

REGISTRAR OF COMPANIES

The St Albans Diocesan Board of Finance

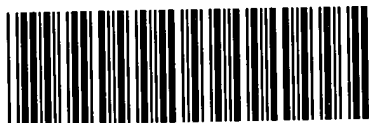
Annual Report and Consolidated Financial Statements

31 December 2015

Company Limited by Guarantee
Registration Number
145227 (England and Wales)

Charity Registration Number
248887

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COMPANIES HOUSE

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Reference and administrative information

Board members

Chairman

Canon D W Nye

Vice Chairman

T R Fleming

Other members

The Bishop of St Albans

The Archdeacon of St Albans

The Archdeacon of Bedford

The Archdeacon of Hertford

S H C Baynes

C G Bird

P C Brown

J W Butler

D Clout

Dr D Dallinger

The Reverend Canon L C Dew

P Easterbrook

D J Edmundson

C B Gage

M Gates

J Hale

P R Lindley

R J Lyne

G W Nicholson

The Reverend K P J Padley

J R G Parsons

The Reverend R S Phillips

The Hon R O Pleydell-Bouverie DL

H Potter

K Smith

Dr R Southern

L Titcomb

E M Wood

Secretary to the Board

Miss S E Pope

Reference and administrative information

Registered office	Holywell Lodge 41 Holywell Hill St Albans Herts AL1 1HE
Telephone	01727 854532
Facsimile	01727 844469
Company registration number	145227 (England and Wales)
Charity registration number	248887
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc Blenheim Gate 22/24 Upper Marlborough Road St Albans Herts BX3 2BB
Diocesan Registrar and Solicitors until 6 September 2015	Lee Bolton Monier-Williams 1 The Sanctuary Westminster London SW1P 3JT
from 7 September 2015	Winckworth Sherwood LLP Minerva House 5 Montague Close London SE1 9BB

Reference and administrative information

Legal Advisers	Debenhams Ottaway Solicitors Ivy House 107 St Peter's Street St Albans Herts AL1 3EW
Investment managers – listed investments	Schroder & Company Limited trading as Cazenove Capital Management 12 Moorgate London EC2R 6DA CCLA Investment Management Limited Senator House 85 Queen Victoria Street London EC4V 4ET
Diocesan Surveyor	Rumball Sedgwick Chartered Surveyors, Valuers and Estate Agents 58 St Peter's Street St Albans Herts AL1 3HG
Glebe property agents	Bidwells 49 High Street Kings Langley Herts WD4 9HU

Chairman's Statement Year to 31 December 2015

It is entirely due to the continued commitment and generosity of people in our parishes that we were once again able to discharge our duty in resourcing ministry throughout the Diocese and show a small surplus on the common fund activities. Last year it cost just over £52,000 to provide and fund each parish priest and, collectively, the parish share provided by parishes covered almost all of that cost. As part of our budget, we were able to fund two additional curates who in due course will be able to replace priests who will soon be retiring. We remain on course to increase the number of parish priests to 247 by 2020.

But whilst the parish share provides about 85% of our income each year, we receive substantial income from our historical resources. The glebe committee and our glebe agents have recently undertaken a thorough review of our glebe land, the income from which goes into the common fund. The strategy for our glebe land seeks to maximise our long term return both in terms of capital appreciation and an increasing yield. So we are making limited sales and purchases to help us achieve those objectives.

We have also recently changed our investment advisers and have been discussing with them how we can grow our investment portfolio in the same way. There are challenges; the economic situation continues to be difficult and the short term forecasts are not optimistic. We are also very aware of our duties not just in managing our assets in promoting the work of the church in our Diocese but in ensuring that we always make decisions taking into account ethical and pastoral concerns.

We welcomed Bishop Michael Beasley as our new Bishop of Hertford and his enthusiasm and delight in the gospel are being experienced throughout the Diocese. Sadly, we said farewell and many thanks to Canon Jon Reynolds as Director of Education who has left after 16 years with us. We are delighted that David Morton, previously deputy to Jon, has been appointed as the new Director of Education and is already working very hard in facing the challenges ahead.

Again, I need on your behalf, to thank Susan Pope and all the staff in the diocesan office and elsewhere who continue to serve us in a most professional and efficient manner. Together with them, and so many others who support the Boards we look forward to another challenging year. We pray that God's Holy Spirit may guide and inspire us as we seek to further God's kingdom wherever we are.



David Nye

5 April 2016

Introduction

The members submit their report together with the consolidated financial statements of the St Albans Diocesan Board of Finance (the "Board" or the "DBF") for the year ended 31 December 2015. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 39 to 46 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE and MANAGEMENT

Constitution

The St Albans Diocesan Board of Finance is a registered charity (Charity Registration No 248887) and a company limited by guarantee (Company Registration No 145227 (England and Wales)). It is constituted in accordance with the Diocesan Boards of Finance Measure 1925.

Liability of the members of the company

Each company member has undertaken to contribute to the assets of the company in the event of it being wound up whilst he or she is a member, or within one year after he or she ceases to be a member. The contribution, which cannot exceed £1, may be applied toward the payment of the debts and liabilities contracted before he or she ceased to be a member.

Organisation

The members of the Board are empowered by the Articles of Association of the company to act as the Board of Directors of the St Albans Diocesan Board of Finance. The members also act as trustees of the Board for the purposes of charity legislation.

The Diocesan Synod is the democratically elected decision-making body of the Diocese and its standing committee, the Bishop's Council, is responsible for the formulation of diocesan policy.

The Board of Finance is the financial executive of the Diocesan Synod and is responsible for the custody and management of the Synod's funds and the employment of all those paid directly from the funds. Much of the work of the Board is delegated to its executive committee, the General Committee, or to its sub-committees, the Property Committee, the Glebe Committee and the Assets Committee.

STRUCTURE, GOVERNANCE and MANAGEMENT (continued)

Related bodies

The Board's staff provide administrative and financial services to the Board of Education and two non-statutory boards, the Board for Church and Society and the Council for Discipleship and Ministry as well as the Diocesan Mission and Pastoral Committee and Diocesan Advisory Committee. All these bodies report to the Diocesan Synod which has overall responsibility for policy. The Synod delegates its day to day business to its standing committee, the Bishop's Council.

Members

The members who served during the year (and continuing unless otherwise stated) were as follows:

Members

Ex-officio Member

The Bishop of St Albans (The Rt Revd Dr
A G C Smith)

Clergy elected by the Diocesan Synod

The Reverend J R Crocker

Resigned 23 May 2015

The Reverend R C A Leslie

Resigned 30 June 2015

Lay Members elected by the Deanery Synods

Archdeaconry of St Albans

D Clout

A C Conway

Until 31 December 2015*

C B Gage

Canon D W Nye

J R G Parsons

Dr R Southern

E M Wood

Archdeaconry of Hertford

C G Bird

R G J Brittain

Until 31 December 2015*

J W Butler

P D Camp

Until 31 December 2015*

R Campbell

Until 31 December 2015*

G W Nicholson

L Titcomb

STRUCTURE, GOVERNANCE and MANAGEMENT (continued)

Members (continued)

Members	Appointed / Resigned
<i>Archdeaconry of Bedford</i>	
P C Brown	
Dr D Dallinger	
D J Edmundson	
E Overfield	Until 31 December 2015*
H Potter	
Members nominated by the Bishop of St Albans	
The Archdeacon of St Albans	
The Archdeacon of Bedford	
The Archdeacon of Hertford	
R J Lyne	
(Chair of the DBF Property Committee)	
The Hon R O Pleydell-Bouverie DL	
(Chair of the DBF Glebe Committee)	
Members co-opted by the Board	
S H C Baynes	
T R Fleming	
E Price	Until 31 December 2015*

* Term of appointment ended on 31 December 2015 at the end of the triennium.

The following members were elected from 1 January 2016: The Reverend K P J Padley, the Reverend R S Phillips, P Easterbrook, M Gates, J Hale and the Reverend Canon L C Dew. The following members have been co-opted: P R Lindley

During the year no member of the Board had any beneficial interest in any contract with the charitable company. During the year several members, who are also clergy within the Diocese, received stipends from the charitable company in connection with their religious and pastoral duties within the Diocese. However, no member received any remuneration in connection with their duties as members of the Board during the year. Expenses totalling £1,769 (2014 – £1,261) incurred in the performance of their duties as Board members were reimbursed to 5 (2014 – 6) members during the year.

In February 2015, the Board adopted a conflict of interest policy, also commending it to other diocesan Boards and Committees.

STRUCTURE, GOVERNANCE and MANAGEMENT (continued)

Member-selection and appointment

Members can be co-opted to the Board by existing members or they can be elected by a number of different entities including the Diocesan Synod and the Deanery Synods or nominated by the Bishop of St Albans. The Bishop of St Albans is an ex-officio member of the Board. Members of the Board are elected to serve for a period of three years, after which period they may offer themselves for re-election. Elections were held at the end of 2015 to appoint members for the triennium 1 January 2016 to 31 December 2018.

On agreeing to become a member of the charity, the members are thoroughly briefed by their co-members on the history of the charity, the day-to-day management, the responsibilities of the members, the current objectives and future plans. The members are also encouraged to attend any courses which they feel are relevant to the development of their role, and to keep up-to-date on any changes in legislation.

Member induction and training

An induction pack has been prepared for all members and training has been offered through the Board's auditor.

Remuneration of key management personnel

Key management personnel comprises all the members of the Board, together with the senior executives who are the Diocesan Secretary, the Financial Secretary, the Estates Secretary and the Diocesan Pastoral and Advisory Secretary.

The remuneration of all lay members of staff, including that of key management personnel, is set according to pay structures originally established by the Archbishops' Council which have, in recent years, been adapted by the Board. These scales are reviewed annually within the confines of the Common Fund Budget which, in turn, is approved by the Diocesan Synod. Members of the Board, also part of key management personnel, do not receive remuneration for their roles either as trustees of the charity or directors of the Board of Finance. The clergy members of the Board, as office holders within the Diocese, receive housing and stipends as part of their clergy role. Clergy stipends follow regional benchmarks as agreed annually by the National Church Central Stipends Authority.

Members' responsibilities statement

The members of the St Albans Diocesan Board of Finance (who are directors of the charitable company for the purposes of company law and trustees for the purposes of charity law) are responsible for preparing the members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

STRUCTURE, GOVERNANCE and MANAGEMENT (continued)

Members' responsibilities statement (continued)

Company law requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for the financial year. Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of the income and expenditure of the group for that period.

In preparing these financial statements, the members are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102)
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 group and the charity will continue in operation.

The members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They have responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each member confirms that:

- ◆ so far as the member is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the member has taken all steps that he/she ought to have taken as a member in order to make him/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

STRUCTURE, GOVERNANCE and MANAGEMENT (continued)

Members' responsibilities statement (continued)

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

Trading subsidiary

The charity has a wholly owned trading subsidiary, the St Albans Diocesan Property Company (Company No. 8899302), a company incorporated in England with a share capital of £1,700,000. The principal activity of the company is property development.

During the year the company made a net loss of £34,062.

OBJECTIVES, ACTIVITIES and POLICIES

The principal object of the Board, as set out in its Memorandum and Articles, is the promotion of the work of the Church of England in the Diocese of St Albans.

That work can be summarised as:

- ♦ **Worship**
 - the training and deployment of ministers to lead God's people in their worship of Him, 'love the Lord your God ... this is the first and greatest commandment'

Matt 22 vv37-40
- ♦ **Mission**
 - taking the gospel to those in need in response to the great commission, '...go and make disciples..., baptising them..., teaching them...'

