

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

FINANCIAL STATEMENTS

for the

YEAR ENDED 31 DECEMBER 2019



**CARLISLE
DIOCESE**

Company Registration No 39625

Registered Charity No 251977



CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' & TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2019



God for All: By 2020 every person in Cumbria of all ages and backgrounds will have had an opportunity to discover more of God and God's purpose for their life

The Directors, who are also Trustees for the purposes of charity law, present their combined Directors' report, Trustees' report and Strategic report, together with the audited financial statements, for the year ended 31st December 2019. The report is separated into the following sections:

1. Legal objects
2. Strategic aims
3. Activities
4. Objectives set for the year
5. Strategic report containing:
 - 5.1. Activities in the year
 - 5.2. Achievements and performance
 - 5.3. Financial review
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1. LEGAL OBJECTS

1.1. Objective

The principal objective of the Carlisle Diocesan Board of Finance (Carlisle DBF) is to promote and assist the work, objectives and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Carlisle and elsewhere by acting as the financial executive of the Diocese.

Carlisle DBF acts in conjunction with the Church Commissioners, Archbishops' Council, Bishop's Council, Diocesan and Deanery Synods and Parochial Church Councils to support the work of the Church of England particularly in the Diocese of Carlisle. The major part of Carlisle DBF's activity is to organise and provide funds for the training, housing and stipends of clergy within the Diocese of Carlisle and to support the activities of the other Boards, Councils and Committees of the Diocesan Synod.

1.2. Statutory Functions

- Carlisle DBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.
- It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.
- Carlisle DBF is custodian trustee in relation to PCC property (see section 7).

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- The Trustees are aware of the Charity Commission's guidance on public benefit in "The Advancement of Religion for the Public Benefit" and have had regard to it in their administration of Carlisle DBF. The Trustees believe that, by promoting the work of the Church of England in the Diocese of Carlisle, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:
 - providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
 - promoting Christian values, and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

2. STRATEGIC AIMS

Carlisle DBF's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people in parishes across the Diocese. Since 2015 Carlisle DBF has sought to allocate its resources in the most effective way to support the strategy "God for All" which was jointly developed by Carlisle Diocese and the Cumbrian Methodist and United Reformed churches with the aim that "by 2020 every person in Cumbria of all ages and backgrounds will have had an opportunity to discover more of God and God's purpose for their life."

In terms of resourcing, the strategy requires the DBF to invest in lay and ordained ministry development, enable the establishment of a new organisational structure of around 35 Mission Communities across the county, support the creation of "Fresh Expressions of Church" such as Network Youth Churches and continue to provide OpShops serving local communities, as far as may be financially viable.

3. ACTIVITIES

The key activities may be summarised as:

- Mission and ministry in the local church (includes all clergy training, housing, stipends and pension costs and all other expenditure supporting locally-based ministry);
- Education funding (includes support services and capital expenditure support for schools); and
- Provision of a Diocesan Retreat House and conference centre;
- Contributions to the Archbishops' Council (mainly by grant) to support the National Church.

4. OBJECTIVES FOR THE YEAR

As part of Carlisle DBF's overall strategy the Trustees set the following specific objectives for this year and following years:

- The Trustees have set an overall balanced budget for the period from 2015 to 2020 (subject to maintaining free reserves at target level);

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- The Trustees have sought to hold down increases in income needed from parishes in order to allow funds to be spent on mission activity locally;
- The ongoing objective is to resource Diocesan needs, as determined by Synod and informed by local and National Church institutions. This is currently focused on implementing the strategy "God for All" which was launched with ecumenical partners in 2015.
- Carlisle DBF continues to invest in local ministry including greater emphasis on learning and development for lay, as well as ordained, ministers.

5. STRATEGIC REPORT

5.1. Activities in the year

5.1.1. Specific Activities

In 2019 Carlisle DBF continued to manage the Diocesan finances in support of God for All and in line with the conclusions of the Diocesan Resourcing Review undertaken in 2013-14. Specific activities in support of this strategy included:

- Carlisle DBF continued to support local ministry with the full reimbursement to the Church Commissioners for the cost of stipends, employer's national insurance, apprenticeship levy and pension contributions for an average of 89 stipendiary clergy in the Diocese. It also paid in full the DBF's share of the training costs for Ordinands and curates. The DBF also paid the full costs of providing housing for all stipendiary and house for duty clergy;
- Funding was provided to enable the continued growth in outreach and evangelism throughout the Diocese as a key plank of God for All (see above), particularly through the work of the Reach Team (subsequently part of the wider God for All Team). This included further support for the creation and growth of Fresh Expressions of Church, innovative digital outreach and other initiatives.
- Learning and development work to support clergy and laity, previously carried out by Cumbria Christian Learning (CCL), which is a wholly owned subsidiary of the DBF, was transferred into the DBF from 1 February 2019.
- Following the appointment in 2018 of a Stewardship Enabler, work has continued to build a new approach to promoting and supporting good stewardship, and parishes/mission communities are encouraged to liaise with her to review their stewardship activities and plan effective campaigns.
- An investment Sub-Committee, reporting to the Finance Committee, continued to monitor the mix and performance of the Diocese's investment portfolio and the professional advisors used, to ensure that these assets generate an optimum level of return given the level of appropriate risk associated with each asset class.
- Following on from the initial work to review the Parish Offer system in 2017, a pilot phase was extended, during which representatives of the Diocese met with additional Mission Communities to discuss the issues, challenges, and possible ways forward in the effective funding of local mission and ministry, through generous and realistic parish offers.

5.1.2. Grant-making (Beneficiary-selection) Policy

Grants are made to the National Church to cover a proportion of its central costs (see Note 11 to the financial statements). Grants are paid to parishes and to retired clergy and to other charitable projects which appear to the Trustees to support the furtherance of Carlisle DBF's objects (see Note 14 to the financial statements).

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5.1.3. Programme Related Investments

Loans are made to parishes in the Diocese at a low rate of interest, to enable them to undertake projects which further the objects of Carlisle DBF including improving and maintaining their buildings (see note 24 to the financial statements).

5.1.4. Volunteers

The Trustees recognise and are grateful for the enormous contribution that volunteers throughout the Diocese give of their time for the work of the Diocese in many different ways. In particular, surveys show that the average contribution from non-stipendiary ministers, at between 20 and 25 hours per week, is very significant. Retired clergy also give freely of their time. Churchwardens, Parochial Church Council Treasurers, Secretaries and Safeguarding Officers continue to enable the local church to provide mission and ministry to local communities across Cumbria. The success of the God for All project envisages a substantial growth in self-supporting (volunteer) lay and ordained ministry in the future, with stipendiary clergy roles being increasingly to discern, equip and support those ministers.

5.2. Achievements against objectives

5.2.1. Achievements in 2019

The approved budget for 2019 assumed that income from parish offers would have increased in cash terms by 0.9% from the 2018 receipts to £4,836,000, resulting in a surplus of £1,000. Offers received from parishes totalled £4,711,000, with the overall collection rate of offers (including arrears from previous years' unpaid offers) increasing by 0.6 % to 98.7%. This resulted in a net decrease in actual receipts compared with 2018 of £82,000. The Trustees recognise the challenges faced by parishes to maintain their parish offer giving, and are tremendously aware of, and thankful for the sacrificial giving throughout the Diocese that makes that possible.

5.2.2. Operational Performance

The operational performance of Carlisle DBF in 2019 helped to achieve most of the aspirations set out above. Expenditure on local clergy (primarily stipends, pension and housing), chaplains and Network Youth Church leaders accounted for 68% of the total group expenditure from general funds. Total expenditure on resourcing ministry and mission amounted to £7,420,000. Together with expenditure on education and the Diocesan retreat house at Rydal, the expenditure on charitable activities accounted for 98% of total expenditure.

The stipend for clergy of incumbent status was increased by 1.5% with effect from 1st April 2019 to £26,420. Curates' stipends were increased by 2.0% to £24,770 in line with the increases in the National Minimum Stipend. Carlisle DBF was able to provide full funding to reimburse the Church Commissioners for all the costs of clergy stipends, NI, pensions and the new national apprenticeship levy. 2019 saw further progress in the 5-year plan to establish new patterns of ministry in mission communities. The associated reduction in the number of stipendiary clergy (with an increase in self-supporting ministry) is helping to align the cost of local ministry with the Diocese's income. A careful balance was achieved investing in the maintenance and improvement of clergy property whilst operating within a well-managed budget for each project.

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Continued investment was made to implement the God for All strategy through the work of the Reach Team and Cumbria Christian Learning. Expenditure on the Reach Team's work to support local churches and church members to become more outward looking, including establishing new fresh expressions of church such as Messy Church and Mountain Pilgrims, further growing Network Youth Churches, continuing to invest in pioneering ministries, promoting Christmas church-going and a spiritual reflection to well-known Lake District locations, piloting the Cumbria Text-a-Prayer initiative and creating "prayer spaces" was £311,000.

Spending on Learning and Development activities was £728,000. This included providing funding for Cumbria Christian Learning, contributing £260,000 towards the national costs of ordination training, implementing the Diocesan Vocations Strategy, training stipendiary and non-stipendiary curates, lay ministry development, a development programme in Mission Communities, recruiting and training consultants for Mission Communities and running the Mission Shaped Ministry course. In 2019 substantial work was undertaken in partnership with the Church Mission Society to develop new approaches to training that will enable local clergy and their church congregations to be more effective in mission and outreach to their local communities.

In 2019 the integration of all support for God for All was completed, bringing most elements of Diocesan training back to the DBF. Most training activities had been undertaken by the subsidiary Cumbria Christian Learning in recent years, but with the exception of IME1 Ordination training, the staff and activities transferred back into the DBF on 1 February 2019. This facilitated a reorganisation of the Reach Team and Cumbria Christian Learning into one team.

Grant funding, following a successful bid to the Archbishop's Council's Strategic Development Fund, has been received over the three years from 2017-2019, and continued to support the work of the Reach Team and Cumbria Christian Learning as well as supporting elements of the God for All vision. A second application for support from the Strategic Development Fund was successfully submitted in 2019 and will provide funding for the further development of pioneer ministry and pioneering approaches to mission and outreach from 2020 through to 2025.

£9,000 in donations and collections from parishes and £50,000 investment income were added to the Diocesan Growth Fund. Out of this, grants were paid to parishes and deaneries totalling £22,000. The balance on the Growth Fund, which is available to support the establishment of network youth church congregations and help parishes and deaneries initiate new work designed to achieve church growth, stood at £1.646 million at 31st December 2019.

The Board for Education spent £289,000 to support education in Cumbria with its support for Church schools. The Good Shepherd Multi Academy Trust, which aims to support the provision of excellent education within a caring and Christian ethos in academies in Cumbria remains of strategic importance as the debate over the academisation of schools continues. It currently includes eight schools.

Carlisle DBF's network of "OpShops" in Carlisle continued to provide community support, recycling and reuse, and Christian ministry in partnership with local churches. In 2019 the income generated from the shops was £208,000, a further increase of £10,000 compared to the previous year. The network as a whole made a deficit of £38,000 although this included costs incurred with the ongoing project to establish a more effective operating structure. In 2020 OpShops has become a separate subsidiary charitable company under the name Restore (Cumbria), with its own board of trustees and a business plan to achieve a more secure and sustainable long-term future. OpShops benefits from the hard work of many volunteers.

