Making policies**

Grants are made on an ad hoc basis in accordance with the terms of each fund as detailed in Notes 18 to 20 on pages 28-31.

**Activities and performance**

The Board has strived to ensure the continuing financing of ministry in the parishes of the diocese and the maintenance of its central administrative and support services. This work was hampered by the very exceptional economic conditions that became apparent in the latter part of the year both in the UK and throughout the world. This has led to a loss in the value of the Board's limited investments, a decline in investment returns and an inability to sell off vacant and redundant property as the need arose. In addition the high level of accumulated Parish Share arrears from a minority of parishes together with a high level of property repair costs through the exceptional numbers of incumbent interregna has caused additional pressures upon cash resources. The ability of the Board to assist parishes in providing its local ministry has accordingly been hampered by these exceptional conditions.

The financial performance of the Board shows an operational loss for the year of £816k on unrestricted funds. There are very exceptional reasons for this situation.

1. The discount levels for early payment of Parish Share were set in the autumn of 2007, long before the deteriorating investment environment became apparent. The sum of £129k was awarded to parishes for advance payments of Parish Share but the diocese was unable to benefit from higher interest levels earned on the ensuing cash flow advantages. It is estimated that there was a £50k adverse effect on performance as a result. The level of discounts have been reduced for 2009 to take this into account.
2. The diocese refunded significant sums of vacancy refunds to those parishes where an incumbency interregnum had come to an end during the year. In accordance with established policy, the costs of any adaptation repair or maintenance to parsonages during such vacancies will usually occur at the end of the interregnum. The cost of this work has been running at £15k-£20k per house and is significantly more than the average cost of £5k for normal repairs which would otherwise be charged to the parishes. Accordingly the diocese has borne an estimated £300k in advance work this year caused by this policy. Future commitments to repair and maintenance to parsonages has been scaled down as a result.
3. In addition the diocese has decided to change its accounting policy for future anticipated vacancy refunds and as a result £376k of costs that would otherwise have been accounted for in 2009 has been brought forward into 2008. This will ensure that the diocesan policy more closely follow the matching accounting principle for its incomes and expenditures.
4. Leaving aside these items the underlying situation for the diocese in 2008 was an operational loss of approximately £100k. The Diocese is currently reviewing its expenditure commitments in the light of the delicate financial position and thereby prioritising its work.

The Parish Share collection rate improved slightly in 2008 to 94.7% from 94.2% whilst the level of recoverable arrears rose from £823k to £845k. Efforts are ongoing to try to improve this situation for the benefit of all parishes.

The diocese is seeking to engage with parishes on a number of strategic matters as part of its Growing Forward Together Towards 2020 policy. In this efforts are being made to respond to the declining numbers of full time stipendiary ministers by laying the appropriate framework for the structure of a "mixed economy" of ministry. As a result discernment of calling to the ministry both ordained and lay and appropriate authorised training are both essential if the future challenges are to be met. The aging nature of many congregations is of particular concern and efforts to help parishes engage in mission and ministry to young people and families continue to be made. Additionally the diocese has responded to the varied financial problems that a number of its parishes are facing by introducing a Parish Grants scheme in 2009 which will target vital funds to those parishes which most need it.

The Diocese in 2008 remained committed to stimulating mission throughout the area and for this reason a further £326k in funding was made to various mission projects representing an increase over the £229k spent in 2007. Significant community based Christian resources are in the process of being created at Otham and Kennington whilst children's and young people's work



**Canterbury Diocesan Board of Finance**  
**Directors' Report for the year ended 31 December 2008 (continued)**

has been created at Hawkinge, Folkestone and Marden. The work of the 2 Diocesan Missioners started in 2007 is now beginning to bear fruit and new work in both the traditional arrears of church and in fresh expressions of church have been initiated.

**Investment policy and performance**

The year saw significant turbulence of many of the world financial markets and investor confidence suffered a number of setbacks. At the end of the year this yielded a loss of the diocesan investments of £995k, which has wiped our previous year's accumulated gains from which the diocese has been able to meet some operational losses. In addition the diocese has seen falls in property values and an inability to dispose of surplus property which could have financed any deficit. The directors believe that their review of the investment policy during the year under advice from CCLA Management Ltd ensured that the values and returns of investments were maximised given the volatile conditions. The policy will be closely reviewed to optimise investment returns over the medium to long term.

**Reserves Policy**

The policy of the Board is to hold working reserves (immediately available in undesignated investments and cash) of between 15-20% of its annual budget. In 2008 this would yield holdings of between £1.3m and £1.8m. The working reserves are regarded as the minimum required to enable the Board to withstand cash flow fluctuations in the course of its normal business. At the end of 2008 the Board's working reserves fell significantly below this range whilst 2 properties awaited sale. The Board maintains a policy of financing future ministry property purchases through mortgages arranged with the Kent Reliance Building Society in order to safeguard the ongoing level of working reserves. The available reserves amounted to:

202k 'Free' Cash Reserves
(71)k Bank Overdraft
(401)k Church Commissioners Loan Facility
(270)k

The ability of the diocese to meet its expenditure commitments at the end of the year was severely curtailed. However, advance payments of Parish Share in early 2009 ameliorated this.

**Operational performance**

The Statement of Financial Activities shows an overall outgoing net movement in funds of £1,778k for the year and the reasons for this are explained below.

Important transactions during the year:

- The Board budgeted to receive £7.4m in Parish Shares to cover the costs of the Ministry, Support Services and Mission. Overall general funds showed a deficit of £816k which reflected the following significant above budget items:

➤ Discounts on early payment of parish share	+£129k
➤ Refund of Ministry cost during parish vacancies	+£813k

offset by a number of budgetary savings elsewhere.