Matt 28 vv18-22
- ♦ **Service**
 - 'inasmuch as you did it to the least of these.... you did it for me'

Matt 25 v40

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

The Board believes that, by promoting the work of the Church of England in the Diocese of St Albans, 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 provides a benefit to the public by:

OBJECTIVES, ACTIVITIES and POLICIES (continued)

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

Living God's Love

The promotion of the work of the Church of England supported by the Board is focused through the Diocesan initiative 'Living God's Love', which was launched in St Albans Abbey in January 2011. Throughout the Diocese, Mission Action Planning is being used to take forward the initiative and its three themes:

- ◆ Going Deeper into God
- ◆ Transforming Communities
- ◆ Making New Disciples.

In November 2014 a Vision Development Enabler was employed and commenced work as a "listener" to engage with people throughout the Diocese to discern the impact of 'Living God's Love', analyse information gathered and articulate a renewed and refreshed vision. Progress reports were made to the Bishop's Council and Diocesan Synod in 2015 with the aim of updating 'Living God's Love' early in 2016.

'Living God's Love' is rooted in the parishes, and the Board, together with related Boards and Committees, aims to support and resource parochial mission and ministry through the payment of stipends, and provision of housing and training. A strategy for Ordained and Authorised Ministry, including changes to the basis on which first-post curates are funded, was approved by Diocesan Synod in March 2013.

The Deployment of Stipendiary Clergy

The numbers in ordained ministry at 31 December 2015¹ were:

Bishops and archdeacons	6
Cathedral clergy	3
Parochial clergy – incumbent status	193
Curates	42
Non-parochial clergy	6
Total	250

¹ Statistics report for St Albans Diocese as at the end of December 2015 produced by the Church Commissioners

OBJECTIVES, ACTIVITIES and POLICIES (continued)

The Deployment of Stipendiary Clergy (continued)

As at 31 December 2015, there were also 53 self-supporting ministers and 178 licensed readers.

The Diocese continues to:

- ◆ Follow the regional stipend benchmark in determining the level of stipend for clergy of incumbent status; and
- ◆ Contribute to the Church of England defined benefit pension scheme for clergy.

Board and Committees

The work of housing Stipendiary Clergy is delegated to the **Property Committee** which seeks to enable clergy to exercise their ministry by the provision of suitable housing through:

- ◆ Meeting the Board's statutory duty to carry out repairs;
- ◆ Replacing unsuitable houses where possible;
- ◆ Improving properties to meet and maintain current needs and standards;
- ◆ Realising the development potential of sites where appropriate;
- ◆ Selling houses no longer required;
- ◆ Letting houses during vacancies or where a house is retained against the possibility of a long term need; and
- ◆ Providing houses in new development areas in support of the Diocese's Pastoral Policy.

Funding of stipendiary clergy and the provision of housing accounts for the majority of the Board's expenditure (see Note 6 to the accounts) and is achieved by the collection of contributions from parishes via the Parish Share, the management of financial investments, and the management by the Glebe Committee of property investments.

The current Parish Share Scheme was approved by Diocesan Synod in 1995. It was reviewed by Synod in March 2009 when it was agreed that the current scheme should continue. The Board seeks to ensure it operates effectively by receiving regular reports on receipts and following up where contributions have not been received, reviewing share factors on a regular basis. It also provides help with meeting Parish Share commitments by making grants to offset the contribution due. These grants fall into two categories (1) Multi-year Mission Support Grants for parishes identified by senior clergy as needing particular support to sustain mission and (2) Temporary One Year Grants to assist with transitory financial challenges.

OBJECTIVES, ACTIVITIES and POLICIES (continued)

Board and Committees (continued)

The investment policy and specific powers of investment of the Board are set out in specific measures and acts. The Board holds investments as authorised by the Trustee Act 2000. The Board's portfolio of listed investments at 31 December 2015 had a market value of £31.9m (2014 – £31.9m). Under the Diocesan Stipends Funds Measure 1953, as amended by the Endowments and Glebe Measure 1976, capital may be applied to the acquisition of land and buildings to be held as part of the diocesan glebe land.

The investment strategy is set by the Board and takes into account income and capital growth requirements, ethical considerations, the risk profile and the investment managers' view of the market prospects in the medium term. The members receive quarterly reports from the investment managers.

The Board regularly reviews its investments and the performance of its Investment Managers. During the year a formal review was carried out and the **Assets Committee** shortlisted 5 investments managers who attended a beauty parade in September 2015. A decision was made to appoint Cazenove Capital Management as the Board's Investment Manager to replace BlackRock Investment Management (UK) Limited. This decision reflected Cazenove Capital Management's system for monitoring and reporting on ethical issues, good online reporting, semi-segregated fund approach adding investment management diversification and close networking with members of the Ethical Investment Advisory Group of the Church of England (EIAG) and the Charities Investment Group (CIG).

The **Glebe Committee** continues to manage glebe for the benefit of the Diocesan Stipends Fund. Investment property comprises agricultural land, retail and residential property. The property is primarily managed by Bidwells, professional managing agents, who report to the Glebe Committee which monitors their performance and the investment strategy. The investment policy is to maximise return with regard to certain pre-defined parameters.

The **Assets Committee's** role is "to recommend to the Board of Finance an overall strategy for the management of the Board's investment and operational assets consistent with the functional priorities of the Diocese, and the responsibilities of the Board as Charity Trustees to current and future beneficiaries".

The **Diocesan Mission and Pastoral Committee** is responsible for making or assisting in making better provision for the cure of souls in the Diocese and reviewing arrangements for pastoral supervision. It works closely with Deanery Pastoral Committees. It also considers provision in new housing areas through its Development Plans Monitoring Group and closed churches through the Closed Churches Uses Committee.

The work of the other Boards and Committees is focused on the priorities set out in the diocesan vision and in meeting their statutory requirements.

The **Board for Church and Society** continued to consider various perspectives on Mission and Growth to promote the Church in wider society.

OBJECTIVES, ACTIVITIES and POLICIES (continued)

Board and Committees (continued)

The work of the Board for Church and Society focused on three main areas:

- ◆ Growing Mission - encouraging and inspiring people to engage more fully with their communities;
- ◆ Building Partnerships - helping to transform communities in the Diocese and around the world; and
- ◆ Seeking Justice – and giving support for those suffering disadvantage.

The **Council for Discipleship and Ministry** has responsibility for proposing and steering policy in development and learning for the Diocese. The Council is committed to:

- ◆ Encouraging the growth of all Christians as disciples;
- ◆ Enabling missional ministry throughout the Diocese; and
- ◆ Equipping all God's people to discern and fulfil their vocation and ministry.

To do this, the Council:

- ◆ Proposes and steers policy and strategy in Christian discipleship, ministry development and learning in the Diocese;
- ◆ Supports and challenges the officers of its three teams: Ministry Development, Parish Development and Vocations; and
- ◆ Ensures effective communication with Bishop's Staff, Diocesan Synod and other Diocesan Boards.

The **Diocesan Advisory Committee (DAC)** has a statutory responsibility "to act as an advisory body on matters affecting places of worship and, in particular, to give advice when requested..."²

The Committee aims to achieve this by:

- ◆ Promoting good practice;
- ◆ Providing advice;
- ◆ Acting as a point of contact for the exchange of expertise; and
- ◆ Offering advice and workshops for parishes on making the best use of their buildings.

² Care of Churches and Ecclesiastical Jurisdiction Measure 1991

OBJECTIVES, ACTIVITIES and POLICIES (continued)

Board and Committees (continued)

The **Board of Education** is responsible for promoting Religious Education in the Diocese, particularly in schools, and works closely with staff in the 136 church schools and academies in the Diocese.

Grant making policy

Grants made by the Board of Finance from restricted funds fall into one or more of the following main categories:

- ◆ Grants to parish churches to assist with repairs;
- ◆ Grants made at the discretion of the Bishop in support of evangelism and mission projects; and
- ◆ Grants made at the discretion of the Bishop or Archdeacons for clergy assistance.

In addition to the above, the Diocesan Board of Finance collects contributions from parishes made to the Bishop's annual Harvest Appeal 'Building Hope – Opportunity for All' which in 2015 helped Mission Direct Fund ongoing work in Uganda.

Reserves policy

The charity carries out a diverse range of activities, some of which comprise short term and externally funded projects whilst others comprise long term projects requiring significant ongoing financial commitment and investment. During 2014 the Board reviewed its reserves policy and agreed that as the majority of its budget was expended on the monthly payment of stipends and salaries, and any action to deal with cash flow shortfalls would take time to implement, the ideal level of free reserves should be equivalent to twelve weeks' expenditure. It was also noted that the level of reserves at any time might fluctuate significantly because of, for example, a major property transaction and it would be premature to act in response to short-term variations in cash flow.

Therefore, the Board agreed that an appropriate level of reserves would be within the range of eight to twelve weeks' expenditure and it would not expect to take corrective action unless, its reserves fell materially outside of this range for a prolonged period.

At the end of 2015, free reserves were £1,476k, representing 5 weeks of expenditure (2014 – £1,373k representing 5 weeks of expenditure).

The Board continues to review the level of working capital regularly throughout the year to ensure that it covers core costs and is content that there is sufficient cash flow to conduct the activities of the charity on a day-to-day basis.

STRATEGIC REPORT

Achievements and performance

The implementation of Living God's Love focuses on parochial mission and ministry.

The **Bishop's Council** received regular reports on the progress of Living God's Love 2020, particularly in respect of the Listening Exercise, noting encouraging responses from Deaneries and Parishes to the Exercise. The Council received an update on the Lay Ministry Strategy, a Scheme for Bishop's Mission Orders and the National Reform and Renewal Programme and received and approved a Conflicts of Interest Policy. The Council noted the work of the Safeguarding Management Group and in particular its work of completing a programme for the provision of mandatory training in safeguarding for clergy in the Diocese. The Council noted the appointment of Mr Matthew Chinery and Ms Sarah Clemenson as Joint Diocesan Registrars as from September 2015.

The **Mission & Pastoral Committee** adopted a Mission Action Plan (MAP) during 2015 which set out the aims for its work of making better provision for the cure of souls, within its statutory framework and in the context of Living God's Love:

Aim 1: Resourcing for mission - the effective **deployment** of stipendiary clergy and other ministry resources;

Aim 2: Identifying and supporting missional structures - by ensuring that the **pastoral organisation** of the places and communities in the Diocese is appropriate to meet the three themes of Living God's Love; and

Aim 3: Sharing **good practice**.

The Committee engaged with 5 deaneries via their deanery MAPs and dealt with casework including seven proposals for matters ranging from the enlargement of Team Ministries, to changes to Parishes and Patronage arrangements. Other matters included Interim Posts for Turnaround Parish Ministry, the creation of Conventional Districts and the designation of a Mission Initiative by Bishop's Mission Order.

The **Development Plans Monitoring Group** met twice during the year and discussed reports on current and potential new housing developments throughout the Diocese where the Diocese seeks to establish a church presence at an early stage. The group made recommendations about the priorities for the allocation of Pioneer Ministry Posts.

The **Property Committee** continued its management of 238 parsonage houses and team vicarages, and 37 corporate properties. More specifically the Committee oversaw the purchase of a new house between Lemsford and Hatfield St Michael to house the replacement to the outgoing team vicar. The sale of Biddenham Vicarage was completed on 2 February 2016. The Committee continued to seek replacements for other houses considered to be unsuitable including Marston Morteyne and Houghton Regis. A new team vicarage for Hatfield St John (part of the Bishop's Hatfield Team Ministry) was purchased in August 2014 and planning permission obtained for an extension. At the end of July 2015, after internal work on the property had been completed, the new team vicar moved in.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Approximately £511k (2014 – £521k) was spent on repairs during the year, and nearly £403k (2014 – £423k) on improvements. At the year-end 7 team vicarages and 18 parsonage houses were let giving a rental income of £25,195 per month which was available for improvements to the houses and then to support stipend costs.