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2019 saw a further decrease of £9,000 of income from the Archbishops' Council's Lowest Income Communities Funding. An additional £257,000 was received in 2019 from the Archbishops' Council, being the third year's grant following the Diocese's successful bid for £859,000 over three years from the Strategic Development Fund. A small final claim will be made in 2020 to conclude the funding of this project. £81,000 of capacity funding was also received, along with £89,000 of funding towards the training of the Diocese's ordinands.

The statutory fees for occasional offices conducted by the Church decreased by £50,000, reflecting the trend for more weddings and funerals to take a more secular approach. Rents received from letting parsonages during vacancies remained strong at £301,000 as a result of the Diocese's active approach to renting out properties wherever possible. Overall total charity income increased by 3.1%.

Rydal Hall Ltd is the wholly-owned subsidiary company of Carlisle DBF operating the Diocesan Conference Centre and Retreat House at Rydal. The subsidiary company paid £60,000 rent and £8,000 for accounting and HR services, to the DBF in 2019. After two difficult years in 2017/8, the trustees and management of Rydal Hall, with backing from the DBF, have continued to concentrate on restoration of financial stability. With a new General Manager appointed in March 2018, significant improvement has been seen in the proceeding 18 months, with the pre-tax consolidated loss falling from £99,000 in 2017, £29,000 in 2018 and £24,000 in 2019. With a strong focus on marketing this beautiful venue to existing and new visitors, and building on the available capacity in areas of the estate such as the campsite, cottages and bunkhouse, it was envisaged that 2020 would see the charity break even. Unfortunately the impact of coronavirus has been particularly significant to the tourism sector, with Rydal facing significant losses in 2020 as a result.

In 2019 the DBF supported the Churches Trust for Cumbria through a grant of £22,000, in support of their work to provide external support for the care, conservation and development of church buildings across Cumbria.

5.2.3. Investment Performance

Investments are held in both restricted and unrestricted funds. In 2019 the price of the CBF Investment Fund shares increased by 18.7% for the year, following a fall of 1.5% in 2018 (which was in line with similar funds and markets in general in that year). CBF Property Fund shares decreased by 2.6%. As a result of these buoyant market conditions, total unrealised gains on investments were £2,349,000, compared to only £82,000 in the previous year. These gains are notional – they do not alter the number of shares held hence the future income streams for which these shares are held, are unaffected by both increases and falls. The two hydroelectric plants within Cumbria in which the DBF has invested continued to perform well in 2019, and with the initial loans having been fully repaid by the end of 2018, they will both provide a strong, long-term income stream for many years to come.

The Bank of England's Base Rate remained at 0.75% throughout 2019, and the CBF Deposit Fund rate also stayed at 0.75%.

Dividends received from the CBF Property Fund and Investment Fund were 7.43p and 55.68p per share respectively in the year, giving dividend yields of 5.46% and 2.90% based on the year-end valuations. The total income from dividends for the year was £288,000 higher than the previous year, partly due to the investment of receipts from property sale proceeds in further shares, and partly due to receiving a full year's dividend from the two hydroelectric schemes for the first time (the loans having been paid off in 2018). Interest received decreased by £2,000. The start of dividend

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payments from the Rydal Hydro scheme resulted in a fall in our (unrealised) share of reserves by £35,000.

Commercial property net rent income fell by £43,000 compared to 2018, mainly as a result of the sale of some property. The vacant ground floor unit in the Penrith office was refitted to serve as a Diocesan training facility. Negotiations to sell the former Diocesan Office site and old vicarage at West Walls, Carlisle were completed with both sites being sold in early 2019. In 2019 continued efforts were made to obtain planning consent for residential development on low yielding agricultural land holdings on the edge of settlements. A number of such developments have come to market in the year. All sale proceeds from these during 2019 have been invested to generate a sustainable long-term revenue stream to fund the work of the Diocese in the future.

The total return on investment – net receipts and valuation gains on investments as a percentage of the investment valuations at year-end, increased from 3.3% last year to 9.4% this year as a result of the rise in global stock markets. Average yield (net receipts as a percentage of the investment valuations at year-end) increased from 3.1% to 3.2%, a result of a larger proportion of investments being held in higher yielding CBF Property Fund shares, as well as a full year of dividends from the high-yielding hydro-electric schemes.

5.2.4. External Factors Affecting Performance

There are a number of external factors continuing to affect the performance of Carlisle DBF. The fall (in both cash and real terms) in the offers made to Carlisle DBF from parishes is evidence of lower incomes in the parishes, reflecting a decline in church membership and the burden of local costs such as church repairs and energy bills. As with last year, a small number of significant, larger churches reduced their Offer in 2019. This decline in the real value of income reduces the DBF's ability to fund ministry in the future.

There has been some difficulty in filling vacancies in clergy posts over the last few years, as the number of clergy retiring throughout the country exceeds the numbers being ordained and the Northern province of the Church of England is not seen as being as attractive to ministers. Although this reduces financial pressure in the short term, it represents an operational concern as the leadership and pastoral work of clergy is key in recruiting and developing self-supporting lay and ordained ministry and helping the local church to continue to evolve. Within the Diocese, a low number of clergy movements and retirements has delayed, in some areas, reorganisation into Mission Communities.

5.3. Financial Review

5.3.1. Review of the Financial Position

The Consolidated Statement of Financial Activities (SOFA) for the year shows net incoming resources of £942,000 (2018: net incoming resources of £1,004,000) before net gains on investments and other recognised gains and losses.

After revaluation adjustments, the net increase in funds amounted to £4,235,000 (2018: £1,166,000). Total fund balances are now £79,230,000 of which £75,309,000 (95.1%) is restricted, mainly by ecclesiastical measures, and a further £1,785,000 has been designated for specific use by the Trustees.

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Overall there was a net cash inflow for the year of £1,231,000 (2018: outflow of £177,000). Total net current assets increased by £422,000 to £1,185,000 with those relating to general funds decreasing by £122,000.

Impact of Coronavirus - 2020

In the months after the 2019 financial year-end, the spread of the Covid-19 virus around the world has had an unprecedented impact on the health and wellbeing of its population, its economies, and the life and operation of the church. The Trustees acted quickly and decisively to assess the potential effect on the Diocese, and take mitigating actions to protect its staff, assets and finances.

In response to a likely fall in parish offer income, a series of discretionary projects were postponed or cancelled, and a significant proportion of the charity and subsidiary staff were put on furlough under the government's job retention scheme. Close monitoring of both income and costs have been carried out, with additional Trustee meetings held to ensure a suitable response.

At the date of signing this Trustees Report, the savings made have matched the fall in charity income, and investment values have not seen material decreases.

The impact on the tourism sector has been particularly severe. The Rydal Hall Retreat centre was temporarily closed in March with almost all of its staff put on furlough. Elements of the hall started to reopen in July, following risk assessments and with strong covid-secure processes in place. However, it is currently projected that losses in the region of £300,000 will be incurred during 2020.

Developments will be closely monitored. The 2021 Budget, presently in course of preparation, will reflect the anticipated and significant reduction in mainstream income, with consequent attention to necessary rationalisation of costs

Going Concern

After making enquiries the Trustees are satisfied that Carlisle DBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

5.3.2. Reserves Policy

In 2019 around 62.9% (2018: 62.7%) of Carlisle DBF's general income came from contributions from parishes through their offers and a further 7.9% (2018: 7.9%) came from National Church LINC Allocation. In 2019 58% of parishes paid some, if not all, of their parish offer by monthly standing order with 55% of parish offer paid regularly each month. Allowing for these income streams, and Carlisle DBF's other sources of income, the Charity's policy is to hold a level of free reserves of one month's expenditure. At 31st December 2019 the total of general funds amounted to £2,136,000 of which £1,352,000 was held in fixed assets, including programme related investments. This leaves a positive balance of £784,000 as free reserves and, allowing for long term borrowings of £400,000, there is a balance of £1,184,000 on net current assets which equates to 1.60 months of expenditure. The Trustees keep the position under review at their bi-monthly meetings and are currently confident that cash flows can be managed to ensure that sufficient free reserves are held to enable Carlisle DBF's normal commitments to be met.

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In the event of a one-off event such as 2020's Covid-19 pandemic, these reserves are held at a level which is intended to allow the DBF to take a measured approach to managing liquidity.

5.3.3. Investment Policies

Carlisle DBF's power to invest its funds is governed by the Memorandum and Articles of Association. It exercises these powers having due regard to the provisions of the Trustee Act 2000 in so far as it applies to Carlisle DBF as a company.

Carlisle DBF's investment policies, which were updated in 2017 and are reviewed annually, are based on two key principles:

Ethical investment – Carlisle DBF seeks to pursue an investment policy consistent with the values of the Christian religion. Thus, it adheres to the policy as developed by the Church Commissioners and CCLA Investment Management Ltd for their Central Board of Finance Church of England Funds.

Long-term responsibilities - Investment policy for long-term funds seeks to strike the right balance between providing an income to help the Diocese to carry out its purposes effectively in the short term and maintain and enhance the value of the invested funds so as to enable the Diocese effectively to continue to carry out its purposes in the long term. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Investments

Glebe property investments are held by Carlisle DBF in agricultural land, commercial and residential land and buildings. They are managed by the DBF's agents, Penrith Farmers' & Kidd's, Walton Goodland Ltd and Savills and account for 48% of the total glebe investments.

48% of the glebe investments are invested through CCLA Investment Management Ltd in the CBF Church of England Funds or held on deposit. They are split between investments in equities and property via common investment funds to spread risk, and deposits. The remaining 4% consists of shares in a hydroelectric scheme on Scandale Beck.

Investments made in relation to the other DBF funds are also mainly held in CBF Church of England deposit accounts, investment and property funds, with shares also being held in a hydroelectric scheme on Rydal Beck.

Other Funds

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance.

The performance of all the DBF's investments is monitored regularly by the Trustees at their bi-monthly board meetings, and by the Investment Sub-Committee.

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5.3.4. Remuneration Policy

The Board operates a set salary scale and employees are placed on this with regard to benchmarking against comparable roles in this and other dioceses and the external employment market. Cost of living increases are determined as part of the process of setting the budget which is approved by the Finance Committee and the Members. Remuneration of higher-paid employees is determined in consultation between the Chair of the Finance Committee, the Diocesan Secretary and the HR Manager.

5.4 Plans for Future Periods

The DBF's ongoing objective is to resource Diocesan needs, as determined by Synod and informed by local and national Church institutions and in particular to invest to meet the objectives set out in the God for All Strategy up to the end of 2020. The DBF was successfully achieving this until the outbreak of the Covid 19 pandemic in early 2020, which has required substantial rethinking of our financial responses and strategies.

Work to refresh the Diocesan Vision and Strategy for the period beyond 2020 continues in the light of the financial resources now envisaged as being available, and this will be integrated into resource and budget planning for the period 2021-2025.

