

# Financial Statements

Prepared for

**BIRMINGHAM DIOCESAN  
BOARD OF FINANCE**  
( a company limited by guarantee )

31 DECEMBER 2000



The Broadway Dudley West Midlands DY1 4PY

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
**(A company limited by guarantee)**

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**31 DECEMBER 2000**

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## **BIRMINGHAM DIOCESAN BOARD OF FINANCE**

**(A company limited by guarantee)**

### **DIRECTORS (BISHOP'S COUNCIL)**

The members of the Bishop's Council set out below have held office during the period from 1 January 2000 to the date of this report, unless otherwise stated. Synodical elections were held during November 2000 and, as a result, there were several changes with effect from 26 November 2000.

The Lord Bishop of Birmingham - President

Mr Philip E Couse - Chairman (Edgbaston) - resigned 12 July 2000

Mr David F Briggs - Chairman (Solihull) - appointed 13 July 2000

#### **Ex-Officio**

The Bishop of Aston

The Archdeacon of Aston

The Archdeacon of Birmingham

The Provost of Birmingham Cathedral

The Chair of the Diocesan House of Clergy - Canon John Hughes (Edgbaston)

The Chair of the Diocesan House of Laity - Dr Terry R Slater (Moseley)

The Chair of the Diocesan Board of Education - Mrs R Elizabeth Fisher (Edgbaston)

#### **General Synod Representative**

Mrs Bridget Langstaff

#### **Bishop's Council Representatives**

Mr Adrian J C Emsdem (Shirley) - until 17 November 2000

Mr Robert Holgate (Solihull)

Mrs Rachel Linstead (Solihull)

The Revd Maxine Marsh (Polesworth) - from 6 December 2000

The Revd Canon Robert Morris (Kings Norton) - until 26 November 2000

Miss Sharon Palmer (Aston) - from 6 December 2000

Mr David Richie (Moseley)

The Revd Eric Russell (Solihull) - from 6 December 2000

#### **Elected - House of Clergy**

The Revd Joyce Birkett (Warley) - from 27 November 2000

The Revd Kevin Chandra (Aston)

The Revd Stephen Corbett (Moseley) - from 27 November 2000

The Revd Roger Hindley (Sutton Coldfield) - until 26 November 2000

The Revd Richard W Hunt (Handsworth)

The Revd David Newsome (Aston) - until 15 May 2000

The Revd Canon Marlene B Parsons (Edgbaston)

The Revd Canon Keith Sinclair (Aston) - from 27 November 2000

The Revd Simon Thorburn (Edgbaston) - until 26 November 2000

#### **Elected - House of Laity**

Mr Terry R Adams (Moseley)

Mr Stephen Fraser (Yardley)

Mrs Valerie Hamley (Solihull) - from 18 November 2000

Mr Joe Heaton (Edgbaston)

Mr W Guy S Horden (Edgbaston) - until 17 November 2000

Mrs Claire Laland (Solihull)

Mrs Valerie Middleton (Kings Norton) - deceased

Mr Malcolm Owens (Solihull) - from 18 November 2000

Dr Alan Sharp (Kings Norton) - deceased November 2000

Mr Robin H Soper (Solihull) - until 17 November 2000

Mr Michael Wilkin (Solihull) - from 18 November 2000

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
(A company limited by guarantee)

**COMPANY INFORMATION**  
**31 DECEMBER 2000**

DIOCESAN SECRETARY	Mr J D Drennan
DIOCESAN DEPUTY SECRETARY (FINANCE)	Mr P G Wilson
DIOCESAN SURVEYOR	Mr A N Broadway
DIOCESAN REGISTRAR	Mr H Carslake
REGISTERED OFFICE	Diocesan Office 175 Harborne Park Road Harborne Birmingham B17 OBH
AUDITORS	Mazars Neville Russell The Broadway Dudley West Midlands DY1 4PY
INVESTMENT ADVISERS	Capel-Cure Sharp Limited Temple Court 35 Bull Street Birmingham B4 6ES
COMPANY REGISTRATION NUMBER	440966
CHARITY REGISTRATION NUMBER	249403

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**CHAIRMAN'S STATEMENT YEAR ENDED 31 DECEMBER 2000**

**INTRODUCTION**

It gives me great pleasure to present my first report to the members of the Diocesan Board of Finance following my appointment last July.

