

Company Registration Number: 00145650  
(England and Wales)  
Charity Registration Number: 249972

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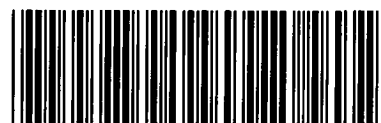
**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

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**Trustees' Report and Financial Statements**

**For the year ended 31 December 2017**

TUESDAY



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17/07/2018  
COMPANIES HOUSE

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**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

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**Reference and Administrative Details of the Charitable Company, its Trustees and Advisers**

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**Trustees**

*Ex-Officio Trustees*

The Archbishop of Canterbury, The Most Revd and Rt Hon Justin Welby  
The Bishop of Dover, The Rt Revd Trevor Willmott  
Mr Nigel Mansley, Chair (appointed 1 January 2018)  
Canon Raymond Harris, Chair (resigned 31 December 2017)  
The Dean of Canterbury Cathedral, The Very Revd Dr Robert Willis  
The Archdeacon of Ashford, The Venerable Darren Miller  
The Archdeacon of Maidstone, The Venerable Joanne Kelly-Moore  
The Archdeacon of Maidstone, The Venerable Stephen Taylor  
Mrs Amanda Cottrell  
Revd Andrew Bawtree (appointed 21 April 2017)  
Mr Alasdair Hogarth (resigned 30 August 2017)  
Revd Canon Andrew Sewell  
Mr Philip Sibbald  
Mrs Caroline Spencer (resigned 31 December 2017)  
Revd Robert Stevenson (resigned 21 April 2017)

*Elected Trustees*

Mr Phillip Bromwich  
Revd Anthony Everett  
Mrs Ann Foat  
Revd Canon Stephen Lillicrap  
Miss Miriam Oliver  
Revd Canon Timothy Wilson

**Company Registration Number**

00145650 (England and Wales)

**Charity Registration Number**

249972

**Registered office**

Diocesan House, Lady Woottons Green, Canterbury, Kent, CT1 1NQ

**Diocesan Secretary**

Canon Julian Hills

**Independent auditor**

Buzzacott LLP, 130 Wood Street, London, EC2V 6DL

**Bankers**

Lloyds Bank plc, 49 High Street, Canterbury, Kent, CT1 2SE

**Solicitors**

Mowl & Mowl LLP, Trafalgar House, Gordon Road, Whitfield, Dover, Kent, CT16 3PN

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**Canterbury Diocesan Board of Finance**  
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**Trustees' Report**  
**For the year ended 31 December 2017**

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The Trustees present their annual report together with the audited financial statements for the year ended 31 December 2017.

**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 41 in England. Each diocese is divided into deaneries and each deanery 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 106 bishops including Diocesan Bishops 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 General Synod meets in London or York at least twice annually to consider matters for the broader good of the Church.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**a. Constitution**

The Canterbury Diocesan Board of Finance (CDBF or the Board) was incorporated on 29 December 1916 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 Trustees. The Board is a company limited by guarantee and as such has no share capital. The Board is a registered charity and its Trustees are the same people who serve as the Board of Directors for company law purposes. Exemption is taken from taxation on its income applied for charitable activities as afforded under Part 11, Corporation Tax Act 2010.

The principal object of the charitable company and the group is to promote and assist the work of the Church of England for the advancement of the Christian religion in the Diocese of Canterbury.

**b. Method of appointment or election of Trustees**

The management of the charitable company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

**c. Policies adopted for the induction and training of Trustees**

At the first meeting of the triennium, the current triennium being the period August 2015 to July 2018, time is set aside for the induction and training of new Trustees and further training is provided where necessary during the course of the triennium to ensure that all Trustees are kept fully informed of their responsibilities. Diocesan officers are always on hand to advise Trustees on supplementary issues.

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**For the year ended 31 December 2017**

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**d. Organisational structure and decision making**

The Board is organised so that the Trustees meet regularly to shape and monitor Diocesan strategy as well as to fulfil its statutory obligations. The Frameworks (see below under policies and objectives) meet frequently to plan their own priorities and make appropriate decisions in support of the overriding strategies and objectives of the Diocese of Canterbury. The principal officers manage the day to day administration in conjunction with Archbishop's Council and respective frameworks as appropriate. The remaining staff assist in administration.

The Board, as Archbishop's Council, is responsible for working with the Bishop of Dover to shape the Diocesan strategy and to monitor the outworking of that strategy. It sets overall objectives and priorities. The outworking of those objectives and strategies for the Diocese of Canterbury is conducted through four overarching frameworks.

**e. Related party relationships**

CDBF makes contributions 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 CDBF. The stipend of the Bishop of Dover together with the salaries of appropriate secretarial support are borne by the Church Commissioners and are not included in these statements. The Board considers that the following are subsidiary companies or connected charities:

**Subsidiary Companies**

- Canterbury Diocesan Enterprises Limited (CDEL)
- Diocesan Architectural Service Limited (DASL)
- Ethos School Improvement Limited (eSIL)

**Connected Charities**

- Together Canterbury
- The Diocese of Canterbury Academies Company Limited (DCACL)

**f. Risk management**

The Trustees have assessed the major risks to which the charitable company and the group are exposed, in particular those related to the operations and finances of the charitable company and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The Trustees, through the Finance and Assets Committee, undertook a comprehensive review of the strategic, business and operational risks in 2017. The Trustees confirm that systems are in place to ensure that exposure to significant risk is mitigated.

The key risks facing the Board of Finance are:

- Non-payment of full Parish Share
- Cash flow restrictions arising from the timing of income and capital transactions
- A failure to take appropriate safeguarding precautions and implement suitable policies to protect all those who come within the care of our churches
- Poor investment performance leading to loss of capital
- Ongoing and widening pension fund deficits
- IT and systems failures

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**For the year ended 31 December 2017**

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## **OBJECTIVES AND ACTIVITIES**

### **a. Policies and objectives**

In common with the Church of England the Diocese strives to ensure that in every local community there is 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. There are 3 key objectives that the Diocese has adopted and therefore aims to achieve:

- Growth – both numerical and spiritual
- Reimagining ministry
- Building partnerships that enrich communities

There are 3 frameworks within the Diocesan organisation which primarily serve the delivery of each of these key objectives respectively:

- Local Church Development
- Licensed Ministries
- Communities & Partnerships

In addition there is 1 other framework:

- Children Schools and Young People – serving all three objectives within the under-eighteen age group

### **b. Strategies for achieving objectives**

Since the November 2016 Diocesan Synod, Archbishop's Council has been striving to develop a new strategic approach to better support its 3 key objectives. Through wide consultation and the work of a Strategic Group the Changed Lives►Changing Lives strategy is now emerging. It will have 5 key strands:

- Engaging with disadvantaged people
- Prioritising young people
- Missional prayer networks
- Enriching leadership
- Missional learning communities

In the autumn of 2017, Archbishop's Council was successful in its application to the Church Commissioners for a grant for a new Strategic Programme Manager to oversee the development of the strategy and its strands. We were extremely grateful that 95% of the costs of this post will be funded by the Commissioners over the next 3 years and in March of 2018 Mr Colin Evans was appointed to this role. Further to this, Archbishop's Council has applied for funding from the Church Commissioners of nearly £1 million towards the growth across the Diocese of the Ignite model of mission already successfully developed in Thanet. It awaits the final outcome of this bid in June 2018. Other funding bids to the Church Commissioners are intended for some of the other project strands.