5.5 Principal Risks and Uncertainties

The Trustees confirm that the major risks, to which Carlisle DBF and its subsidiary company is exposed, as identified by the Trustees and staff, are continually reviewed and that systems and procedures have been established to manage those risks. The principal risks and uncertainties which face Carlisle DBF relate to:

- the reliability and timing of the income it receives from local churches which is voluntary in nature, Parish Offer accounting for 63% of total charity general fund income;
- investment performance, particularly in respect of commercial property; and
- expenditure on clergy payroll if clergy numbers are above assumptions.
- the as-yet unclear longer-term financial effects of Covid-19 upon core income streams

As part of the risk management strategy, the officers of the Company report at each meeting of the Trustees. The principal risks are reviewed by the Trustees and, where necessary, further information and data are gathered to enable a more detailed examination of the risks to be made and decisions taken on the basis of the probability and likely impact of the risks occurring.

A major review of the parish offer process, exacerbated by Covid-19, and in the emerging light of the Diocesan vision and strategy from 2021, is currently in progress. We continue to encourage good stewardship in the local church and the work of Stewardship Enabler is seen as a key way in which the diocese can support parishes and mission communities in raising income locally which, in turn, will enable them to prioritise making a generous parish offer to support the cost of local mission and ministry.

A detailed analysis of likely clergy retirements and movements has been undertaken and a more proactive approach to managing deployment has been taken as a result.

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Other actions taken to manage risks include the purchase of insurance to indemnify Carlisle DBF, its Trustees, officers and employees against any liabilities that might arise during the provision of services operated under the authority of the Diocesan Bishop and Synod.

6. Structure, Governance and Management

6.1 Organisational Structure

The Diocese of Carlisle was founded in 1133. It covers an area of 2,480 square miles and includes all of Cumbria, except for small areas in the east of the county which are included in the neighbouring Diocese of Newcastle. The overall population of the Diocese is 498,000.

The Diocese is one of the 42 English dioceses of the Church of England which is organised as two provinces. The Diocese of Carlisle is part of the Northern Province led by the Archbishop of York. The Southern Province is led by the Archbishop of Canterbury.

The Diocese of Carlisle is led by the Diocesan Bishop the Rt Revd James Newcome. It is arranged into three archdeaconries; Carlisle covering the northern and eastern part with 4 deaneries, West Cumberland in the western part with 3 deaneries and Westmorland and Furness in the southern part with 4 deaneries. In total there are 228 parishes grouped into 109 benefices with 86 full-time equivalent stipendiary parochial clergy and 3 serving in house for duties posts. Together with 28 non-stipendiary ministers, 128 readers, 59 commissioned lay ministers and many other retired clergy and lay members they provide ministry in 328 churches in the Diocese.

6.2 Diocesan Governance

Diocesan Synod

The Diocese is governed by Standing Orders approved in 1969 and as subsequently amended. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of Bishops and Archdeacons (*ex officio members*), clergy members *elected* by the Houses of Clergy in Deanery Synods, lay persons *elected* by the Houses of Laity in Deanery Synods, up to five persons who may be *co-opted* by each of the Houses of Clergy or Laity and a maximum of ten members *nominated* by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Its role is to:

- consider matters affecting the Church of England in the Diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the Bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the Diocese.

Deanery Synods

Each deanery in the Diocese has its own Deanery Synod which has two houses, laity and clergy. Its role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;

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- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the Diocese to General Synod.

Bishop's Council and Standing Committee

Bishop's Council consists of 9 ex officio members, including the Diocesan and Suffragan Bishop and the three Archdeacons, three clergy elected by the House of Clergy from among their number and six lay persons elected by the members of the House of Laity. A maximum of two members may also be nominated by the Diocesan Bishop.

Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion (delegated to the Steering Committee);
- To initiate proposals for action by the Synod and to advise it on matters of policy;
- To advise the President of Synod on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees; and
- To carry out such functions as the Synod may delegate to it.

6.3 Carlisle Diocesan Board of Finance

The company, Carlisle Diocesan Board of Finance Ltd (Carlisle DBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 22nd September 1893 as a charitable company limited by membership guarantees (No. 39625) and its governing documents are the Memorandum and Articles of Association. Carlisle DBF has been registered with the Charity Commission since 1st May 1967 (No. 251977). The Memorandum and Articles of Association have been altered by Special Resolutions the latest of which were passed on 1st May 2018 and 12th July 2006.

From 11th November 2006 every member of Diocesan Synod is a member of Carlisle DBF for company law purposes, unless they are excluded by reason of being appointed to any salaried office of the Company or any office of the Company paid by fees. Each member has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

Trustees

From 1st January 2007 the Bishop of Carlisle and the three Archdeacons have served as ex-officio Directors of the Company. A further five Directors are elected by the members of Carlisle DBF and the Directors have power to co-opt up to another four Directors.

Revd Andrew Towner resigned as Trustee and Acting Vice Chair on 27 November 2019, having also assumed Chairship of the Diocesan Board of Education earlier in that year. The Trustees would like to record their thanks to Andrew for his work on behalf of the Diocese while serving in this role.

Mr Jim Johnson was appointed Acting Chair effective 1st January 2019 following the retirement in 2018 of Revd Canon Martin Jayne, being confirmed as Chair by the Trustees in November 2019.

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' & TRUSTEES' ANNUAL REPORT (2019) continued

Mrs Susan Wigley was appointed as a co-opted member on 17 July 2019, as were Mr David Dalgoutte and Miss Janet Busk on 3 October 2019. Mrs Susan Wigley was subsequently elected by Synod unopposed effective 27 November 2019 and, following the retirement of Revd Andrew Towner, was appointed as Vice Chair 27 November 2019.

All the Directors are also the Trustees and, when newly appointed, are given induction training. All Trustees are offered ongoing training, as appropriate.

Trustees' Responsibilities

The Trustees (who are also the Directors of Carlisle Diocesan Board of Finance Limited 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 which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable group, for that year. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the corporate and trust assets of the charitable company and group ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6.4 Decision-making Structure

Diocesan Synod has delegated the following functions to Carlisle DBF:

- Management of the funds and property of the Diocese;
- Preparation of annual estimates of expenditure;
- Advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it; and
- Carrying out any other functions delegated by Diocesan Synod.

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' & TRUSTEES' ANNUAL REPORT (2019) continued

Finance Committee

The Trustees meet as the Finance Committee of Carlisle DBF six times a year. At these meetings they receive regular reports from the officers of the DBF and consider any matters for which they are responsible. The number of meetings (and proportion of those eligible for attendance) that each Trustee attended in 2019 was:

The Rt Revd James Newcome	3 (50%)
The Ven Richard Pratt	6 (100%)
The Ven Vernon Ross	5 (83%)
The Ven Lee Townend	4 (67%)
Mr Derek Bradley	4 (67%)
Miss Janet Busk	1 (100%)
Mr Rob Cook	6 (100%)
Mr David Dalgoutte	1 (100%)
Mr John Edwards	6 (100%)
Mrs Susan Wigley	1 (50%)
Mr Jim Johnson	6 (100%)
The Revd Andrew Towner	6 (100%)

The Trustees have delegated responsibility for the day-to-day management of the company to the Diocesan Secretary who is supported by a small number of staff.

Committee Structure

There are a number of Diocesan Synod committees that, although not sub-committees of Carlisle DBF, can influence its operations.

Those following are statutory committees:

Carlisle Diocesan Board of Education has responsibility for 104 Church schools across the Diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

The Parsonages Board is responsible for determining policy concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by Carlisle DBF. In the Diocese the Carlisle DBF is designated as the Diocesan Parsonages Board. A number of its functions are delegated to Archdeaconry Sub-Committees under the terms of a scheme passed by Diocesan Synod on 12th October 2013.

The Diocesan Pastoral Committee is responsible for the task of approving pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry. It also has responsibility for finding appropriate alternative uses for churches which have closed.

The Diocesan Advisory Committee advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' & TRUSTEES' ANNUAL REPORT (2019) continued

Carlisle Diocesan Board of Patronage is constituted under the provisions of the Patronage (Benefices) Measure 1986 and is sole patron or joint patron of a number of benefices.

6.5 Related Parties

General Synod

Carlisle DBF has to comply with Measures passed by the General Synod of the Church of England. General Synod is the legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

Archbishops' Council

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

Carlisle DBF is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church according to a formula agreed by General Synod.

Church Commissioners

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the Diocesan and Suffragan Bishops are met by the Church Commissioners. The Church Commissioners also make grants to the Archbishops' Council for ministry in poorer dioceses and parishes.

Although Carlisle DBF is responsible for the funding of its clergy stipend costs, the national clergy payroll is administered by the Church Commissioners. Carlisle DBF reimburses the Church Commissioners monthly for the costs of stipendiary clergy deployed in the Diocese.

Church of England Pensions Board

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions' authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widows and widowers of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

Carlisle DBF contributes monthly to the Pensions Board for both the clergy and the lay pension schemes.

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' & TRUSTEES' ANNUAL REPORT (2019) continued

The Cathedral

The Cathedral Church of the Holy and Undivided Trinity is the mother church of the Diocese of Carlisle and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its Trustees' report and financial statements may be obtained from the Cathedral Office, 7 The Abbey, Carlisle, CA3 8TZ.

Parishes and Parochial Church Councils (PCCs)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Each PCC is an independent charity and most are currently excepted from registration with the Charity Commission. However, under the terms of the Charities Act 2011 those PCCs whose gross income for the year is above £100,000 are required to register. PCCs are able to influence the decision-making within Carlisle DBF and at Diocesan Synod level through representations and input of their Deanery Synods.

The main income of Carlisle DBF is the contribution, by way of the parish offer, from the 228 parishes of the Diocese. From 2009 the parish offer system has been based on voluntary offers made by parishes towards the costs of ministry incurred throughout the whole of the Diocese of Carlisle.

Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

6.6 Subsidiary Undertakings

Carlisle DBF is responsible for the operation of the Diocesan Conference Centre and Retreat House, Rydal Hall. This is achieved through Rydal Hall Limited, a wholly owned subsidiary charity of Carlisle DBF. The activities of the subsidiary are included in the consolidated financial statements.

Cumbria Christian Learning was established in 2016 by bringing together the Diocesan Training Team and the Lancashire and Cumbria Theological Partnership (LCTP) following the decisions of Blackburn Diocese and the University of Cumbria to withdraw from LCTP. This meant that LCTP became a subsidiary of Carlisle DBF. LCTP exists to support vocational discernment and to equip and enable ministry in all its forms. It provides learning and development for lay ministry, initial education for ordained ministry (IME1&2), continued ministerial education, leadership development, and pioneer ministry development.

On 31 January 2019, the staff, most of the activities, and net assets of Cumbria Christian Learning were transferred into the Carlisle Diocesan Board of Finance Limited. It was envisaged that the IME1 (ordination training) activities would also transfer when accreditation contracts were novated during 2019, but with the planned establishment in 2021 of a new independent theological college serving the North West of England, the IME1 activity is likely to transfer to the new college in September 2021.

On 1 July 2020, the staff, net assets and activities of the OpShops charity shop network transferred into a newly established charity subsidiary, Restore (Cumbria).

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED
DIRECTORS' & TRUSTEES' ANNUAL REPORT (2019) continued

6.7 Rydal Hydro Limited

Carlisle DBF owns 50% of the issued share capital of Rydal Hydro Limited, with Ellergreen Hydro Limited and Gilkes Hydro Limited the other 50%. The joint venture company has constructed a hydroelectricity generating plant within the grounds of Rydal Hall Limited providing a renewable source of electricity for Rydal Hall and the surrounding area as well as providing a significant return on the DBF's investment.