The **Board of Finance** was able to fund stipendiary clergy and provide housing as a result of parish share payments which increased by 2.54% in cash terms in comparison to 2014. In 2015 94.75% (2014 – 94.5%) of the parish share requested was received during the year and Temporary Support Grants and Mission Aided Grants of £236k (2014 – £236k) were made.

The **Glebe Committee** continued to manage glebe for the benefit of clergy stipends with £240k (2014 – £252k) going towards the payment of stipends. Whilst economic conditions continued to be difficult, eight disposals were completed during the year enabling the creation of a re-investment fund. Options for re-investment are under active consideration. Further disposals to rationalise the management of the glebe have been actively pursued.

During the year negotiations and further studies were undertaken in respect to the land transferred by the charity in April 2014 to its trading subsidiary, **St Albans Diocesan Property Company Limited**. Satisfactory planning permission was granted in July 2015 and the land which was initially classified by the subsidiary company as investment land was reclassified as stock of land under development. The professional, feasibility and borrowing costs incurred during 2015 have been treated as additions to the value of the land under development. No revenue on the long term land development contract has been recognised in the financial statements to date as the contract is in its very initial stages only. The subsidiary company had income of £10k in the year (2014 – £8k) and incurred expenditure of £44k (2014 – £9k). Further details relating to the subsidiary can be found in note 25 to the attached accounts.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Parish Mission and Ministry

Statistics published during the year in respect to 2014 illustrate some of the work of mission and ministry being undertaken in parishes:

	2014 ³	2013	2012
Infant and Child Baptisms	3,090	3,410	3,520
Adult Baptisms	297	330	370
Total Baptisms	3,387	3,740	3,890
Infant Thanksgivings	100	90	90
Child Thanksgivings	56	40	30
Total Thanksgivings	156	130	120
Marriages	1,344	1,460	1,620
Blessings	73	80	80
Total	1,417	1,540	1,700
Funerals in church	2,093	2,200	2,420
Funerals at crematorium	2,038	2,140	2,400
Total Funerals	4,131	4,340	4,820
Easter Day Communicants	27,363	28,320	30,100
Easter All Age Attendance	40,687	39,990	44,420
Christmas Day Communicants	28,761	28,850	30,720
Christmas All Age Attendance	89,897	90,000	95,510
Usual Sunday Attendance	23,002	23,830	24,450
Electoral Roll ⁴	32,511	32,480	38,590

³ Statistics for Mission 2014, published by the Research and Statistics Department of the Archbishops' Council

⁴ Diocesan Database

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Parish Mission and Ministry (continued)

The Council for Discipleship and Ministry seeks to support Living God's Love by encouraging the growth of all Christians as disciples, enabling missional ministry throughout the Diocese and equipping all God's people to discern and fulfil their vocation and ministry. The Council said farewell to the Reverend Canon Susan Groom, the Reverend Ruth Pyke and Jenni Blaxland thanking them for their contributions. During the year, the Council welcomed Barbara Young, the Vocation Team's administrative support and Margaret Pritchard Houston as the new Children's Mission Enabler. The Council continued to devote considerable time to the development of the Strategy for Lay Ministry.

The Council undertook wide ranging work supporting ministry through its three teams.

Ministry Development Team

- 13 people were licensed as Readers.
- As at the end of 2015, there were 47 curates and 59 Readers in Initial Ministerial Education (IME) Phase 2.
- 188 Clergy and Readers attended workshops for the programme of Continuing Ministerial Development events which included managing change, preaching, dealing with conflict, *Leading Your Church into Growth* and the theology of justice.
- A review of the diocesan Continuing Ministerial Development provision was undertaken and out of the 166 respondents it was established that 92 undertook training *outside* the Diocese. Focus needed to be on required training such as Safeguarding, support meetings for clergy in rural multi-parish benefices and training focusing on Living God's Love 2020.
- The updated Mission and Ministry Development Review scheme was introduced and has been well received by clergy, reviewers and Bishop's Staff.

Parish Development Team

- The Lay Leaders of Worship was fully up and running with three successful courses (one per Archdeaconry) facilitated by the Parish Development Officer and members of the Diocesan Worship and Liturgy Committee.
- The Director of Ministry and the Parish Development Officer visited virtually all the Deanery Synods to brief them on the Lay Ministry Strategy and receive their feedback. Responses have been positive and will be integrated into the final strategy to support Living God's Love 2020.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Parish Mission and Ministry (continued)

Parish Development Team (continued)

- A new Local Ministry Development Team was established at Little Amwell and a renewed mandate given for Redbourn.
- 40 Equipping God's People courses were run, with 600 manuals sent out to participants and feedback received has been positive. Training for Church Wardens took place in the Autumn with 100 attending from across the three Archdeaconries.
- The Diocese has adopted the Parish Giving Scheme (a donation management scheme) and gained approval of the Bishop's Council, Council for Discipleship and Ministry and the Diocesan Board of Finance.
- A successful training day for Youth and Children's Work was run for working with young people on the autistic spectrum. A youth event was organised for the Archbishop's visit in June.

Vocations Team

- 14 candidates were ordained Deacon and 17 Deacons ordained Priest and in the Autumn 13 candidates started ordination training.
- 38 of the Ordinands in Training attended the diocesan Ministerial Candidates Conference in March. In June, over 30 young people from across the Diocese met Archbishop Justin and received his encouragement to respond to God's call.
- Other events included "Life in the Vicarage", "Seeking the Way" and "Exploring Ordination" for candidates to explore vocation, grants and financial issues and to look at vocation in its broadest sense.

The Board for Church and Society continued to consider various perspectives on Mission and Growth. At the first meeting of the year, a presentation was received from David Jonathan of Grassroots, which gave an overview of their work in Luton. He emphasised the importance of translating our belief into action and the importance of accompanying people on their journey, and of bringing people together by having a common purpose. In June, an open meeting was held for all team members and also members of the Council for Discipleship & Ministry, at which Bishop John Gladwin gave an inspirational talk, considering 'Evangelism in today's society' which, at times provocative, resulted in healthy debate amongst those present.

In September, the Board received a presentation from Kathryn Alford, Vision Development Enabler, in which she presented her findings and outlined proposals for key messages in the renewal of Living God's Love in 2016.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Parish Mission and Ministry (continued)

Vocations Team (continued)

The Board was involved with debates and presentations at Diocesan Synod. Professor Chris Baker was invited to speak at the March Synod on the subject of engaging with civil society and influencing communities, through and beyond a General Election. Dr Susanna Snyder led an item at the June Synod on Immigration.

During the year, the Board heard detailed reports on Interfaith Work, Workplace Matters and the Welcome and Tourism Ministry, as well as regular updates from the various groups who are part of the Board. Meetings were held to discuss what action might be possible in support of Syrian refugees. Also there were further discussions regarding support to local communities, both in existing areas of our work and for planned future activities.

Growing Mission

- Parish Resource Days – '**Living God's Love – Inside Out**' were held in the Diocese, at 4 different locations, to encourage and inspire people to engage more fully with their communities. Workshops at these events were offered from CAP, Café Church, Livability, (among others) and each event was opened by a member of the national Fresh Expressions team. They were well attended with between 80-100 people coming to each, often as a group, from our parish churches.
- An **Environment Conference** at the Cathedral, one Saturday in April, offered good theology, practical advice and a prophetic voice to seek a more sustainable future.
- Around 55% of churches joined in **Open Churches Sunday**: next year's event will be on 26 June 2016.
- Paul Griffiths, Ugly Duckling Co., was invited in September to share his innovative resources – Puzzling Questions and Table Talk – helping them to consider opportunities with regard to ***Making New Disciples***.

Seeking Justice

- More structured support was set up to support the local Roma community, with the registered charity, **Luton Roma Trust**.
- The **HIV/AIDS Support Group** continued to be very active locally, working closely with The Crescent, Luton & Dunstable Hospital and CAFPH. World Aids Day in December was marked and The Spring Basket, an event open to their clients and families, has been held each year.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Parish Mission and Ministry (continued)

Seeking Justice (continued)

- Our Award Scheme, **Living Lightly**, offering parishes a grant towards their environmental project continued to be promoted.
- Four **Fairtrade** coffee mornings were held at the Diocesan Office during the year, to promote and offer wide-ranging fairtrade items.
- The **Responsible Finance** Network met to consider common household debt issues and financial education in schools.
- Meetings were held to discuss and encourage Diocesan support for the **Refugee Crisis**.

Building Partnerships

- Bonnie Evans-Hills continued to work closely with Grassroots, Luton in her work as Diocesan **Interfaith** Adviser.
- The Bishops from the **Caribbean Link Dioceses** visited, and participated fully in our Albantide Festival in June, enjoying delicious Caribbean food and a steel drum band. Their time in St Albans included a number of speaking engagements and saw relationships strengthened. A group from St Albans visited Belize in November.
- The **Europe Group** began meeting again, with their new Chair, Alison Smith, to support existing and encourage new links.
- The 2015 **Harvest Appeal**, with Mission Direct, 'Building Hope – Opportunity for All', building school facilities for disabled children in Uganda has raised over £53,000 so far.
- The Board's **charities** made grants of £15,500 to organisations and individuals.

The Diocesan Advisory Committee

In line with statutory provision and the priorities of **Living God's Love**, the Committee has regard to churches as local centres of worship and mission, in which

- people can encounter God and be drawn into a worshipping community.
- parishes can reach out in mission.
- local communities can be transformed.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Parish Mission and Ministry (continued)

The Diocesan Advisory Committee (continued)

The Committee provided advice and support to parishes to enable the completion of **366 initiatives** to maintain and improve their church buildings and made **70 visits** to individual parishes involving Diocesan Advisory Committee (DAC) members and staff to give advice, often on a number of initiatives and concerns.

The DAC supported a number of schemes to provide a tea-point and/or a toilet during the year and advised on a number of new lighting schemes using LEDs. The Committee provided specialist advice on matters ranging from damp penetration of a significant **medieval tile pavement** in the chancel, replacement of a temporary camping toilet in a corrugated shed in a churchyard with an eco-toilet, to commissioning a new work of art.

General matters included:

- Supporting applications by parishes for grants from the Listed Places of Worship: Roof Repair Fund.
- Renewing the Diocesan list of architects and surveyors approved to carry out the quinquennial inspection of churches and offering a one-day seminar for such professionals in conjunction with the Ecclesiastical Architects and Surveyors Association (EASA).
- Developing the use of an on-line portal for applications for DAC advice.
- Offering advice to parishes concerning the continuing problem of metal theft.

During 2015 there were:

- 6 DAC meetings
- 70 visits by DAC members and staff
- 366 cases completed

Resulting in:

Notifications of Advice for Faculties	220
Archdeacons' Letters of Authority	134
Archdeacons' Temporary Re-ordering Licences	12

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Parish Mission and Ministry (continued)

The Diocesan Advisory Committee (continued)

For matters including:

Extensions/New Build	0
Re-ordering/alterations	34
Repairs	77
Furniture/fittings	79
Services/M & E (mechanical and electrical)	57
Churchyard (incl. trees, benches, signage)	99
Other (e.g. bells; organs, clocks)	46

The Board of Education greatly valued two opportunities for representatives to meet the Archbishop of Canterbury during his visit to the Diocese in June. Pupils from four secondary schools accompanied the Archbishop on a visit to Harry Potter World. Manshead School in Dunstable hosted the Archbishop on a visit where he spoke to Year 7 pupils, observed lessons in RE and Ethics and Philosophy.