Archbishop's Council is now in the process of discerning the structures under which the development and operations of the project strands will be overseen. All staff at Diocesan House are associated with one or more frameworks and are committed to delivering the Changed Lives►Changing Lives Strategy. Each will be discerning the part that they will be playing in supporting and bringing to fruition these project strands; in doing so they will be discerning what existing responsibilities might be laid down or delegated to ensure sufficient capacity for this work. This is an exciting and challenging period of great change for staff in Diocesan House, but all look to ensure that the good news of Jesus Christ will bring changed lives. The clergy and laity in the parishes have every cause to be grateful for the manner in which they are served by the staff at Diocesan House.

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**OBJECTIVES AND ACTIVITIES** (continued)

**c. Grant making policies**

There are a number of grants offered to parishes and deaneries for the purposes of assisting in parochial mission and ministry. These are:

- Support of strategic missional posts – agreed in conjunction with deaneries and archdeacons
- Transitional support for loss of occasional office fees – specific formula for determining grant levels
- Support of parochial mission initiatives - made upon application through the relevant deanery to support those seeking to implement the Diocese's missional objectives
- Support for the transition from House for Duty Ministry to Part Time Ministry. 2017 was the last year of these grants.

The full criteria for these grants are displayed on the Diocesan website. Other grants are made on an ad hoc basis in accordance with the terms of each fund as detailed in note 22 to the accounts.

**ACHIEVEMENTS AND PERFORMANCE**

**a. Key financial performance indicators**

The overall rate of Parish Share collection improved from 97.4% to 98.0%, partly as a result of the benefits flowing through from pastoral reorganisations. This is a very high collection level based on historic trends, although our aspiration is always to collect 100%.

Net current assets (working capital) increased from £171,000 to £1.2 million. This is slightly short of the target range of between £1.5 million and £2.0 million. However, the Trustees remain confident that the target will be achieved over the medium term through the implementation of the new strategic approach.

**b. Review of activities**

The Diocese continues to strive to resource effective mission, ministry and growth throughout its parishes in East Kent. Working with Mission Action Planning many parishes and deaneries are capturing the vision for new approaches and new forms of Church which is transforming growth and spiritual development. Wherever possible, archdeacons and Diocesan officers (often acting as deanery accompaniers) work closely with deaneries to re-energise the mission and ministry of struggling parishes. There are many cases now where mission plans have been agreed and transitional finance provided which has transformed Christian communities in bringing about new hope, where seemingly all had been lost. However, there are still a number of new cases where parishes are struggling to resource an effective mission and ministry to their community.

2017 soon became a year in which the focus of the Diocese was prayer. The March 2017 Diocesan Synod looked at 'Renewing Our Life in Prayer' and during this the Canterbury Pilgrim Prayer Pack was launched. This was supplemented by Lent Study Material and the Novena prayer initiative and concluded with the whole Diocese involved in a day of prayer and fasting on 18 November 2017. Many people have given testimonies of what God was saying to them on that day and much energy for further mission and ministry has emanated from that day.

There is much that the Diocese is engaged on in supporting its parishes and church schools and the supplementary 'Annual Reports' booklet is recommended for a fuller picture of the activities undertaken. We try to do much in partnership with our communities and it is worth noting that many strategic partners seek the Diocese out in order to address a wide raft of different human needs.

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**ACHIEVEMENTS AND PERFORMANCE** (continued)

**c. Income generation**

The Diocese receives around 78% of its regular income from the Parish Share, which is a voluntary payment from parishes. The apportionment method for Parish Share has been the subject of a number of reviews over the past five years and is approved by Archbishop's Council and Diocesan Synod.

The Church Commissioner grants are awarded on the basis of allocating money to the poorest dioceses.

The Diocese receives an allocation from the Allchurches Trust which allocates a proportion of the profits from *Ecclesiastical Insurance* to dioceses.

**d. Investment policy and performance**

Strong growth in investment markets continued in 2017 and the Diocese saw an appreciation in value of £363k against an increase of £356k in 2016. The Trustees are grateful for the advice from CCLA Management Limited which manages our investments.

The investment policy for 2017 was:

- 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%).
- To pool investments across the funds of the Diocese so that returns on investment are consistent and not dependent upon the levels and denomination of investment held.

The policy is reviewed with CCLA Management Limited every year.

Investments held by the Board have been acquired in accordance with powers available to the Trustees under the Company's Memorandum and Articles of Association and the Trustee Act 2000.

**e. Going concern**

The Trustees believe that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.



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**Canterbury Diocesan Board of Finance**  
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**Trustees' Report**  
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**FINANCIAL REVIEW**

**a. Financial risk management objectives and policies**

Archbishop's Council continues to work diligently to secure the financial position of the Diocese whilst at the same time promoting effective mission, ministry and community throughout the area. The Church of England exists to promote the Gospel of Christ in every community and the Diocese sees that the furtherance of that aspiration is the only way to secure the future of the Anglican Church in this Diocese. This is a difficult balance to achieve.

The Board's subsidiary company, Canterbury Diocesan Enterprises Limited (CDEL), is responsible for adopting a strategic approach to all property assets and maximising the value of any disposal proceeds. This company continues to work on a number of key projects and advises on property aspects of pastoral reorganisation and it continues to deliver vital resources to help the work of CDBF. With effect from 1 June 2017 the operations of Diocesan Architectural Services Limited (DASL) were merged into CDEL and CDEL now provides the property management and property maintenance services previously undertaken by DASL.

The total funds of the Diocese include the value of all benefice parsonages within the parishes and these were valued at £65.6 million in 2017. CDBF is engaged on a rolling five year process of revaluations of these properties. These properties are included in endowment funds recognising that they remain benefice property, although should they cease to be used as ministry houses then ownership is transferred to CDBF.

General funds showed a net increase (before revaluation of investments and fund transfers) of £147k in the year (2016: £73k). In 2017, £300k (2016: £nil) was transferred from the Diocesan Pastoral Account to assist with the funding of parsonage maintenance, as costs were significantly higher in 2017 and £571k (2016: £nil) was transferred to pay for new ministry housing.

This movement in unrestricted funds included the following significant items:

	2017 £000	2016 £000
Kendall House enquiry	-	(150)
Net gain on disposal of properties	459	84

Under FRS 102 the Board is required to account for any deficit in the clergy and laity pension fund schemes. These provisions are £2.90m (2016: £3.20m) for the Diocese's proportion of the national clergy scheme and £0.19m (2016: £0.27m) for our proportion of the laity scheme.

The Board's funds at 31 December 2017 stood at £82.7m (2016: £77.9m) comprising:

	2017 £000	2016 £000
General funds (net of non-charitable trading funds)	280	361
Designated funds	11,884	11,295
Restricted funds	1,719	1,517
Endowment funds	68,797	64,686
	<b>82,680</b>	<b>77,859</b>

The Trustees are aware that most of these funds are represented by ministry housing and the Board is reviewing its policy on the sale of empty property to improve the level of working capital. The Board is committed to proactively working with deaneries and parishes to ensure parish mission and ministry is fully funded.

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**Canterbury Diocesan Board of Finance**  
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**Trustees' Report**  
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**FINANCIAL REVIEW** (continued)

**b. Reserves policy**

The Board's policy is to hold working capital (net current assets) of between 15% and 20% of its annual budget. In 2018 this would require working capital of between £1.5 million and £2.0 million. This amount is regarded as the minimum necessary to enable the Board to withstand cash flow fluctuations in the course of its normal business. At the end of 2017 the Board's working capital was £1.2 million.

**c. Principal funding**

In 2017, 78% (2016: 79%) of the regular income of CDBF came from Parish Share, 7% (2016: 8%) from Church Commissioner allocations and 4% (2016: 5%) from parochial fees. The remaining 11% (2016: 8%) came from other sources including donations, trading income, rental income and investment income.

