

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

Directors report and financial statements
for the year ended 31 December 2011

Charity number: 249972
Company number: 145650

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

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Canterbury Diocesan Board of Finance

Reference and administrative details for the year ended 31 December 2011

Ex-officio directors

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

The Dean of Canterbury
Rev Canon Mark Roberts
Canon Raymond Harris
Mrs Caroline Spencer

Elected directors

Rev John Corbyn
Mr Andrew Collie
Mr Christopher Gabriel
Mr Leonard Brant
Canon Valerie Wallis
Rev Canon Arthur Houston

Rev Canon Tony Oehring
Rev Hilary Jones (to 31 August 2011)
Mr Barrie Marshall
Canon Rosemary Walters
Mrs Jean Winn

Charity Registration number: 249972

Company Registration number: 145650

Principal Officers: **Diocesan Secretary** Mr Julian Hills
Diocesan Director of Finance Mr Mark Spraggins

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

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

Solicitors: Mowll & Mowll
35 and 36 Castle Street
Dover
Kent CT16 2 SE

Bankers: Lloyds TSB plc
49 High Street
Canterbury
Kent CT1 2 SE

Canterbury Diocesan Board of Finance

Directors' Report for the year ended 31 December 2011

The directors submit their annual report and the audited financial statements of the Canterbury Diocesan Board of Finance (the Board) for the year ended December 2011. The Directors confirm that the annual report and financial statements comply with current statutory requirements, the requirements of the Board's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities".

Summary information about the structure of the Church of England

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

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

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

The Diocese

a. Diocesan Synod

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

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

The Diocese (continued)

b. Deanery Synod

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

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

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

c. Parochial Church Council

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

d. Archbishop's Council

The members of the diocese's Archbishops Council are elected by members of the Diocesan Synod and constitute the Board of Trustees and Directors of the Canterbury Diocesan Board of Finance (CDBF). Accordingly the terms Archbishop's Council, Board of Trustees of CDBF and the Board of Directors of CDBF can be used interchangeably, although each term carries different responsibilities. Their role is to

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

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2011 (continued)

Structure, governance and management

The Canterbury Diocesan Board of Finance (CDBF) was formed under the Diocesan Boards of Finance Measure 1925 to be the registered company of the Diocese to manage its financial affairs and hold its assets. Every member of Diocesan Synod is a member of the CDBF for company law purposes, and similarly Archbishop's Council comprises the Board of Directors. The Board is a company limited by guarantee and as such has no share capital. The Board is a registered charity and takes exemption from taxation on its charitable activities as afforded under s505 ICTA 1988. The Board is constituted under a Memorandum of Association and is a registered charity number 249972.

The Board as Archbishop's Council is responsible for working with the Bishop of Dover to shape the diocesan strategy and to monitor the outworking of that strategy. It sets overall objectives and priorities.

The outworking of those objectives and strategies for the Diocese of Canterbury is conducted through 5 overarching frameworks. These are as follows:

- Children, Schools and Young People
- Communities and Partnerships
- Licensed Ministries
- Local Church Development
- Resource, Management and Compliance

Chairs of these frameworks are appointed by the Bishop of Dover in conjunction with Archbishop's Council. Each member of Council is assigned to a particular framework and in turn each framework is responsible for drawing those people around it who are able to supply the necessary gifts and expertise to undertake their own priorities.

Method of appointment or election of Directors

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

Policies adopted for the induction and training of Directors

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

Organisational structure and decision making

The Board is organised so that the Directors meet regularly to work with the Bishop of Dover on shaping and monitoring diocesan strategy as well as to fulfil its statutory obligations. The frameworks meet frequently to plan their own priorities and make appropriate decisions in support of the overriding strategies and objectives of the Diocese of Canterbury. The principal officers work to implement the strategies and objectives in conjunction with Archbishop's Council and respective frameworks as appropriate. The remaining staff assist in administration.

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2011 (continued)

Related parties

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

Connected Entities

The CDBF has a subsidiary company Canterbury Diocesan Strategic Developments Ltd which commenced operations in 2011. See note 23 for further details.

Connected Charities

The trustees consider that the following are connected registered charities:

Canterbury Diocesan Board of Education the aims of which are to

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

Diocesan Association for the Deaf

Church in Society (which ceased to operate in 2010)

Council for Social Responsibility (which was wound up in 2011)

Risk Management

The directors through its Finance and Assets Committee undertook a comprehensive review of its strategic, business and operational risks in 2011.