**Canterbury Diocesan Board of Finance**  
**Directors' Report for the year ended 31 December 2008 (continued)**

- The Board's funds at 31 December 2008 are summarised as follows:

	£'000
Unrestricted funds	1,430
Designated funds	6,016
Restricted funds	1,552
Endowment funds	1,580

The present level of funds is adequate for the future plans and commitments in continuing the Board's policies and the directors consider the financial position to be satisfactory. However the Directors are aware that the ability of the Board to continue to resource local ministry will be compromised by those parishes that fail to meet their Parish Share commitments especially those in periods of interregna.

All of the Board's assets are held for charitable purposes. The directors are of the opinion that the open market value of freehold property is in excess of the written down value shown in the balance sheet.

The Directors of the Board are aware of the difficulties currently being experienced in the associated charity, the Canterbury Diocesan Board of Education, caused by the judgement in the Fraser & Fraser Reverter case. Loan capital of £296k has already been made available. On the advice of counsel a writ has been issued against the advising solicitors.

Investments held by the Board have been acquired in accordance with powers available to the directors.

**Principal funding**

Around 80% of the income of the CDBF comes from the Parish Share and 8% from the Church Commissioners allocations

**Material investments policy**

The investment policy was reviewed in 2008

- Having reviewed the options the Board will continue to use CCLA Management Ltd to manage their investment portfolio.
- To keep surplus liquid funds on short term deposit
- To maintain holdings of longer term investments at the following holding levels:  
Investment Fund (60%) Property Fund (30%), Fixed Interest Fund (10%).

The investments are detailed in note 13 and show an unrealised loss for the year of £964k.

**Plans for the future**

The Diocese will continue to develop its Growing Forward Together Towards 2020 strategy in partnership with deaneries to ensure the ongoing viability and sustainability of its Diocesan wide mission and ministry.

**Canterbury Diocesan Board of Finance**  
**Directors' Report for the year ended 31 December 2008 (continued)**

**Funds held as custodian**

The Board acts as Custodian Trustee in respect of trusts administered on behalf of managing trustees, which includes incumbents, churchwardens, Parochial Church Councils and other organisations of the Diocese. The assets held in the capacity of Custodian Trustee include freehold property and investments.

The Board also administers funds, on behalf of Parochial Church Councils, on an agency basis for investment and obtains income tax repayments, relating to Gift Aid, on behalf of parishes and other Diocesan organisations. The tax recovered during 2008 was £1.15m.

In 2000 the Board arranged for the Central Board of Finance Investment Office to take over the administration of investments held on behalf of parishes, with the exception of Endowment Funds. The Board is still administering investments with a book value of £3.1m.

The assets of these funds are held separately from those of the Board.

**Political and Charitable donations**

The Canterbury Diocesan Board of Finance is a charity registered with the Charity Commission and a proportion of its payments are for charitable purposes as detailed in the accounts. No political contributions were made in the year.

**Tangible fixed assets for use by the Board**

Details of movements in fixed assets are set out in note 12 to the accounts and attention is also drawn to the accounting policies note 1.7 and 1.8.

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the Board and of the surplus or deficit of the Board for that period. In preparing these financial statements the Directors are required to

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Directors are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Board and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Board's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual reports may differ from legislation in other jurisdictions.

**Canterbury Diocesan Board of Finance**  
**Directors' Report for the year ended 31 December 2008 (continued)**

**Provision of information to auditors**

So far as each of the directors is aware at the time the report is approved:


- there is no relevant information of which the Board's auditors are unaware
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditors**

A resolution proposing that haysmacintyre be re-appointed as auditors will be put to the Annual General Meeting.

**Approval**

This report was approved and authorised for issue by the directors on 2<sup>nd</sup> April 2009 and signed on its behalf

 Director

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANTERBURY DIOCESAN BOARD OF FINANCE**

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We have audited the financial statements of the Canterbury Diocesan Board of Finance for the year ended 31 December 2008 which comprise the Statement of Financial Activities, Summary Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Directors are also trustees of the Canterbury Diocesan Board of Finance for the purposes of charity law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

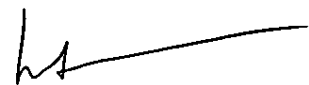
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2008 and of its incoming resources and application of resources in the year then ended, including its income and expenditure;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Hays Macintyre  
Registered Auditors  
Fairfax House  
15 Fulwood Place  
London WC1V 6AY

2 April 2009

Canterbury Diocesan Board of Finance

Statement of financial activities  
for the year ended 31 December 2008

	Note	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2008 £	Total 2007 £
<b>Incoming Resources</b>							
Incoming resources from generated funds:							
- Voluntary income	2	115,991	164,757	-	-	280,748	113,122
- Investment income	3	253,299	109,628	3,852	-	366,779	290,379
Incoming resources from charitable activities	4	7,394,414	-	-	-	7,394,414	6,953,652
Other incoming resources	5	17,095	226,302	250,000	-	493,397	523,507
<b>Total incoming resources</b>		<b>7,780,799</b>	<b>500,687</b>	<b>253,852</b>	<b>-</b>	<b>8,535,338</b>	<b>7,880,660</b>
<b>Resources Expended</b>							
Charitable activities	6	8,584,620	573,669	147,139	-	9,305,428	7,948,116
Governance costs	9	12,438	-	-	-	12,438	24,481
<b>Total Resources Expended</b>		<b>8,597,058</b>	<b>573,669</b>	<b>147,139</b>	<b>-</b>	<b>9,317,866</b>	<b>7,972,597</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(816,259)</b>	<b>(72,982)</b>	<b>106,713</b>	<b>-</b>	<b>(782,528)</b>	<b>(91,937)</b>
<b>Transfers between funds</b>		<b>346,582</b>	<b>-</b>	<b>(346,582)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (outgoing)/incoming resources for the year</b>		<b>(469,677)</b>	<b>(72,982)</b>	<b>(239,869)</b>	<b>-</b>	<b>(782,528)</b>	<b>(91,937)</b>
<b>Other recognised gains and losses</b>							
Realised (losses) on investments		-	(24,483)	(6,587)	-	(31,070)	-
Unrealised (losses) on investments		(58,897)	(265,851)	(236,670)	(402,916)	(964,334)	(50,866)
<b>Net movements in Funds</b>		<b>(528,574)</b>	<b>(363,316)</b>	<b>(483,126)</b>	<b>(402,916)</b>	<b>(1,777,932)</b>	<b>(142,803)</b>
<b>Balances brought forward at 1 January 2008</b>		<b>1,959,184</b>	<b>6,379,661</b>	<b>2,035,497</b>	<b>1,983,246</b>	<b>12,357,588</b>	<b>12,500,391</b>
<b>Balances carried forward at 31 December 2008</b>		<b>1,430,610</b>	<b>6,016,345</b>	<b>1,552,371</b>	<b>1,580,330</b>	<b>10,579,656</b>	<b>12,357,588</b>