In October, Dagnall School was welcomed as the 136th church school to join the Diocesan family. Hillborough Junior Community School in Luton became the first Affiliated School and the Department for Education approved a Church of England Free School in the parish of St John's Watford which will open in September 2016.

David Morton took over the role of Diocesan Director of Education in November and continues the commitment to seeing that diocesan schools are distinctively Christian, community-focused and serve the common good underpinned by the diocesan vision of Living God's Love.

Transforming Communities

- Funding from the National Society's "Unlocking Gifts" project helped transform local communities, and focused on raising pupil achievement in vulnerable groups in two diocesan Church of England schools.
- In September, the opening of the King's Reach School on the site of St Andrew's Lower School, Biggleswade reflected the commitment of the Diocesan Board of Education to see new church schools placed in the heart of new housing developments.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Parish Mission and Ministry (continued)

Going Deeper into God

- Training and participation in courses and leadership development programmes enabled staff and governors to discuss and monitor the impact of worship, Christian values, leadership and teaching on the ethos of the school.
- The Senior Leaders' Annual Retreat in March was an excellent example of an event that enabled head teachers to reflect on why they led a church school.
- Evensong in St Albans Cathedral in September provided another opportunity for senior leadership teams to meet for pastoral and spiritual support.

Making New Disciples

- Church schools serve the community in which they are located, nurturing those from the Christian tradition and serving others.
- Innovative work in a secondary school saw spiritual reflection at the centre of a restorative justice programme allowing students the space and time to consider their relationship with God.

School Inspections

- Schools continued to meet the challenge of revised inspection frameworks and curricular change, with over 87% of them currently graded Good or Outstanding by Ofsted.
- Excellent support continued to be offered to schools in preparation for both Ofsted and church schools inspections (SIAMS) and continued training sessions for SIAMS Inspectors.

Communications

During 2015, the Diocese was involved in communicating the Christian Message in a variety of ways:

Sermons and religious seminars, talks, meetings and conferences

- The Archbishop of Canterbury made a pastoral visit to the Diocese of St Albans and met people in all parts of the Diocese in small and large events, including a gathering of more than 1,200 young people in Stevenage and 1,000 people in St Albans Cathedral;

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Communications (continued)

- More than 4,500 subscribers received daily Bible verses and a short message for reflection during Lent and Advent;
- During 2015, an electronic directory was added to the diocese's website;
- The Diocese's three bishops' sermons were made available to parishes, media and the wider public from time to time via the internet;
- The Bishop of St Albans' interventions in debates in the House of Lords were also carried on the diocesan website, www.stalbans.anglican.org;
- These and significant sermons and talks from the Archbishops were also made available.

Charitable religious television and radio broadcasts

- Bishops, clergy and lay people all featured in news, religious and discussion programmes on radio during the year, as a result of promotion by the Diocese. This was notably on Three Counties Radio, but also on commercial radio stations and national networks. During the visit of the Archbishop of Canterbury there was particular interest from TV, radio and print media who covered the visit extensively.

The provision of religious material via the internet

- The diocesan website grew to over 600 pages and received about 10,000 visits a month;
- The extensive variety of talks, conferences and other events in parishes were publicised in the monthly online publication, See Round, which also carried a monthly reflective message written by one of our three bishops.

Street and door-to door communications

- In 2015, Bishops, Clergy and Readers and took part in the Alban Pilgrimage through the City of St Albans joined by the Archbishop of Canterbury during his pastoral visit. The Pilgrimage told the story of Alban, Britain's first saint, and was seen by several thousand onlookers and participants.

Financial report for the year

Results for the year

Total income amounted to £17.13m compared to £17.29m in 2014, a reduction of £0.16m (2014 – reduction of £0.22m).

During 2015, Parish Share contributions amounted to £12.24m (2014 – £11.94m). This amount included contributions by parishes in respect of earlier years' "shortfalls" of approximately £74k (2014 – £56k). The collection rate for Parish Share for 2015 (amount received/amount requested) was 94.75% (2014 – 94.5%).

Expenditure totalled £17.25m in the year compared to £14.86m in 2014.

Net expenditure before revaluations and investment asset disposals amounted to £0.12m (2014 – net income £2.43m). The net revaluation on glebe land and the net gains on investment properties and listed investments totalled £3.24m (2014 – £15.79m). The net increase in funds for the year was £3.45m (2014 – £17.79m) with the Common Fund showing an increase of £103k (2014 – £131k).

Financial position

The balance sheet shows total funds of £151.2m (2014 – £147.7m). This figure includes endowment funds of £122.2m (2014 – £119.6m), the principal part of this being the parsonage houses fund amounting to £76.4m (2014 – £76.0m). Where income arises from these funds, it may be used for general purposes of the charity and therefore is credited to unrestricted funds. The endowment fund balances must normally be held as 'capital' but, where permitted, may be applied towards meeting certain charitable aims.

Also included in total funds are restricted funds totalling £9.3m (2014 – £8.9m). These monies have either been raised for, and their use restricted to, specific purposes or they comprise donations subject to donor-imposed conditions. Full details of these restricted funds can be found in note 22 to the financial statements together with an analysis of movements in the year.

Funds totalling £18.2m (2014 – £18.4m) have been designated, or set aside, by the Board for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 23 to the financial statements.

STRATEGIC REPORT (continued)

Future plans

The Diocesan vision of 'Living God's Love' will be renewed at a series of events in the Autumn of 2016 promoting "The Next Steps" and aligning Mission Action Plans with Living God's Love.

Boards and Committees will continue to work to support that vision by resourcing parochial missional ministry and offering help and guidance to parishes as they seek to Live God's Love.

More specifically:-

- ◆ The DBF will seek to update the policy on housing provision for curates in training.
- ◆ The DBF will continue to work with the new Investment Managers, Cazenove Capital Management, following the formal review in September 2015.
- ◆ The Council for Discipleship and Ministry (CDM) will focus on Living God's Love 2020 to include the integration of the Lay Ministry Strategy and to build on the CDM Review by considering new patterns of training.
- ◆ The Diocesan Advisory Committee will continue to share ideas at site visits, update emails to Churchwardens and events such as the Tourism Group's 'Open Churches' Training event.
- ◆ The Diocesan Advisory Committee will implement the new Faculty Jurisdiction Rules 2015, which included revised forms and new national lists of minor matters.
- ◆ The Diocesan Mission and Pastoral Committee will seek to implement or take account of the priorities identified in its Mission Action Plan, including, to make recommendations about proposals for pastoral reorganisation, to work with a range of formal and informal structures to provide the appropriate missional structure in each context, to seek ways to share good practice in parishes and deaneries and to support and encourage emerging mission initiatives.
- ◆ The Diocesan Board of Education plans to introduce a new vision framework articulating how church schools can live God's love, to manage major changes in the organisation and management of schools including the creation of Multi-Academy Trusts and Federations in response to the Education and Adoption Act 2016.
- ◆ The Board for Church and Society will continue to work with Grassroots, Luton and Alison Smith, the Chair of the Europe Group, to support existing links and encourage new.

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The Board has reviewed the risks faced by the charity and has identified three main risks namely Safeguarding, IT Security and Parish Share.

Safeguarding

The Diocesan Safeguarding Management Group (SMG) continues to be responsible for overseeing the implementation and review of policies and procedures for safeguarding children and adults throughout the Diocese and for developing and maintaining good practice in relation to the safety and welfare of children, young people and vulnerable adults. During 2016 its work will focus on implementing new national guidance and preparing for an external audit in 2017.

The Safer Recruitment Policy of the Church of England has been broadened to offer a wider safe recruitment focus to address the needs of both dioceses and parishes.

IT Security

The Board continues to be aware of the increasing use of and demand upon IT services. In addition to regular backups of data files and offsite storage, the finance application, the website, the database and email service all operate from cloud based servers, with the telephone system moving into the cloud very soon and the main file system due to move later in 2016. This should ensure business continuity as these services can be run from outside the office either at home or other facilities within the Diocese at any time the need arises.

It is intended that a review of IT Security be undertaken to minimise the risk of corruption or misuse of data.

Parish Share Scheme

The Board continues to pay careful attention to the Parish Share Scheme which determines the allocation of contributions needed from each parish to maintain the Common Fund. The Board also monitors on a regular basis the collection rate of contributions received from individual parishes, with a view to identifying at an early stage those parishes which are likely to have difficulties in meeting their Parish Share.

CUSTODIAN FUNDS

As at 31 December 2015, the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £28.6m (2014 – £29.6m) as Custodian Trustee. These assets are not included in the financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

Members' report 31 December 2015

The members' report, including the strategic report, was approved by and signed on behalf of the members by:



David Nye
Trustee

Approved on: 16 May 2016



Susan Pope
Diocesan Secretary

Approved on: 16 May 2016

Independent auditor's report to the members of the St Alban's Diocesan Board of Finance

We have audited the financial statements of the St Alban's Diocesan Board of Finance for the year ended 31 December 2015 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the summary consolidated income and expenditure account, the consolidated statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in the preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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 and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The members of the St Albans Diocesan Board of Finance, as trustees, are also the directors of the charitable company for the purposes of company law. As explained more fully in the members' responsibilities statement set out in the members' report, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the members' report including the strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the group and the charity's affairs as at 31 December 2015 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the members' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of members' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Buzzacott LLP

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

31 May 2016

Consolidated statement of financial activities Year to 31 December 2015

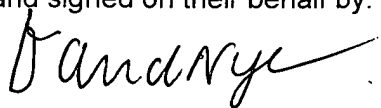
	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2015 £'000	As restated Total 2014 £'000
Income and endowments from:						
Donations and legacies	1	—	76	12,271	12,347	12,048
Investments	2	—	339	1,663	2,002	2,170
Charitable activities	3	—	381	1,265	1,646	1,527
Other	4	576	508	50	1,134	1,542
Total income		576	1,304	15,249	17,129	17,287
Expenditure on:						
Raising funds	5	—	101	1,915	2,016	259
Charitable activities						
Promotion of the work of the Church of England in the Diocese of St Albans	6	—	881	14,353	15,234	14,601
Total expenditure		—	982	16,268	17,250	14,860
Net income (expenditure) before investment gains and losses	9	576	322	(1,019)	(121)	2,427
Realised gains on disposal of investment property and listed investments		603	44	69	716	2,730
Unrealised gains on investment property and listed investments		2,353	102	68	2,523	13,060
Net income (expenditure)		3,532	468	(882)	3,118	18,217
Transfers between funds	20	(944)	(17)	961	—	—
Other recognised gains and losses:						
Actuarial gains (losses)	29	8	—	326	334	(428)
Net movement in funds		2,596	451	405	3,452	17,789
Fund balances brought forward at 1 January 2015		119,568	8,886	19,264	147,718	129,929
Fund balances carried forward at 31 December 2015		122,164	9,337	19,669	151,170	147,718

All of the group's activities derived from continuing operations during the above two financial periods.