**PLANS FOR THE FUTURE**

**a. Future developments**

The Archbishop's Council will continue to achieve its 3 key objectives by developing its strategy *Changed Lives* ► *Changing Lives* still further. It will look to obtain funds for the different project strands both from the Church Commissioners and other charities as well as re-allocating Diocesan resources. Each project strand will have a Strategic Project Board chaired by a member of the Bishop's Senior Staff to carry that work forward. We will look to draw in people with the necessary gifts to be involved in these developments. We are aware that the level of future retirements of clergy and consequently our 'Enriching leadership' strand is particularly important for us to develop a mixed economy of leadership in our churches and parishes.

As part of the resourcing of this strategy the Trustees will continue to look for ways to develop the current Diocesan House to better enable modern team based collegial working.

**b. Pay policy for senior staff**

Senior Clergy are paid according to stipend scales set by the national church. The stipends for the Bishop of Dover and the Archdeacon of Maidstone (in lieu of the unused Bishop of Maidstone post) are borne by the Church Commissioners. The stipend of the Archdeacon of Canterbury is borne principally by Canterbury Cathedral. The stipend of the Archdeacon of Ashford is borne by CDBF.

CDBF uses a system of job evaluation to grade staff appropriately and each is then assigned a particular pay point on that grade. This system operates for all key Diocesan staff but each is then compared to the averages across all dioceses in the southern province. The HR committee then formally agrees the appropriate salary in the light of these variables.

Key management personnel are defined as the Trustees together with those employees listed in note 14 to the attached financial statements.

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**Trustees' Report**  
**For the year ended 31 December 2017**

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**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

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 2017 was £1.35m (2016: £1.42m).

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 (2016: £3.5m). The assets of these funds are held separately from those of the Board.

In 2014 an agreement was made with Winchester Diocese whereby the Board was to act as an agent for the collection and disbursement of parish share from the deaneries of Guernsey and Jersey. A fee is charged for this service and there is no adverse financial effect on the Diocese.

**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of Canterbury Diocesan Board of Finance for the purposes of company law) are responsible for preparing the 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and accounting 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 group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**Canterbury Diocesan Board of Finance**  
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**Trustees' Report**  
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**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

**AUDITOR**

Buzzacott LLP was appointed as statutory auditor on 30 September 2017 and has indicated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

This report, incorporating the Strategic Report, was approved by the Trustees on 16 June 2018 and signed on their behalf by:

  
**Nigel Mansley**  
Trustee

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**Canterbury Diocesan Board of Finance**  
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**Independent Auditor's Report to the Members of Canterbury Diocesan Board of Finance**

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**Opinion**

We have audited the financial statements of Canterbury Diocesan Board of Finance (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of financial activities, the consolidated summary income and expenditure account, the consolidated and charitable parent company balance sheets, the consolidated statement of cash flows and the notes to the financial statements including the principal 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 group's and of the charitable parent company's affairs as at 31 December 2017 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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 not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent 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.

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**Canterbury Diocesan Board of Finance**  
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**Independent Auditor's Report to the Members of Canterbury Diocesan Board of Finance**

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**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' report and financial statements, 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.

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

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company 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.

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**Canterbury Diocesan Board of Finance**  
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**Independent Auditor's Report to the Members of Canterbury Diocesan Board of Finance**

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**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement in the Trustees' report, the Trustees 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 group's and the charitable parent 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 group or the charitable parent 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Buzzacott LLP**

Amanda Francis (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

**29 June 2018**

**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

**Consolidated Statement of Financial Activities**  
**For the year ended 31 December 2017**

	Notes	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	<b>Total funds 2017 £000</b>	Total funds 2016 £000
<b>Income and endowments from:</b>						
Donations and legacies	2	8,757	-	-	<b>8,757</b>	8,629
Charitable activities	3	444	-	-	<b>444</b>	461
Other trading activities	4	522	-	-	<b>522</b>	556
Investments and interest	5	233	-	-	<b>233</b>	196
Other sources						
· Gains on property sales	6	459	475	357	<b>1,291</b>	199
· Miscellaneous	6	-	-	-	<b>-</b>	105
<b>Total income and endowments</b>		<b>10,415</b>	<b>475</b>	<b>357</b>	<b>11,247</b>	10,146
<b>Expenditure on:</b>						
Raising funds	7	274	-	-	<b>274</b>	357
Charitable activities	9, 11	10,041	17	372	<b>10,430</b>	9,578
<b>Total expenditure</b>		<b>10,315</b>	<b>17</b>	<b>372</b>	<b>10,704</b>	9,935
<b>Net income (expenditure) before investment gains</b>						
		100	458	(15)	<b>543</b>	211
Net gains on investments	17	108	44	211	<b>363</b>	356
<b>Net income before transfers</b>						
		208	502	196	<b>906</b>	567
Transfers between funds	22	300	(300)	-	<b>-</b>	-
<b>Net income for the year</b>		<b>508</b>	<b>202</b>	<b>196</b>	<b>906</b>	567
<b>Other recognised gains and losses:</b>						
Gains (losses) on revaluations of tangible fixed assets	16	-	-	3,915	<b>3,915</b>	(54)
<b>Net movement in funds</b>		<b>508</b>	<b>202</b>	<b>4,111</b>	<b>4,821</b>	513
<b>Reconciliation of funds</b>						
Total funds brought forward as previously stated		11,656	1,517	63,186	<b>76,359</b>	75,846
Prior year adjustment	17	-	-	1,500	<b>1,500</b>	1,500
Total funds brought forward as restated		11,656	1,517	64,686	<b>77,859</b>	77,346
<b>Total funds carried forward</b>		<b>12,164</b>	<b>1,719</b>	<b>68,797</b>	<b>82,680</b>	77,859

All activities relate to continuing operations in both the above financial years.

The notes on pages 19 to 45 form part of these financial statements.



**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

**Consolidated Summary Income and Expenditure Account**  
**For the year ended 31 December 2017**

	Notes	Unrestricted funds 2017 £000	Restricted funds 2017 £000	<b>Total funds 2017 £000</b>	Total funds 2016 £000
Income		10,415	475	<b>10,890</b>	10,031
Gains on investments		108	44	<b>152</b>	157
<b>Gross income in the reporting period</b>		10,523	519	<b>11,042</b>	10,188
Less: Total expenditure		10,315	17	<b>10,332</b>	9,919
<b>Net income for the year before transfers</b>		208	502	<b>710</b>	269
Transfers between funds	22	300	(300)	-	(113)
<b>Net income for the financial year</b>		<b>508</b>	<b>202</b>	<b>710</b>	156

The notes on pages 19 to 45 form part of these financial statements. 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 activities relate to continuing operations.

**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**  
Registered number: 00145650

**Consolidated Balance Sheet**  
**As at 31 December 2017**

		Restated (see note 17)			
	Note	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed assets</b>					
Tangible fixed assets	16		78,139		75,245
Investments	17		6,951		6,889
			<b>85,090</b>		<b>82,134</b>
<b>Current assets</b>					
Stocks and work in progress	18	43		97	
Debtors	19	1,096		1,013	
Cash at bank and in hand		3,112		2,309	
		<b>4,251</b>		<b>3,419</b>	
<b>Creditors:</b> amounts falling due within one year	20	(3,026)		(3,248)	
<b>Net current assets</b>			<b>1,225</b>		<b>171</b>
<b>Total assets less current liabilities</b>			<b>86,315</b>		<b>82,305</b>
<b>Creditors:</b> amounts falling due after more than one year	21		(3,635)		(4,446)
<b>Net assets</b>			<b>82,680</b>		<b>77,859</b>
<b>Funds</b>					
Endowment funds	22		68,797		64,686
Restricted funds	22		1,719		1,517
Unrestricted funds					
. Designated funds	22		11,884		11,295
. General funds	22		296		383
. Non-charitable trading funds			(16)		(22)
<b>Total funds</b>			<b>82,680</b>		<b>77,859</b>

The financial statements were approved by the Trustees on 16 June 2018 and signed on their behalf by:

Trustee




The notes on pages 19 to 45 form part of these financial statements.