6.8 Other Connected Companies

Carlisle DBF has joined with the four other dioceses from the North West of England and with York Diocese to have equal shares in DBE Services Limited, a company formed to provide various services to schools. These include inspections, teaching and curriculum support, administrative services, building, equipment and construction support and insurance. DBE Services Limited has several employees with other staff employed by the participating dioceses who invoice the company for their time. The profits of DBE Services Limited are distributed to the shareholders by means of gift aid donations.

7. Funds Held as Custodian Trustee for Others

Carlisle DBF is required by Measure to be custodian trustee in relation to PCC property. Carlisle DBF also holds funds on behalf of Church of England schools in the Diocese. All assets held as custodian trustee are kept independently from the Company's own assets and their details are recorded in a separate trust ledger. The assets are mainly invested through CCLA Investment Management Limited in their range of CBF Church of England Funds or on deposit with major UK clearing banks.

At 31 December 2019 the total value of these funds was £11,982,000.

8. Reference and Administrative Details of the Carlisle Diocesan Board of Finance

In accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in 2015 (SORP 2015), the Directors (for the purposes of company law) and the Trustees (for the purposes of charity law) during the year and as at the date of signing follow:

President

Rt Revd James Newcome

Acting Chairman/Chairman

Mr Jim Johnson

Ex-officio Directors

The Right Reverend James Newcome, Bishop of Carlisle

The Venerable Dr Richard Pratt, Archdeacon of West Cumberland

The Venerable Lee Townend, Archdeacon of Carlisle

The Venerable Vernon Ross, Archdeacon of Westmorland and Furness

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED
DIRECTORS' & TRUSTEES' ANNUAL REPORT (2019) continued

Elected by the Members

Mr Derek Bradley	(Appointed 1 January 2019)
Mr Rob Cook	(Appointed 1 January 2019)
Mr John Edwards	(Co-opted until 27 November 2019, elected thereafter)
Mr Jim Johnson	
The Revd Andrew Towner	(Resigned 27 November 2019)
Mrs Susan Wigley	(Co-opted until 27 November 2019, elected thereafter)

Co-opted by the Directors

Miss Janet Busk	(Co-opted 3 October 2019)
Mr David Dalgoutte	(Co-opted 3 October 2019)
Mr John Edwards	(to 27 November 2019)
Mrs Susan Wigley	(Co-opted 17 July 2019 to 27 November 2019)

Secretary

Mr Derek Hurton

Head of Finance

Mr Ric Jaques

Director of Education

Mr Michael Mill (resigned 31 December 2019)

Mrs Vanesa O'Dea (appointed 11 January 2020)

Registered Office

Diocesan Church House,
19-24 Friargate,
Penrith,
CA11 7XR

Telephone

01768 807777

Facsimile

01768 868918

Website

www.carlislediocese.org.uk

e-mail

enquiries@carlislediocese.org.uk

Company registration number

39625 (England & Wales)

Charity registration number

251977

Auditors

Dodd & Co Limited,
FIFTEEN Rosehill,
Montgomery Way,
Carlisle,
CA1 2RW

Bankers

HSBC plc,
City Office,
29 English Street,
Carlisle,
CA3 8JT

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED
DIRECTORS' & TRUSTEES' ANNUAL REPORT (2019) continued

Sintons,
The Cube, Barrack Road,
Newcastle Upon Tyne,
NE4 6DB

Investment Advisers

CCLA Investment Management Ltd,
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Glebe Property Agents

Penrith Farmers' & Kidd's plc,
Agricultural Hall,
Skirsgill,
Penrith,
CA11 0DN

Savills,
64 Warwick Road,
Carlisle
CA1 1DR

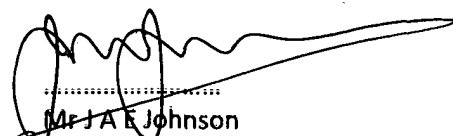
Walton Goodland Ltd,
10 Lowther Street,
Carlisle,
CA3 8DA

9. Auditors

The Trustees as a Board confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. In addition, the Trustees have taken all reasonable steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

A resolution to reappoint Dodd & Co Limited as auditors to the company and to authorise the Trustees to fix their remuneration will be proposed at the Annual General Meeting.

The Directors' and Trustees' annual report, together with the strategic report which is incorporated into the Directors' and Trustees' annual report, have been approved by the Directors/Trustees and signed on their behalf by:


.....
Mr J A E Johnson
Director and Trustee

10th October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

Opinion

We have audited the financial statements of Carlisle Diocesan Board of Finance Limited (the 'Charity') for the year ended 31 December 2019 which comprise Consolidated Statement of Financial Activities, Charity Statement of Financial Activities, Consolidated Summary Income and Expenditure Account, Consolidated Balance Sheet, Charity Balance Sheet, Consolidated Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Charity 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 the provisions available for small entities, in the circumstances set out in note [1] to the financial statements, 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 Charity'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.

Emphasis of matter

We draw attention to notes 1 and 35 of the financial statements, in which the members present their assessment of the impact of Covid-19 on the charity, and the appropriateness of the going concern basis of accounting. Our opinion is not modified in this respect.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have 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 Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the Strategic Report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, 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 they 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 Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.

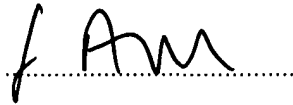
Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity'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 Charity'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 Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Faye Armstrong

Senior Statutory Auditor

for and on behalf of:

Dodd & Co Limited, Statutory Auditor
FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

23/10/20

CARLISLE DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 December 2019

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000	2018 £'000
Income and endowments from							
Donations	2						
Parish contributions		4,711	-	-	-	4,711	4,792
Archbishop's Council		933	-	89	-	1,022	1,059
Other donations		161	25	16	-	202	364
Charitable activities	3						
Fees & chaplaincy income		497	10	13	-	520	577
Rydal Hall	15	-	1,015	-	-	1,015	913
Sales of goods & services	3	4	208	-	-	212	202
Other activities	4	301	-	-	-	301	311
Investments	5	882	51	378	4	1,315	1,158
Other sources	6	-	-	267	267	534	129
Total		7,489	1,309	763	271	9,832	9,505
Expenditure on							
Raising funds	7	125	-	14	-	139	166
Charitable activities							
Resourcing ministry & mission	8	6,727	398	295	-	7,420	7,068
Education	9	285	-	34	-	319	356
Rydal Hall	15	31	981	-	-	1,012	911
Other purposes	10	-	-	-	-	-	-
Total	12	7,168	1,379	343	-	8,890	8,501
Net income/(expenditure) before investment gains		321	(70)	420	271	942	1,004
Net gains/(losses) on investments		47	272	717	1,313	2,349	82
Net income/(expenditure)		368	202	1,137	1,584	3,291	1,086
Transfers between funds	22	(1,171)	227	209	735	-	-
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-	88
Actuarial gains/(losses) on defined benefit pension schemes		944	-	-	-	944	(8)
Net movement in funds		141	429	1,346	2,319	4,235	1,166
Total funds brought forward		1,995	1,356	18,832	52,812	74,995	73,829
Total funds carried forward		2,136	1,785	20,178	55,131	79,230	74,995

All activities derive from continuing activities. The notes on pages 29 to 59 form part of the financial statements.

CARLISLE DIOCESAN BOARD OF FINANCE

CHARITY STATEMENT OF THE FINANCIAL ACTIVITIES For the year ended 31 December 2019

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000	2018 £'000
Income and endowments from							
Donations	2						
Parish contributions		4,711	-	-	-	4,711	4,792
Archbishop's Council		933	-	89	-	1,022	1,059
Other donations		161	17	16	-	194	359
Charitable activities	3						
Fees & chaplaincy income		497	-	13	-	510	532
Rydal Hall	15	68	-	-	-	68	60
Sales of goods & services	3	4	208	-	-	212	202
Other activities	4	301	-	-	-	301	311
Investments	5	882	50	378	4	1,314	1,157
Other	6	-	-	267	267	534	129
Total		7,557	275	763	271	8,866	8,601
Expenditure on							
Raising funds	7	125	-	14	-	139	166
Charitable activities							
Resourcing ministry & mission	8	6,855	277	295	-	7,427	7,096
Education	9	285	-	34	-	319	356
Rydal Hall	15	31	-	-	-	31	24
Other	10	-	-	-	-	-	-
Total		7,296	277	343	-	7,916	7,642
Net income/(expenditure) before investment gains		261	(2)	420	271	950	959
Net gains/(losses) on investments		47	264	717	1,313	2,341	52
Net income/(expenditure)		308	262	1,137	1,584	3,291	1,011
Transfers between funds	22	(1,111)	167	209	735	-	-
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-	88
Actuarial gains/(losses) on defined benefit pension schemes		944	-	-	-	944	(8)
Net movement in funds		141	429	1,346	2,319	4,235	1,091
Total funds brought forward		1,995	1,371	18,832	52,812	75,010	73,919
Total funds carried forward		2,136	1,800	20,178	55,131	79,245	75,010

All activities derive from continuing activities. The notes on pages 29 to 59 form part of the financial statements.

CARLISLE DIOCESAN BOARD OF FINANCE

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2019

	Total 2019 £'000	Total 2018 £'000
Total income per reconciliation below	9,989	9,283
Resources expended per reconciliation below	(10,072)	(8,727)
Operating surplus for the year	(83)	556
Interest receivable	19	19
Net gains/(losses) on investments	1,036	(104)
Net income for the year	972	471
Other comprehensive income:		
Revaluation of fixed assets	-	88
Actuarial gains/(losses) on defined benefit pension schemes	944	(8)
Total comprehensive income for the year	1,916	551

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

Reconciliation of Summary Income and Expenditure to SOFA	Total 2019 £'000	Total 2018 £'000
Total incoming resources per SOFA	9,832	9,505
Less: interest receivable	(19)	(19)
total endowment additions	(271)	(203)
Add: endowment capital transferred to income funds	447	-
Total income per above	9,989	9,283
Resources expended per SOFA	8,890	8,501
Less: expenditure charged to endowment capital	-	-
Add: income funds reclassified as endowment capital	1,182	226
Total expenditure per above	10,072	8,727

CARLISLE DIOCESAN BOARD OF FINANCE


CONSOLIDATED BALANCE SHEET

At 31 December 2019

Company Number – 39625

		2019	2018
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	23	43,376	44,718
Investments	24	35,389	31,728
		<u>78,765</u>	<u>76,446</u>
CURRENT ASSETS			
Stock	9	6	
Debtors	25	1,977	1,881
Cash on deposit	26	2,688	1,080
Cash at bank and in hand		533	910
		<u>5,207</u>	<u>3,877</u>
CREDITORS: amounts falling due within one year	27	(4,022)	(3,114)
NET CURRENT ASSETS		<u>1,185</u>	<u>763</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>79,950</u>	<u>77,209</u>
CREDITORS: amounts falling due after more than one year			
Pension scheme liabilities	28	(320)	(1,514)
Other creditors		(400)	(700)
		<u>(720)</u>	<u>(2,214)</u>
Provisions for liabilities	29	=	=
NET ASSETS		<u>79,230</u>	<u>74,995</u>
FUNDS			
Endowment funds			
(Including investment revaluation reserve of £32,116,000 (2018: £30,801,000))		55,131	52,812
Restricted income funds			
(Including investment revaluation reserve of £6,516,000 (2018: £5,417,000))		20,178	18,832
Unrestricted income funds:			
General funds (Including revaluation reserve of £576,000 (2018: £564,000))		2,136	1,995
Designated funds (Including revaluation reserve of £626,000 (2018: £364,000))		1,785	1,356
TOTAL FUNDS	30	<u>79,230</u>	<u>74,995</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Trustees and authorised for issue on and signed on behalf of the Board by:


Mr J.A.E. Johnson

CARLISLE DIOCESAN BOARD OF FINANCE

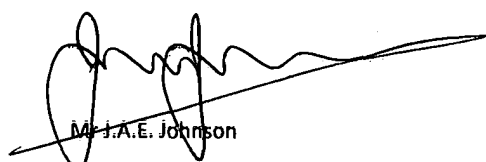
CHARITY BALANCE SHEET

At 31 December 2019

Company Number – 39625

		2019		2018	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	23		43,304		44,646
Investments	24		35,389		31,736
			<u>78,693</u>		<u>76,382</u>
CURRENT ASSETS					
Debtors	25	1,940		1,809	
Subsidiary companies		232		244	
Cash on deposit	26	2,550		993	
Cash at bank and in hand		415		729	
		<u>5,137</u>		<u>3,775</u>	
CREDITORS: amounts falling due within one year	27	(3,865)		(2,933)	
NET CURRENT ASSETS			<u>1,272</u>		<u>842</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>79,965</u>		<u>77,224</u>
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	28	(320)		(1,514)	
Other creditors		(400)		(700)	
			<u>(720)</u>		<u>(2,214)</u>
NET ASSETS			<u>79,245</u>		<u>75,010</u>
FUNDS					
Endowment funds					
(Including investment revaluation reserve of £32,116,000 (2018: £30,801,000))			55,131		52,812
Restricted income funds					
(Including investment revaluation reserve of £6,516,000 (2018: £5,417,000))			20,178		18,832
Unrestricted income funds:					
General funds (Including revaluation reserve of £576,000 (2018: £564,000))			2,136		1,995
Designated funds (Including revaluation reserve of £626,000 (2018: £364,000))			1,800		1,371
TOTAL FUNDS			<u>79,245</u>		<u>75,010</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Trustees and authorised for issue on and signed on behalf of the Board by:


Mr J.A.E. Johnson

CARLISLE DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

For the year ended 31 December 2019

	2019	2018
	£'000	£'000
Net cash inflow/(outflow) from operating activities		103
Cash flows from investing activities	(445)	
Dividends, interest and rent from investments	1,315	1,158
Interest paid	(14)	(14)
Proceeds from the sale of:		
Tangible fixed assets	1,299	328
Investments	1,375	69
Purchase of:		
Tangible fixed assets	(32)	(56)
Fixed asset investments	(2,210)	(1,665)
Movement on deposit fund investments	13	-
Net cash provided by/(used in) investing activities	1,746	(180)
Cash flows from financing activities		
Repayment of loans	(100)	(100)
New loans received	-	-
Adjustments to loans payable	30	-
Net cash provided by/(used in) financing activities	(70)	(100)
Change in cash and cash equivalents in the reporting period	1,231	(177)
Cash and cash equivalents at 1 January	1,990	2,167
Cash and cash equivalents at 31 December	3,221	1,990
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended 31 December	942	1,004
Adjustments for:		
Depreciation charges	32	30
Dividends, interest and rent from investments	(1,315)	(1,158)
Interest paid	14	14
Repayment of loans advanced	26	212
Advancement of loans	(4)	(73)
Loss/(profit) on sale of functional assets	(534)	(88)
Share of (profit)/loss in joint venture	35	(51)
Actuarial gains/(losses) on defined benefit pensions	944	(8)
Decrease/(increase) in stock	(3)	3
Decrease/(increase) in debtors	(96)	(244)
Increase/(decrease) in creditors	(486)	462
Net cash provided by/(used in) operating activities	(445)	103
Analysis of cash and cash equivalents		
Cash in hand	533	910
Notice deposits (less than 3 months)	2,688	1,080
	3,221	1,990

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included as determined under the applicable valuation method as detailed in c), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

The principle accounting policies and estimation techniques are as follows:

a) Consolidation

Consolidated financial statements have been prepared on a line by line basis in accordance with FRS102. The consolidated financial statements incorporate the accounts of:

- The Carlisle Diocesan Board of Finance Limited (Carlisle DBF); and
- The wholly owned subsidiary company, Rydal Hall Limited; and
- The wholly owned subsidiary company, Cumbria Christian Learning

b) Income

All income is included in the Statement of Financial Activities (SOFA) when the DBF is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Offer and parochial fees** are recognised as income of the year in which it is received or within one month after the financial year end.
- ii) **Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Donations** other than grants are recognised when receivable.
- vi) **Gains on disposal of fixed assets for the DBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

1. ACCOUNTING POLICIES (continued)

- vii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

c) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) **Costs of raising funds** include investment management costs of glebe and any other investment properties and interest costs on defined benefit pension scheme liabilities.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The DBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 31). The pension costs charged as resources expended represent the DBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which DBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

1. ACCOUNTING POLICIES (continued)

d) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The DBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The DBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The DBF is formally responsible for the maintenance and repair of such properties 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. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their deemed cost at a fair valuation at 1 January 2014.

e) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

DBF furniture, fittings, equipment and computers	10% to 20% per annum on a straight line basis;
Rydal Hall furniture, fittings, equipment and plant	10-25% per annum on a straight line basis.

1. ACCOUNTING POLICIES (continued)

f) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The DBF has entered into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or the period to the first break clause.

g) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the DBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the DBF. There are two types of unrestricted funds:
 - **General funds** which the DBF intends to use for the general purposes of the DBF; and
 - **Designated funds** set aside out of unrestricted funds by the DBF for a purpose specified by the Trustees.
- **Restricted funds** are funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the DBF (Parsonage Houses Fund and Retired Clergy and Dependents Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the DBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

1. ACCOUNTING POLICIES (continued)

h) Going Concern

The charity has considered whether the use of the going concern basis for accounting is appropriate. To do this, they have considered whether there are any material uncertainties as to the Charity's ability to continue as a going concern.

Following the COVID-19 outbreak, the trustees have prepared detailed cash flow projections and budgets to take into account the uncertainties surrounding the pandemic and its effect on their ability to operate. As a result of this review, the trustees remain confident that there are financial resources available to see the charity through until normal operations resume and are satisfied that there are no material uncertainties about the charity's ability to continue as a going concern.

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

2. DONATIONS

Parish Contributions

The majority of donations are collected from the parishes of the diocese through the parish offer system.

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2019 £'000	2018 £'000
Current year						
Offer	4,773	-	-	-	4,773	4,883
Shortfall in contributions	(80)	-	-	-	(80)	(126)
	<u>4,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,693</u>	<u>4,757</u>
Receipts for previous years	18	-	-	-	18	35
Total Income	<u>4,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,711</u>	<u>4,792</u>

Total receipts (including for previous years) represent 98.7% of the parish offer (2018 – 98.1%).

Archbishop's Council

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2019 £'000	2018 £'000
LINC allocation	595	-	-	-	595	604
Strategic Development Grant	257	-	-	-	257	262
Restructure Grant	-	-	-	-	-	129
Other grants	81	-	89	-	170	64
	<u>933</u>	<u>-</u>	<u>89</u>	<u>-</u>	<u>1,022</u>	<u>1,059</u>

Other donations

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2019 £'000	2018 £'000
All Churches Trust	97	-	-	-	97	99
Other grants	-	6	16	-	22	19
Donations	64	11	-	-	75	77
Legacies	-	-	-	-	-	164
Sundry appeals	-	-	-	-	-	-
	<u>161</u>	<u>17</u>	<u>16</u>	<u>-</u>	<u>194</u>	<u>359</u>

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

3. CHARITABLE ACTIVITIES

Fees and chaplaincy income

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2019 £'000	2018 £'000
Statutory fees	390	-	-	-	390	440
Chaplaincy	98	-	-	-	98	78
Course and other fees	9	-	13	-	22	14
	<u>497</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>510</u>	<u>532</u>
Company Total	497	-	13	-	510	532
Course and other fees	-	10	-	-	10	45
	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>45</u>
Group Total	<u>497</u>	<u>10</u>	<u>13</u>	<u>-</u>	<u>520</u>	<u>577</u>

Other sales

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2019 £'000	2018 £'000
Printing and advertising	4	-	-	-	4	4
Diocesan Opshops	-	208	-	-	208	198
Education services	-	-	-	-	-	-
	<u>4</u>	<u>208</u>	<u>-</u>	<u>-</u>	<u>212</u>	<u>202</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2019 £'000	2018 £'000
Parsonage rents	301	-	-	-	301	311
	<u>301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301</u>	<u>311</u>

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2019 £'000	2018 £'000
Dividends receivable	625	50	316	-	991	703
Interest receivable	3	-	9	4	16	18
Share of Joint Venture Income	(35)	-	-	-	(35)	51
Rents receivable	289	-	53	-	342	385
	<u>882</u>	<u>50</u>	<u>378</u>	<u>4</u>	<u>1,314</u>	<u>1,157</u>
Company total	882	50	378	4	1,314	1,157
Subsidiary's interest	-	1	-	-	1	1
	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Consolidated total	<u>882</u>	<u>51</u>	<u>378</u>	<u>4</u>	<u>1,315</u>	<u>1,158</u>

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of properties	-	-	267	267	534	129
Sales of redundant churches	-	-	-	-	-	-
	-	-	267	267	534	129

7. RAISING FUNDS

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management	75	-	14	-	89	122
Generating voluntary income	50	-	-	-	50	44
	125	-	14	-	139	166

8. RESOURCING MISSION AND MINISTRY

Ministry in the communities – stipend costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Stipends	2,264	-	-	-	2,264	2,269
National insurance/Ap. Levy	189	-	-	-	189	148
Pension costs	571	-	-	-	571	445
Removal, resettlement & other grants	137	-	-	-	137	98
Other costs	325	-	-	-	325	221
	3,486	-	-	-	3,486	3,181

Ministry in the communities – housing costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & improvements	692	-	-	-	692	682
Council tax	247	-	-	-	247	239
Water charges	57	-	-	-	57	59
Insurance	29	-	-	-	29	29
Rent payable	1	-	-	-	1	5
Other costs	166	-	-	-	166	156
	1,192	-	-	-	1,192	1,170
	4,678	-	-	-	4,678	4,351