All activities relate to continuing operations. There are no other gains or losses other than those included above.

# Canterbury Diocesan Board of Finance

## Balance Sheet as at 31 December 2008

	Note	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2008 £	Total 2007 £
<b>Fixed Assets</b>							
Tangible fixed assets	12	2,760,453	4,505,024	10,000	-	7,275,477	6,313,091
Investments	13	179,038	865,067	1,240,196	1,580,330	3,864,631	5,106,464
		<b>2,939,491</b>	<b>5,370,091</b>	<b>1,250,196</b>	<b>1,580,330</b>	<b>11,140,108</b>	<b>11,419,555</b>
<b>Current Assets</b>							
Stocks		-	-	-	-	-	10,295
Debtors	14	1,917,189	253,895	22,000	-	2,193,084	1,860,714
Debtors - inter fund		(1,111,090)	843,077	268,013	-	-	-
Cash at bank and on short term deposit		23,732	277,872	12,162	-	313,766	883,487
		<b>829,831</b>	<b>1,374,844</b>	<b>302,175</b>	<b>-</b>	<b>2,506,850</b>	<b>2,754,496</b>
<b>Creditors:-</b>							
Amounts falling due within one year	15	(1,638,926)	(229,167)	-	-	(1,868,093)	(944,167)
		<b>(809,095)</b>	<b>1,145,677</b>	<b>302,175</b>	<b>-</b>	<b>638,757</b>	<b>1,810,329</b>
<b>Net Current Assets/(Liabilities)</b>							
Total assets less current liabilities		2,130,396	6,515,768	1,552,371	1,580,330	11,778,865	13,229,884
<b>Creditors:-</b>							
Amounts falling due after more than one year	16	(699,786)	(499,423)	-	-	(1,199,209)	(872,296)
		<b>1,430,610</b>	<b>6,016,345</b>	<b>1,552,371</b>	<b>1,580,330</b>	<b>10,579,656</b>	<b>12,357,588</b>
<b>Net Assets</b>							
		<b>1,430,610</b>	<b>6,016,345</b>	<b>1,552,371</b>	<b>1,580,330</b>	<b>10,579,656</b>	<b>12,357,588</b>
<b>Charity Funds</b>							
		<b>1,430,610</b>	<b>6,016,345</b>	<b>1,552,371</b>	<b>1,580,330</b>	<b>10,579,656</b>	<b>12,357,588</b>

The financial statements were approved and authorised for issue by the Directors on 2nd April 2009 and signed on their behalf by:-

*Raymond Harris*

Mr Raymond Harris (Chairman)

*+ Stephen Verner*  
Bishop Stephen Verner

Canterbury Diocesan Board of Finance

Summary income and expenditure account  
for the year ended 31 December 2008

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Total income	7,780,799	500,687	253,852	8,535,338	7,880,660
Less: Total expenditure	8,597,058	573,669	147,139	9,317,866	7,946,961
	(816,259)	(72,982)	106,713	(782,528)	(66,301)
Income less expenditure for the year					
	(816,259)	(72,982)	106,713	(782,528)	(66,301)
Net expenditure for the year					

The notes on pages 15 to 34 form part of these financial statements



# Canterbury Diocesan Board of Finance

## Cash flow statement for the year ended 31 December 2008

	Note	2008 £	2007 £
Net cash outflow from operating activities	A	(167,122)	(323,968)
Investment income		366,779	290,379
<b>Non operational cash flows</b>			
<b>Capital expenditure and financial investment</b>			
Payments for tangible fixed assets		(1,474,602)	(545,862)
Proceeds from sales of tangible fixed assets		357,043	315,943
Payments for investments		(12,414)	(10,895)
Proceeds from sales of investments		289,913	441,107
Net cash (outflow) for the year	B	<u>(640,403)</u>	<u>166,704</u>

### Notes to the Cashflow Statement

#### A Reconciliation of net movement in funds to net cash outflow from operating activities

Statement of financial activities: Net movement in funds	(1,777,932)	(142,803)
Investment income	(366,779)	(290,379)
Depreciation	155,230	146,907
(Gain)/loss on disposal of fixed assets	(57)	376,571
(Gain) on sale of investments	30,670	-
Unrealised (gain)/loss on investments	933,664	50,866
Decrease in stock	10,295	-
Increase in creditors: falling due within one year	853,244	(45,633)
(Increase) in debtors	(332,370)	(510,553)
Increase in creditors: falling due after one year	326,913	91056

<b>Net cash outflow from operating activities</b>	<u>(167,122)</u>	<u>(323,968)</u>
---	------------------	------------------

#### B Analysis of changes in cash during the year

	2008 £	2007 £	Change in Year £
Cash at bank less bank overdraft	<u>243,084</u>	<u>883,487</u>	<u>(640,403)</u>

## Canterbury Diocesan Board of Finance

### Notes to the financial statements for the year ended 31 December 2008

#### 1 Accounting policies

##### 1.1 Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", applicable accounting standards and the Companies Act 1985.