**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**  
**Registered number: 00145650**

**Charitable Company Balance Sheet**  
**As at 31 December 2017**

		Restated (see note 17)			
	<b>Note</b>	<b>2017 £000</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2016 £000</b>
<b>Fixed assets</b>					
Tangible fixed assets	16		<b>78,139</b>		75,245
Investments	17		<b>6,952</b>		6,924
			<b>85,091</b>		82,169
<b>Current assets</b>					
Debtors	19	<b>1,170</b>		1,141	
Cash at bank and in hand		<b>3,019</b>		2,268	
		<b>4,189</b>		3,409	
<b>Creditors:</b> amounts falling due within one year	20	<b>(2,949)</b>		(3,251)	
<b>Net current assets</b>			<b>1,240</b>		158
<b>Total assets less current liabilities</b>			<b>86,331</b>		82,327
<b>Creditors:</b> amounts falling due after more than one year	21		<b>(3,635)</b>		(4,446)
<b>Net assets</b>			<b>82,696</b>		77,881
<b>Funds</b>					
Endowment funds	22		<b>68,797</b>		64,686
Restricted funds	22		<b>1,719</b>		1,517
Unrestricted funds					
Designated funds	22		<b>11,884</b>		11,295
General funds	22		<b>296</b>		383
<b>Total funds</b>			<b>82,696</b>		77,881

The financial statements were approved by the Trustees on 16 June 2018 and signed on their behalf by:

Trustee




The notes on pages 19 to 45 form part of these financial statements.

**Canterbury Diocesan Board of Finance**  
(A Company Limited by Guarantee)

**Consolidated Statement of Cash flows**  
**For the year ended 31 December 2017**

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	A	(1,806)	(422)
<b>Cash flows from investing activities</b>			
Investment income and interest received		233	196
Rental income received		222	182
Proceeds from the sale of tangible fixed assets		3,841	514
Purchase of tangible fixed assets		(1,556)	(399)
Proceeds from sale of investments		291	20
<b>Net cash provided by investment activities</b>		<b>3,031</b>	<b>513</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(422)	(200)
Cash inflows from new borrowing		-	422
<b>Net cash (used in) provided by financing activities</b>		<b>(422)</b>	<b>222</b>
Change in cash and cash equivalents in the year		803	313
Cash and cash equivalents brought forward		2,309	1,996
<b>Cash and cash equivalents carried forward</b>	B	<b>3,112</b>	<b>2,309</b>

**A. Reconciliation of net income for the year to net cash used in operating activities**

	2017 £000	2016 £000
Net income for the year (as per the statement of financial activities)	906	567
<b>Adjustment for:</b>		
Depreciation charges	27	31
Impairment of investment property	10	-
Gains on investments	(363)	(356)
Investment income and interest receivable	(233)	(196)
Rental income receivable	(222)	(182)
Gains on disposal of tangible fixed assets	(1,291)	(84)
Decrease in stocks and work in progress	54	29
Increase in debtors	(83)	(66)
Decrease in creditors	(611)	(165)
<b>Net cash used in operating activities</b>	<b>(1,806)</b>	<b>(422)</b>

**B. Analysis of cash and cash equivalents**

	2017 £000	2016 £000
Cash in hand	3,112	2,309

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**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

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**1. Principal Accounting Policies**

**1.1 Basis of accounting**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

**1.2 Basis of preparation**

These financial statements have been prepared for the year to 31 December 2017 with comparative information provided for the year to 31 December 2016.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the Canterbury Diocesan Board of Finance's operations has required adaptation of the formats as allowed by section 396(5).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

**1.3 Basis of consolidation**

The financial statements consolidate the accounts of Canterbury Diocesan Board of Finance and all of its subsidiary undertakings ('subsidiaries').

The charitable company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account. Gross income of the charitable company of £11,103k (2016: £9,695k) and net income of £900k (2016: £154k) has been dealt with in the accounts of the charitable company.

**1.4 Company status**

The charitable company is a company limited by guarantee, Company Registration Number 00145650 (England and Wales). The members of the company are the Trustees named on page 1. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1 per member of the charitable company. The company's address and other reference information is shown on page 1.

**1.5 Fund structure**

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be applied at the discretion of the Trustees. Certain unrestricted funds have been set aside and designated for specific purposes by the Trustees.

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**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

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**1. Principal Accounting Policies (continued)**

**1.5 Fund structure**

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

The endowment funds comprise assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims. The income therefrom may be used either in accordance with the donors' wishes, if stipulated, or for general purposes.

The non-charitable trading funds represent the accumulated losses arising on the charity's trading subsidiaries.

**1.6 Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- the valuation of investment property and benefice properties;
- the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- the valuation of work in progress and any provision required thereto; and
- the recoverability of debtors and any provision for bad or doubtful debts.

The Trustees consider valuation of benefice properties and pensions liabilities to be the areas of judgement and estimation that have a significant effect on the financial statements. Further details of these judgements is given in notes 16 and 24 respectively.

**1.7 Going concern**

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the charity has sufficient monetary assets, including short term cash deposits, which could be readily realised to meet liabilities should there be an unexpected curtailment of income.

**1.8 Income**

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations and legacies, including Parish Share income, income from listed investments, interest receivable, income directly related to charitable activities (including grants), income from trading activities, the surplus on disposal of tangible fixed assets and miscellaneous income.

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**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

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**1. Principal Accounting Policies (continued)**

**1.8 Income (continued)**

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities comprises parochial fees received for occasional offices including baptisms, weddings and funerals. Such income is recognised as if it were a donation from the parishes in a manner consistent with that adopted for other donations and set out above.

Income from trading activities comprises the income received from third parties by the charity's trading subsidiaries. Such income is measured at the fair value of the consideration received or receivable, excluding discounts and rebates.

The gains on the sale of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. It is accounted for once legal completion of the disposal has taken place.

Miscellaneous income is measured at fair value and accounted for on an accruals basis.

**1.9 Expenditure**

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered. Expenditure comprises the following:

- a. Expenditure on raising funds which includes expenditure associated with raising funds and comprises income of trading subsidiary companies.

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**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

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**1. Principal Accounting Policies (continued)**

**1.9 Expenditure (continued)**

- b. Expenditure on charitable activities which comprises expenditure on the charity's primary charitable purposes as described in the Trustees' report i.e. promoting and assisting the work of the Church of England for the advancement of the Christian religion in the Diocese of Canterbury. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

Support costs are those costs which enable charitable activities to be carried out. These costs include the expenses relating to finance, human resources, property management, communications and information technology. Where expenditure incurred relates to more than one activity it is apportioned using the most appropriate basis.

Grants payable are included in the statement of financial activities when approved and when committed. Commitment will usually arise when the intended recipient has either received the funds or been informed of the decision to make the donation.

**1.10 Property, plant and equipment**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Laptop and desktop computers costing under £1,000 are also capitalised.

Parsonage houses being buildings designed as, and used wholly or mainly for, private residential accommodation are not depreciated. Their value and conditions are reviewed annually by the Trustees, who are satisfied that their residual value is not materially less than their book value.

Other freehold buildings which are used as private residential properties are not depreciated. The value and condition of the properties is reviewed annually to ensure that their residual value is not materially less than their book value.

Office equipment is written off over a period of three to five years, based on cost, in order to write the cost of each asset off over its estimated useful life.