The key risks facing the Board of Finance are:

- Failure to collect full Parish Share
- Cash flow restrictions arising from the timing of income and capital transactions
- Poor investment performance leading to loss of capital values
- Pensions exposure in respect of both clergy and laity schemes

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2011 (continued)

Public Benefit

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

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

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

Objectives and activities

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

In coming with the Church of England the Diocese strives to ensure that in every local community there should be a worshipping, welcoming and serving congregation, working with Christians of other traditions and people of goodwill, witnessing to the transforming power of the love of God as seen in Jesus. There are 3 key objectives that the diocese has adopted and therefore aims to achieve

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

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

Strategies for achieving objectives

Each of the 5 overarching frameworks will be setting priorities in 2012 which support these key objectives. From 2013 our budgets will be specifically targeted so that these priorities can be well served. All communities within the Diocese can therefore be assured that the work and resources of the Diocese will be targeted at local parish and schools mission, ministry and community. Furthermore it is recognised that our

parishes grapple with difficult financial challenges posed by the severe economic conditions that prevail at this time. The Diocese has worked to produce a ground breaking grant scheme that will utilise the Church Commissioners annual financial support to specifically target the mission and ministry in particular parishes and deaneries with financial need. This scheme has been developed with the full support of the Church Commissioners.

We believe that these new structures and strategies will best serve the diocese in its mission and ministries to our communities in the 21st century

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2011 (continued)

Grant Making policies

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

Activities and performance

The diocese is very aware of the on-going economic environment and the financial constraints this imposes upon the diocese and its parishes. For many years now unpaid Parish Share has been accumulating in the balance sheet and despite best efforts this has remained largely uncollectable. It has been agreed that in these set of accounts a full provision would be made against this debt entirely and therefore the sum of £1,329k has been taken as a charge against the General Fund on a one-off basis. Removing this figure from the operational deficit for the year reveals a deficit based upon normal operations of £28k.

The programme of disposal of redundant properties continued in 2011 despite difficult housing market conditions but this has led to an extension of the period into 2012. Consequently the improvement in working capital has been delayed into 2012 whereupon the receipt of significant house sale considerations improved the situation. The Parish Share collection rate improved again in 2011 to 95.6% from 95.4% with further collections during January 2012 pushing this to a figure of 96.2%.

The diocese is mindful of the rising level of arrears and is looking to engage with those parishes in default to better understand how to bring about a return to full contribution. The diocese is also seeking to ensure that the non-payment of Parish Share does not significantly damage its ability to support local parish mission.

The diocese in 2011 remained committed to stimulating mission throughout the area and a further £131k in funding was made to various mission in comparison to £196k in 2010. These funds represented continuing expenditure on those ongoing projects where awards had previously been made. No new mission grants were made to projects in 2011 and the fund is now fully committed.

Overall the charitable funds available to the diocese improved from £10.7m to £14.1m. A key element of this relates to ministry housing of £4.5m brought onto the balance sheet during the year. This arose because a number of pastoral schemes were determined for benefices where its parishes had already been in informal arrangement. The legal determination of these schemes gave rise to their legal ownership by the Board of Finance and accordingly necessitated their valuation and inclusion as a formal fixed asset.

Reserves Policy

The policy of the Board is to hold working reserves (immediately available in undesignated investments and cash) of between 15-20% of its annual budget. In 2011 this would yield holdings of between £1.4m and £1.9m. The working reserves are regarded as the minimum required to enable the Board to withstand cash flow fluctuations in the course of its normal business.

At the end of 2011 the Board's working reserves were £657k being below this range although further sale receipts from properties were received in January 2012 which improved this situation. In this respect the Canterbury Diocesan Strategic Developments Ltd has undertaken work to optimise the proceeds of sale on these properties.

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2011 (continued)

Investment policy and performance

The year saw continued uncertainties in the world financial markets and diocesan investments lost £123k of their value as compared with a £207k gain in 2010

The directors believe that their review of the investment policy during the year under advice from CCLA Management Ltd ensured that the values and returns of investments were maximised given the volatile conditions. The policy will be closely reviewed to optimise investment returns over the medium to long term

The investment policy was reviewed in 2011

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

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

Financial performance

The Statement of Financial Activities shows overall outgoing resources on the unrestricted fund of £227k for the year and the reasons for this are explained below

Important transactions during the year

- The Board budgeted to receive £7.2m in Parish Shares to cover the costs of the Ministry, Support Services and Mission. Overall general funds showed a deficit of £227k which reflected the following significant above budget items

➤ Provision for historic Parish Share arrears	- £1,183k	
➤ Sale of properties		+£1,043k
➤ Deficit on normal operations		- £ 87k

- The Board's funds at 31 December 2011 stood at £14.1m summarised as follows

	£m
Unrestricted funds	1.0
Designated funds	9.8
Restricted funds	1.6
Endowment funds	1.7

The Finance and Assets Committee have developed a strategy for ensuring that the level of funds available is adequate for the future plans and commitments of the Board. However the Directors are aware that the ability of the Board to deliver its key objectives will be compromised by those parishes that fail to meet their Parish Share commitments

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2011 (continued)

Financial performance (continued)

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

Principal funding

Around 84% of the income of the CDBF comes from the Parish Share and 8% from the Church Commissioner allocations.