##### 1.2 Company status

The Board is a company limited by guarantee. The members of the company are the Directors named on page 1. In the event of the Board being wound up, the liability in respect of the guarantee is limited to £1 per member of the Board.

##### 1.3 Fund Accounting

The nature and purpose of each fund is explained in notes 17 to 20.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

##### 1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Board is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income tax recoverable in relation to donations received under Gift Aid is recognised at the time of the donation.

##### 1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Where costs cannot be directly attributed to particular headings they have been allocated or apportioned to activities on a basis consistent with the use of the resources. The apportionment in 2008 can be summarised as follows:

77% - Parochial Ministry  
17% - Training  
2% - Senior Clergy  
4% - Mission

Grants payable are recognised in the year when the offer is made, providing that any related conditions within the control of the Board have been fulfilled. Grants offered subject to conditions which remain within the control of the Board and have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Governance costs represents expenses incurred in relation to complying with statutory and compliance matters.

## **Canterbury Diocesan Board of Finance**

### **Notes to the financial statements for the year ended 31 December 2008**

#### **1 Accounting policies (continued)**

##### **1.6 Investments**

Investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

##### **1.7 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Diocesan Property - 2% straight line  
Office Equipment - 20-33% straight line

##### **1.8 Benefice property**

The Board is formally responsible for the maintenance and repair of Benefice properties and has some jurisdiction over their future use or potential sale if declared redundant, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent.

The policy of the Board has been that these assets should not be capitalised in the balance sheet. Benefice property (parsonages) is legally vested in the incumbent, and only under certain circumstances can proceeds arising on the sale be transferred to the Board. The Board has reviewed this policy and have agreed that as such property is not currently in the Board's ownership, and the possibility of receipt by the Board of sale proceeds is by no means certain in every case, the policy of non-capitalisation will therefore continue.

The benefice properties have an indicative value based on the sum insured of £50.7m.

##### **1.9 Pensions**

The Board operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Board to the fund in respect of the year.

The Board also participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

The Board 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 the other entities participating in the DBS. A valuation of the Fund was carried out as at 31 December 2006 and the Board's contribution rate was revised with effect from 1 April 2008.

At 31 December 2008 the Board had 24 active members and 11 deferred pensioner members in the Fund.

## **Canterbury Diocesan Board of Finance**

### **Notes to the financial statements for the year ended 31 December 2008**

#### **1 Accounting policies (continued)**

##### **1.10 Value added tax**

Value added tax is not recoverable by the Board, and as such is included in the relevant costs in the Statement of Financial Activities.

##### **1.11 Church Commissioners loans**

Certain capital expenditure on parsonages and team vicarage properties is financed by loans from the Church Commissioners at 5% p.a. repayable over periods of up to 25 years. These loans are legally the responsibility of the benefice concerned, and guaranteed by the Board. In practice, all the repayments of these loans are met by the Board, and hence they have been included as a liability of the Board. The amount of any additional liability taken on during the year is charged to the Statement of Financial Activities. The interest payable in each year is written off to the Statement of Financial Activities as it arises. In the event of a sale of any such properties, the proceeds will be used to repay the loans outstanding on that property.

##### **1.12 Ministry training**

Included under the heading of "Ministry" is an item described as "Cost of permanent clergy". This expenditure includes "In service training" (CME) which represents an amount provided annually to enable the ministers to meet training costs.

The unspent balance is carried forward for three years, and thereafter transferred to an "In service training additional resources fund" held in trust at the disposal of the Board of Ministry and Training.

Canterbury Diocesan Board of Finance

Notes to the financial statements  
for the year ended 31 December 2008

2. Voluntary income

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Donations	13,386	39,553	-	52,939	11,533
Legacies	-	112,280	-	112,280	-
Grants - EIG	102,605	-	-	102,605	101,589
Grants - Other	-	12,924	-	12,924	-
	<b>115,991</b>	<b>164,757</b>	<b>-</b>	<b>280,748</b>	<b>113,122</b>

3. Investment income

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Rent	65,196	-	-	65,196	6,286
CBF Fixed interest Fund	41,713	4,428	-	46,141	125,707
CBF Investment Fund	53,623	33,544	-	87,167	45,492
CBF Property Fund	56,846	18,676	-	75,522	25,145
CBF Deposit Fund	22,932	18,303	3,852	45,087	55,290
Other interest	12,989	685	-	13,674	5,441
Pastoral Fund income	-	33,992	-	33,992	27,018
	<b>253,299</b>	<b>109,628</b>	<b>3,852</b>	<b>366,779</b>	<b>290,379</b>

4. Incoming resources from charitable activities

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Parish share	6,724,684	-	-	6,724,684	6,300,439
Church Commissioners	669,730	-	-	669,730	636,825
Other incoming resources	-	-	-	-	16,388
	<b>7,394,414</b>	<b>-</b>	<b>-</b>	<b>7,394,414</b>	<b>6,953,652</b>

# Canterbury Diocesan Board of Finance

## Notes to the financial statements for the year ended 31 December 2008

### 5. Other incoming resources

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Church Commissioners	-	226,302	-	226,302	80,000
Property transferred in	-	-	250,000	250,000	-
Net profit on sale of functional property	-	-	-	-	376,571
Sale of Glebe	-	-	-	-	43,735
Other incoming resources	17,095	-	-	17,095	23,201
	17,095	226,302	250,000	493,397	523,507