**RESULTS FOR THE YEAR**

You will see from page 8 of the accounts that the combined deficit for the year ended 31 December 2000 amounted to £170,000. I will comment on this in my report.

**INCOME**

At the outset I would like to thank all parishes for their efforts in achieving some 97% of what was asked of them in respect of Common Fund contributions. 136 out of 169 parishes paid their Common Fund in full. Of those that did not, several are making efforts to pay arrears or pay in full this year.

There continues to be a very good understanding of what the Common fund is and what it pays for. In no small part, this is due to the efforts of Jim Drennan, our Diocesan Secretary, Paul Wilson, our Diocesan Accountant and their staff. On your behalf I would like to take this opportunity to thank them most sincerely for all that they do.

**SPENDING**

It is pleasing to report that spending in all areas, apart from one, was close to or within budget, the only exception being our Parsonages Fund. Here, the unusually high number of clergy moves in the first part of the year followed the relatively few number of clergy moves in the latter part of 1999. To some extent this overspend was offset by the unexpected receipt of £80,000 from the part sale proceeds of a former parsonage and the letting of vacant parsonages.

The year 2000 was the last one in which we received Church Commissioners transitional relief grant (£160,000) to assist with the cost of clergy pensions.

**INVESTMENTS**

As regards our property investments, these have remained largely unchanged, as has our income from them. Our non-property investments, page 15, have increased during the year as we continued our policy of reinvesting proceeds from the 1999 sale of our Erdington property into stock market investments. Our overall returns compare favourably with those seen elsewhere in the church.

**OUTLOOK**

While our balance sheet at 31 December 2000 shows little change from the previous year there are a few areas of concern that your Board is attempting to address.

We finished the year with an overdraft of some £120,000, which at the time of writing this report has risen to some £400,000, within the bank overdraft facility of £500,000. The borrowings have arisen as a result of:

1. The deficit for the year,
2. Transitional relief finished,
3. 20 parishes that have not paid any Common Fund up to 30 April.

## **BIRMINGHAM DIOCESAN BOARD OF FINANCE**

**(A company limited by guarantee)**

### **CHAIRMAN'S STATEMENT YEAR ENDED 31 DECEMBER 2000 continued**

#### **OUTLOOK - continued**

There are three other major issues likely to arise soon that will have a direct impact on our finances in 2002 and beyond. These are:

1. Clergy Pension costs - the contribution rate will be increasing from 21.9% to 29.5%, thus a potential cost to us of an extra £250,000 per year,
2. Clergy stipends review working party report, and
3. On the positive side we should receive additional help from the revised Selective Allocations formula, once it is agreed and implemented.

All three issues are currently being discussed at national level in the church and it is expected that the results of these deliberations will be known at or, shortly after, the General Synod in July. In addition, Archbishops Council/ Church Commissioners will be considering what proposals can be put forward to:

- a) Further assist Dioceses and Parishes with the increased cost of clergy pensions,
- b) Review the clergy pensions benefits package,
- c) Freeze the central administration costs to save some £3,000,000 over 3 years, and,
- d) Assist Diocese and parishes in encouraging enhanced giving by parishioners.

However, it would seem that there will continue to be pressure on the numbers of clergy as we grapple with the need for the Gospel to be proclaimed and for the finances to be found for the appropriate number of clergy to promote it.

The ability for us to sustain our present structure is an issue that faces all Dioceses and it is not an easy one to address. However, with prayer, careful planning and dialogue we can all face the future with confidence so that we can play our part in God's world on earth.

We continue to be very well served by our clergy. On behalf of everyone I would like to express grateful thanks for the unstinting efforts of our Bishops, Archdeacons, Stipendiary and Non Stipendiary clergy and Readers in all that they do for us.

My thanks also go to all the Diocesan staff for their great support and the manner in which they provide it. For all the help I have been given by members of the various committees, and to Philip Couse, my predecessor, I am again most thankful.



**DAVID F BRIGGS, 16 May 2001**

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
**(A company limited by guarantee)**

**REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the year ended 31 December 2000.

**HISTORY AND CONSTITUTION**

The Birmingham Diocese was established in 1905 from parts of the Dioceses of Worcester and Lichfield. A separate Board of Finance was set up in 1925. The present company was registered in 1982, as a company limited by guarantee, and is a registered charity whose membership consists of the members of Birmingham Diocesan Synod. The company is exempted by Act of Parliament from using the word "limited" in its title. In the event of the company being wound up, members are liable to contribute a sum not exceeding £1.