**1.11 Benefice property**

CDBF has followed the requirements of FRS 102 in its accounting treatment for benefice houses. FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. CDBF is formally responsible for the maintenance and repair of benefice houses and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. Therefore, the Trustees consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at their estimated current value. Benefice houses are revalued on a five year cycle by professional valuers and the whole portfolio is reviewed annually against insurance valuation.



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**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

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**1. Principal Accounting Policies (continued)**

**1.12 Investments**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted in the Trustees' report attached to these financial statements, one of the main forms of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Glebe property comprising agricultural land is included in the financial statements at a valuation based on income yield with provision being made for any impairment deemed necessary. The valuation has been determined by the Trustees after consultation with the Board's property director.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

**1.13 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**1.14 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value with provision made in respect to any amount deemed irrecoverable. Work in progress is valued so as to include all direct costs.

**1.15 Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**1.16 Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

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**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

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**1. Principal Accounting Policies (continued)**

**1.17 Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**1.18 Financial instruments**

Apart from fixed asset investments held at fair value, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

**1.19 Pensions**

The charitable company operates four pension schemes as more fully described in note 24:

- i) A defined benefits scheme for clergy - the Church of England Funded Pensions Scheme
- ii) A defined benefits scheme for certain diocesan staff now closed to new staff - the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund
- iii) A defined benefits scheme - the Church of England Pension Builder Classic Scheme, part of the Church Workers Pension Fund
- iv) A defined contribution pension scheme for diocesan staff not included in the above schemes

The pension costs charged as expenditure represent the CDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which CDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

**1.20 Custodian funds**

Funds held by the charity on behalf of parishes, church schools and other entities and over which the charity has no power to make management decisions are classified as custodian funds and are not included in the financial statements. Instead, the funds held are disclosed by way of a note to the financial statements.

**1.21 School major repair and capital projects**

The charity receives Government grants in connection with major repair and capital projects to Church Schools. The charity administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the charity and as such the receipts and payments are not treated as income or expenditure in the statement of financial activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet.

**Canterbury Diocesan Board of Finance**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**2. Income from: Donations and legacies**

	Unrestricted funds	
	2017	2016
	£000	£000
Parish Share	7,764	7,561
Archbishops' Council	696	804
Allchurches Trust	121	121
Other donations and grants	63	43
Legacies	113	100
<b>Total funds</b>	<b>8,757</b>	<b>8,629</b>

**3. Income from: Charitable activities**

	Unrestricted funds	
	2017	2016
	£000	£000
<b>Total funds: Parochial fees for occasional offices</b>	<b>444</b>	<b>461</b>

Occasional offices include baptisms, weddings and funerals.

**4. Income from: Other trading activities**

	Unrestricted funds	
	2017	2016
	£000	£000
Income from subsidiary trading companies	144	191
Rental income	222	182
Other trading income	156	183
<b>Total funds</b>	<b>522</b>	<b>556</b>

Income from subsidiary trading companies represents work done by Diocesan Architectural Services Limited, Canterbury Diocesan Enterprises Limited and Ethos School Improvement Limited for third parties outside of the group. Work done for CDBF of £105k has been eliminated on consolidation.

**Canterbury Diocesan Board of Finance**  
(A Company Limited by Guarantee)

**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**5. Income from: Investments and interest**

	Unrestricted funds	
	2017	2016
	£000	£000
Investment income	227	193
Bank and other interest receivable	6	3
<b>Total funds</b>	<b>233</b>	<b>196</b>

**6. Income from: Other sources**

	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds
	2017	2017	2017	2017	2016
	£000	£000	£000	£000	£000
Gains on property sales	459	475	357	1,291	199
Micellaneous income	-	-	-	-	105
<b>2017 Total funds</b>	<b>459</b>	<b>475</b>	<b>357</b>	<b>1,291</b>	<b>304</b>
2016 Total funds	84	105	115	304	

**7. Expenditure on: Raising funds**

	Unrestricted funds	
	2017	2016
	£000	£000
Wages and salaries	127	205
Social security costs	13	19
Pension costs	9	19
Other overheads	125	114
	<b>274</b>	<b>357</b>

Expenditure on raising funds comprises the expenditure of subsidiary trading companies.

**Canterbury Diocesan Board of Finance**  
(A Company Limited by Guarantee)

**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

**8. Analysis of grant funding activities**

Included within expenditure on charitable activities (note 9) are the following grants:

	Number	2017 £000	Number	2016 £000
<b>From unrestricted funds for national Church responsibilities</b>				
Contributions to Archbishops' Council	-	550	-	536
<b>From unrestricted funds</b>				
Parochial fee grants	186	99	189	121
Ministry grants	17	482	17	483
Transitional grants	62	43	40	99
Children, youth and schools	9	96	9	81
Parish administration	3	59	1	20
Parish support	13	83	13	75
Deanery grants	15	30	15	30
		<b>1,442</b>		<b>1,445</b>

The development of Diocesan grants using the Church Commissioner funding allocation continues to see the Diocese take a pioneering role in the Church of England in giving financial assistance to parishes to leverage their mission. In 2017, £750k (2016: £689k) was spent in targeting parishes which can most benefit missionally and ministerially from grant funding. A further £43k (2016: £99k) was spent on transitional grants to finance the extra costs of those former House for Duty priests who had moved onto a part-time stipend commensurate with the ministry time offered to their parish.

**9. Expenditure on: Charitable activities**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<i>Contributions to Archbishops' Council</i>					
Training for ministry	222	-	-	222	214
National Church Responsibilities	177	-	-	177	162
Grants and provisions	19	-	-	19	20
Mission agency pension costs	2	-	-	2	12
Retired clergy housing costs	73	-	-	73	70
Pooling of ordinands maintenance grants	57	-	-	57	57
	<b>550</b>	<b>-</b>	<b>-</b>	<b>550</b>	<b>535</b>

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**9. Expenditure on: Charitable activities (continued)**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	<b>Total funds 2017 £000</b>	Total funds 2016 £000
<i>Resourcing Ministry and Mission:</i>					
<i>Parish Ministry</i>					
Stipends	2,960	-	-	<b>2,960</b>	2,866
. National Insurance	234	-	-	<b>234</b>	221
Pension contributions:					
. Employer pension contributions	684	-	-	<b>684</b>	688
. FRS 102 pension adjustment	-	-	134	<b>134</b>	(184)
. Housing costs	1,486	-	92	<b>1,578</b>	1,376
. Apprenticeship levy	11	-	-	<b>11</b>	-
Removal and resettlement grants	153	-	-	<b>153</b>	144
. Other expenses	140	-	-	<b>140</b>	153
. Lay and ordinand training	134	-	-	<b>134</b>	66
Parochial fee grants	99	-	-	<b>99</b>	121
Mission development grants	482	-	-	<b>482</b>	483
	<b>6,383</b>	<b>-</b>	<b>226</b>	<b>6,609</b>	<b>5,934</b>
<i>Resourcing Ministry and Mission:</i>					
<i>Senior Clergy</i>					
. Stipends, NI and Pensions	58	-	-	<b>58</b>	79
. Housing cost allocation	26	-	-	<b>26</b>	25
	<b>84</b>	<b>-</b>	<b>-</b>	<b>84</b>	<b>104</b>
<i>Resourcing Ministry and Mission:</i>					
Support costs (note 10)	2,466	17	10	<b>2,493</b>	2,510
<i>Total expenditure on resourcing Ministry and Mission</i>	<b>8,933</b>	<b>17</b>	<b>236</b>	<b>9,186</b>	<b>8,548</b>
<i>Expenditure on education</i>					
Support for church schools and young people	558	-	136	<b>694</b>	495
<b>Total funds 2017</b>	<b>10,041</b>	<b>17</b>	<b>372</b>	<b>10,430</b>	<b>9,578</b>
<b>Total funds 2016</b>	<b>9,455</b>	<b>107</b>	<b>16</b>	<b>9,578</b>	

Included within expenditure on education are one off costs for the refurbishment of a school roof (£90k), write off of a loan to one of the schools in the Diocese (£46k) and a write off of historic balances (£69k).