### 6. Charitable activities

	Direct Activity £	Grants Payable £	Support Costs £	Total 2008 £	Total 2007 £
Parochial Ministry	5,875,809	114,064	1,069,395	7,059,268	6,071,031
Training	1,341,683	14,624	131,821	1,488,128	1,212,856
Senior Clergy	161,717	-	15,508	177,225	167,575
Mission	224,018	325,772	31,017	580,807	496,654
	7,603,227	454,460	1,247,741	9,305,428	7,948,116

### 7. Grants payable

	Number	Total 2008 £	Number	Total 2007 £
Improvements to properties	-	-	2	138,796
Clergy widows and spouses	12	12,678	19	35,674
Mission Initiatives	43	325,772	36	229,338
Spirituality	3	6,730	4	18,320
Deaf Ministry	1	11,160	1	10,905
Redundant churches	-	-	3	28,320
Pastoral grants to churches	2	11,616	-	-
Training - additional financial resources	18	14,624	10	5,060
Retired Clergy - Taylor Bequest	2	30,493	-	-
Extra parochial ministry	7	41,387	5	64,630
	88	454,460	80	531,043

Notes to the financial statements  
for the year ended 31 December 2008

8. Allocation of Support costs

	Parochial Ministry £	Training £	Senior Clergy £	Mission £	Total 2008 £	Total 2007 £
Education	120,000	-	-	-	120,000	111,000
Stewardship & Gift Aid	87,822	-	-	-	87,822	79,408
Communications and publishing	68,626	-	-	-	68,626	74,383
Diocesan Advisory Committee	83,430	-	-	-	83,430	87,344
Criminal Records	31,977	-	-	-	31,977	22,615
Pastoral Committee	16,670	3,680	433	866	21,649	19,095
Registry and legal services	21,378	4,720	555	1,111	27,764	27,537
Office management and administration	348,853	77,019	9,061	18,122	453,055	523,428
General Synod & miscellaneous	210,173	46,402	5,459	10,918	272,952	253,258
Management charge	14,489	-	-	-	14,489	14,000
Depreciation	65,977	-	-	-	65,977	70,411
	<u>1,069,395</u>	<u>131,821</u>	<u>15,508</u>	<u>31,017</u>	<u>1,247,741</u>	<u>1,282,479</u>

9. Governance costs

	Total 2008 £	Total 2007 £
Internal audit costs	(4,127)	5,231
Auditors' remuneration	<u>16,565</u>	<u>19,250</u>
	<u>12,438</u>	<u>24,481</u>

## Canterbury Diocesan Board of Finance

### Notes to the financial statements for the year ended 31 December 2008

#### 10. Staff costs

	Total 2008 £	Total 2007 £
Staff costs were as follows:		
Wages and salaries	557,415	570,414
Social security costs	42,305	42,029
Other pension costs	171,671	174,550
	<u>771,391</u>	<u>786,993</u>

The average monthly number of employees (full time equivalent) during the year were as follows:

	2008 No.	2007 No.
Support for clergy, parishes and people	<u>28</u>	<u>28</u>

No employee received remuneration amounting to more than £60,000 in either year.

#### 11. Trustees remuneration and expenses

During the year, no Directors received any remuneration (2007: £Nil), benefits in kind (2007: £Nil), or reimbursement of expenses (2007: £Nil).



# Canterbury Diocesan Board of Finance

## Notes to the financial statements for the year ended 31 December 2008

### 12. Tangible fixed assets

	Diocesan Property £	Investment Property £	Office Equipment £	Total £
<b>Cost</b>				
At 1 January 2008	6,613,117	40,000	346,143	6,999,260
Additions	1,447,194	-	27,408	1,474,602
Disposals	(332,528)	(30,000)	-	(362,528)
At 31 December 2008	7,727,783	10,000	373,551	8,111,334
<b>Depreciation</b>				
At 1 January 2008	450,776	-	235,393	686,169
Charge for the year	100,335	-	54,895	155,230
On disposals	(5,542)	-	-	(5,542)
At 31 December 2008	545,569	-	290,288	835,857
<b>Net book value</b>				
At 31 December 2008	7,182,214	10,000	83,263	7,275,477
At 31 December 2007	6,162,341	40,000	110,750	6,313,091

	2008 £	2007 £
<b>Diocesan Property (included above)</b>		
Freehold Land	2,544,343	2,172,790
Diocesan property - Freehold land & buildings	2,677,190	1,264,354
Ministry housing - Freehold land & buildings	4,505,024	4,897,987
	7,182,214	6,162,341
<b>Investment Property</b>		
Lost Elms, Oak Lane, Minster, Sheppey (10.53%)	10,000	10,000
28 Coleman Drive, Kemsley (16.67%)	-	30,000
	10,000	40,000

## **Canterbury Diocesan Board of Finance**

### **Notes to the financial statements for the year ended 31 December 2008**

#### **12. Tangible fixed assets (continued)**

##### **Notes**

St Peter's Church and Hall, Maidstone, was sold under a 125 year lease in 2002. In the year 2127 therefore, the freehold of these properties will revert to the Board.

Where property for the Board's use has been received by way of gift it has been capitalised and its cost is included in the balance sheet at its open market value on the date it was vested in the Board. Diocesan property includes property at a valuation figure of £47k and Ministry Housing includes property at a valuation of £871k.

Diocesan property and Ministry Housing are used directly for charitable purposes. All property is freehold except that mentioned under Diocesan property note (a) below.