Plans for the future

The Archbishop's Council has established for the diocese 3 key objectives in 2011. During 2012 each of the 5 frameworks will be establishing on-going priorities in order to serve the achievement of these objectives and resources will be made available through the budget for this purpose.

Funds held as custodian

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

The Board also administers funds, on behalf of Parochial Church Councils, on an agency basis for investment and obtains income tax repayments, relating to Gift Aid, on behalf of parishes and other Diocesan organisations. The tax recovered during 2011 was £1 432m (£1 14m - 2010).

In 2000 the Board arranged for the Central Board of Finance Investment Office to take over the administration of investments held on behalf of parishes, with the exception of Endowment Funds. The Board is still administering investments with a book value of £3 3m (£3 1m - 2010). The assets of these funds are held separately from those of the Board.

Political and Charitable donations

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

Tangible fixed assets for use by the Board

Details of movements in fixed assets are set out in note 12 to the accounts and attention is also drawn to the accounting policies note 1 7 and 1 8.

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2011 (continued)

Statement of Directors' responsibilities

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

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

of the Board and of the surplus or deficit of the Board for that period. In preparing these financial statements the Directors are required to

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

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

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

Provision of information to auditors

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

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

Auditors

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

Approval

This report was approved by the directors on 4 July 2012 and signed on its behalf



Director

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

We have audited the financial statements of Canterbury Diocesan Board of Finance for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors (who are also the trustees of the charitable company for the purposes of charity law) 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 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 trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. 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 charitable company's affairs as at 31 December 2011 and of its incoming resources and application of resources, including its 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 Directors' 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

4 July 2012

Fairfax House
15 Fulwood Place
London
WC1V 6AZ

Canterbury Diocesan Board of Finance

Statement of financial activities
for the year ended 31 December 2011

	Note	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2011 £	Total 2010 £
Incoming Resources							
Incoming resources from generated funds							
- Voluntary income	2	118,784	106,003	-	-	224,787	272,751
- Investment income	3	306,756	61,904	12,426	-	381,086	362,779
Incoming resources from charitable activities	4	7,616,224	-	-	-	7,616,224	7,945,961
Other incoming resources	5	1,046,280	3,466,802	465,978	-	4,979,060	1,117,294
Total incoming resources		9,088,044	3,634,709	478,404	-	13,201,157	9,698,785
Resources Expended							
Charitable activities		9,297,323	311,115	22,702	-	9,631,140	9,632,020
Governance costs	9	17,280	-	-	-	17,280	17,400
Total Resources Expended	6	9,314,603	311,115	22,702	-	9,648,420	9,649,420
Net (outgoing)/incoming resources for the year		(226,559)	3,323,594	455,702	-	3,552,737	49,365
This is represented by							
Defect on normal activities		(1,269,144)					
Net proceeds on property sales		1,042,585					
Net (outgoing)/incoming resources for the year		(226,559)					
Other recognised gains and losses							
Realised gains/(losses) on investments		24,819	(1,784)	(31,117)	(66)	(8,148)	-
Unrealised gains/(losses) on investments		(33,091)	(34,027)	7,691	(63,829)	(123,256)	206,753
Net movements in Funds		(234,831)	3,287,783	432,276	(63,895)	3,421,333	256,118
Balances brought forward at 1 January 2011		1,220,673	6,514,416	1,208,689	1,733,556	10,677,334	10,421,216
Balances carried forward at 31 December 2011		985,842	9,802,199	1,640,965	1,669,661	14,098,667	10,677,334

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

Canterbury Diocesan Board of Finance

Balance Sheet as at 31 December 2011

	Note	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2011 £	Total 2010 £
Fixed Assets							
Tangible fixed assets	12	3,289,524	7,326,660	10,000	-	10,626,184	6,608,634
Investments	13	190,632	730,805	1,288,694	1,669,489	3,879,620	4,061,676
		3,480,156	8,057,465	1,298,694	1,669,489	14,505,804	10,670,310
Current Assets							
Debtors	14	950,409	39,367	17,000	-	1,006,776	2,172,798
Debtors - inter fund		(1,842,915)	1,557,025	285,718	172	-	-
Cash at bank and on short term deposit		574,603	690,799	39,553	-	1,304,955	1,350,438
		(317,903)	2,287,191	342,271	172	2,311,731	3,523,236
Creditors:-							
Amounts falling due within one year	15	(1,479,575)	(80,434)	-	-	(1,560,009)	(2,365,636)
		(1,797,478)	2,206,757	342,271	172	751,722	1,157,600
Net Current Assets/(Liabilities)							
Total assets less current liabilities		1,682,678	10,264,222	1,640,965	1,669,661	15,257,526	11,827,910
Creditors:-							
Amounts falling due after more than one year	16	(596,836)	(462,023)	-	-	(1,158,859)	(1,150,576)
		985,842	9,802,199	1,640,965	1,669,661	14,098,667	10,677,334
Net Assets							
Charity Funds		985,842	9,802,199	1,640,965	1,669,661	14,098,667	10,677,334