**DIRECTORS, SENIOR EXECUTIVES AND PROFESSIONAL ADVISERS**

The names of the directors, senior executives and professional advisers are provided on pages 1 and 2.

**PRINCIPAL ACTIVITIES**

The Board of Finance (whose directors are the members of the Bishop's Council) is responsible for the collection, custody and disbursement of the Synod's funds.

**REVIEW OF ACTIVITIES DURING THE YEAR**

The Chairman's statement, which includes a commentary on the year, is set out on pages 3 and 4.

Detailed results for the year are presented on page 8 of the financial statements.

**AVAILABILITY AND ADEQUACY OF ASSETS OF EACH OF THE FUNDS**

In respect of all of its funds, the charity's assets are available and adequate to fulfil its obligations as they fall due.

**FIXED ASSETS**

The movement in fixed assets is set out in notes 5 and 6 to the financial statements.

**TAXATION**

The company, being a charity, has no liability to corporation tax or capital gains tax.

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**REPORT OF THE DIRECTORS continued**

**RESPONSIBILITIES OF THE DIRECTORS**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

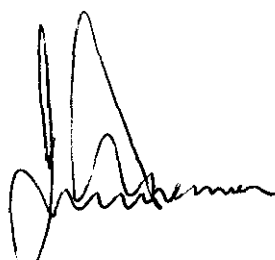
- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**AUDITORS**

Mazars Neville Russell have indicated their willingness to continue to act, and a resolution to re-appoint them as auditors will be proposed at the forthcoming annual general meeting.

Approved by the Board on 16 May 2001  
and signed on its behalf



J D DRENNAN  
Diocesan Secretary



**REPORT OF THE AUDITORS TO THE MEMBERS OF  
BIRMINGHAM DIOCESAN BOARD OF FINANCE  
(A company limited by guarantee)**

We have audited the financial statements of Birmingham Diocesan Board of Finance for the year ended 31 December 2000, which comprise the statement of financial activities, the balance sheet, and the related notes. These financial statements have been prepared under the cash flow statement accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described on page 6 the company's directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, and by our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of opinion**

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985, the Charities Act 1993 and the Statement of Recommended Practice - Accounting by Charities.

MAZARS NEVILLE RUSSELL  
CHARTERED ACCOUNTANTS and  
Registered Auditors  
The Broadway  
Dudley  
West Midlands  
DY1 4PY



16 May 2001

# BIRMINGHAM DIOCESAN BOARD OF FINANCE

(A company limited by guarantee)

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2000

		Unrestricted funds				Total funds	Total funds
	Restricted funds	Endowment funds	Designated funds	Undesignated funds	2000	1999	
Note	£'000	£'000	£'000	£'000	£'000	£'000	
INCOME AND EXPENDITURE							
INCOMING RESOURCES							
Parochial contributions	-	-	-	3,941	3,941	3,812	
Church Commissioners	-	-	-	994	994	1,218	
Housing income	180	-	68	-	248	142	
Fees and stipend sources	-	-	-	846	846	849	
Investment income	58	532	1	33	624	673	
Other income	17	-	-	190	207	864	
TOTAL INCOME RESOURCES	255	532	69	6,004	6,860	7,558	
RESOURCES EXPENDED							
Direct charitable expenditure:							
Clergy pay, including national insurance and pension contributions	-	-	-	4,616	4,616	4,511	
Housing	656	-	59	-	715	645	
Diocesan Boards	-	-	-	554	554	512	
Grants	39	-	13	83	135	536	
Church of England	-	-	-	280	280	268	
Synodical support	-	-	-	99	99	98	
Other expenditure:							
Administration	25	100	-	330	455	430	
Interest	4 59	-	84	33	176	168	
TOTAL RESOURCES EXPENDED	779	100	156	5,995	7,030	7,168	
NET (OUTGOING)/INCOMING RESOURCES BEFORE TRANSFERS							
Transfers between funds	( 524)	432	( 87)	9	( 170)	390	
	550	( 432)	-	( 118)	-	-	
NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR							
3	26	-	( 87)	( 109)	( 170)	390	
Gains on investments:							
Realised	-	48	-	16	64	142	
Unrealised	6 ( 45)	( 47)	-	( 7)	( 99)	111	
NET MOVEMENT IN FUNDS							
	( 19)	1	( 87)	( 100)	( 205)	643	
Balance brought forward							
	2,907	7,112	412	1,741	12,172	11,529	
Balance carried forward							
10/11	2,888	7,113	325	1,641	11,967	12,172	

All activities derive from continuing operations.