##### **Ministry Housing**

a) In the event of the sale of the Bishop's House, Charing and Upway, if there is a surplus over book value, a proportion of the surplus would be repaid to the Church Commissioners.

b) The Board has an equity share only in the following property, which is included in the above total:  
19 Fulbert Drive, Bearsted (60% equity)

c) The Church Commissioners have provided Value Linked Loans in respect of the undermentioned properties and therefore, in the event of a sale, a proportion of the proceeds would have to be repaid to the Church Commissioners. These are included in the above total:

29 Reading Street, Broadstairs  
2 St Peter's Close, Minster, Sheppey  
104 Norfolk Road, Cliftonville  
25 St. Peter's Street, Deal

##### **Diocesan Property**

a) In the event of the sale of any of the undermentioned properties, the loan advanced by the Church Commissioners would be repaid in full together with any surplus arising from the sale:

Flat 1, Rochester Court, Canterbury (Leasehold with unexpired term 79 years)  
Flat 23, The Mansions, Broadstairs  
20 All Saints Close, Whitstable  
77 Regent Street, Whitstable

b) The following properties are not included in the above total:

- (i) A small piece of land, part of All Saints Canterbury Church site
- (ii) Glebe properties vested in the Board for administration. When such properties are sold the proceeds are credited to the stipends Capital Fund.
- (iii) Various properties vested in the Board for Diocesan purposes under Pastoral and Redundancy Schemes made by the Church Commissioners.
- (iv) Under an agreement with the PCC of St John Folkestone, the Board has a 30% interest in the property 126 Lucy Avenue, Folkestone.

# Canterbury Diocesan Board of Finance

## Notes to the financial statements for the year ended 31 December 2008

### 13. Fixed asset investments

	2008 Cost £	2008 Market value £	2007 Cost £	2007 Market value £
<b>Unlisted investments</b>				
<b>Central Board of Finance</b>				
Investment Fund - Income Shares 176,701.70 units (2007: 180,098.35)	816,101	1,652,356	846,247	2,261,819
Investment Fund - Accum Shares 20,260.43 units (2007: 20,260.43)	193,971	287,193	193,971	369,799
Fixed Interest - Income Shares 502,490.62 (2007: 525,483.14)	757,208	809,914	795,626	821,225
Fixed Interest - Accum Shares 3,383.96 units (2007: 3,383.96)	5,848	11,773	5,848	10,790
Property Fund - Income Shares 913,556.91 units (2007: 1,038,713.69)	1,164,331	1,103,394	1,327,462	1,642,830
Crowebridge Housing	1	1	1	1
	<u>2,937,460</u>	<u>3,864,631</u>	<u>3,169,155</u>	<u>5,106,464</u>

	2008 £	2007 £
Brought forward 1 January	5,106,464	5,587,542
Additions	12,414	10,895
Disposals	(289,913)	(441,107)
Unrealised (losses)	<u>(964,334)</u>	<u>(50,866)</u>
Carried forward 31 December	<u>3,864,631</u>	<u>5,106,464</u>

# Canterbury Diocesan Board of Finance

## Notes to the financial statements for the year ended 31 December 2008

### 14. Debtors

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
<b>Due after more than one year</b>					
Loans - unsecured	55,636	239,515	-	295,151	211,842
Loans - secured	160,000	-	-	160,000	-
<b>Due within one year</b>					
Parish shares	1,023,764	-	-	1,023,764	1,012,953
Other debtors	130,060	-	-	130,060	214,040
Loans - secured	-	-	22,000	22,000	22,000
Prepayments	244,094	-	-	244,094	225,246
Loans - unsecured	303,635	14,380	-	318,015	174,633
	<u>1,917,189</u>	<u>253,895</u>	<u>22,000</u>	<u>2,193,084</u>	<u>1,860,714</u>

### 15. Creditors: Amounts falling due within one year

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Bank overdraft	70,682	-	-	70,682	-
Other loans	66,000	2,000	-	68,000	8,000
Variable debit loans (note b)	-	12,041	-	12,041	12,924
Permanent loans	6,047	-	-	6,047	6,928
Appleton Trust loans (note c)	18,959	-	-	18,959	18,959
Value linked loans (note d)	296,481	178,434	-	474,915	474,915
Other creditors	1,036,958	36,692	-	1,073,650	380,292
Deferred income	143,799	-	-	143,799	41,311
Ecclesiastical Insurance Office	-	-	-	-	838
	<u>1,638,926</u>	<u>229,167</u>	<u>-</u>	<u>1,868,093</u>	<u>944,167</u>

(a) Included in the figure of creditors above are the In Service Training (CME) grants not taken up at the Balance Sheet date of £40k (2007: £49k).

(b) The Church Commissioners variable debit loans for capital works on certain parsonages and team vicarages are repayable over terms varying from 5 to 25 years in quarterly instalments, including interest at a variable rate. Variable debit loans are also for the purchase of Ministers' Houses and are repayable over terms varying from 15 to 25 years in quarterly instalments including interest at a variable rate.

(c) The Appleton Trust Equity Sharing Loans are for the purchase of housing for deserted clergy spouses and are interest free and repayable in the of the sale of the property. In the event of the sale of the property, the loan advanced is repayable in full together with any surplus arising from the sale. In the event of a deficit from the sale, this would be deducted from the loan repayment.

The Equity Sharing Loan at 31 December 2008 was as follows:

Regents Street, Whitstable

(18.97%) Loan £18,959

(d) Value Linked Loans for the purchase of special needs housing purchased on behalf of the Church Commissioners and those for the purchase of Ministers' Houses, are only repayable in the event of the sale of any of the properties. Interest is charged on the loans at a variable rate.

# Canterbury Diocesan Board of Finance

## Notes to the financial statements for the year ended 31 December 2008

### 16. Creditors: Amounts falling due after more than one year

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Building Society loans	676,256	462,023	-	1,138,279	793,279
Variable debit loans	-	37,400	-	37,400	49,440
Permanent loans	23,530	-	-	23,530	29,577
	<u>699,786</u>	<u>499,423</u>	<u>-</u>	<u>1,199,209</u>	<u>872,296</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Repayable:					
by instalments	-	-	-	-	22,687
other than by instalments	676,256	462,023	-	1,138,279	793,279
	<u>676,256</u>	<u>462,023</u>	<u>-</u>	<u>1,138,279</u>	<u>815,966</u>

The above relates to four interest only mortgages. These loans are secured on certain freehold property. Each of the loans is repayable within 20 years. Interest on these loans is charged at 1.5% above base rate.