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

8. RESOURCING MISSION AND MINISTRY (continued)

Support for ministry

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Lay ministry & chaplaincies						
Network Youth Ministers	188	-	-	-	188	190
Chaplains	26	-	-	-	26	28
	<u>214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214</u>	<u>218</u>
Training & ministry development						
Ordained ministry:-						
Ordinands	294	-	70	-	364	340
Grants to CCL	82	-	-	-	82	504
Curates	-	-	-	-	-	-
Ministry development	282	-	-	-	282	-
Lay training	-	-	-	-	-	-
	<u>658</u>	<u>-</u>	<u>70</u>	<u>-</u>	<u>728</u>	<u>844</u>
Opshops network	<u>16</u>	<u>255</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>259</u>
God For All strategy						
Support for local churches	-	22	50	-	72	51
Reach Team	295	-	-	-	295	334
Pioneering ministries	16	-	-	-	16	18
	<u>311</u>	<u>22</u>	<u>50</u>	<u>-</u>	<u>383</u>	<u>403</u>
Care for church buildings	<u>20</u>	<u>-</u>	<u>127</u>	<u>-</u>	<u>147</u>	<u>129</u>
Ministry support						
National Church	289	-	-	-	289	263
Diocesan Church	648	-	-	-	648	542
Partnerships	21	-	-	-	21	21
Retired clergy	-	-	48	-	48	66
	<u>958</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>1,006</u>	<u>892</u>
Total support for ministry	<u>2,177</u>	<u>277</u>	<u>295</u>	<u>-</u>	<u>2,749</u>	<u>2,745</u>
Total Company resourcing mission & ministry	<u>6,855</u>	<u>277</u>	<u>295</u>	<u>-</u>	<u>7,427</u>	<u>7,096</u>
Training & ministry development –						
Ministry development	(128)	121	-	-	(7)	(28)
Total Group resourcing mission & ministry	<u>6,727</u>	<u>398</u>	<u>295</u>	<u>-</u>	<u>7,420</u>	<u>7,068</u>

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

9. EDUCATION

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Support for church schools	255	-	34	-	289	343
Multi Academy Trust support	30	-	-	-	30	13
Grants to church schools	-	-	-	-	-	-
	<u>285</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>319</u>	<u>356</u>

10. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Deficit on fixed assets	-	-	-	-	-	-
Company total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Share of loss of joint venture	-	-	-	-	-	-
Consolidated total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11. ANALYSIS OF CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
National Church	168	-	-	-	168	163
Grants & provisions	18	-	-	-	18	18
Mission Agency pensions	2	-	-	-	2	2
Retired clergy housing	72	-	-	-	72	69
	<u>260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260</u>	<u>252</u>

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

12. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs	
				2019 £'000	2018 £'000
Raising funds	59	-	80	139	166
Charitable activities:					
Resourcing Mission & Ministry	6,484	539	397	7,420	7,068
Education	252	-	67	319	356
Rydal Hall	989	-	23	1,012	911
Other	-	-	-	-	-
	<u>7,784</u>	<u>539</u>	<u>567</u>	<u>8,890</u>	<u>8,501</u>

13. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	
	General £'000	Designated £'000	£'000	£'000	2019 £'000	2018 £'000
Finance and administration	291	-	-	-	291	250
Interest cost on defined benefit pension schemes	26	-	-	-	26	26
Management costs	92	-	-	-	92	91
Human resources	77	-	-	-	77	65
Auditor's remuneration	12	-	-	-	12	12
Governance	69	-	-	-	69	66
	<u>567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>567</u>	<u>510</u>

14. ANALYSIS OF GRANTS MADE

	Grants to Institutions £'000	Grants to Individuals £'000	Total 2019 £'000	Total 2018 £'000
From unrestricted funds:				
Contributions to Archbishops' Council	260	-	260	252
From restricted funds:				
Resourcing ministry and mission:				
Grants to parishes	35	-	35	28
Grants for ordinands	48	20	68	79
Grants to clergy	-	137	137	99
Grants to retired clergy	-	43	43	64
	<u>343</u>	<u>200</u>	<u>543</u>	<u>522</u>

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

15. RYDAL HALL

Rydal Hall Ltd is a wholly owned subsidiary company incorporated in England. On 21 December 2017 it became a registered charity. It is the sole owner of a trading company, Rydal Hall Trading Ltd. Its principal activity is the operation of the Carlisle Diocesan Retreat House and Conference Centre at Rydal Hall, Ambleside. Rydal Hall is owned by the Carlisle DBF and leased to the subsidiary. Any taxable profits made by the subsidiary are donated to the DBF. Audited accounts are filed annually with Companies House. A summary of consolidated trading results is shown below.

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	-	1,015	-	-	1,015	913
Other operating income	-	9	-	-	9	4
	-	1,024	-	-	1,024	917
Interest receivable	-	1	-	-	1	1
Total income	-	1,025	-	-	1,025	918
Cost of sales	-	171	-	-	171	122
Administrative expenses	-	878	-	-	878	826
Total expenditure	-	1,049	-	-	1,049	948
Profit on ordinary activities before tax	-	(24)	-	-	(24)	(30)
Taxation	-	-	-	-	-	-
Profit on ordinary activities after tax	-	(24)	-	-	(24)	(30)
Retained profits b/f	-	(261)	-	-	(261)	(231)
Retained profits c/f	-	(285)	-	-	(285)	(261)
Other reserves	-	269	-	-	269	269
Total funds carried forward	-	(16)	-	-	(16)	8
Fixed assets	-	72	-	-	72	72
Net current assets	-	(88)	-	-	(88)	(64)
Liabilities	-	-	-	-	-	-
Net assets	-	(16)	-	-	(16)	8

Included in administrative costs above are payments to the DBF of £60,000 (2018: £60,000) rent and a management charge of £8,000 (2018: nil).

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

16. RYDAL HYDRO LIMITED

Carlisle DBF owns a 50% share of Rydal Hydro Limited as a joint venture after investing £700,000 in the issued share capital of the company. Rydal Hydro Limited was incorporated in England on 26th February 2014 in order to construct a hydroelectric plant on Rydal Beck in the grounds of Rydal Hall to generate renewable electricity. The DBF's share of the results and net assets of Rydal Hydro Limited are shown below.

	Unrestricted funds		Restricted	Endowment	Total funds	
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	231	-	-	-	231	190
Cost of sales	(7)	-	-	-	(7)	(7)
Gross profit	224	-	-	-	224	183
Administrative expenses	(76)	-	-	-	(76)	(66)
Operating profit	148	-	-	-	148	117
Interest payable	-	-	-	-	-	-
Profit/(Loss) on ordinary activities before tax	148	-	-	-	148	117
Taxation	(29)	-	-	-	(29)	(24)
Profit/(loss) for the year	119	-	-	-	119	93
Retained profits b/f	247	-	-	-	247	196
Dividends paid	(154)	-	-	-	(154)	(42)
Retained profits c/f	212	-	-	-	212	247
Called up share capital	7	-	-	-	7	7
Share premium account	693	-	-	-	693	693
Total funds carried forward	912	-	-	-	912	947
Fixed assets	923	-	-	-	923	943
Net current assets	58	-	-	-	58	68
Creditors falling due after more than one year	(69)	-	-	-	(69)	(64)
Net assets	912	-	-	-	912	947

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

17. CUMBRIA CHRISTIAN LEARNING LIMITED

(Previously called LANCASHIRE & CUMBRIA THEOLOGICAL PARTNERSHIP LIMITED)

On 1 September 2016 the Carlisle DBF took full control of the Lancashire & Cumbria Theological Partnership (now called Cumbria Christian Learning Ltd), a company limited by guarantee and a registered charity.

In 2018 the decision was taken to bring the net assets, staff, and activities back into the Carlisle Diocesan Board of Finance. This transfer took place on 31 January 2019, with the exception of those activities around Initial Ministerial Education, which can only be transferred when the accreditation from Durham University has been novated – until which relevant staff have been seconded back to CCL who will continue to operate at this reduced level of activity.

	Unrestricted funds		Restricted	Endowment		
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Income from:						
Charitable activities	-	138	-	-	138	521
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total income	-	138	-	-	138	521
Resources expended:						
Costs of training	-	(137)	-	-	(137)	(448)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income for the year	-	1	-	-	1	73
Retained funds b/f	-	-	-	-	-	(88)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Retained funds c/f	-	1	-	-	1	(15)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fixed assets	-	-	-	-	-	-
Net current assets	-	1	-	-	1	(15)
Creditors falling due after more than one year	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	-	1	-	-	1	(15)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

CARLISLE DIOCESAN BOARD OF FINANCE**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

18. TAXATION

Carlisle DBF is a registered charity and has no liability to corporation tax.

The analysis of the tax charge of the Rydal Hall subsidiary company is:

	2019 £'000	2018 £'000
Current tax:		
Corporation tax	-	-
Deferred tax charge / (credit)	-	-
Tax charge / (credit) on profits on ordinary activities	-	-

19. STAFF COSTS

	2019 £'000	2018 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,972	1,774
National insurance contributions	159	138
Employer's contributions to defined benefit pension schemes	295	281
	2,426	2,193

The average number of persons employed by the group during the year:

	Number	Number
Resourcing ministry and mission	47	37
Education	4	4
Opshops	11	10
Cumbria Christian Learning	1	8
Rydal Hall	34	34
	97	93

The average number of persons employed by the group during the year based on full-time equivalents:

	Number	Number
Resourcing ministry and mission	37	30
Education	3	3
Opshops	6	6
Lancaster & Cumbria Theological Partnership	-	7
Rydal Hall	27	27
	73	73

The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	Number	Number
£70,000 - £80,000	1	1

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

20. COSTS OF STIPENDIARY CLERGY

Carlisle DBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The DBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishop but excluding the Diocesan Bishop and cathedral staff.

The stipends of the Diocesan Bishop and Suffragan Bishop, funded by the Church Commissioners, are in the range £50,000 - £55,000 (2018 range £50,000 - £55,000). The annual rate of stipend, funded by Carlisle DBF, paid to Archdeacons in 2019 was £35,925 (2018 - £35,255). The Diocesan standard stipend for 2019 was £26,127 (2018 - £25,722).

Carlisle DBF paid an average of 89 (2018 – 86) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese and the costs were as follows:

	2019 £'000	2018 £'000
Stipends	2,341	2,247
National insurance contributions	188	178
Employer's contributions to defined benefit pension schemes:		
Current year	641	612
Deficit reduction	272	260
	<u>3,442</u>	<u>3,297</u>

21. REMUNERATION OF TRUSTEES AND OTHER KEY MANAGEMENT PERSONNEL

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £26,000 (2018 - £30,000) 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 and/or housing provided by the MDBF during the year:

	Stipend	Housing
The Right Revd James Newcome	Yes	Yes
The Venerable Dr R Pratt	Yes	Yes
The Venerable V Ross	Yes	Yes
The Venerable L S Townend	Yes	Yes

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 2019 they were:

Diocesan Secretary and Company Secretary
Director of Education
Head of Finance

Remuneration, pensions and expenses for these 3 employees (2018: 3) amounted to £225,000 (2018: £233,000).