Consolidated balance sheet 31 December 2015

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2015 £'000	As restated Total 2014 £'000
Fixed assets						
Tangible assets	13	77,269	—	11,565	88,834	87,769
Investments	14	48,151	7,954	4,292	60,397	57,036
		<u>125,420</u>	<u>7,954</u>	<u>15,857</u>	<u>149,231</u>	<u>144,805</u>
Current assets						
Stock: land under development	15	10,000	—	—	10,000	—
Debtors – due within one year	16	177	519	773	1,469	1,790
Debtors – due after one year	16	—	—	528	528	487
Short term deposits		3,258	1,221	2,965	7,444	9,253
Cash at bank and in hand		—	2	1,723	1,725	2,044
		<u>13,435</u>	<u>1,742</u>	<u>5,989</u>	<u>21,166</u>	<u>13,574</u>
Creditors: amounts falling due within one year	17	(195)	(1,410)	(471)	(2,076)	(1,750)
Net current assets		<u>13,240</u>	<u>332</u>	<u>5,518</u>	<u>19,090</u>	<u>11,824</u>
Total assets less current liabilities before eliminating inter fund balances						
		138,660	8,286	21,375	168,321	156,629
Inter-fund balances		<u>207</u>	<u>1,061</u>	<u>(1,268)</u>	<u>—</u>	<u>—</u>
Total assets less current liabilities		<u>138,867</u>	<u>9,347</u>	<u>20,107</u>	<u>168,321</u>	<u>156,629</u>
Creditors: amounts falling due after one year						
	18	(9,365)	(10)	(438)	(9,813)	(452)
Provisions for liabilities	19	(7,338)	—	—	(7,338)	(8,459)
Total net assets		<u>122,164</u>	<u>9,337</u>	<u>19,669</u>	<u>151,170</u>	<u>147,718</u>
Represented by:						
The funds of the group						
Endowment funds	21	122,164	—	—	122,164	119,568
Restricted funds	22	—	9,337	—	9,337	8,886
Unrestricted funds	23	—	—	19,704	19,704	19,265
Non-charitable trading funds	23	—	—	(35)	(35)	(1)
		<u>122,164</u>	<u>9,337</u>	<u>19,669</u>	<u>151,170</u>	<u>147,718</u>

Approved by the members of the Board
and signed on their behalf by:



David Nye
Chairman

Approved on: 16 May 2016
The St Albans Diocesan Board of Finance
Company Registration Number 145227 (England and Wales)

Charity balance sheet 31 December 2015

	Notes	Endow- ment funds £'000	Restricted funds £'000	Un- restricted funds £'000	Total 2015 £'000	As restated Total 2014 £'000
Fixed assets						
Tangible assets	13	77,269	—	11,565	88,834	87,769
Investments	14	49,851	7,954	4,292	62,097	57,036
		<u>127,120</u>	<u>7,954</u>	<u>15,857</u>	<u>150,931</u>	<u>144,805</u>
Current assets						
Debtors – due within one year	16	213	519	768	1,500	1,790
Debtors – due after one year	16	—	—	528	528	487
Short term deposits		3,258	1,221	2,965	7,444	9,253
Cash at bank and in hand		—	2	1,721	1,723	2,044
		<u>3,471</u>	<u>1,742</u>	<u>5,982</u>	<u>11,195</u>	<u>13,574</u>
Creditors: amounts falling due within one year	17	(195)	(1,410)	(465)	(2,070)	(1,749)
Net current assets		<u>3,276</u>	<u>332</u>	<u>5,517</u>	<u>9,125</u>	<u>11,825</u>
Total assets less current liabilities before eliminating inter fund balances		130,396	8,286	21,374	160,056	156,630
Inter-fund balances		<u>171</u>	<u>1,061</u>	<u>(1,232)</u>	<u>—</u>	<u>—</u>
Total assets less current liabilities		130,567	9,347	20,142	160,056	156,630
Creditors: amounts falling due after one year	18	(1,065)	(10)	(438)	(1,513)	(452)
Provisions for liabilities	19	(7,338)	—	—	(7,338)	(8,459)
Total net assets		<u>122,164</u>	<u>9,337</u>	<u>19,704</u>	<u>151,205</u>	<u>147,719</u>
Represented by:						
The funds of the charity						
Endowments	21	122,164	—	—	122,164	119,568
Restricted funds	22	—	9,337	—	9,337	8,886
Unrestricted funds	23	—	—	19,704	19,704	19,265
		<u>122,164</u>	<u>9,337</u>	<u>19,704</u>	<u>151,205</u>	<u>147,719</u>

Approved by the members of the Board
and signed on their behalf by:



David Nye
Chairman

Approved on: 16 May 2016
The St Albans Diocesan Board of Finance
Company Registration Number 145227 (England and Wales)

Summary consolidated income and expenditure account Year to 31 December 2015

This summary consolidated income and expenditure account relates to income funds only (i.e. excluding movements on endowment funds) and has been prepared to comply with the Companies Act 2006.

	2015 £'000	As restated 2014 £'000
Total income of continuing operations	16,553	16,235
Total expenditure of continuing operations	(17,250)	(14,860)
Net (expenditure) income for the year before transfers and investment gains	(697)	1,375
Transfer from (to) endowment fund	944	(127)
Net income before investment gains	247	1,248
Investments gains	283	426
Net income for the year as defined by the Companies Act 2006	530	1,674

Total income as defined by the Companies Act 2006 comprises £15,249k (2014 – £15,464k) for unrestricted funds and £1,304k (2014 – £771k) for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analyses of expenditure are provided in the statement of financial activities and related notes.

Net income before investment gains for the year of £247k (2014 – £1,248k) comprises net expenditure of £58k (2014 – net income of £1,213k) on unrestricted funds and net income of £305k (2014 – £35k) on restricted funds, as shown in the statement of financial activities.

The summary consolidated income and expenditure account is derived from the consolidated statement of financial activities on page 33 which, together with the notes to the financial statements on pages 47 to 72, provides full information on the movements during the year on all funds of the group.

Consolidated statement of cash flows Year to 31 December 2015

	Notes	2015 £	As restated 2014 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(2,317)	(540)
Cash flows from investing activities:			
Dividends, interest and rent from investments		2,002	2,170
Proceeds from the disposal of tangible fixed assets		1,688	2,701
Purchase of tangible fixed assets		(1,656)	(2,097)
Proceeds from the disposal of investments		27,124	8,589
Purchase of investments		(27,497)	(6,480)
Decrease (increase) in cash deposits		1,809	(3,473)
Net cash provided by investing activities		3,470	1,410
Cash flows from financing activities:			
Repayments of borrowing		(22)	(27)
Net cash used in financing activities		(22)	(27)
Change in cash and cash equivalents in the year		1,131	843
Cash and cash equivalents at 1 January 2015	B	2,191	1,348
Cash and cash equivalents at 31 December 2015	B	3,322	2,191

Notes to the statement of cash flows for the year to 31 December 2015.

A Reconciliation of net income to net cash flow from operating activities

	2015 £	As restated 2014 £
Net income (as per the statement of financial activities)	3,118	18,217
Adjustments for:		
Depreciation charge	38	37
Gains on investments	(3,239)	(15,790)
Dividends, interest and rent from investments	(2,002)	(2,170)
Surplus on disposal of tangible fixed assets	(1,134)	(1,542)
Decrease in stocks	—	9
Decrease in debtors	280	592
Increase in creditors	1,409	723
Pension adjustment	(787)	(616)
Net cash used in operating activities	(2,317)	(540)

Consolidated statement of cash flows Year to 31 December 2015

B Analysis of cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	1,725	2,044
Cash held by investment managers	1,597	147
Total cash and cash equivalents	3,322	2,191

Principal accounting policies 31 December 2015

Basis of accounting

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

Basis of preparation

These financial statements have been prepared for the year to 31 December 2015.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland ('Charities FRS 102 SORP 2015') issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

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

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the members of the Board have considered whether in applying the accounting policies required by FRS 102 and the Charities FRS 102 SORP 2015, the restatement of comparative items was required. The following restatements were required:

◆ Recognition of pension deficit repayment plans

The charity makes contributions to two multi-employer pension schemes, partially to fund the deficits in the schemes. As required by section 28 of FRS 102, the charity has included as a liability the present value of the expected contributions that relate to the pension scheme deficits as at 1 January 2014 using the current deficit repayment rate. The amount provided will be reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

Reconciliation with previous Generally Accepted Accounting Practice
(continued)

♦ **Valuations of tangible fixed assets as deemed cost**

As permitted by section 35 of FRS 102, the members of the Board have chosen not to continue with the policy for revaluing certain tangible fixed assets on adopting FRS 102 for the first time and have treated the valuations at the transition date of 31 December 2013 as deemed cost.

As required by section 35 of FRS 102, the final balance sheets for 2014 and 2013 have been restated as if FRS 102 were in force at the beginning of the previous accounting period. The reconciliations for 2014 and 2013 have been shown in order to demonstrate the effect of the change in reporting framework for the opening balances as at 1 January 2015 and 1 January 2014.

Reconciliation of reported net assets	2014	2013
	£'000	£'000
Group	£	£
Net funds at end of year as previously stated	158,336	138,576
Clergy scheme pension liability	(7,971)	(7,954)
Lay scheme pension liability	(488)	(693)
Revaluation of tangible fixed assets	(2,159)	—
Net funds as restated	147,718	129,929

The adjustments shown above have had the following effect on the net income per the statement of financial activities for the year to 31 December 2014:

Reconciliation of reported net income per statement of financial activities	2014
	£'000
	£
Net income per statement of financial activities as previously stated	1,811
Clergy scheme pension adjustment	405
Lay scheme pension adjustment	211
Investment gains	15,790
Net income per statement of financial activities for the year as restated	18,217

Basis of consolidation

The financial statements consolidate, on a line by line basis, the results of the charity and its wholly owned subsidiary company, St Albans Diocesan Property Company Limited made up to the balance sheet date.

In accordance with the provision of paragraph 24.7 of the SORP, a statement of financial activities for the charity alone has not been prepared. The charity had total income for the year of £17,119k (2014 – £17,279k), total expenditure of £16,878k (2014 – £14,851k) and investment gains of £3,238k (2014 – £15,790), resulting in net income of £3,479k (2014 – £18,218k).

Critical accounting estimates and areas of judgement

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

- ◆ the valuation of investment properties
- ◆ the useful economic life of tangible fixed assets
- ◆ the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- ◆ the valuation of stock of land under development and the value of the development completed using the percentage of completion method.

With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of the investment market and land values.

Going concern

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

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

Income

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

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

Income (continued)

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

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

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

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

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

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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

Income from long term land development contracts is recognised according to the stage reached in the contract by reference to the value of the work completed using the percentage of completion method. An appropriate estimate of the profit attributable to the work completed is recognised once the outcome of the contract can be estimated reliably.

Expenditure

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

Resources expended comprise the following:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- b. The charitable activities comprise expenditure on the charity's primary charitable purposes as described in the members' report i.e. promoting the work of the Church in the Diocese of St Albans including payments of grants. The expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

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

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

School major repair and capital projects

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

Tangible fixed assets

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

Tangible fixed assets (continued)

Freehold land and buildings owned as at 31 December 2013 comprising parsonage houses and corporate residential properties are included in the financial statements at a valuation determined by the members of the Board as at 31 December 2013. The valuation, deemed to approximate to the value based on an existing use basis, was based on an insurance value determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. Other freehold land and buildings are included in the financial statements at cost, or where cost is not known, at a valuation determined prior to 31 December 1999 by members of the Board. These valuations have been deemed to be cost under the transitional provision of FRS 102. All other tangible fixed assets are included in the financial statements at cost.

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

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

Computer equipment is written off over a period of four years and office equipment over a period of ten years, based on cost, in order to write the cost of each asset off over its estimated useful life.

Investments

Listed investments are included on the balance sheet at their market value bid price at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

Glebe properties are included on the balance sheet at a valuation based upon rental yield. Unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

No depreciation is provided on investment property. This is not in accordance with the Companies Act 2006 but is required to achieve a fair presentation in accordance with FRS 102 section 16.