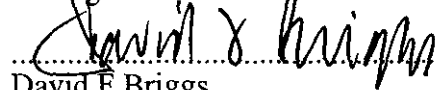
There are no recognised gains and losses other than the net movement in funds for the financial year.

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**BALANCE SHEET**  
**YEAR ENDED 31 DECEMBER 2000**

	Note	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible assets:					
Investment properties	5	4,165		4,176	
Other fixed assets	5	4,749		4,254	
			8,914		8,430
Investments:					
Birdbof Properties Limited loan	6	829		859	
Other investments	6	3,605		3,089	
			4,434		3,948
<b>TOTAL FIXED ASSETS</b>			<b>13,348</b>		<b>12,378</b>
<b>CURRENT ASSETS</b>					
Debtors:					
Receivable within one year	7	1,084		1,072	
Receivable after one year	7	693		698	
		1,777		1,770	
Cash at bank		1,320		1,653	
		3,097		3,423	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	( 1,081)		( 689)	
<b>NET CURRENT ASSETS</b>			<b>2,016</b>		<b>2,734</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>15,364</b>		<b>15,112</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	9		( 3,397)		2,940
<b>NET ASSETS</b>			<b>11,967</b>		<b>12,172</b>
<b>FUNDS</b>					
Restricted funds			2,888		2,907
Unrestricted funds			1,966		2,153
Endowment funds			7,113		7,112
	10/11		11,967		12,172

Approved by the Board on \_\_\_\_\_ 2001  
and signed on its behalf

  
David F Briggs  
Chairman

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

	Note	2000 £'000	1999 £'000
Cash flow from operating activities	14	143	518
Servicing of finance (interest paid)		( 176)	( 168)
Capital payments from financial investment	15	( 1,030)	1,169
Cash (outflow)/inflow before use of liquid resources and financing		( 1,063)	1,519
Use of liquid resources	15	663	( 1,208)
Cash flow from financing	15	730	( 297)
Increase in cash in the year		<u>330</u>	<u>14</u>

**RECONCILIATION OF NET CASH FLOW TO  
MOVEMENT IN NET DEBT**

Increase in cash in the year		330	14
Net cash flow relating to loans and deposits		( 1,393)	1,505
Movement in net debt in the year	16	( 1,063)	1,519
Net debt at beginning of year		( 1,502)	( 3,021)
Net debt at end of year		<u>( 2,565)</u>	<u>( 1,502)</u>

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

**1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice, "Accounting by Charities", with the exception that consolidated accounts have not been prepared for the reasons given in note 6 below. The particular policies adopted are described below. Compliance with Statement of Recommended Practice "Accounting by Charities" requires departure from the requirements of the Companies Act 1985 relating to depreciation, and an explanation of the departure is given below.

**Accounting convention:**

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain freehold properties and fixed asset investments.

**Turnover:**

The Board does not undertake trading on its own account. There is an associated company which covenants its profits up to the Board:

Birdbof Properties Limited - a wholly owned property investment company.

**Diocesan Common Fund:**

Amounts received from parishes are credited to the income and expenditure account in the accounting period in which they are received.

**Tangible fixed assets and depreciation:**

*Investment properties*

In accordance with the SORP, investment properties are revalued by the Directors annually and the aggregate surplus or deficit is recognised in the Endowment Fund and Glebe Fund. Investment properties were last professionally valued in December 1998, the results of which are included in these accounts. No depreciation is provided on investment properties.