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**10. Analysis of support costs**

	Unrestricted funds 2017 £000	Restricted Funds 2017 £000	Endowment Funds 2017 £000	<b>Total funds 2017 £000</b>	Total funds 2016 £000
<i>Central administration</i>					
Office costs	792	17	10	<b>819</b>	858
Salaries	1,059	-	-	<b>1,059</b>	1,011
National Insurance	97	-	-	<b>97</b>	94
Pensions	201	-	-	<b>201</b>	226
Grants to support parishes and deaneries	215	-	-	<b>215</b>	224
<i>Governance</i>					
External audit	20	-	-	<b>20</b>	20
Diocesan Synod and Archbishop's Council	15	-	-	<b>15</b>	22
National Synod	6	-	-	<b>6</b>	6
Registrar	41	-	-	<b>41</b>	37
Statutory accounts preparation	10	-	-	<b>10</b>	12
Strategic Management	10	-	-	<b>10</b>	-
	<b>2,466</b>	<b>17</b>	<b>10</b>	<b>2,493</b>	<b>2,510</b>

Support costs all relate to the resourcing of Ministry and Mission.

**11. Analysis of total expenditure**

	Activities directly undertaken 2017 £000	Grant funding of activities 2017 £000	Support costs 2017 £000	<b>Total funds 2017 £000</b>	Total funds 2016 £000
Raising funds	274	-	-	<b>274</b>	357
Charitable activities					
. Contributions to Archbishops' Council	-	550	-	<b>550</b>	535
. Resourcing Parish Ministry	5,897	796	2,493	<b>9,186</b>	8,548
. Education	598	96	-	<b>694</b>	495
	<b>6,769</b>	<b>1,442</b>	<b>2,493</b>	<b>10,704</b>	<b>9,935</b>

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**12. Net income (expenditure) before investment gains**

This is stated after charging:

	<b>2017</b>	2016
	<b>£000</b>	£000
Depreciation of tangible fixed assets owned by the charitable group	<b>27</b>	31
Operating lease rentals	<b>26</b>	24
Impairment of investment property	<b>10</b>	-

**13. Auditor's remuneration**

	<b>2017</b>	2016
	<b>£000</b>	£000
Fees payable to the charitable company's auditor for:		
Audit of the charitable company's annual accounts and those of subsidiary trading companies	<b>23</b>	24
Taxation services to the group	<b>3</b>	6

**14. Stipends and staff costs**

	<b>2017</b>	2016
	<b>£000</b>	£000
Wages, salaries and stipends	<b>4,435</b>	4,350
Social security costs	<b>372</b>	362
Other pension costs	<b>955</b>	952
	<b>5,762</b>	5,664
Defined benefit scheme operating cost	<b>6</b>	6
Apprenticeship levy	<b>11</b>	-
	<b>5,779</b>	5,670

The average number of persons employed by the group during the year, was as follows:

	<b>2017</b>	2016
Clergy, Curates and Senior Staff	<b>139</b>	139
Diocesan House	<b>54</b>	53
Subsidiary trading companies	<b>4</b>	7
	<b>197</b>	199

The number of employees with remuneration in excess of £60,000 (including taxable benefits but excluding employer pension and national insurance contributions) was:

	<b>2017</b>	2016
In the band £60,001 - £70,000	<b>2</b>	2
In the band £70,001 - £80,000	<b>1</b>	1



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**14. Stipends and staff costs (continued)**

Employer pension scheme costs in respect of the above employees were £38,932 (2016: £38,000).

**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2017 they were:

Diocesan Secretary and Company Secretary  
Diocesan Director of Ordinands  
Director of Communications  
Director of Communities and Partnerships  
Director of Education  
Director of Finance  
Director of Strategic Property

Remuneration, pensions and expenses for these 7 employees amounted to £480,272 (2016: £461,000).

**15. Trustees' remuneration**

	<b>2017</b>	2016
	<b>£000</b>	£000
Remuneration	<b>12</b>	9

During the year, Revd Robert Stevenson received remuneration as Managing Director of Diocesan Architectural Services Limited and Canterbury Diocesan Enterprises Limited. Revd Robert Stevenson is also a director of John Bishop & Associates. In 2017, the charity made payments to the company totalling £51,344 (2016 - £71,467), for professional services.

Trustees received reimbursement of expenses of £20,290 (2016: £19,507) in respect of General Synod duties, duties as archdeacon and other duties as trustees.

The following table gives details of the Trustees who were in receipt of a stipend (including pension), part stipend (including pension) and/or housing provided by CDBF during the year:

	Stipend	Housing
The Bishop of Dover	No	Yes
The Archdeacon of Ashford	Yes	Yes
The Archdeacon of Canterbury	Yes	No
The Archdeacon of Maidstone	No	Yes
Revd Canon Andrew Sewell	Yes	Yes
Revd Anthony Everett	Yes	Yes
Revd Canon Stephen Lillicrap	Yes	Yes
Revd Canon Timothy Wilson	Yes	Yes

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**16. Tangible fixed assets**

<b>Group and charitable company</b>	<b>Freehold property £000</b>	<b>Office equipment £000</b>	<b>Benefice Property £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 January 2017	14,582	292	61,731	<b>76,605</b>
Additions	1,544	12	-	<b>1,556</b>
Disposals	(2,681)	-	-	<b>(2,681)</b>
Revaluation	-	-	3,915	<b>3,915</b>
At 31 December 2017	<b>13,445</b>	<b>304</b>	<b>65,646</b>	<b>79,395</b>
<b>Depreciation</b>				
At 1 January 2017	1,108	252	-	<b>1,360</b>
Charge for the year	-	27	-	<b>27</b>
On disposals	(131)	-	-	<b>(131)</b>
At 31 December 2017	<b>977</b>	<b>279</b>	<b>-</b>	<b>1,256</b>
<b>Net book value</b>				
At 31 December 2017	<b>12,468</b>	<b>25</b>	<b>65,646</b>	<b>78,139</b>
At 31 December 2016	<b>13,474</b>	<b>40</b>	<b>61,731</b>	<b>75,245</b>

Benefice properties are included in the financial statements at a valuation determined as part of a rolling programme designed to value all such properties over a five year period. The valuation is based on market value for existing use and for the calendar years 2015, 2016 and 2017 has been carried out by a member of the charity's property team with a Chartered Surveyor qualification. The valuation is always compared with the insurance value of the relevant property. The valuation of properties in 2013 and 2014 is based on insurance value.

All other tangible fixed assets are included in the financial statements at cost.

Included in the benefice property balance above are five properties held for sale with a combined net book value of £2,898k (2016 - £3,471k). Of these, two properties have been sold since the year end, generating gross proceeds of £1,117k.