Investments in subsidiary companies are included on the charity's balance sheet at cost.

Stock: land under development

Stock comprising land under long term development contracts is stated at the lower of cost and net realisable value. The cost of stock includes the initial cost of the land, preliminary costs incurred prior to the commencement of construction and borrowing costs.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

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

Fund accounting

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

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

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

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

Financial instruments

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

Pension costs

All members of staff and clergy are eligible to belong to a defined benefits pension scheme administered by the Church of England Pensions Board. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a reasonable and consistent basis. Therefore in accordance with FRS102, it has accounted for its normal contributions as if the schemes were defined contribution schemes. Normal contributions are charged to the statement of financial activities when payable. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

Custodian funds

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

Notes to the financial statements 31 December 2015

1 Donations and legacies

	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Parish Share	—	12,243	12,243	11,940
Specific parochial donations	—	1	1	1
General donations and legacies	76	27	103	107
2015 total funds	76	12,271	12,347	12,048
2014 total funds	77	11,971	12,048	

In addition to the above, the Diocesan Board of Finance received contributions of £332k (2014 – £501k) from the governors of Church schools in the Diocese in connection with major repair and capital projects.

2 Income from investments

	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Income from listed investments and interest receivable	323	815	1,138	1,253
Glebe income	—	421	421	447
Income from miscellaneous rents and lettings	16	427	443	470
2015 total funds	339	1,663	2,002	2,170
2014 total funds	310	1,860	2,170	

3 Income from charitable activities

	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Grants receivable	191	343	534	591
Fees and chaplaincy income	—	862	862	772
Schools' Service Level Agreements and Project levies	95	—	95	121
Other income from courses and conferences	95	—	95	11
Church Commissioners allocations	—	60	60	32
2015 total funds	381	1,265	1,646	1,527
2014 total funds	384	1,143	1,527	

In addition to the above, the Diocesan Board of Finance received Government grants of £2,465k (2014 – £2,438k) in connection with major repair and capital projects at Church schools in the Diocese.

3 Income from charitable activities (continued)

These monies, together with the contributions received from school governors (see note 1 above) are used to fund contractor payments also administered by the charity acting as managing agent for the Church schools concerned. During the year, the Board made payments to contractors of £2,766k (2014 – £2,939k).

4 Other income

	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Surplus on disposal of tangible fixed assets	576	508	50	1,134	1,542
2015 total funds	576	508	50	1,134	1,542
2014 total funds	1,052	—	490	1,542	

5 Expenditure on raising funds

	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Schools' Service Level Agreements	44	—	44	46
Schools' Courses	57	—	57	—
Glebe expenditure	—	1,915	1,915	213
2015 total funds	101	1,915	2,016	259
2014 total funds	46	213	259	

6 Promotion of the work of the Church of England in the Diocese of St Albans

	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	As restated Total 2014 £'000
Parochial clergy stipends and related costs				
. Stipends	—	5,950	5,950	5,726
. Pensions	—	1,550	1,550	1,579
. National insurance	—	468	468	449
. Removal and resettlement	—	167	167	189
. Other clergy costs	2	340	342	268
	2	8,475	8,477	8,211
Clergy housing costs				
. Parsonages (direct expenditure)	28	1,979	2,007	2,059
. Allocation of support costs	—	416	416	410
Sub-total	28	2,395	2,423	2,469
. Board of Finance properties (direct expenditure)	—	263	263	209
	28	2,658	2,686	2,678
Council for Discipleship and Ministry				
. Direct expenditure*	6	1,382	1,388	1,487
. Allocation of support costs	—	473	473	466
	6	1,855	1,861	1,953
Education				
. Direct expenditure	640	40	680	408
. Allocation of support costs	—	272	272	268
	640	312	952	676
Board for Church and Society				
. Direct expenditure	12	400	412	299
. Allocation of support costs	—	272	272	268
	12	672	684	567
Grants payable (note 7)	193	381	574	516
2015 total funds	881	14,353	15,234	14,601
2014 total funds	567	14,034	14,601	

* This figure includes the costs of supporting ordinands in training amounting to £610k (2014 – £651k).

7 Grants payable

The Diocese makes grants to institutions in accordance with its grant making policy set out in the members' report. A detailed list of those institutions receiving grants may be obtained on request from the Diocesan Secretary.

	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Church Schools				
RE Quality Marks accreditation	1	—	1	1
Other grants to schools	11	—	11	1
Parishes				
To assist with repairs or rebuilding costs	64	—	64	41
Pastoral Aid Support Grants to assist in meeting Parish Share contributions	—	236	236	236
Mission Initiatives	14	4	18	30
Reclassification of parish grant as a loan	—	(60)	(60)	—
External Charities				
For humanitarian relief mission and evangelism	61	201	262	159
Clergy and clergy widows				
Discretionary grants for the relief of financial hardship	42	—	42	48
2015 total funds	193	381	574	516
2014 total funds	182	334	516	

8 Support costs

	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Support staff costs	—	662	662	646
Support office costs	—	181	181	204
Governance costs	—	144	144	115
General Synod Requirement	—	446	446	447
	—	1,433	1,433	1,412
Reallocated to charitable activities as follows:				
Clergy housing	—	416	416	410
Council for Discipleship and Ministry	—	473	473	466
Education	—	272	272	268
Mission and Social Responsibility	—	272	272	268
	—	1,433	1,433	1,412

9 Net income (expenditure) before investment gains and losses

This is stated after charging:

	Total 2015 £'000	As restated Total 2014 £'000
Staff costs (note 10)	2,051	1,921
Auditor's remuneration		
Statutory audit services	22	21
Depreciation	38	37

10 Staff costs and employees

	2015 £'000	As restated 2014 £'000
Staff costs during the year were as follows:		
Wages and salaries	1,521	1,390
Social security costs	143	121
Other pension costs	387	410
	2,051	1,921
Staff costs per function were as follows:		
Promotion of the work of the Church of England in the Diocese of St Albans	1,389	1,275
Other support staff	662	646
	2,051	1,921

The average number of employees and office holders, analysed by function, was:

	2015 Full-time	2015 Part-time	2014 Full-time	2014 Part-time
Promotion of the work of the Church of England in the Diocese of St Albans	19	25	19	16
Support Staff	11	4	11	9
	30	29	30	25

The 29 (2014 – 25) part-time posts are equivalent to 16 full-time posts (2014 – 13).

The number of employees who earned £60,000 per annum or more (excluding employer's pension contributions) during the year was as follows:

	2015	2014
£60,000 - £70,000	1	2
£70,000 - £80,000	1	1

10 Staff costs and employees (continued)

Employer contributions are made to a defined benefit pension scheme in respect of the employees who earned over £60,000 per annum.

Key management personnel remuneration (including employer's pension contributions) totalled £453k in the year to 31 December 2015 (2014 – £550k) including stipends and related pension contributions paid to Board members of £169k (2014 – £265k).

11 Board members' remuneration

Payments made to Board members during the year were as follows:

	2015 £'000	2014 £'000
Expenses	2	1
Stipends	169	265
	<u>171</u>	<u>266</u>

During the year no member of the Board had any beneficial interest in any contract with the group or the charity (2014 – none). During the year several members of the Board, who are also clergy within the Diocese, received stipends from the charity in connection with their religious and pastoral duties within the Diocese. These stipends totalled £169k (2014 – £265k) including pension contributions of £42k (2014 – £65k) to the Clergy scheme and other employer costs. However, no member of the Board received any remuneration in connection with their duties as members of the Board during the year (2014 – none). Travel expenses totalling £2k (2014 – £1k), incurred in the performance of their duties as Board members, were reimbursed to 5 members during the year (2014 – 6).

5 clergy members benefited from clergy housing provided by the Board (2014 – 7).

The Board's insurance policy includes cover for Trustee Indemnity.

12 Taxation

The St Albans Diocesan Board of Finance is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The charity's subsidiary company donates any taxable profits to the charity under Gift Aid and consequently pays corporation tax of £nil.

13 Tangible fixed assets

Group and charity	Parsonage houses £'000	Other freehold land and buildings £'000	Office equipment £'000	Total £'000
Cost or valuation				
At 1 January 2015 as restated	77,363	10,557	290	88,210
Additions	839	788	29	1,656
Disposals	(553)	—	—	(553)
Reclassifications	(380)	380	—	—
At 31 December 2015	77,269	11,725	319	89,313
Cost	77,269	11,725	319	89,313
Valuation	—	—	—	—
	77,269	11,725	319	89,313
Depreciation				
At 1 January 2015	—	197	244	441
Disposals	—	—	—	—
Charge for year	—	20	18	38
At 31 December 2015	—	217	262	479
Net book values				
At 31 December 2015	77,269	11,508	57	88,834
At 31 December 2014	77,363	10,360	46	87,769

Parsonage houses and corporate residential properties owned as at 31 December 2013 have been included in tangible fixed assets at a valuation at that date. The valuation attributable to each house as at that date is that deemed by members of the Board of Finance to have approximated to the value calculated on the basis of existing use. In calculating this valuation, reference was made to insurance value, as determined by Rumball Sedgwick, Chartered Surveyors, as part of their quinquennial review. The historical cost of the parsonage houses is not known as many of these assets have been given or transferred to the Diocese over a period of many years.

Parsonage houses and corporate residential properties acquired since 1 January 2014 have been included within tangible fixed assets at their costs.

The book value of other freehold land and buildings is based on cost, or where cost is not available, at a members' valuation made in prior accounting periods. Other fixed assets are stated at cost. The Board has opted to adopt a policy of not revaluing its tangible fixed assets as permitted on the implementation of FRS 102.

13 Tangible fixed assets (continued)

It is likely that the open market values of the group's and the charity's other freehold land and buildings are materially greater than their book values. The amount of such differences cannot be ascertained without incurring significant costs, which, in the opinion of members, is not justified in terms of the benefit to the users of the financial statements.

In accordance with FRS 102, to the extent that property is financed by Church Commissioners' equity loans for sector ministry, it is excluded from both tangible fixed assets and the related creditors in the balance sheet.

14 Investments

Group	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Glebe property	26,893	—	—	26,893	25,003
Listed investments and cash	21,258	7,954	4,292	33,504	32,033
	48,151	7,954	4,292	60,397	57,036

Charity	Endowment funds £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2015 £'000	Total 2014 £'000
Glebe property	26,893	—	—	26,893	23,303
Listed investments and cash	21,258	7,954	4,292	33,504	32,033
Investment in subsidiary undertaking	1,700	—	—	1,700	1,700
	49,851	7,954	4,292	62,097	57,036

Investment movements at group level during the year were as follows:

Group	Glebe property £'000	Listed investments £'000	Total £'000
Market value at 1 January 2015	25,003	31,886	56,889
Additions at cost	1,573	25,924	27,497
Disposals at book value (proceeds: £27,124k; net gain: £716k)	(42)	(26,366)	(26,408)
Reclassification as stock: land under development (see note 15)	(1,700)	—	(1,700)
Net unrealised investment gains	2,059	463	2,522
Market value at 31 December 2015	26,893	31,907	58,800
Cash awaiting investment	—	1,597	1,597
	26,893	33,504	60,397

14 Investments (continued)

Movements in the charity's investments during the year, excluding those in subsidiary companies, were as follows:

Charity	Glebe property £'000	Listed investments £'000	Total £'000
Market value at 1 January 2015	23,303	31,886	55,189
Additions at cost	1,573	25,924	27,497
Disposals at book value (proceeds: £27,124k; net gain: £716k)	(42)	(26,366)	(26,408)
Net unrealised investment gains	2,059	463	2,522
Market value at 31 December 2015	26,893	31,907	58,800
Cash awaiting investment	—	1,597	1,597
	26,893	33,504	60,397

The cost at 31 December 2015 of listed investments was £30,527k (2014 – £28,429k).