The Companies Act 1985 requires all properties to be depreciated. However this requirement conflicts with the generally accepted accounting principle set out in the SORP. The Directors consider that, because these properties are held as investments, to depreciate them would not give a true and fair view, and that it is necessary to adopt the SORP in order to give a true and fair view. If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

**1 ACCOUNTING POLICIES continued**

*Other fixed assets:*

i) Other properties

No depreciation is provided on freehold properties on the grounds that they are maintained regularly to a high standard and, in the opinion of the Board, given the length of their economic useful lives, the depreciation charge and accumulated depreciation would be immaterial to these accounts. The Board has carefully considered any impairment in the carrying value of the properties (which are externally valued every three years) and a provision is not considered necessary.

ii) Computer equipment

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets at 33% per annum straight line.

*Other investments*

All other investments are stated at market value.

**Funds**

Funds over which the Board's control is limited by statute or the terms of a trust deed, or which are restricted in their use have been defined as "restricted funds". Funds which are controlled by the Board and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as "unrestricted".

**Endowments**

The Endowment Funds are those whose capital represents permanent endowment and is therefore not available for revenue expenditure. The income derived from the properties and other investments is available for meeting the costs of clergy stipends only. There are two such funds:

**Diocesan Glebe:** represents those historic lands and buildings which were held by incumbents and formed part of the benefice prior to the Endowment and Glebe Measure 1976. Glebe investments are subject to regulations under this Measure and previous Acts of Parliament, the main provisions being that Glebe should be held only as land or property.

**The Endowment Fund:** is a local fund originally set up under a Charity Commissioners Scheme of 1906 (amended in 1930) and is available for investment at the discretion of the Board of Finance subject to general charities legislation.

# **BIRMINGHAM DIOCESAN BOARD OF FINANCE**

**(A company limited by guarantee)**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000**

### **1 ACCOUNTING POLICIES continued**

#### **Other administered funds**

Funds not forming part of the Board's assets, but only administered by the staff of the Board, are excluded from these accounts.

#### **Parsonage houses**

The Board has given considerable thought to the question of whether or not the capital value of parsonage houses should be included on its Balance Sheet and there has been a national debate over this issue. The Repair of Benefice Buildings Measure requires Diocesan Boards of Finance periodically to survey parsonages and initiate repairs as necessary with costs recoverable from parishes (mainly through the Common Fund).

The Board does not enjoy the benefits of ownership nor is it able to receive the proceeds of any redundancy unless the Bishop agrees that such proceeds should accrue to the Board, and an Order in Council is secured giving effect to that decision. Until then, the property remains part of the benefice and of the incumbent for the time being. The Board therefore considers that these properties should not be included as Board assets. The parsonages are insured by the Board as agents for the benefice on a block policy in order to minimise the cost to parishes. The total insured value of all parsonages at 31 December 2000 was approximately £29 million (1999 - £28 million).

### **2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2000 No	1999 No
Average number of persons employed (full and part-time) during the year:		
Executives	13	12
Secretarial	8	10
Administration	10	11
Action in the City and Youth Advisers	26	21
	<hr/> 57	<hr/> 54
Employee costs during the year (excluding clergy pay)		
Wages and salaries	848	708
Social security costs	63	52
Pension costs	84	66
	<hr/> 995	<hr/> 826

None of the directors received any remuneration as directors during either year.

# BIRMINGHAM DIOCESAN BOARD OF FINANCE

(A company limited by guarantee)

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £'000	1999 £'000
<b>3 NET (OUTGOING)/INCOMING RESOURCES</b>		
Net movement in funds is stated after charging/(crediting):		
Depreciation - owned assets	16	11
(Profit)/Loss on disposal of fixed assets	( 25)	92
(Profit)/Loss on disposal of investments	( 39)	17
Net proceeds of sale of option agreements	-	( 33)
Auditors' remuneration	9	9
	<u>          </u>	<u>          </u>

## 4 INTEREST PAYABLE AND SIMILAR CHARGES

Bank loans, overdrafts and other loans	176	168
	<u>          </u>	<u>          </u>

## 5 TANGIBLE FIXED ASSETS

	INVESTMENT PROPERTIES			OTHER		
	Glebe properties £'000	Endowment Fund properties £'000	Freehold properties £'000	Long leasehold properties £'000	Computer equipment £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2000	3,245	931	4,194	50	95	8,515
Additions	-	-	512	329	26	867
Disposals	( 11)	-	( 306)	( 50)	-	( 367)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2000	3,234	931	4,400	329	121	9,015
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Accumulated depreciation</b>						
At 1 January 2000	-	-	-	-	85	85
Charge for the year	-	-	-	-	( 16)	( 16)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2000	-	-	-	-	101	101
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>						
At 31 December 1999	3,245	931	4,194	50	10	8,430
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2000	3,234	931	4,400	329	20	8,914
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
**(A company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

**5 TANGIBLE FIXED ASSETS continued**

Properties (other than those dealt with below) were valued by James & Lister Lea (Chartered Surveyors) on an open market existing use basis as at 31 December 1998.