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

22. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted Funds	Endowment Funds
	General £'000	Designated £'000	£'000	£'000
Transfer to Stipends Income Fund	(54)	-	54	-
From Barchester Fund for Educational support	182	-	(182)	-
Transfer from Pastoral a/c for housing costs	110	-	(110)	-
Parsonage Houses Fund to Pastoral Account	-	-	447	(447)
Support of OpShops from General Fund	(167)	167	-	-
From General Fund to Stipends Capital Fund for reduction of clergy pensions deficit	(1,182)	-	-	1,182
Net transfers between funds	(1,111)	167	209	735
Income from Rydal Hall	68	(68)	-	-
Grant to Cumbria Christian Learning	(128)	128	-	-
Group Net transfers between funds	(1,171)	227	209	735

23. TANGIBLE FIXED ASSETS

Consolidated

	Freehold Land and Buildings £'000	Parsonages Houses £'000	Freehold Improvements £'000	Furniture and Equipment £'000	Total £'000
Cost or valuation					
At 1 st January 2019	10,146	34,443	112	454	45,155
Additions	-	-	-	32	32
Transfers	-	-	-	-	-
Disposals	(138)	-	-	(280)	(418)
Revaluations	(277)	(927)	-	-	(1,204)
At 31st December 2019	9,731	33,516	112	206	43,565
Depreciation					
At 1 st January 2019	-	-	63	374	437
Disposals	-	-	-	(280)	(280)
Depreciation for the year	-	-	6	26	32
At 31st December 2019	-	-	69	120	189
Net Book Value:					
At 31st December 2019	9,731	33,516	43	86	43,376
At 31st December 2018	10,146	34,443	49	80	44,718

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

23. TANGIBLE FIXED ASSETS (continued)

Company	Freehold Land and Buildings £'000	Parsonages Houses £'000	Freehold Improvements £'000	Furniture and Equipment £'000	Total £'000
Cost or valuation					
At 1 st January 2019	10,146	34,443	-	117	44,706
Additions	-	-	-	16	16
Transfers	-	-	-	-	-
Disposals	(137)	-	-	-	(137)
Revaluations	(277)	(927)	-	-	(1,204)
At 31st December 2019	9,732	33,516	-	133	43,381
Depreciation					
At 1 st January 2019	-	-	-	60	60
Disposals	-	-	-	-	-
Depreciation for the year	-	-	-	17	17
At 31st December 2019	-	-	-	77	77
Net Book Value:					
At 31st December 2019	9,732	33,516	-	56	43,304
At 31st December 2018	10,146	34,443	-	57	44,646

All of the properties in the balance sheet are freehold and are vested in Carlisle DBF, except for benefice houses which are vested in the incumbent. Land and buildings at 31 December 2019 are valued at fair value as deemed cost as at 31st December 2013 or subsequent cost. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

24. INVESTMENTS

FIXED ASSET INVESTMENTS

Consolidated	Value at 1 st January 2019 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	Value at 31 st December 2019 £'000
Unrestricted Funds						
Investment in joint ventures	946	-	-	-	(34)	912
CBF Investment Fund	252	-	-	-	46	298
	<u>1,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>1,210</u>
Designated Funds						
CBF Investment Fund	1,449	-	-	-	271	1,720
	<u>1,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>1,720</u>
Restricted Funds						
Investment properties	3,020	-	-	-	(365)	2,655
CBF Property Fund	1,316	1,810	-	-	(106)	3,020
CBF Investment Fund	4,316	-	-	-	803	5,119
	<u>8,652</u>	<u>1,810</u>	<u>-</u>	<u>-</u>	<u>332</u>	<u>10,794</u>
Endowment Funds						
Investment properties	10,172	-	(65)	-	(432)	9,675
Hydroelectric Schemes	947	-	-	-	(35)	912
CBF Property Fund	1,282	400	-	-	(47)	1,635
CBF Investment Fund	7,879	-	-	-	1,478	9,357
CBF Deposit Fund	13	-	-	(13)	-	-
	<u>20,293</u>	<u>400</u>	<u>(65)</u>	<u>(13)</u>	<u>964</u>	<u>21,579</u>
Total Consolidated	<u>31,592</u>	<u>2,210</u>	<u>(65)</u>	<u>(13)</u>	<u>1,579</u>	<u>35,303</u>
Total Historical Cost	<u>12,960</u>	<u>2,210</u>	<u>(65)</u>	<u>-</u>	<u>-</u>	<u>15,105</u>

SOCIAL INVESTMENTS

Consolidated and Company	Value at 1 st January 2019 £'000	New loans £'000	Repaid £'000	Transfers £'000	Adjustment on settlement £'000	Value at 31 st December 2019 £'000
Unrestricted Funds						
Loans to parishes	136	4	(26)	-	(28)	86
	<u>136</u>	<u>4</u>	<u>(26)</u>	<u>-</u>	<u>(28)</u>	<u>86</u>
TOTAL INVESTMENTS						
Total Consolidated Investments	<u>31,728</u>	<u>2,214</u>	<u>(91)</u>	<u>(13)</u>	<u>1,551</u>	<u>35,389</u>

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

24. INVESTMENTS (continued)

The social investments of Carlisle DBF consist of concessionary loans made to parishes for charitable purposes.

All the investments relate to the Company. The Company also has an investment of £nil (2018 £8,000)– original cost £250,100 (2018: £250,100) in Rydal Hall Limited.

25. DEBTORS

	Consolidated		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Due within one year				
Unrestricted funds				
Trade debtors	43	57	43	57
Inter fund balances	1,443	1,316	1,443	1,316
Other debtors	78	131	78	131
	<u>1,564</u>	<u>1,504</u>	<u>1,564</u>	<u>1,504</u>
Designated funds				
Trade debtors	7	1	-	-
Inter fund balances	152	22	152	22
Other debtors	30	71	-	-
	<u>189</u>	<u>94</u>	<u>152</u>	<u>22</u>
Restricted funds				
School debtors	112	189	112	189
Inter fund balances	79	86	79	86
	<u>191</u>	<u>275</u>	<u>191</u>	<u>275</u>
Endowment Funds				
Inter fund balances	33	8	33	8
	<u>33</u>	<u>8</u>	<u>33</u>	<u>8</u>
Total debtors due within one year	<u>1,977</u>	<u>1,881</u>	<u>1,940</u>	<u>1,809</u>

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
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26. DEPOSITS

	Consolidated		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Unrestricted funds				
CBF Deposit Funds	219	217	219	217
Designated funds				
CBF Deposit Funds	192	90	54	3
Restricted funds				
CBF Deposit Funds	1,451	708	1,451	708
Deposits with Church Commissioners	23	28	23	28
	1,474	736	1,474	736
Endowment funds				
CBF Deposit Funds	803	37	803	37
Total deposits	2,688	1,080	2,550	993

27. CREDITORS: amounts falling due within one year

	Consolidated		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Unrestricted funds				
Sundry creditors and accruals	591	480	591	498
Inter fund balances	264	115	264	115
Loan repayment instalments:				
Central Board of Finance	100	100	100	100
Cumberland Building Society	200	-	200	-
	1,155	695	1,155	713
Designated funds				
Inter fund balances	126	341	126	341
Trade creditors	22	102	-	-
Sundry creditors and accruals	135	97	-	-
	283	540	126	341
Restricted funds				
Inter fund balances	964	611	964	611
Sundry creditors and accruals	995	644	995	644
	1,959	1,255	1,959	1,255
Endowment funds				
Inter fund balances	353	364	353	364
Clergy pension scheme	272	260	272	260
	625	624	625	624
Total creditors falling due within one year	4,022	3,114	3,865	2,933

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

28. CREDITORS: amounts falling due after more than one year

	Consolidated		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Unrestricted funds				
Loan repayment instalments:				
Central Board of Finance	400	500	400	500
Cumberland Building Society	-	200	-	200
	<u>400</u>	<u>700</u>	<u>400</u>	<u>700</u>
Designated funds				
Accruals and deferred income – deferred grants	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted funds				
Loan repayment instalments:				
Church Commissioners value linked loans for houses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment funds				
Clergy pension scheme	320	1,514	320	1,514
	<u>320</u>	<u>1,514</u>	<u>320</u>	<u>1,514</u>
Total creditors falling due after one year	<u>720</u>	<u>2,214</u>	<u>720</u>	<u>2,214</u>

£1 million was borrowed from the Central Board of Finance Deposit Fund Diocesan Loan Scheme in 2014 in order to finance the investment in Rydal Hydro Limited. It is repayable in equal annual instalments of £100,000 over ten years with interest charged at 0.55% above the CBF Deposit Fund rate (currently 0.10%).

The loan from the Cumberland Building Society is held on behalf of parishes. The loan is a rolling facility with up to £500,000 available. Interest is charged at 1.99% below the Society's commercial variable base rate. The loan is secured on Rydal Hall and is due for renewal in December 2020.

The maturity of the loans is analysed as follows:

	2019	2018
	£'000	£'000
Between one and two years	100	300
Between two and five years	300	300
In five years or more	-	100
	<u>400</u>	<u>700</u>

CARLISLE DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2019

29. PROVISIONS

	Consolidated		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Designated funds				
Deferred taxation				
Provision at 1 st January	-	-	-	-
Deferred tax charge	-	-	-	-
Provision at 31 st December	-	-	-	-

30. SUMMARY OF FUND MOVEMENTS

Unrestricted Funds	Balance at 1 st January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balance 31 st December 2019 £'000
General funds						
Realised reserve	1,431	7,489	(7,168)	(1,171)	979	1,560
Revaluation reserve	564	-	-	-	12	576
	<u>1,995</u>	<u>7,489</u>	<u>(7,168)</u>	<u>(1,171)</u>	<u>991</u>	<u>2,136</u>
Designated Funds						
Diocesan Growth Fund	1,338	59	(22)	-	271	1,646
Resources Centre	1	-	-	-	-	1
Rydal Hall	7	-	-	-	(7)	-
OpShops	25	216	(255)	167	-	153
Total Company Designated	<u>1,371</u>	<u>275</u>	<u>(277)</u>	<u>167</u>	<u>264</u>	<u>1,800</u>
Cumbria Christian Learning	(15)	24	(136)	128	-	1
Rydal Hall Limited	-	1,025	(981)	(68)	8	(16)
Total Group Designated Funds	<u>1,356</u>	<u>1,324</u>	<u>(1,394)</u>	<u>227</u>	<u>272</u>	<u>1,785</u>
Total Group Unrestricted Funds	<u>3,351</u>	<u>8,813</u>	<u>(8,562)</u>	<u>(944)</u>	<u>1,263</u>	<u>3,921</u>

The Diocesan Growth Fund was created from a legacy from the late Miss A F Hope. It has been supplemented from the Mission Development grants from the Church Commissioners and transfers from General Funds. The Fund is used to support the establishment of youth congregations and help parishes and deaneries initiate new work designed to achieve church growth.

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

The Rydal Hall Fund represents the balance of Carlisle DBF's investment in the subsidiary company, Rydal Hall Limited.

The OpShops Fund represents the investment in the network of local shops through which the diocese and local churches provide community support and outreach for the local communities.

Restricted Income Funds

	Balance at 1 st January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balance 31 st December 2019 £'000
Barchester Fund	6,056	473	(48)	(182)	535	6,834
Stipends Income Fund	6	-	-	54	-	60
Pastoral Account	1,740	161	(163)	725	80	2,543
Diocesan Houses Fund	10,389	(7)	-	(388)	-	9,994
Parish Property Fund	319	12	(13)	-	61	379
Retired Clergy & Dependants Income Fund	15	26	(48)	-	-	(7)
Sundry Appeal Funds	3	-	-	-	-	3
Other Restricted Income Funds	304	98	(71)	-	41	372
Total Group Restricted Income Funds	18,832	763	(343)	209	717	20,178

The Barchester Fund comprises closed schools and school houses and their sale proceeds. These are held by the DBF and administered by the Diocesan Board of Education to support religious education and the work of Church schools in the Diocese. School Funds, of which Carlisle DBF is Custodian Trustee, are not included within the Barchester Fund as the DBF receives no benefit from these funds.