The financial statements were approved and authorised for issue by the Directors on 4 July 2012 and signed on their behalf by -



Mr Raymond Harris (Chairman)



Bishop Trevor Willmott

Canterbury Diocesan Board of Finance

Summary income and expenditure account for the year ended 31 December 2011

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Total income	9,088,044	3,634,709	478,404	13,201,157	9,698,785
Less Total expenditure	9,314,603	311,115	22,702	9,648,420	9,649,420
Income less expenditure for the year	(226,559)	3,323,594	455,702	3,552,737	49,365

The notes on pages 16 to 34 form part of these financial statements

Canterbury Diocesan Board of Finance

Cash flow statement for the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash outflow from operating activities	A	3,263,339	(375,393)
Investment income		381,086	362,779
Non operational cash flows			
Capital expenditure and financial investment			
Payments for tangible fixed assets		(4,531,681)	(318,725)
Proceeds from sales of tangible fixed assets		791,121	838,111
Payments for investments		(4,303,016)	-
Proceeds from sales of investments		4,353,668	-
Net cash (outflow) for the year	B	<u>(45,483)</u>	<u>506,772</u>

Notes to the Cashflow Statement

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

Statement of financial activities Net movement in funds	3,421,333	256,118
Investment income	(381,086)	(362,779)
Depreciation	175,944	125,973
(Gain)/loss on disposal of fixed assets	(452,934)	(308,840)
Realised (Gain)/loss on sale of investments	8,148	-
Unrealised (gain)/loss on investments	123,256	(206,753)
(Decrease)/increase in creditors falling due within one year	(805,627)	132,023
Decrease/(Increase) in debtors	1,166,022	22,814
Increase/(decrease) in creditors falling due after one year	8,283	(33,949)
Net cash outflow from operating activities	<u>3,263,339</u>	<u>(375,393)</u>

B Analysis of changes in cash during the year

	2011 £	2010 £	Change in Year £
Cash at bank less bank overdraft	<u>1,304,955</u>	<u>1,350,438</u>	<u>(45,483)</u>

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

1.1 Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", applicable accounting standards and the Companies Act 2006.

1.2 Company status

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

1.3 Fund Accounting

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

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

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

1.4 Incoming resources

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

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

1.5 Resources expended

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

Where costs cannot be directly attributed to particular headings they have been allocated or apportioned to activities on a basis consistent with the use of the resources. The apportionment in 2011 can be summarised as follows:

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

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

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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies (continued)

1.6 Investments

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

1.7 Tangible fixed assets and depreciation

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

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

1.8 Benefice property

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

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

The benefice properties have an indicative value based on the sum insured of £51.1m (2010 - £50.7m).

1.9 Pensions

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

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

The Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of the other entities participating in the DBS. A valuation of the Fund was carried out as at 31 December 2010 and the Board's contribution rate was revised with effect from 1 April 2012.

At 31 December 2011 the Board had 18 (2010 - 18) active members and 15 (2010 - 14) deferred pensioner members in the Fund.

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies (continued)

1.10 Value added tax

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

1.11 Church Commissioners loans

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

1.12 Ministry training

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

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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

2. Voluntary income

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Donations	4,739	12,413	-	17,152	33,854
Grants - EIG	114,045	-	-	114,045	104,668
Grants - Other	-	93,590	-	93,590	134,229
	118,784	106,003	-	224,787	272,751

3. Investment income

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Rent	156,307	-	-	156,307	141,066
CBF Fixed interest Fund	24,300	3,627	-	27,927	43,807
CBF Investment Fund	75,826	18,677	12,348	106,851	80,959
CBF Property Fund	50,690	10,346	6	61,042	70,141
CBF Deposit Fund	3,789	3,804	72	7,665	2,025
Other interest income/(paid)	(4,156)	-	-	(4,156)	(8,544)
Pastoral Fund income	-	25,450	-	25,450	33,325
	306,756	61,904	12,426	381,086	362,779

4. Incoming resources from charitable activities

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Parish share	6,950,456	-	-	6,950,456	7,281,081
Church Commissioners	665,768	-	-	665,768	664,880
	7,616,224	-	-	7,616,224	7,945,961