**17. Fixed asset investments**

<b>Group</b>	<b>Glebe Property £000</b>	<b>Listed investments £000</b>	<b>Total £000</b>
<b>Market value</b>			
At 1 January 2017 as previously stated	10	5,379	<b>5,389</b>
Prior year adjustment (see below)	1,500	—	<b>1,500</b>
At 1 January 2017 as restated	<b>1,510</b>	<b>5,379</b>	<b>6,889</b>
Disposal proceeds	-	(291)	<b>(291)</b>
Impairment charge	(10)	-	<b>(10)</b>
Net investment gains	-	363	<b>363</b>
At 31 December 2017	<b>1,500</b>	<b>5,451</b>	<b>6,951</b>
<b>Historical cost</b>		<b>4,001</b>	<b>4,001</b>

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**17. Fixed asset investments (continued)**

<b>Charitable company</b>	<b>Glebe property £000</b>	<b>Investment in subsidiaries £000</b>	<b>Listed invest- ments £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 January 2017 as previously stated	10	127	5,379	<b>5,516</b>
Prior year adjustment (see below)	1,500	-	-	<b>1,500</b>
At January 2017 as restated	1,510	127	5,379	<b>7,016</b>
Disposal proceeds	-	-	(291)	<b>(291)</b>
Net investment gains	-	-	363	<b>363</b>
At 31 December 2017	1,510	127	5,451	<b>7,088</b>
<b>Impairment</b>				
At 1 January 2017	-	92	-	<b>92</b>
Charge for the year	10	34	-	<b>44</b>
At 31 December 2017	10	126	-	<b>136</b>
<b>Net book values</b>				
At 31 December 2017	1,500	1	5,451	<b>6,952</b>
At 31 December 2016	1,510	35	5,379	<b>6,924</b>

All the fixed asset investments are held in the UK. The listed investments are held in Church of England Central Board of Finance funds managed by CCLA Investment Management Limited.

The prior year adjustment relates to the recognition of glebe land and property previously omitted from the financial statements.

**18. Stocks and work in progress**

	<b>Group</b>	
	<b>2017 £000</b>	<b>2016 £000</b>
Work in progress	<b>43</b>	<b>97</b>

Work in progress comprises costs incurred in projects for the development of properties which were ongoing at 31 December 2017.

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**19. Debtors**

	<b>Group</b>		<b>Charitable company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Parish share and charitable income due	337	189	337	182
Amounts owed by subsidiaries	-	-	108	147
Amounts owed by undertakings in which the company has a participating interest	10	14	10	14
Other debtors:				
. Amounts owed by connected entities	52	-	52	-
. Secured loan	160	160	160	160
. Other debtors	447	604	423	594
Prepayments and accrued income	90	46	80	44
	<b>1,096</b>	<b>1,013</b>	<b>1,170</b>	<b>1,141</b>

**Parish Share (the group and the charitable company)**

The parish share element within debtors above consists of:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Total parish share due at 31 December	2,044	1,897
Provisions made in respect of:		
. Current year	(384)	(336)
. Previous years	(1,387)	(1,385)
Total	<b>273</b>	<b>176</b>

**20. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Charitable company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other loans	152	457	152	457
Expense creditors	182	308	177	320
Other taxation and social security	55	52	39	45
Other creditors	1,815	1,713	1,805	1,669
Pension scheme liabilities	511	497	511	497
Amounts owed to subsidiaries	-	-	-	13
Amounts owed to connected entities	-	34	-	34
Accruals and deferred income	311	223	265	216
	<b>3,026</b>	<b>3,248</b>	<b>2,949</b>	<b>3,251</b>

Other loans consist of Value Linked Loans for the purchase of special needs housing (purchased on behalf of the Church Commissioners). These loans are only repayable in the event of a sale of any of the properties and interest is charged on these loans at a variable rate.

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**21. Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Charitable company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans	-	422	-	422
Other loans	1,053	1,053	1,053	1,053
Pension scheme liabilities	2,582	2,971	2,582	2,971
	<b>3,635</b>	<b>4,446</b>	<b>3,635</b>	<b>4,446</b>

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

	<b>Group</b>		<b>Charitable company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Repayable other than by instalments	3,635	4,024	3,635	4,024

The other loans consist of 4 (2016: 4) interest only mortgages which are secured on freehold properties. All of the loans are repayable within 20 years. Interest on 3 (2016: 3) loans is charged at 1.50% above base rate and interest on 1 (2016: 1) loan is charged at 0.55% over the CBF Church of England Deposit rate.

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**22. Statement of funds**

	<b>Brought forward £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers in/(out) £000</b>	<b>Gains £000</b>	<b>Carry forward £000</b>
<b>Endowment funds</b>						
Ministry Trust Fund	1,635	-	-	-	117	1,752
Clergy Training Fund	448	-	-	-	33	481
Tait Mission Fund	162	-	-	-	13	175
Benefice properties	57,597	-	(134)	-	3,915	61,378
Education Fund	1,281	334	(136)	-	1	1,480
Stipends Capital Fund	3,563	23	(102)	-	47	3,531
	<u>64,686</u>	<u>357</u>	<u>(372)</u>	<u>-</u>	<u>4,126</u>	<u>68,797</u>
<b>Restricted funds</b>						
Clergy and Spouses Retirement Fund	585	-	(3)	-	44	626
Diocesan Pastoral Account Fund	932	475	(14)	(300)	-	1,093
	<u>1,517</u>	<u>475</u>	<u>(17)</u>	<u>(300)</u>	<u>44</u>	<u>1,719</u>
<b>Designated funds</b>						
Ministry Housing	9,875	-	-	571	-	10,446
Spirituality Fund	238	6	(31)	-	14	227
Witney Fund	854	28	-	-	55	937
Holiday Fund	25	1	-	-	1	27
Mission Initiative Fund	135	3	-	-	1	139
Taylor Bequest	23	-	-	-	-	23
Davington Gatehouse	86	-	(65)	-	-	21
Training Fund	59	5	-	-	-	64
	<u>11,295</u>	<u>43</u>	<u>(96)</u>	<u>571</u>	<u>71</u>	<u>11,884</u>
<b>General funds</b>						
General	383	10,228	(10,081)	(271)	37	296
<b>Total unrestricted funds</b>	<u>11,678</u>	<u>10,271</u>	<u>(10,177)</u>	<u>300</u>	<u>108</u>	<u>12,180</u>
<b>Total Charity funds</b>	77,881	11,103	(10,566)	-	4,278	82,696
<b>Non-charitable trading funds</b>	(22)	144	(138)	-	-	(16)
<b>Total Group funds</b>	<u>77,859</u>	<u>11,247</u>	<u>(10,704)</u>	<u>-</u>	<u>4,278</u>	<u>82,680</u>

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**22. Statement of funds (continued)**

<b>Summary: Group funds</b>	<b>Brought forward £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers in/(out) £000</b>	<b>Gains £000</b>	<b>Carry forward £000</b>
Designated funds	11,295	43	(96)	571	71	11,884
General funds (net of non-charitable trading funds)	361	10,372	(10,219)	(271)	37	280
Unrestricted funds	11,656	10,415	(10,315)	300	108	12,164
Endowment funds	64,686	357	(372)	-	4,126	68,797
Restricted funds	1,517	475	(17)	(300)	44	1,719
<b>Total funds</b>	<b>77,859</b>	<b>11,247</b>	<b>(10,704)</b>	<b>-</b>	<b>4,278</b>	<b>82,680</b>

**Designated Funds**

- i) Ministry Housing - This fund consists of Ministry Housing properties and associated movements.
- ii) Spirituality Fund - The fund represents the sale proceeds of St Gabriel's Retreat House for financing a part time Diocesan Spirituality 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 lay workers to take holidays.
- v) Mission Initiatives Fund - The purpose of this fund is for developing mission within parishes and 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.
- vi) Taylor Bequest - For grants and payments to retiring clergy.
- vii) Davington Gatehouse - this fund is held in trust for the development of facilities at Davington Church.
- viii) Training Fund - The purpose of this fund is to provide grants to clergy to supplement their training needs as appropriate. This fund receives unused Continuing Ministerial Education contributions and the income arising from the Cobbe Holiday Trust Fund (with the approval of the Charity Commission).

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**22. Statement of funds (continued)**

**General Funds**

General funds consist of the accumulated surpluses, less deficits, on unrestricted funds, excluding designated fund movements.