The Stipends Income Fund is governed by the Diocesan Stipends Measure 1953, as subsequently amended, and is used to augment the clergy stipends. Its income comes from glebe and other Stipends Capital Account investments, assigned fees and the Church Commissioners. The income is included in the DBF's General Funds in accordance with the stated accounting policy where it contributes towards the total cost of stipends which are paid from General Funds.

The Diocesan Pastoral Account receives the sale proceeds of Churches and Parsonages which have become redundant under pastoral reorganisation. Its uses are governed by Section 78 of the Pastoral Measure 1983, and include grants and loans for Parsonage and Church provision, restoration, improvement or repair and other purposes of the Diocese or any benefice or parish. The reserves are represented by investments with the Central Board of Finance and by loans to parishes. These assets are included under the appropriate headings in the DBF's Balance Sheet.

The Diocesan Houses Fund consists of those properties in the legal ownership of Carlisle DBF (as distinct from benefice houses) other than investment properties. The purchase of such properties is funded primarily from the Pastoral Account.

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The Parish Property Fund (formerly Diocesan Loan Fund) is used to provide loans and grants to parishes for improvements and repairs to churches and other parish property.

Endowment Funds

	Balance at 1 st January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balance 31 st December 2019 £'000
Permanent Endowment Funds						
Stipends Capital Fund	17,051	(3)	-	1,182	1,145	19,375
Education	32	-	-	-	6	38
PWM World Mission	50	-	-	-	9	59
Readers Board	1	-	-	-	1	2
General	135	-	-	-	(4)	131
	<u>17,269</u>	<u>(3)</u>	<u>-</u>	<u>1,182</u>	<u>1,157</u>	<u>19,605</u>
Expendable Endowment Funds						
Parsonages Houses Fund	34,450	274	-	(447)	-	34,277
Retired Clergy & Dependants Fund	1,093	-	-	-	156	1,249
	<u>35,543</u>	<u>274</u>	<u>-</u>	<u>(447)</u>	<u>156</u>	<u>35,526</u>
Total Group Endowment Funds	<u>52,812</u>	<u>271</u>	<u>-</u>	<u>735</u>	<u>1,313</u>	<u>55,131</u>

The Permanent Endowment Funds are held where the DBF has no power to convert the capital into income. The capital is invested and the income used for the purposes as indicated.

The Diocesan Stipends Fund Capital Account is governed by Section 35 of the Endowments and Glebe Measure 1976. It consists of investments with the Central Board of Finance and glebe properties and is held to produce income for clergy stipends. These assets are included under the appropriate headings in the DBF's Balance Sheet.

The Parsonages Houses Fund represents those houses which are benefice property, vested in the incumbents. Carlisle DBF nevertheless has financial responsibility for parsonages and they have been included in the Balance Sheet valued at deemed cost based on valuations at 31 December 2013.

The Retired Clergy and Dependants Fund provides for the relief of poverty by assisting retired clergy, licensed lay workers or deserted spouses of clergy who reside or served in the Diocese and their dependants.

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31. SUMMARY OF ASSETS BY FUND

Company	Fixed Assets Tangible £'000	Investments £'000	Net Current Assets £'000	Liabilities after 1 year £'000	Net Assets 2019 £'000	Net Assets 2018 £'000
Unrestricted Funds						
General Funds	56	1,296	1,184	(400)	2,136	1,995
Designated Funds						
Diocesan Growth Fund	-	1,720	(74)	-	1,646	1,338
Resources Centre	-	-	1	-	1	1
Rydal Hall	-	-	-	-	-	7
OpShops	1	-	152	-	153	25
	1	1,720	79	-	1,800	1,371
Restricted Funds						
Barchester Fund	-	6,421	413	-	6,834	6,056
Stipends Income Fund	-	-	60	-	60	6
Pastoral Account	-	2,950	(407)	-	2,543	1,740
Diocesan Houses Fund	9,586	750	(342)	-	9,994	10,389
Parish Property Fund	-	389	(10)	-	379	319
Retired Clergy Income	-	23	(30)	-	(7)	15
Sundry Appeal Funds	-	-	3	-	3	3
Other Income Funds	-	261	111	-	372	304
	9,586	10,794	(202)	-	20,178	18,832
Permanent Endowment Funds						
Stipends Capital Fund	-	20,307	(612)	(320)	19,375	17,051
Education	-	38	-	-	38	32
PWM World Mission	-	59	-	-	59	50
Readers Board	-	2	-	-	2	1
General	-	131	-	-	131	135
	-	20,537	(612)	(320)	19,605	17,269
Expendable Endowment Funds						
Parsonages Houses Fund	33,516	-	761	-	34,277	34,450
Retired Clergy & Dependants Fund	145	1,042	62	-	1,249	1,093
	33,661	1,042	823	-	35,526	35,543
Total Endowment Funds	33,661	21,579	211	(320)	55,131	52,812
Total Company Funds	43,304	35,389	1,272	(720)	79,245	75,010
Unrestricted Funds						
Cumbria Christian Learning	-	-	1	-	1	(16)
Rydal Hall Ltd	72	-	(88)	-	(16)	1
Total Consolidated Funds	43,376	35,389	1,185	(720)	79,230	74,995

NOTES TO THE FINANCIAL STATEMENTS
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32. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. 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.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

At the end of the year the DBF was paying contributions for 96 members of the scheme out of a total membership of approximately 8,500 active members. Each participating employer in the scheme pays contributions at a common contribution rate applied to the previous year's National Minimum Stipend. As this is a multi-employer scheme and it is not possible to attribute the scheme's assets and liabilities to specific employers, the scheme pension costs are accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year towards benefits earned in that year plus the impact of any deficit contributions (see below).

The most recent scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50 million, based on assets of £1,818 million and a funding target of £1,868 million, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;

Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

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Following the valuation of the scheme as at 31 December 2018, the contribution rate from 1 January 2019 is 39.9% of pensionable stipends (i.e. the previous year's NMS), of which 28.0% relates to providing the benefit in relation to ongoing pensionable service, including 1.2% for the day-to-day expenses of running the scheme, and 11.9% relates to recovery of the deficit over the seven years to 31 December 2025. This means that payments by the DBF relating to the deficit based on active members and pensionable stipends as at 31 December 2019, would be £272,000 in 2019 and £272,000 in 2020. The discounted deficit payments of £0.592 million over the next 6 years in respect of the shortfall have been recognised as a liability in the balance sheet.

A reconciliation of the balance sheet liability is set out below:

	2019 £'000	2018 £'000
Balance sheet liability as at 1 January	1,774	2,000
Deficit contribution paid	(272)	(260)
Interest cost (recognised in the SOFA)	34	26
Re-measurement of the balance sheet liability	(944)	8
Balance sheet liability as at 31 December	592	1,774

Church Workers Pension Fund – Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. At 31 December 2018, the DBF had 3 active members, 12 deferred and 34 pensioner members in the scheme.

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. In such cases FRS102 requires the scheme pension costs to be accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year towards benefits earned in that year (£50,000 over 2018 compared to £69,000 over 2018) plus the impact of any deficit contributions (see below).

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. 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.

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A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m 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 £26.2m.

Following the valuation, the DBF has entered into an agreement with the Church Workers Pension Fund to a contribution rate from 44.6% of pensionable salaries and expenses of £5,300 per year.

	2019 £'000	2018 £'000
Balance sheet liability as at 1 January	-	-
Contributions paid	-	-
Interest cost (recognised in the SOFA)	-	-
Re-measurement of the balance sheet liability	-	-
	<hr/>	<hr/>
Balance sheet liability as at 31 December	-	-
	<hr/>	<hr/>

CARLISLE DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

33. CAPITAL COMMITMENTS

Expenditure contracted for but not provided on the financial statements was £nil (2018: £nil).

34. RELATED PARTY TRANSACTIONS

Details of transactions with the main related parties of Carlisle DBF are given in the appropriate notes to the financial statements.

Archbishops' Council and the Church Commissioners

As detailed in note 2 Carlisle DBF received grants from the Archbishops' Council totalling £1,022,000 (2018: £1,059,000). £35,000 (2018: £35,000) was received from the Church Commissioners for rent of the Bishop's House. Payments were made to the Archbishops' Council for contributions to the National Church and for training of Ordinands totalling £520,000 (2018: £512,000). Payments of £2,563,000 (2018: £2,436,000) were made to the Church Commissioners for clergy stipends and the Church of England Pensions Board was paid £913,000 (2018: £872,000) for clergy pensions. In all cases there was no balance outstanding at the year end. Further payments were made to the Pensions Board for lay pensions of £224,000 (2018: £208,000). The balance due to the Pensions Board at the year-end for December's contributions was £22,000 (2018: £17,000).

Rydal Hall Ltd (see note 15)

During the year Carlisle DBF invoiced Rydal Hall Ltd £60,000 (2018: £100,000) for rent and £8,000 (2018: nil) for management services.

At the year-end Rydal Hall Ltd owed £177,000 (2018: £156,000) for outstanding rent, management services and staff salaries.

Rydal Hydro Ltd (see note 16)

In 2015 Carlisle DBF granted a loan of £350,000 to Rydal Hydro Ltd at an interest rate of 5% per annum. £87,000 of this loan was repaid in 2018 which paid off the remaining balance. Rent of £23,000 (2018: £20,000) and dividends of £151,000 (2018: £42,000) were received from Rydal Hydro Ltd.

Scandale Hydro Ltd (see note 24)

In 2015 Carlisle DBF completed its investment of £1,000,000 in Scandale Hydro Ltd, consisting of £750,000 of share capital and a loan of £250,000. £51,000 of this loan was repaid in 2018 which paid off the remaining balance. Dividends of £168,000 (2018: £112,000) were received.

Cumbria Christian Learning Limited (see note 17)

Carlisle DBF paid £70,000 (2018: £330,000) for training and vocational costs, and made a grant of £8,000 (2018: £146,000). At 31 December 2019 CCL owed Carlisle DBF £55,000 (2018: £88,000).

In 2018 the decision was taken to bring the net assets, staff, and activities back into the Carlisle Diocesan Board of Finance. As stated in note 17, this transfer took place on 31 January 2019, with the exception of the IME training activities.

DBE Services Ltd

Carlisle DBF received gift aid distributions from DBE Services in 2019 totalling £11,000 (2018: £7,000).

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35. POST BALANCE SHEET EVENTS

Two months after the 2019 year-end, the world became aware of the severity and potential impact of the Covid-19 pandemic. By late March, the UK was in strict lockdown, all places of worship, tourist and leisure facilities were closed and most people were unable to attend their workplaces.

The full impact is still unfolding, but it is anticipated that parish offer receipts will be reduced by some parishes in 2020, and losses will be made by the Rydal Hall charity. Swift action was taken to reduce costs to mitigate this reduction in income, including putting many staff onto the government furlough scheme, mothballing Rydal Hall, and cutting a significant amount of discretionary spend. Any group losses will be met from free reserves. At the date of signing the accounts, changes in the share prices of the charity's 'Church Board of Finance' investment and property funds have not seen a reduction in the value of investments.

Therefore, the COVID-19 crisis is treated as a non-adjusting event and no adjustments are deemed to be required to the accounts for the impact of the above events since the balance sheet date.