The amount included as Parish Share is the total collected for the year as at the date of signing the accounts (see note 14) (2010 - assessed amount)

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

5 Other incoming resources

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Church Commissioners	-	-	-	-	161,534
Property transferred in	-	3,045,000	271,452	3,316,452	600,000
Sale of Glebe	-	-	194,526	194,526	34,344
Sale of Properties	1,042,585	421,802	-	1,464,387	308,840
Other incoming resources	3,695	-	-	3,695	12,576
	<u>1,046,280</u>	<u>3,466,802</u>	<u>465,978</u>	<u>4,979,060</u>	<u>1,117,294</u>

Property transferred in represents the value of benefice property not included previously on the balance sheet

6. Total resources expended

	Direct Activity £	Grants Payable £	Support Costs £	Total 2011 £	Total 2010 £
Parochial Ministry	5,313,868	266,779	1,573,786	7,154,433	7,621,996
Training	1,205,572	15,015	-	1,220,587	1,525,036
Senior Clergy	166,768	-	-	166,768	183,523
Mission	1,006,653	99,979	-	1,106,632	318,865
	<u>7,692,861</u>	<u>381,773</u>	<u>1,573,786</u>	<u>9,648,420</u>	<u>9,649,420</u>

7 Grants payable

	Number	Total 2011 £	Number	Total 2010 £
Parish - Ministry & Mission	17	259,084	23	265,707
Clergy widows and spouses	7	6,382	10	9,018
Mission Initiatives	8	99,979	33	196,219
Spirituality	6	1,313	15	4,220
Training - additional financial resources	25	15,015	26	17,453
Retired Clergy - Taylor Bequest	-	-	3	3,270
Extra parochial ministry	-	-	5	55,185
	<u>63</u>	<u>381,773</u>	<u>115</u>	<u>551,072</u>

Canterbury Diocesan Board of Finance

Notes to the financial statements
for the year ended 31 December 2011

8 Allocation of Support costs

	Parochial Ministry £	Training £	Senior Clergy £	Mission £	Total 2011 £	Total 2010 £
Education	191,779	-	-	-	191,779	142,103
Stewardship & Gift Aid	96,391	-	-	-	96,391	96,010
Communications and publishing	92,145	-	-	-	92,145	50,695
Diocesan Advisory Committee	76,560	-	-	-	76,560	78,815
Criminal Records	31,048	-	-	-	31,048	24,203
Vacancy in See Committee	-	-	-	-	-	-
Pastoral Committee	19,726	4,355	512	1,025	25,618	14,794
Registry and legal services	28,130	6,210	731	1,461	36,532	41,207
Office management and administration	488,570	107,866	12,690	25,380	634,505	503,032
General Synod & miscellaneous	208,498	46,032	5,416	10,831	270,777	271,055
Management charge	-	-	-	-	-	15,050
Depreciation	118,431	-	-	-	118,431	74,989
	<u>1,351,278</u>	<u>164,463</u>	<u>19,349</u>	<u>38,697</u>	<u>1,573,786</u>	<u>1,311,953</u>

9. Governance costs

	Total 2011 £	Total 2010 £
Auditors' remuneration	17,280	17,400
	<u>17,280</u>	<u>17,400</u>

Canterbury Diocesan Board of Finance

**Notes to the financial statements
for the year ended 31 December 2011**

10. Staff costs

	Total 2011 £	Total 2010 £
Staff costs were as follows		
Wages and salaries	619,828	596,604
Social security costs	52,318	47,093
Other pension costs	131,592	105,497
	<u>803,738</u>	<u>749,194</u>

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

	2011 No.	2010 No
Support for clergy, parishes and people	<u>26</u>	<u>26</u>

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

11. Directors remuneration and expenses

During the year, no Directors received any remuneration (2010 £Nil), benefits in kind (2010 £Nil), or reimbursement of expenses (2010 £Nil)

The DBF is responsible for the provision of housing (including maintenance, insurance, council tax, and water rates) for all stipendiary clergy in the diocese

The stipend of the Diocesan Bishop is funded by the Church Commissioners

Other ordained directors may have been in receipt of a stipend and/or housing provided by the Canterbury DBF. The Archbishop's Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2011 at £9,850 (2010 £9,740)

Canterbury Diocesan Board of Finance

Notes to the financial statements
for the year ended 31 December 2011

12 Tangible fixed assets

	Diocesan Property £	Investment Property £	Office Equipment £	Total £
Cost				
At 1 January 2011	7,266,703	10,000	400,007	7,676,710
Additions	4,476,024	-	55,657	4,531,681
Disposals	(343,542)	-	-	(343,542)
At 31 December 2011	11,399,185	10,000	455,664	11,864,849
Depreciation				
At 1 January 2011	697,616	-	370,460	1,068,076
Charge for the year	152,577	-	23,367	175,944
On disposals	(5,355)	-	-	(5,355)
At 31 December 2011	844,838	-	393,827	1,238,665
Net book value				
At 31 December 2011	10,554,347	10,000	61,837	10,626,184
At 31 December 2010	6,569,087	10,000	29,547	6,608,634