Glebe property

Glebe property is included in the financial statements at a valuation based on rental yield. The valuation has been calculated by the Board based on information provided by the charity's managing land agents. The historical cost of the Glebe properties is not known. Many of the properties have been owned for a significant number of years and, in many cases, the properties were given or transferred to the Diocese for no consideration.

Glebe property held at 31 December 2015 comprised the following:

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Agricultural land	22,008	22,177	22,008	20,477
Retail property	600	600	600	600
Residential property	4,285	2,226	4,285	2,226
	26,893	25,003	26,893	23,303

Listed investments

Listed investments comprise units in funds held by Schroder and Company Limited, by the Central Board of Finance of the Church of England (CBF) which are professionally managed on behalf of the CBF by CCLA Investment Management Limited, together with a holding in M&G Charifund, a common investment fund managed by M&G Securities Limited.

14 Investments (continued)**Listed investments (continued)**

At 31 December 2015, the investment portfolio for both the group and charity included the following holdings which represented a material proportion of the total value of the fixed asset investment portfolio at that date:

	2015		2014	
	Percentage of portfolio %	Market value £	Percentage of portfolio %	Market value £
BlackRock Overseas Fund	—	—	33.7	10,732
BlackRock Charishare Restricted	—	—	29.9	9,535
M&G Charifund	23.2	7,390	9.1	2,901
CBF Investment fund income unit	7.1	2,278	7.1	2,248
Schroder Charity Fund	12.9	4,130	—	—

All listed investments are held within the United Kingdom.

Investment in subsidiary company

During 2014, the charity established a wholly owned subsidiary company, St Albans Diocesan Property Company Limited, investing £1.7 million in the purchase of the subsidiary company's called up share capital of 1,700,000 ordinary shares. Further details of the subsidiary and its trading results for the year to 31 December 2015 and financial position as at that date are given in note 24 to these financial statements.

15 Stock: land under development

Group	2015 £'000	2014 £'000
At 1 January 2015	—	—
Reclassification from investments (note 14)	1,700	—
Development costs	7,800	—
Borrowing costs	500	—
At 31 December 2015	10,000	—

Land under development relates to a parcel of land that is to be developed by the charity's trading subsidiary, St Albans Diocesan Property Company Limited. The land was classified initially as investment land (see note 14) as it was not known whether satisfactory planning permission for development would be obtained. Such permission was granted in July 2015 at which point the land was reclassified as stock of land under development. During the year to 31 December 2015, professional, feasibility and borrowing costs have been incurred and have been treated as additions to the value of the land under development. No revenue on the long term land development contract has been recognised in these financial statements as the contract is in its very initial stages only and detailed negotiations continue. No construction work had commenced as at 31 December 2015 and the percentage of the contract completed is deemed negligible.

16 Debtors

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Due within one year				
Amounts due from Parochial Church Councils				
· Building loans	4	19	4	19
· Parochial contributions (note (a) below)	188	225	188	225
	192	244	192	244
Church School buildings and maintenance (note (b) below)	458	678	458	678
Church Commissioners – Diocesan Stipends funds (note (c) below)	163	150	163	150
Church Commissioners – Pastoral Account (note (d) below)	17	17	17	17
Investment income receivable	234	287	229	287
Staff loans	12	9	12	9
Due from subsidiary company	—	—	36	—
Sundry debtors and prepayments	393	405	393	405
	1,469	1,790	1,500	1,790

Group and charity

	2015 £'000	2014 £'000
Due after one year		
Amounts due from Parochial Church Councils:		
· Building loans	177	136
· Equity loans to finance the purchase of curates' houses (note (e) below)	322	320
· Other loans	29	31
	528	487

Notes

- (a) The debtor for parochial contributions represents monies in respect to the Parish Share for 2015 received subsequent to the year end but prior to 13 January 2016 (2014 – 9 January 2015).
- (b) Amounts due in connection with church school buildings and maintenance represent amounts refundable from the Department for Education, and from School Governors, in respect to work and maintenance to school properties held by the charity as custodian trustee.
- (c) Amounts due from the Church Commissioners represent monies paid in advance for the future payment of stipends.

16 Debtors (continued)

(d) Amount due from the Church Commissioners representing proceeds from the sale of a redundant church.

(e) Equity loans enable Parochial Church Councils to purchase curates' houses. They are repayable only on the future disposal of the relevant property.

17 Creditors: amounts falling due within one year

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Church School buildings and maintenance	1,107	959	1,107	959
Grants committed	131	120	131	120
Taxation and social security				
Sundry creditors and accruals	838	671	832	670
	2,076	1,750	2,070	1,749

18 Creditors: amounts falling due after more than one year

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts due to the Central Board of Finance in respect of parish property loans	27	46	27	46
Amounts due to the Church Commissioners				
Variable deposit rate and equity loans for the purchase of curates' houses	344	347	344	347
Grants committed	77	59	77	59
Other creditors	9,365	—	1,065	—
	9,813	452	1,513	452

The Church Commissioners' loans have no fixed date of repayment. The equity loans bore interest at between 5.94% and 7.60% during the year. Included in other creditors is £1,065k which is payable by instalments of which £355k is payable after five years.

19 Provisions for liabilities

	2015 £'000	As restated 2014 £'000
Group and charity		
Clergy pension scheme deficit contribution liability (see note 28)	7,338	7,971
Lay workers pension scheme deficit contribution liability (see note 29)	—	488
	7,338	8,459

20 Gross transfers between funds

The principal inter-fund transfers during the year were as follows:

	Endowment funds £'000	Restricted funds £'000	Common fund £'000	Other unrestricted £'000
Group and charity				
Net reduction in Clergy pension scheme deficit	625	—	(623)	(2)
Net reduction in lay workers pension scheme deficit	—	—	162	(162)
Provision for pension scheme deficit on past service (lay workers scheme)	—	—	(90)	90
Liability for glebe contractual obligation	(1,420)	—	1,703	(283)
Net income arising from lettings of vacant parsonage houses	—	—	200	(200)
Accumulated interest on general restricted funds transferred to the common fund	—	(32)	32	—
Net movement on Parsonage Benefice Fund during the year – revenue items	(143)	—	—	143
Provision for repairs at Diocesan Office following quinquennial inspection	—	—	(28)	28
Provision for future Bishop's Conferences and Study Days	—	—	(47)	47
Other transfers	(6)	15	(64)	55
	(944)	(17)	1,245	(284)

21 Endowment funds

The capital funds of the group and the charity are endowed assets which normally must be held as capital but, where permitted, may be applied towards meeting certain charitable aims.

Group and charity	At 1 January 2015 £'000	Income £'000	Gains, losses and transfers £'000	At 31 December 2015 £'000
Endowment funds				
Stipends Capital Fund	17,415	—	599	18,014
Pension reserve	(7,971)	—	633	(7,338)
	<u>9,444</u>	<u>—</u>	<u>1,232</u>	<u>10,676</u>
Parsonage Houses Fund	75,985	576	(207)	76,354
Parsonage Benefice Fund	3,374	—	116	3,490
Glebe Fund	30,765	—	879	31,644
2015 amounts	<u>119,568</u>	<u>576</u>	<u>2,020</u>	<u>122,164</u>
2014 amounts	<u>103,042</u>	<u>1,052</u>	<u>15,474</u>	<u>119,568</u>

The endowment funds were established as follows:

♦ Parsonage Houses Fund and Parsonage Benefice Fund

The Parsonage Houses Fund represents the net book value of properties used as parsonage houses less the value of temporary finance from the Stipends Capital Fund for the replacement of parsonage houses where the sale of existing houses is pending. The Parsonage Benefice Fund represents net proceeds from disposals of parsonage houses or parsonage land not the subject of a Pastoral Reorganisation. Under the Parsonage Measure 1938, these funds are required to be held by the Board on behalf of the benefice concerned. The first call on these funds is to make improvements to the current parsonage house. Once these requirements are met, the remaining funds can be transferred to the Diocesan Stipends or Diocesan Pastoral Account after serving due notice on the Parochial Church Council and Patron.

The parsonage house belongs to the benefice (not to the Parochial Church Council) and the ownership is vested in the "incumbent for the time being". During a period of vacancy in the benefice, the Diocesan Bishop has powers to sell in accordance with the provisions of the Parsonages Measure 1938. The statutory provisions relating to repairs to parsonage houses are contained in the Repair of Benefice Buildings Measure 1972. The Measure puts a statutory obligation upon the Diocesan Parsonage Board (or DBF Property Committee) to repair and insure benefice houses, thereby relieving the incumbent of this responsibility.

21 Endowment funds (continued)

◆ Glebe Fund

The Glebe Fund represents the value of the Glebe Property plus net current assets of £3,051k (2014 – £5,762k). The use of the fund is restricted under the Endowments and Glebe Measure 1976, which transferred ownership of all Glebe land and property from the benefice to the Diocesan Board of Finance to be held by the Board exclusively for the benefit of the Diocesan Stipends Fund (see below). All income derived from this fund is included within Glebe Rents shown in the Common Fund.

◆ Stipends Capital Fund

This fund represents net proceeds from the disposal of Glebe land subsequently invested to be held as part of the Stipends Capital Fund. Income from the fund must be applied towards the payment of stipends. The provision for the Clergy pension scheme deficit recovery payments forms part of this fund.

The fund balance is represented by listed investments, cash on deposit and loans to provide temporary finance to the Parsonage Houses Fund for the replacement of parsonage houses where the sale of existing houses is pending, less the provision for the deficit in the Clergy pension scheme.

22 Restricted funds

The income funds of the group and the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

Group and charity	At 1 January 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2015 £'000
Consolidated Fund for Statutory Education	5,863	1,019	(753)	129	6,258
Church Schools Building Fund	8	—	—	—	8
Committee for Social Responsibility funds	453	17	(16)	—	454
Creed Bequest Fund	57	2	1	1	61
City Church Fund	332	88	(79)	—	341
Harvest Appeal	21	63	(55)	—	29
Church Repairs Fund	256	9	(14)	2	253
Parker Bequest	478	18	(19)	4	481
Archdeacons' Discretionary Fund	366	21	(18)	8	377
Yapp Fund	480	17	—	(11)	486
Other restricted funds	572	50	(29)	(4)	589
2015 amounts	8,886	1,304	(982)	129	9,337
2014 amounts	8,612	771	(645)	148	8,886

22 Restricted funds (continued)

The Consolidated Fund for Statutory Education is legally restricted by the trusts set out in Section 17 of the Education Act 1993. Its uses include:

- (i) Purchase, erection, maintenance and improvement of any school or teacher's house in the relevant area;
- (ii) Provision of advice, guidance and resources for the management of schools in the area;
- (iii) Inspection of relevant schools in the area.