### 17. General Funds

The General Unrestricted Fund is the accumulation of surpluses, less deficits, on the income and expenditure account, together with profits, less losses, on sales of General Fund fixed assets, bequests for general purposes of the Board and various grants towards fixed assets.

# Canterbury Diocesan Board of Finance

## Notes to the financial statements for the year ended 31 December 2008

### 18. Designated Funds

	Balance at 1 January 2008 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ Losses £	Balance at 31 December 2008 £
Ministry Housing	4,193,166	12,924	(65,977)	(327,044)	57	3,813,126
Spirituality Funds	175,662	7,803	(6,730)	-	(35,135)	141,600
Witney	665,128	32,524	(18,803)	-	(166,695)	512,154
Holiday	15,925	290	-	-	982	17,197
Pastoral Fund						
- DPA	215,385	33,992	(97,707)	327,044	-	478,714
- DPA Development	509,257	11,254	(2,403)	-	-	518,108
Mission Initiatives						
- Eunice Fund	74,497	3,593	(6,350)	-	(7,387)	64,353
- Luman Fund	39,530	-	(5,782)	-	-	33,748
- Mission Initiatives	417,335	16,954	(280,799)	176,720	(82,156)	248,054
- Mission & Ministry	37,200	226,302	(32,841)	(176,720)	-	53,941
Deaf Ministry	39,480	2,007	(11,160)	-	-	30,327
Taylor Bequest	-	112,280	(30,493)	-	-	81,787
Training						
- Additional Financial Resources (AFR)	(2,904)	40,764	(14,624)	-	-	23,236
	<u>6,379,661</u>	<u>500,687</u>	<u>(573,669)</u>	<u>-</u>	<u>(290,334)</u>	<u>6,016,345</u>

The opening balances have been increased by £25,636 transferred from unrestricted funds.

#### Transfers

- 1) The transfer from Ministry Housing fund to DPA of £327k represents the sale of property.
- 2) The transfer from Mission & Ministry to Mission Initiatives represents funding for grants paid.

## Canterbury Diocesan Board of Finance

### Notes to the financial statements for the year ended 31 December 2008

#### 18. Designated Funds

(i) Ministry Housing

This fund consist of Ministry Housing properties and associated movements.

(ii) Spirituality Grants and Expenses Fund

The fund represents the sale proceeds of St Gabriels's Retreat House and is used for:

- financing a part time Diocesan Sprituality Adviser, and
- making grants to assist Parishes and individuals to take retreats.

(iii) Witney Fund

This fund consists of a legacy from the Estate of the Late Dr Raymond Witney. The Board resolved that the capital of the fund should be retained intact and the income be used to assist in the promotion of the Christian faith in the Diocese.

(iv) Holiday Fund

The purpose of this fund is to assist clergy and layworkers to take holidays.

(v) Pastoral Funds - DPA and DPA Development

The purposes for which this fund may be used are laid down in Section 78 of the Pastoral Measure 1983 and comprise:

- grants and loans for parsonage and church provision, restoration, improvement or repair;
- costs of disposing of or maintaining houses and churches vested in teh Board or Commissioners by the Measure;
- transfers to Diocesan Stipends Fund capital or income;
- other purposes of the Diocese or any benefice or parish.

This fund receives the sale proceeds of churches and parsonages, which have become redundant under pastoral reorganisation when it is specified that they should be paid into this fund.

The DPA Development Fund consists of £400k set aside by the Pastoral Committee for mission and development in parishes.

(vi) Mission Initiatives

The purpose of this fund is for developing mission within parishes.

The Mission Initiatives Fund consists of the following funds:

- Eunice fund - for mission initiatives in rural areas.
- Luman fund - for general discretionary purposes.
- Mission Initiatives fund - formed in 2004 from £500k arising from the sale proceeds of redundant parsonages.
- Mission & Ministry fund - grant funding from the Church Commissioners for developing mission in parishes.

(vii) Deaf Ministry

This fund initially consisted of a proportion (30/96ths) of the sale proceeds of the church of Bertha the Queen, Canterbury. The proceeds were placed into an interest bearing account for the work of the Deaf community with the condition that the funds are only to used after consultation with the Canterbury Diocesan Association for the Deaf.

(viii) Taylor Bequest - For grants and payments to retiring clergy.

(ix) Training - Additional Financial Resources

The purpose of this fund is to provide grants to clergy to supplement their training needs as appropriate. This fund receives unused CME contributions from the Board and the income arising from the Cobbe Holiday Trust Fund (with the approval of the Charity Commission).

# Canterbury Diocesan Board of Finance

## Notes to the financial statements for the year ended 31 December 2008

### 19. Restricted Funds

	Balance at 1 January 2008 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ Losses £	Balance at 31 December 2008 £
Stipends Capital	1,573,580	253,316	(129,972)	(346,582)	(160,194)	1,190,148
Clergy & Spouses Retirement Fund	461,917	536	(17,167)	-	(83,063)	362,223
	<u>2,035,497</u>	<u>253,852</u>	<u>(147,139)</u>	<u>(346,582)</u>	<u>(243,257)</u>	<u>1,552,371</u>

#### (i) Stipends Capital Fund

The fund is governed by Section 35 of the Endowments and Glebe Measure 1976. Income is derived primarily from the return on investments, the sale of glebe, gains on sale of investments, the transfer of parsonage proceeds and occasional gifts and bequests.

The main purpose of the fund is to produce income for stipends, but at the request of the Bishop, and with the concurrence of the Board, can be applied to:

- acquiring new glebe property;
- developing, improving and protecting amenities of glebe;
- discharging capital levies on glebe;
- discharging loans on glebe;
- the provision or improvement of parsonage houses.