**Endowment Funds**

*Permanent Endowment Funds*

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

- i) Ministry Trust Fund - Income to be applied for stipends. The fund comprises the Standen Bequest, the Spooner Bequest, the A T Wiggins Bequest, the Parsonage Repair Fund, and the Dame Stancombe- Wills Fund.
- ii) Clergy Training Fund - Income to be applied for clergy training. The fund comprises the Candidates for the Ministry Fund, the Holt Fund and the Knight Trust Fund.
- iii) Tait Mission Fund - Income to be applied for the expenses of the Tait Missioner.

*Expendable Endowment Funds*

- i) Benefice Properties - the fund consists of resources restricted to provision of benefice houses which are vested for the time being in the incumbents of the benefices concerned. The CDBF is obliged to maintain them and to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese. Sale proceeds of benefice houses surplus to requirements may be transferred into the diocesan pastoral account fund.
- ii) Education Fund - the proceeds of sale of redundant properties are held on a separate endowment fund under S554 of the Education Act. The capital of funds awaiting Orders from the Secretary of State are not available for use until such time as they are included in a charitable order or scheme which may require funds to be disposed of to other parties in part or in full. Other proceeds of sale of redundant properties are held until the completion of replacement schools. In these cases the proceeds of sale may be used to offset expenses relating to the new school projects.
- iii) 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 land;
  - developing, improving and protecting amenities of glebe;
  - discharging loans on glebe;
  - the improvement of parsonage houses

Income of the fund is automatically applied to stipends.



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**22. Statement of funds (continued)**

**Restricted Funds**

- i) 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
- ii) Diocesan Pastoral Account Fund - The purposes for which this fund may be used are laid down in Section 94 of the Pastoral Measure 2011 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 the Board or Commissioners by the Measure;
  - transfers to Stipends Capital Fund of capital or income;
  - other purposes of the Diocese or any benefice or parish.

The 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 fund includes monies set aside by the Pastoral Committee for mission and development in parishes. During the year £300k was transferred to general funds to assist with the funding of parsonage maintenance.

**23. Analysis of net assets between funds**

An analysis of the group net assets between funds at 31 December 2017 is given below

Group	General funds* £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total funds £000
Tangible fixed assets	2,006	10,487	-	65,646	78,139
Fixed asset investments	258	1,282	640	4,771	6,951
Current assets	1,680	141	1,079	1,351	4,251
Creditors due within one year	(2,509)	(26)	-	(491)	(3,026)
Creditors due in more than one year	(1,155)	-	-	(2,480)	(3,635)
<b>Total funds</b>	<b>280</b>	<b>11,884</b>	<b>1,719</b>	<b>68,797</b>	<b>82,680</b>

\*stated net of non-charitable trading funds of minus £16k.

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**24. Pension commitments**

**Clergy**

The Charitable Company (the 'Employer') participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the statement of financial activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

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**24. Pension commitments (continued)**

**Clergy (continued)**

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

<b>% of pensionable stipends</b>	January 2016 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

At 31 December 2015, the deficit repair contributions payable under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	<b>2017</b> <b>£000</b>	2016 £000
Balance sheet liability at 1 January	<b>3,200</b>	3,794
Deficit contribution paid	<b>(427)</b>	(410)
Interest cost (recognised in statement of financial activities)	<b>45</b>	90
Remaining change to the balance sheet liability* (recognised in statement of financial activities)	<b>89</b>	(274)
<b>Balance sheet liability at 31 December</b>	<b>2,907</b>	3,200

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	<b>December 2017</b>	December 2016	December 2015
Discount rate	<b>1.4%pa</b>	1.5% pa	2.5% pa
Price inflation	<b>3.0%pa</b>	3.1% pa	2.4% pa
Increase to total pensionable payroll	<b>1.5%pa</b>	1.6% pa	0.9% pa

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

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**24. Pension commitments (continued)**

**Staff**

Canterbury DBF (DBS) participates in the Defined Benefits Scheme section of Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

***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.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9 million and £4.3 million was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9 million.

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**24. Pension commitments (continued)**

**Staff (continued)**

**Defined Benefits Scheme (continued)**

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 27% of pensionable salary and expenses of £5,700 per year. In addition, deficit payments of £84,100 per year have been agreed for 5 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within these financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	<b>2017</b>	2016
	<b>£000</b>	£000
Balance sheet liability at 1 January	<b>268</b>	339
Deficit contribution paid	<b>(84)</b>	(84)
Interest cost (recognised in statement of financial activities)	<b>2</b>	6
Remaining change to the balance sheet liability* (recognised in statement of financial activities)	<b>-</b>	7
Balance sheet liability at 31 December	<b>186</b>	268

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2017	December 2016	December 2015
Discount rate	1.00%	0.90%	2.00%

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

The next valuation of the scheme will be carried out as at December 2016. This valuation is still not available.

**25. Operating lease commitments**

At 31 December 2017 the total of the group's and charity's future minimum lease payments under non-cancellable operating leases was:

Group and Charity	Land and buildings £000	Equipment £000	<b>2017</b>	2016
			<b>£000</b>	£000
<b>Amounts payable:</b>				
Within 1 year	15	11	<b>26</b>	24
Between 2 and 5 years	60	11	<b>71</b>	76
After more than 5 years	4	—	<b>4</b>	20
Total	<b>79</b>	<b>22</b>	<b>101</b>	120

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**26. Principal subsidiaries, joint ventures and connected charities**

**a. Principal subsidiaries**

Details of the principal subsidiaries are provided below:

<b>Company name</b>	<b>Registration number</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Principal Activity</b>
Diocesan Architectural Services Limited	2790278	England & Wales	100%	Architectural services
Canterbury Diocesan Enterprises Limited	6673588	England & Wales	100%	Property management
Ethos School Improvement Limited	7945168	England & Wales	100%	Provision of services to schools

Financial information for each of the subsidiaries is as follows:

<b>Diocesan Architectural Services Limited</b>	<b>2017 £000</b>	<b>2016 £000</b>
Income	53	272
Expenditure	(88)	(331)
Loss	(35)	(59)
Assets	1	59
Liabilities	-	(23)
Funds	1	36

<b>Canterbury Diocesan Enterprises Limited</b>	<b>2017 £000</b>	<b>2016 £000</b>
Income	163	8
Expenditure	(154)	(25)
Profit/(loss)	9	(17)
Assets	96	106
Liabilities	(104)	(123)
Funds	(8)	(17)

<b>Ethos School Improvement Limited</b>	<b>2017 £000</b>	<b>2016 £000</b>
Income	33	-
Expenditure	(31)	(6)
Profit/(loss)	2	(6)
Assets	77	7
Liabilities	(82)	(14)
Funds	(5)	(7)

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**26. Principal subsidiaries, joint ventures and connected charities (continued)**

**b. Principal joint ventures**

Company name	Registration number	Country	Percentage Shareholding	Principal Activity
Together Canterbury	8763875	England & Wales	50%	Christian Charity missionary work

**c. Connected entities**

Company name	Registration number	Country	Principal Activity
The Diocese of Canterbury Academies Company Limited	7793458	England & Wales	Educational activities

**27. Custodian Trustee**

The charity acts as Custodian Trustee in respect of various funds. These assets are held separately from those of the charity and are not included in the balance sheets on pages 16 and 17. The summary of the funds as at 31 December is as follows:

	2017 £000	2016 £000
<b>TRUST FUNDS</b>	<b>3,101</b>	<b>3,533</b>
Represented by:		
<b>FIXED ASSETS</b>		
Listed investments (at cost)	1,464	1,829
<b>CURRENT ASSETS</b>		
Central Board of Finance Deposit Fund	1,630	1,695
Cash at bank	7	9
Total	<b>3,101</b>	<b>3,533</b>
Market value of investments at 31 December		
Listed investments	<b>4,459</b>	<b>4,228</b>