Movements on the Consolidated Fund for Statutory Education during the year can be summarised as follows:

Group and charity	2015 £'000	2014 £'000
Income		
Investment income	230	198
Grants Received	94	133
Rental income from school properties	16	20
Service Level Agreement income	66	71
School Courses	75	—
School Building Projects levy	29	49
Sundry Income	1	1
Capital net proceeds from disposal	508	—
Total income	1,019	472
Expenditure		
Education	753	434
Net income before investment gains and transfers	266	38
Investment gains and transfers	129	152
Net income	395	190

The fund is represented by the following net assets:

	2015 £'000	2014 £'000
Investments	5,638	5,011
Debtors	518	735
Short term deposits	643	975
Cash at bank	2	1
Creditors: amounts falling due within one year	(1,335)	(1,178)
Inter fund balances	792	319
Total net assets	6,258	5,863

22 Restricted funds (continued)

The specific purposes for which the other restricted funds are to be applied are as follows:

Fund	Application/purpose
Church Schools Building Fund	Monies for the development and repair of Church Schools
Committee for Social Responsibility	Formerly held under the charity registered number 291355, grants are awarded by the Committee for Social Responsibility, which is a sub-committee of the Board for Church and Society
Creed Bequest Fund	Evangelism and mission at the discretion of the Bishop
City Church Fund	For the support of parishes in the Metropolitan Police area
Harvest Appeal	Monies raised as part of the Bishop's annual appeal
Church Repairs Fund	Monies for the repair of churches within the Diocese
Parker Bequest	Assistance to clergy as directed by the Bishop
Archdeacons' Discretionary Fund	Assistance to clergy as directed by the Archdeacons
Yapp Fund	Towards the Common Fund of the Board, to support the payment of stipends
Other restricted funds	Sundry specific purposes

23 Unrestricted funds

The unrestricted income funds of the group and the charity, including designated funds which have been set aside by the Board for specific purposes, are as follows:

	At 1 January 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2015 £'000
Common Fund	1,373	14,452	(15,432)	1,083	1,476
Pension reserve	(488)	—	—	488	—
	885	14,452	(15,432)	1,571	1,476
Other unrestricted funds					
.. Tangible fixed assets fund	15,589	124	—	8	15,721
.. Special Designated	2,118	549	(628)	(232)	1,807
.. Property Related	787	296	(309)	36	810
.. Mission	545	247	(296)	(16)	480
.. Other	786	6	(23)	(252)	517
.. Pastoral Account	634	114	(164)	77	661
.. Resources Centre	39	—	—	—	39
	18,380	787	(792)	(147)	18,228
Unrestricted funds	19,265	15,239	(16,224)	1,424	19,704
Non-charitable trading	(1)	10	(44)	—	(35)
2015 amounts	19,264	15,249	(16,268)	1,424	19,669
2014 amounts	18,275	15,041	(14,822)	770	19,264

◆ **Common Fund**

The Common Fund, whose primary source of income are the amounts collected from Parochial Church Councils via the Parish Shares scheme, is used to fund the budget of the St Albans Diocesan Board of Finance as agreed by the Diocesan Synod. The Common Fund provides the liquidity needed to operate effectively and the ability to finance short-term deficits. The aim is for the fund to be represented, in part, by a minimum cash balance sufficient to meet stipend and lay staff salary payments as they fall due. The need for such working capital is taken into account when setting the annual budget. Excess monies may be distributed to parishes via the budgetary process, but conversely any prior year deficits sustained on the common fund may be recouped via the same process. The policy itself, and the levels of resources required, are reviewed annually.

23 Unrestricted funds (continued)

◆ Tangible Fixed Assets Fund

This fund represents those assets held by the Board for carrying out its general activities. Reserves are needed to provide the St Albans Diocesan Board of Finance with the assets and liquidity needed to carry out its objectives including statutory requirements, administration of funds and housing of non-beneficed clergy.

◆ Special Designated Funds

These are funds which the Board has set aside for specific sundry purposes falling within the normal activities of the Diocese.

◆ Pastoral Account

The Diocesan Pastoral Account is held by the Board for the purposes defined in Sections 93 and 94 of the Mission and Pastoral Measure 2011. Its uses include:

- (i) Expenses incurred relating to the purposes of the measure;
- (ii) Grants and loans for parsonage and church provision, restoration, improvement or repair;
- (iii) Transfers to the Diocesan Stipends Fund;
- (iv) Other purposes as defined in the Measure.

◆ Resources Centre Fund

This fund represents the net assets from the Resources Centre, which was closed in 2013.

24 Unrealised gains

The total unrealised gains as at 31 December 2015 constitutes movements on revaluation and are as follows:

	2015 £'000	2014 £'000
Unrealised gains included above:		
On glebe property	20,219	18,169
On listed investments	1,380	3,457
Total unrealised gains at 31 December 2015	21,599	21,626
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2015	21,626	10,225
Less: in respect to disposals in the year	(2,550)	(1,659)
Add: net gains arising on revaluation arising in the year	2,523	13,060
Total unrealised gains at 31 December 2015	21,599	21,626

25 St Albans Diocesan Property Company Limited

On 18 February 2014, St Albans Diocesan Property Company Limited was established as a 100% owned subsidiary of the St Albans Diocesan Board of Finance. Its founding directors are Canon David Nye, The Hon Richard Pleydell-Bouverie and Mr Edmund Wood who are also members and directors of the Board of Finance. St Albans Diocesan Property Company Limited is part of a VAT Group registration with the St Albans Diocesan Board of Finance.

On 10 April 2014, the St Albans Diocesan Board of Finance transferred a parcel of its land with planning potential to St Albans Diocesan Property Company Limited. The land was classified initially as investment land as it was not known whether satisfactory planning permission for development would be obtained. Such permission was granted in July 2015 at which point the land was reclassified as stock of land under development. During the year to 31 December 2015, professional, feasibility and borrowing costs have been incurred and have been treated as additions to the value of the land under development. No revenue on the long term land development contract has been recognised in these financial statements as the contract is in its very initial stages only and detailed negotiations continue. No construction work had commenced as at 31 December 2015 and the percentage of the contract completed is deemed negligible.

St Albans Diocesan Property Company Limited had income during the year of £10k (2014 – £8k) and incurred expenditure of £44k (2014 – £9k). A summary of the company's balance sheet at 31 December 2015 is given below. Audited accounts will be filed with the Registrar of Companies. The company's registered office is Holywell Lodge, 41 Holywell Hill, St Albans, Herts, AL1 1HE.

	2015 £'000	2014 £'000
Balance sheet		
Investment land	—	1,700
Stock: land under development	10,000	—
Net current liabilities	(35)	(1)
Creditors: amounts falling due after one year	(8,300)	—
Total net assets	1,665	1,699
	2015 £'000	2014 £'000
Capital and reserves		
Called up share capital	1,700	1,700
Profit and loss account	(35)	(1)
Total shareholder's funds – equity interests	1,665	1,699

26 Custodian funds

As at 31 December 2015 the St Albans Diocesan Board of Finance held funds on behalf of parishes, church schools and general trust funds within the Diocese with a market value of approximately £28.6m (2014 – £29.6m) as Custodian Trustee. As explained under principal accounting policies, these assets are not included in these financial statements. The funds are held predominantly as units in common investment funds held by the Central Board of Finance (CBF) of the Church of England and are professionally managed on behalf of the CBF by CCLA Investment Management Limited. At all times, funds held by the charity as Custodian Trustee are segregated clearly from those belonging to the charity itself.

27 Liability of company members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up, company members are required to contribute an amount not exceeding £1.

28 Related party transactions

Hockerill Education Foundation – registered charity number 311018

Three members of the Board are trustees of the Hockerill Educational Foundation. In 2014 the St Albans Diocesan Board of Finance received educational grants from the Foundation totalling £82k (2014 – £100k) and £90k (2014 – £101k) was spent during the year.

Ecumenical Partnership Initiatives – registered charity number 1132125

One member of the Board is a trustee of Ecumenical Partnership Initiatives (known as Workplace Matters). In 2014 the St Albans Diocesan Board of Finance made grants totalling £29k (2014 – £25k) to Ecumenical Partnership Initiatives. A member of the Board of Finance's staff is seconded to act as the Chief Executive of Ecumenical Partnership Initiatives.

Eastern Region Ministry Course – registered charity number 1090989

One member of the Board is the Vice-Chair of the Eastern Region Ministry Course. In 2015 the St Albans Diocesan Board of Finance made payments to the Ministry Course totalling £34k (2014 – £22k), for academic fees for Student Readers. The Board also received £4k as payment to hire meeting rooms at Holywell Lodge and as a contribution towards the delivery of specific sessions of training (2014 – £3k).

Marshall's Charity – registered charity number 206780

One member of the Board is the Chair of the Marshall's Charity. In 2015 the St Albans Diocesan Board of Finance received grants towards the improvement of parsonage houses and installation of intruder alarms from the Marshall's Charity totalling £10k (2014 – £20k).

28 Related party transactions (continued)

Associated committees

Details of all associated committees can be found in the Diocesan Directory available at the registered office.

Donations from Board members

Total donations received from Board members in the year were £1,750 (2014 – £1,750).

Other than those transactions stated above there were no other related party transactions during the year (2014 – none).

29 Pension commitments

Lay workers scheme

The St Albans Diocesan Board of Finance participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

From 1 July 2014, the Board participated in the Church of England Pension Builder Scheme (PBS), for eligible salaried employees in employment. The PBS is a section of the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

The PBS is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Pensions Board before retirement. There is no requirement for the Pensions Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

At 31 December 2015, the St Albans Diocesan Board of Finance had 39 active members and no deferred members in the Pension Builder 2014 section.

The Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the PBS. For schemes like this, FRS 102 requires the Board to account for normal pension contributions on the basis of amounts payable to the Scheme in the year.

29 Pension commitments (continued)

Lay workers scheme (continued)

The Board contributes 25.5% of basic salary. Employees are not required to make contributions. The Board's contributions for the year totalled £293k (2014 – £140k) and there were no contributions outstanding at the year end.

Since 30 June 2014, the Board ceased to use the DBS as a vehicle for providing future pension benefits for its employees and all active members became deferred pensioners with effect from that date. At 31 December 2015 the Board had no active members and 53 deferred pensioner members in the Fund.

There were no contributions to the Scheme during the year (2014 – £401k).

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

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

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the statement of financial activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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

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

29 Pension commitments (continued)

Lay workers scheme (continued)

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £8,900 per year.

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

	2015 £'000	2014 £'000
Balance sheet liability at 1 January	488	693
Deficit contribution paid	(166)	(221)
Interest cost (recognised in SOFA)	4	10
Remaining change to the balance sheet liability*(recognised in SoFA)	(326)	6
Balance sheet liability at 31 December	—	488

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

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

	2015	2014	2013
Discount rate	0.00%	1.10%	1.70%

Clergy scheme

The St Albans Diocesan Board of Finance participates in the Church of England Funded Pensions Scheme for stipendiary clergy. Out of a total membership of approximately 8,400 active members, 250 serve within the Diocese of St Albans.

This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

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

29 Pension commitments (continued)

Clergy scheme (continued)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males.

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

	2015 %	2014 %
% of pensionable stipends		
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit recovery contributions	12.4%	14.1%
Total contribution rate	38.2%	39.9%

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

	2015 £'000	2014 £'000
Balance sheet liability at 1 January	7,971	7,954
Deficit contribution paid	(799)	(672)
Interest cost (recognised in SoFA)	174	267
Remaining change to the balance sheet liability* (recognised in SoFA)	(8)	422
Balance sheet liability at 31 December	7,338	7,971

29 Pension commitments (continued)

Clergy scheme (continued)

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

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

	2015	2014	2013
Discount rate	3.5% pa	2.3% pa	2.5% pa
Price inflation	3.2% pa	2.7% pa	2.4% pa
Increase to total pensionable payroll	1.7% pa	1.2% pa	0.9% pa

Contributions to the Scheme during the year amounted to £2,243k (2014 – £2,048k).

Other schemes

Contributions are also made to the Teacher's Pension Scheme and the Hertfordshire County Council pension scheme. Total contributions to these schemes in the year were £14k (2014 – £13k).