Income of the fund is automatically applied to stipends.

#### (ii) Clergy and Spouses Retirement Fund

The following restricted funds specify that both capital and income must be applied for retired clergy and spouses :

C S Thomas  
Mrs A W Mannell Bequest  
R & M Pratt  
Dorothy Mowll Will Trust

#### Transfers

- 1) The transfer from Stipends Capital to Unrestricted funds represents the purchase of clergy housing.



# Canterbury Diocesan Board of Finance

## Notes to the financial statements for the year ended 31 December 2008

### 20. Endowment Funds

	Balance at 1 January 2008 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ (Losses) £	Balance at 31 December 2008 £
Ministry Trust	1,452,529	-	-	-	(295,143)	1,157,386
Clergy Training	396,090	-	-	-	(84,180)	311,910
Tait Mission	134,627	-	-	-	(23,593)	111,034
	<u>1,983,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(402,916)</u>	<u>1,580,330</u>

The endowment funds, whereby the capital may not be expended and the income may be applied as specified are as follows:

#### Ministry Trust Fund

Income to be applied for stipends.

Comprising the following funds:

Standen Bequest

Spooner Bequest

A T Wiggins Bequest

Parsonage Repair Fund

Dame Stancombe-Wills Fund

#### Clergy Training Fund

Income to be applied for clergy training.

Comprising the following funds:

Candidates for the Ministry Fund

The Holt Fund

Knight Trust Fund

#### Tait Mission Fund

Income to be applied for the expenses of the Tait Missioner.

## **Canterbury Diocesan Board of Finance**

### **Notes to the financial statements for the year ended 31 December 2008**

#### **21. Contingent liabilities**

There are contingent liabilities of £38k and £3k to the Church Commissioners in respect of the Bishop of Maidstone's House, and the Bishop of Dover's House respectively in the event of the sale of these properties.

#### **22. Pension commitments**

##### **- Clergy**

The Canterbury DBF participates in the Church of England Funded Pension Scheme and employs 138 members of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pension Scheme is a defined benefit scheme but the Canterbury DBF is unable to identify its share of underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation was carried out as at 31 December 2006. This revealed a shortfall of £141m, with assets of £468m and a funding target of £609m assessed using the following assumptions:

- investment return 4.25% on gilts and 5.75% on equities;
- increase in pensionable stipends 4.6%
- pensions increases 3.1%

Financial Reporting Standard 17 paragraph 9(b), requires the DBF to account for the pension costs on the basis of contributions actually payable to the Scheme in the year. Contributions in the year were £779,287 (2007: £879,069). Following the results of this valuation, the DBF's contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008.

##### **- Staff**

The Board also operates a defined contribution scheme on behalf of its staff. The pension cost charge represents contributions payable by the Board to the fund and amounted to £14,687 (2007: £2,722). Amounts of £Nil (2007 £Nil) were payable to the fund at 31 December 2008.

The Scheme Actuary has calculated that the notional deficit is £825k as at 31 December 2008 and it has been agreed to pay this amount over 10 years.

#### **23. Connected Entity**

The Canterbury Diocesan Board of Finance has a subsidiary, The Canterbury Diocesan Strategic Developments Ltd., which will undertake trading activity. The Company has not yet started trading, but will be used to maximise the return on redundant property.

Canterbury Diocesan Board of Finance

Notes to the Financial Statements  
for the year ended 31 December 2008

Custodian Trusteeship Funds	2008 £	2007 £
<b>TRUST FUNDS</b>	<u>3,167,775</u>	<u>3,136,607</u>
Represented by:		
<b>FIXED ASSETS</b>		
Investments	<u>1,954,005</u>	<u>2,011,055</u>
<b>CURRENT ASSETS</b>		
Central Board of Finance Deposit Fund	1,208,145	1,123,529
Cash and bank deposits	<u>7,958</u>	<u>4,338</u>
	<b>1,216,103</b>	<b>1,127,867</b>
<b>CURRENT LIABILITIES</b>		
Creditors	(2,333)	(2,315)
<b>NET CURRENT ASSETS</b>	<u>1,213,770</u>	<u>1,125,552</u>
<b>NET ASSETS</b>	<u>3,167,775</u>	<u>3,136,607</u>

INVESTMENTS	2008 Cost	2008 Market value	2007 Cost	2007 Market value
Listed investments	21,813	80,178	41,291	186,501
Unlisted investments				
Central Board of Finance				
Investment Fund - Income Shares	1,170,698	2,352,175	1,173,657	3,185,623
Investment Fund - Accum Shares	102,119	115,695	102,119	148,972
Fixed Interest - Income Shares	480,168	516,537	481,108	501,639
Property Fund - Income Shares	145,571	128,274	212,880	247,915
Global Equity - Income Shares	33,636	39,325	-	-
	<u>1,954,005</u>	<u>3,232,184</u>	<u>2,011,055</u>	<u>4,270,650</u>

Canterbury Diocesan Board of Finance

Notes to the Financial Statements  
for the year ended 31 December 2008

Custodian Trusteeship Funds	2008 £	2007 £
<b>TRUST FUNDS ACTIVITY</b>		
Balance at 1 January 2008	3,136,607	3,097,647
<b>Add</b>		
New Funds received	82,679	87,737
Profit on sale of investments	86,301	71,625
Donations and interest	86,808	73,595
Tax recovered on Gift Aid	<u>1,152,898</u>	<u>1,313,502</u>
	4,545,293	4,644,106
<b>Less</b>		
Funds withdrawn	(224,620)	(193,997)
Disbursement of tax recovered on Gift Aid	<u>(1,152,898)</u>	<u>(1,313,502)</u>
	<u>3,167,775</u>	<u>3,136,607</u>