	2011 £	2010 £
Diocesan Property (included above)		
Freehold Land	3,770,318	1,998,443
Diocesan property - Freehold land & buildings	3,227,687	1,516,193
Ministry housing - Freehold land & buildings	7,326,660	5,052,894
	10,554,347	6,569,087

	2011 £	2010 £
Investment Property		
Lost Elms, Oak Lane, Minster, Sheppey (10 53%)	10,000	10,000
	10,000	10,000

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

12. Tangible fixed assets (continued)

Notes

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

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

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

Ministry Housing

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

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

29 Reading Street, Broadstairs

2 St Peter's Close, Minster, Sheppey

Diocesan Property

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

Flat 1, Rochester Court, Canterbury (Leasehold with unexpired term 79 years)

Flat 23, The Mansions, Broadstairs

20 All Saints Close, Whitstable

77 Regent Street, Whitstable

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

(i) A small piece of land, part of All Saints Canterbury Church site

(ii) Glebe properties vested in the Board for administration. When such properties are sold the proceeds are credited to the stipends Capital Fund.

(iii) Various properties vested in the Board for Diocesan purposes under Pastoral and Redundancy Schemes made by the Church Commissioners.

(iv) Under an agreement with the PCC of St John Folkestone, the Board has a 30% interest in the property 126 Lucy Avenue, Folkestone.

c) During the year 7 properties were transferred to the Board following a Pastoral Scheme in the relevant benefice. These have been included at current value.

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

13 Fixed asset investments

	2011 Cost £	2011 Market value £	2010 Cost £	2010 Market value £
Unlisted investments				
Central Board of Finance				
Investment Fund - Income Shares 216085 41 units (2010 163,034 59)	2,377,458	2,231,298	685,726	1,786,729
Investment Fund - Accum Shares Nil units (2010 20,260 43)	-	-	193,971	370,511
Fixed Interest - Income Shares 244738 42 (2010 502,490 62)	376,212	400,808	757,208	782,478
Fixed Interest - Accum Shares Nil units (2010 3,383 96)	-	-	5,848	12,717
Property Fund - Income Shares 1030321 21 units (2010 913,556 91)	1,253,796	1,247,513	1,164,331	1,109,241
Crowebridge Housing	1	1	1	1
	<u>4,007,467</u>	<u>3,879,620</u>	<u>2,807,085</u>	<u>4,061,676</u>

	2011 £	2010 £
Brought forward 1 January	4,061,676	3,854,923
Acquisitions	4,303,016	-
Disposals	(4,353,668)	-
Realised losses	(8,148)	-
Unrealised (losses) gains	<u>(123,256)</u>	<u>206,753</u>
Carried forward 31 December	<u>3,879,620</u>	<u>4,061,676</u>

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

14. Debtors

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Due after more than one year					
Loans - unsecured	191,531	4,800	-	196,331	197,617
Due within one year					
Parish Share	146,660	-	-	146,660	1,163,920
Other debtors	49,125	-	-	49,125	145,933
Loans - secured	-	-	17,000	17,000	17,000
Prepayments	158,793	-	-	158,793	203,529
Loans - unsecured	404,300	34,567	-	438,867	444,799
	<u>950,409</u>	<u>39,367</u>	<u>17,000</u>	<u>1,006,776</u>	<u>2,172,798</u>

Amounts due from PCCs in respect of Parish Share are as follows

	2011 £	2010 £
Total Parish Share due at 31 December	1,569,083	1,439,609
Provisions made this year in respect of		
Current year	(301,501)	(8,137)
Previous years	(880,608)	(101,863)
Provisions made in previous years	<u>(240,314)</u>	<u>(165,689)</u>
Included in Debtors	<u>146,660</u>	<u>1,163,920</u>

15. Creditors: Amounts falling due within one year

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Other loans	18,000	2,000	-	20,000	44,000
Variable debit loans (note b)	-	-	-	-	-
Permanent loans	4,012	-	-	4,012	5,760
Appleton Trust loans (note c)	18,959	-	-	18,959	18,959
Value linked loans (note d)	296,481	78,434	-	374,915	424,915
Other creditors	1,114,526	-	-	1,114,526	1,443,165
Deferred income	27,597	-	-	27,597	38,837
Mortgages	-	-	-	-	390,000
	<u>1,479,575</u>	<u>80,434</u>	<u>-</u>	<u>1,560,009</u>	<u>2,365,636</u>