The original cost of these 'valued' properties was £4,344,909 (1999 - £3,910,995).

Within freehold properties are certain houses purchased for the clergy, financed by loans from the Church Commissioners, on terms that provide that any surplus or deficit on eventual disposal accrues to the Church Commissioners and not to the Board of Finance. Accordingly, these properties are included only at cost, which at 31 December 2000, amounted to £2,763,438 (1999 - £3,014,088).

**6 INVESTMENTS HELD AS FIXED ASSETS**

a) Birdbof Properties Limited loan	2000 £'000	1999 £'000
Amount due at beginning of year	859	2,040
Advanced	50	-
Repaid	( 80)	( 1,045)
Provision against under-recovery	-	( 136)
Amount due at end of year	<u>829</u>	<u>859</u>

The amount due from Birdbof Properties Limited was advanced by the Board to enable Birdbof to purchase investment properties. The loan is interest free and has no fixed date repayment and is considered to be a long term loan.

b) Other investments	Listed shares £'000	Unlisted shares £'000	Total £'000
<b>At valuation</b>			
At 1 January 2000	880	2,209	3,089
Additions	588	711	1,299
Disposals	( 165)	( 519)	( 684)
Revaluation	( 30)	( 69)	( 99)
At 31 December 2000	<u>1,273</u>	<u>2,332</u>	<u>3,605</u>
<b>Historic cost:</b>			
At 31 December 1999	<u>657</u>	<u>1,301</u>	<u>1,958</u>
At 31 December 2000	<u>1,060</u>	<u>1,513</u>	<u>2,573</u>

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

**6 INVESTMENT HELD AS FIXED ASSETS continued**

Unlisted investments consist of freely marketable shares in The Central Board of Finance Investment Fund administered by the CCLA Fund Managers.

c) Subsidiary undertakings

The Board owns the entire share capital of Birdbof Properties Limited, a property investment company registered in England and Wales. At the end of the year, the company had net liabilities of £136,358, and appropriate provision has been made against its indebtedness to the Board (see above).

The company's trading results can be summarised as follows:

	2000 £'000	1999 £'000
Turnover	57	171
Administrative expenses	( 46)	( 49)
Profit on disposal of investment property	-	74
Interest (net)	( 2)	( 13)
Profit on ordinary activities	9	183
Payment under deed of covenant	( 9)	( 109)
Payment under Gift Aid	-	( 241)
Result for the year	-	( 167)

The Board also owns 50% of the share capital of West Midlands Diocesan Inspection Services Limited, a dormant company registered in England and Wales.

Given the nature of these companies' activities, and the fact that the group qualifies as a medium sized under section 248 of the Companies Act, these subsidiary companies have not been consolidated within these accounts.

**7 DEBTORS**

	2000 £000	1999 £000
Receivable within one year:		
Parish loans	97	103
Other loans	401	300
Prepayments and accrued income	586	669
	1,084	1,072

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 £000	1999 £000
<b>7 DEBTORS continued</b>		
Receivable after one year:		
Parish loans	290	482
Other loans	403	216
	<u>693</u>	<u>698</u>
<b>TOTAL DEBTORS</b>	<u><u>1,777</u></u>	<u><u>1,770</u></u>

Parish loans includes an amount of £176,000 (1999 £200,400) due from parishes in respect of "back-to-back" loans made to parishes from funds made available to the Board by the Central Board of Finance. The corresponding liability, being the amount repayable by the Board to the Central Board of Finance, is included within other loans in note 9 below. Interest is payable and receivable at the same rate, being 1% above the CBF deposit rate.

	2000 £'000	1999 £'000
<b>8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	140	20
Other loans	348	195
Trade creditors	453	323
Other creditors	68	81
Accruals and deferred income	72	70
	<u>1,081</u>	<u>689</u>

	2000 £'000	1999 £'000
<b>9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Other loans	<u>3,397</u>	<u>2,940</u>

Other loans due after more than one year relate principally to advances from the Church Commissioners for house purchases.