(a) Included in the figure of creditors above are In Service Training (CME) grants not taken up at the Balance Sheet date of £24k (2010 £23k)

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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

15. Creditors: Amounts falling due within one year (continued)

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

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

The Equity Sharing Loan at 31 December 2010 was as follows

Regents Street, Whitstable (18.97%) Loan £18,959

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

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

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Building Society & Bank loans	688,257	462,023	-	1,150,280	1,138,279
Permanent loans	8,579	-	-	8,579	12,297
	<u>696,836</u>	<u>462,023</u>	<u>-</u>	<u>1,158,859</u>	<u>1,150,576</u>

Creditors include amounts not wholly repayable within 5 years as follows

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Repayable by instalments	-	-	-	-	-
other than by instalments	688,257	462,023	-	1,150,280	1,138,279
	<u>688,257</u>	<u>462,023</u>	<u>-</u>	<u>1,150,280</u>	<u>1,138,279</u>

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

17. General Funds

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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

18. Designated Funds

	Balance at 1 January 2011 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ Losses £	Balance at 31 December 2011 £
Ministry Housing	4,460,437	3,008,482	(111,716)	677,943	-	8,035,146
Spirituality Funds	158,750	6,223	(668)	-	(5,923)	158,382
Witney	532,819	22,393	(5,828)	-	(28,435)	520,949
Holiday	18,251	39	-	-	(944)	17,346
Pastoral Fund						
- DPA	615,758	485,179	(41,566)	(677,943)	-	381,428
- DPA Development	527,550	1,857	-	-	-	529,407
Mission Initiatives						
- Eunice Fund	58,972	859	(5,467)	-	(369)	53,995
- Luman Fund	33,748	-	-	-	-	33,748
- Mission Initiatives	12,453	3,406	(93,722)	-	(141)	(78,004)
- Mission & Ministry	-	93,590	(32,000)	-	-	61,590
Taylor Bequest	59,706	-	(5,131)	-	-	54,575
Training						
- Additional Financial Resources (AFR)	35,972	12,680	(15,015)	-	-	33,637
	<u>6,514,416</u>	<u>3,634,708</u>	<u>(311,113)</u>	<u>-</u>	<u>(35,812)</u>	<u>9,802,199</u>

Transfers

£

The transfer to Ministry Housing fund is made up as follows

From General Board Properties - reclassifying ministry houses

677,943

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

18. Designated Funds

(i) Ministry Housing

This fund consist of Ministry Housing properties and associated movements

(ii) Spirituality Grants and Expenses Fund

The fund represents the sale proceeds of St Gabriel's Retreat House for

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

(iii) Witney Fund

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

(iv) Holiday Fund

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

(v) Pastoral Funds - DPA and DPA Development

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

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

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

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

(vi) Mission Initiatives

The purpose of this fund is for developing mission within parishes

The Mission Initiatives Fund consists of the following funds

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

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

(viii) Training - Additional Financial Resources

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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

19. Restricted Funds

	Balance at 1 January 2011 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ Losses £	Balance at 31 December 2011 £
Stipends Capital	772,944	465,984	(16,320)	-	(2,477)	1,220,131
Clergy & Spouses Retirement Fund	435,745	12,420	(6,382)	-	(20,949)	420,834
	<u>1,208,689</u>	<u>478,404</u>	<u>(22,702)</u>	<u>-</u>	<u>(23,426)</u>	<u>1,640,965</u>

(i) Stipends Capital Fund

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

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

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

Income of the fund is automatically applied to stipends

(ii) Clergy and Spouses Retirement Fund

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

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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

20 Endowment Funds

	Balance at 1 January 2011 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ (Losses) £	Balance at 31 December 2011 £
Ministry Trust	1,266,898	-	-	-	(45,826)	1,221,072
Clergy Training	344,520	-	-	-	(13,405)	331,115
Tait Mission	122,138	-	-	-	(4,664)	117,474
	<u>1,733,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,895)</u>	<u>1,669,661</u>

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

Ministry Trust Fund

Income to be applied for stipends

Comprising the following funds

Standen Bequest

Spooner Bequest

A T Wiggins Bequest

Parsonage Repair Fund

Dame Stancombe-Wills Fund

Clergy Training Fund

Income to be applied for clergy training

Comprising the following funds

Candidates for the Ministry Fund

The Holt Fund

Knight Trust Fund

Tait Mission Fund

Income to be applied for the expenses of the Tait Missioner

21. Contingent liabilities

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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2011

22 Pension commitments

- Clergy

The Canterbury DBF participates in the Church of England Funded Pension Scheme and employs 128 members of the Scheme out of a total membership of approximately 9,000 active members