The average current interest rate is approximately 6% per annum.

Repayment of each loan is due upon the sale of the related property. It is not anticipated that any of these loans will be repayable within five years, unless the properties to which they relate are sold.

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

**10 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS**

	Restricted fund £'000	Designated funds £'000	Unrestricted Undesignated funds £'000	Endowment funds £'000	Total funds 2000 £'000	Total funds 1999 £'000
<b>Tangible assets</b>						
Investment properties	-	-	-	4,165	4,165	4,176
Other fixed assets	-	3,275	1,474	-	4,749	4,254
<b>Investments</b>						
Birdbof	-	-	829	-	829	859
Other	1,284	-	174	2,147	3,605	3,089
<b>Debtors</b>						
Within one year	362	20	586	116	1,084	1,072
After one year	526	-	167	-	693	698
Cash at bank	860	62	( 287)	685	1,320	1,653
<b>Creditors</b>						
Due within one year ( 126)	( 126)	( 308)	( 647)	-	( 1,081)	( 689)
Due after one year ( 18)	( 18)	( 2,724)	( 655)	-	( 3,397)	( 2,940)
<b>Net assets</b>	<u>2,888</u>	<u>325</u>	<u>1,641</u>	<u>7,113</u>	<u>11,967</u>	<u>12,172</u>

**11 MOVEMENTS IN FUNDS**

	1 January 2000 £'000	Income £'000	Expenditure £'000	Transfers £'000	Capital movements £'000	31 December 2000 £'000
<b>Restricted funds</b>						
Parsonages fund	38	180	( 715)	535	-	38
Sites and buildings fund	894	17	( 20)	15	-	906
Schools funds	1,975	58	( 44)	-	( 45)	1,944
	<u>2,907</u>	<u>255</u>	<u>( 779)</u>	<u>550</u>	<u>( 45)</u>	<u>2,888</u>
<b>Endowment funds</b>						
Glebe	3,341	344	( 92)	( 252)	9	3,350
Endowment	3,771	188	( 8)	( 180)	( 8)	3,763
	<u>7,112</u>	<u>532</u>	<u>( 100)</u>	<u>( 432)</u>	<u>1</u>	<u>7,113</u>
<b>Unrestricted funds</b>						
Designated funds:						
Houses fund	380	68	( 143)	-	-	305
Pastoral fund	32	1	( 13)	-	-	20
Undesignated funds:						
General fund	1,741	6,004	( 5,995)	( 118)	9	1,641
	<u>2,153</u>	<u>6,073</u>	<u>( 6,151)</u>	<u>( 118)</u>	<u>9</u>	<u>1,966</u>
<b>Total</b>	<u>12,172</u>	<u>6,860</u>	<u>( 7,030)</u>	<u>-</u>	<u>( 35)</u>	<u>11,967</u>

## **BIRMINGHAM DIOCESAN BOARD OF FINANCE**

**(A company limited by guarantee)**

### **NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

#### **11 MOVEMENTS IN FUNDS continued**

Glebe assets of £3,350,000 comprise those properties and land which, prior to the Glebe and Endowment Measure (1973), were separately held by benefice incumbents and from which the beneficiaries derived all or part of their income. Following this Measure, all Glebe property was transferred to the Board for central management and the stipend levels of all incumbents were equalised by way of compensation. Investment income from Glebe and Endowment assets managed by the Board continues to be applied solely to the Diocesan Stipend Fund.

#### **12 CAPITAL COMMITMENTS**

At 31 December 2000 the company had no capital commitments which were contracted for but not provided in the financial statements (1999 - £nil).

#### **13 EMPLOYEE PENSION COSTS**

The Board participates in the Church of England Defined Benefits Scheme section of the Church Workers Pension Fund (the Fund), a pension scheme administered by the Church of England Pensions Board to provide benefits to lay employees based on final pensionable salaries. The assets of the fund are held separately from those of the employer.

The pension cost for the year shown in the financial statements is equal to the contributions paid by the employer. The contributions were assessed by a qualified actuary using the projected unit credit method of valuation.