The Church of England Funded Pension Scheme is a defined benefit scheme but the Canterbury DBF is unable to identify its share of underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation was carried out as at 31 December 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m assessed using the following assumptions

- investment return 4.4% on gilts and 5.9% on equities,
- increase in pensionable stipends 3.8%
- pensions increases 3.8%

Financial Reporting Standard 17 paragraph 9(b), requires the DBF to account for the pension costs on the basis of contributions actually payable to the Scheme in the year. Contributions in the year were £780,092 (2010 £939,069). The contribution rate was subsequently increased to 45% of pensionable stipends with effect from 1 January 2010, reflecting unfavourable investment experience and changes in financial market conditions. A new valuation of the Scheme is being carried out as at 31 December 2009. Following the valuation of the Scheme as at 31 December 2009, and some agreed changes to the benefits, the contribution rate has been set at 38.2% with effect from 1 January 2011.

- Staff

The Board also operates a defined contribution scheme on behalf of its staff. The pension cost charge represents contributions payable by the Board to the fund and amounted to £40,846 (2010 £30,363). Amounts of £Nil (2010 £Nil) were payable to the fund at 31 December 2011.

The Board also participates in the Church of England Defined Benefits Scheme, part of the Church workers Pension Fund. At 31 December 2011 the Board had 18 active members and 14 deferred pensioner members in the Fund. The Scheme Actuary has calculated that the notional deficit was £874k as at 31 December 2010 and it has been agreed to pay this amount over 10 years.

23. Connected Entity

Canterbury Diocesan Strategic Developments Limited, which is used to maximise the return on redundant property, is a wholly owned subsidiary of the Canterbury Diocesan Board of Finance. Consolidated accounts have not been prepared.

Its Balance Sheet and results are summarised as follows

<u>Balance Sheet</u>		
	2011	2010
	£	£
Debtors	-	1
Cash at bank and in hand	26,338	-
Creditors	(7,016)	-
Net assets	19,322	1
Called up share capital	1	1
Profit and loss account	19,321	-
Shareholders funds	19,322	1

<u>Profit and Loss account</u>		
	2011	2010
	£	£
Turnover	26,338	-
Cost of sales	(5,320)	-
Gross profit	21,018	-
Administrative expenses	(1,697)	-
Profit for the financial year	19,321	-

Canterbury Diocesan Board of Finance

**Notes to the Financial Statements
for the year ended 31 December 2011**

Custodian Trusteeship Funds	2011 £	2010 £
TRUST FUNDS	<u>3,337,073</u>	<u>3,093,328</u>
Represented by		
FIXED ASSETS		
Freehold property	250,000	250,000
Investments	<u>1,901,589</u>	<u>2,041,279</u>
	<u>2,151,589</u>	<u>2,291,279</u>
CURRENT ASSETS		
Debtors	54	43
Central Board of Finance Deposit Fund	1,182,444	794,792
Cash and bank deposits	<u>2,986</u>	<u>7,214</u>
	1,185,484	802,049
CURRENT LIABILITIES		
Creditors	-	-
NET CURRENT ASSETS	<u>1,185,484</u>	<u>802,049</u>
NET ASSETS	<u>3,337,073</u>	<u>3,093,328</u>

INVESTMENTS	2011 Cost	2011 Market value	2010 Cost	2010 Market value
Listed investments	111,530	98,053	111,530	129,930
Unlisted investments				
Central Board of Finance Investment Fund - Income Shares	1,143,498	2,509,175	1,168,900	2,709,211
Investment Fund - Accum Shares	102,119	147,132	102,119	149,258
Fixed Interest - Income Shares	345,235	376,195	459,523	479,594
Property Fund - Income Shares	165,571	150,380	165,571	150,802
Global Equity - Income Shares	33,636	42,919	33,636	47,225
	<u>1,901,589</u>	<u>3,323,854</u>	<u>2,041,279</u>	<u>3,666,021</u>

These assets are not included in the DBF Balance Sheet on page 13

Canterbury Diocesan Board of Finance

**Notes to the Financial Statements
for the year ended 31 December 2011**

	2011	2010
	£	£
Custodian Trusteeship Funds		
TRUST FUNDS ACTIVITY		
Balance at 1 January 2011	3,093,328	3,114,852
Add		
New Funds received	430,924	73,379
Profit on sale of investments	26,918	91,149
Donations and interest	55,835	60,648
Tax recovered on Gift Aid	<u>1,432,354</u>	<u>1,141,902</u>
	5,039,359	4,481,930
Less		
Funds withdrawn	(269,932)	(246,700)
Disbursement of tax recovered on Gift Aid	<u>(1,432,354)</u>	<u>(1,141,902)</u>
Balance at 31 December 2011	<u><u>3,337,073</u></u>	<u><u>3,093,328</u></u>