A full valuation of the Fund was undertaken as at 31 December 1998 and the actuarial position was reassessed. The principal assumptions were that the return on assets would be 2.5% per annum higher than the increase in pensionable salaries and 3.5% per annum higher than the increases to pension in payment. As at 31 December 1998, the employer's share of the market value of the assets amounted to £661,670. The contribution rate was reassessed at that date by the Fund's actuary, and the employer's section was shown to be in surplus.

Pensions in payment under this arrangement are entitled to annual increases of the lesser of 5% per annum or the rise in the RPI and so increases of 1.1%, 3.2% and 3.8% were granted on 1 January 1999, 1 January 2000 and 1 January 2001 respectively.

Copies of the Fund's Report and Accounts for the year ended 31 December 1998 are available on request.

With effect from 1 January 1998, diocesan clergy became members of the new Church of England Funded Pensions Scheme, which provides benefits on a defined benefit basis. This scheme provides that part of their pension that relates to pensionable service after 1 January 1998 and the scheme's assets are held independently of the diocese or other responsible bodies. Pensions in respect of pensionable service before 1 January 1998 will be paid by the Church Commissioners under the previous arrangements.

The next valuation of the scheme will be carried out as at 31 December 2001. Pension costs are assessed in accordance with the advice of independent qualified actuaries.

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

**13 EMPLOYEE PENSION COSTS continued**

The diocese is required to contribute to the new Scheme at the rate of 21.9% of the National Minimum Stipend for the preceding year. For 2000, the total contributions were £659,714 (1999 £661,614). For the period 1998 to 2000, a reducing proportion of this contribution has been met by the Church Commissioners under a transitional relief procedure. For 2000 this percentage was 24% (1999 52%).

The above contribution rate was determined using the projected unit credit method and the following financial assumptions:

Investment return	8.5% per annum
Increase in pensionable stipends	5% per annum
Increase in pensions	5% per annum

<b>14 RECONCILIATION OF INCOMING/(OUTGOING) RESOURCES TO OPERATING CASH FLOWS</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Incoming resources, before interest	70	700
Depreciation	16	11
Increase in debtors	( 7)	( 225)
Increase in creditors	119	173
Profit on disposal of fixed assets	( 24)	( 125)
Profit on disposal of investments	( 31)	( 16)
	<hr/>	<hr/>
Net cash inflow from operating activities	143	518
	<hr/>	<hr/>
<b>15 ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT</b>		
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	( 867)	( 132)
Sale of tangible fixed assets	391	254
Purchase of investments	( 1,299)	( 74)
Sale of investments	715	76
Repaid by subsidiary undertaking	30	1,045
	<hr/>	<hr/>
Net cash inflow/(outflow) for capital expenditure and financial investment	( 1,030)	1,169
	<hr/>	<hr/>
<b>Use of liquid resources</b>		
Placing of cash on long term deposit	-	( 1,230)
Draw down on cash from long term deposit	663	22
	<hr/>	<hr/>
Net cash (outflow)/inflow from use of liquid resources	663	( 1,208)
	<hr/>	<hr/>
<b>Financing</b>		
Loan repayments	(24)	( 297)
Loans received	754	-
	<hr/>	<hr/>
Net cash inflow from financing	730	( 297)
	<hr/>	<hr/>

**BIRMINGHAM DIOCESAN BOARD OF FINANCE**  
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**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

**16 ANALYSIS OF NET DEBT**

	At 1 Jan 2000 £'000	Cash flow £'000	At 31 Dec 2000 £'000
Cash in hand and at bank	212	330	542
	<u>212</u>	<u>330</u>	<u>542</u>
Bank loans	( 20)	( 120)	( 140)
Other loans	( 3,135)	( 610)	( 3,745)
	<u>( 3,155)</u>	<u>( 730)</u>	<u>( 3,885)</u>
Cash held on deposit	1,441	( 663)	778
	<u>1,441</u>	<u>( 663)</u>	<u>778</u>
Net debt	<u>( 1,502)</u>	<u>( 1,063)</u>	<u>( 2,565)</u>

Included in "other loans" shown above are loans amounting to £3,243,000 (1999 £2,759,000) in respect of advances from the Church Commissioners for the purchase of houses, at a cost of £3,443,000 (1999 £3,014,000). Full details are given in note 5 to the accounts.