

Company number: 145650

Charity number: 249972
Company number: 145650

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

Directors report and financial statements
for the year ended 31 December 2009

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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 2009

Ex-officio directors

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

The Dean of Canterbury
Canon Mark Roberts
Mr Raymond Harris - Chairman
Mrs Caroline Spencer

Elected directors

Mrs Judy Blount
Mr Andrew Collie
Mr Christopher Gabriel
Reverend Stephen Laird
Mr Lionel Marchant
Mr Barrie Marshall

Canon Sheila McLachlan
Miss Audrey Morris
Reverend Colin Preece
Reverend John S Richardson
Mrs Margaret Tilley

Charity Registration number

249972

Company Registration number

145650

Principal Officers **Diocesan Secretary**
 Diocesan Accountant

Mr Julian Hills
Mr Rob Trice

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

Mowl & Mowl
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 2009

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 2009. 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

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 2 bishops and 2 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

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

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2009 (continued)

- 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

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 all 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.

Archbishops Council

The members of Archbishops Council are elected by members of the Diocesan Synod and constitute the Board of Trustees of the Diocese. 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

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.

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 a whole day is set aside for the induction and training of all directors. Also Diocesan officers are always on hand to advise directors on supplementary issues.

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2009 (continued)

Organisational structure and decision making

The Board is organised so that the Directors meet regularly to manage its affairs. The principal officers manage the day to day administration of the Board. The remaining staff assist in the administration as appropriate.

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 stipends of our 2 bishops together with the salaries of appropriate secretarial support are borne by the Church Commissioners and are not included in these statements.

Connected Entities

A subsidiary company has been set up. 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
Council for Aid

Risk Management

The directors actively review on a regular basis the major risks which the Board faces and believe that maintaining our free reserves at the level stated above, combined with our annual review of the major strategic, business and operational risks, will provide sufficient resources in the event of adverse conditions. The directors confirm that systems have been established to enable regular reports to be produced so that necessary steps can be taken to mitigate the significant risks.

The key risks facing the Board of Finance are

- Cash flow restrictions arising from the timing of income and capital transactions
- Ensuring continued payment of parish share liabilities

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

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2009 (continued)

Public Benefit (continued)

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

Our Vision is that in every local community of this Diocese 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

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

The Diocese is continually reviewing its strategy for the achievement of its objectives. However in 2009 the Diocese saw the retirement of the Bishop of Dover in November. Accordingly the work on implementing the working strategy for Growing Forward Together Towards 2020 (GFT>>2020) was paused pending the arrival of the new bishop.

During the year the financial constraints of the economic environment began to be felt in parishes and diocese alike. The pressures on parishes were reflected upon the diocese in calls for increases in Parish Share to be minimised. Additionally a possible substantial increase in clergy pension contributions mooted by the Church of England Pensions Board brought about a fundamental review of diocesan priorities. Bishop Stephen at the July Diocesan Synod spoke of the need for the diocese and its parishes to face up to the challenges to get priorities right, to use lay and ordained resources more effectively and to work together more appropriately. Overall, now was the time for action. We had talked about it in the past and passed motions about it but now was the time to do something. In determining our priorities we needed to understand the future ministry that we needed to provide and make sure that our spending was in support of those aims. We would not be hurried into undertaking an ill-judged cost cutting exercise.

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 Board has strived to ensure the continuing financing of ministry in the parishes of the diocese and the maintenance of its central administrative and support services. This work was hampered by the very exceptional economic

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2009 (continued)

conditions that have prevailed throughout the year both in the UK and throughout the world. In 2009 there has been a modest recovery in the value of the Board's limited investments, but low investment returns and an inability to sell off vacant and redundant property as the need arose has meant cash flow has been severely restricted. In addition the high level of accumulated Parish Share arrears from a minority of parishes together with a high level of property repair costs through the exceptional numbers of incumbent interregna has caused additional pressures upon cash resources.¹ The ability of the Board to assist parishes in providing its local ministry has accordingly been hampered by these exceptional conditions.

The financial performance of the Board shows an operational surplus on unrestricted funds for the year of £403. This is much improved from the previous year's exceptional loss of £816k. The Board has been very careful to put measures in place to ensure that a loss of the level experienced in 2008 is not repeated again. It had been hoped that in fact the diocese would have broken even in 2009 had it not been due to significant pressures in the parts of the budgets incurred locally and delegated nationally relating to the training of ordinands and curates. It remains a significant problem for the Church of England as a whole to easily anticipate these vitally important future training costs.

The Parish Share collection rate improved slightly in 2009 to 95.3% from 94.7% whilst the level of recoverable arrears rose from £845k to £1,292k. Efforts are ongoing to try to improve this situation for the benefit of all parishes.

The diocese continues to engage with parishes on a number of strategic matters as part of its Growing Forward Together Towards 2020 policy. In this efforts are being made to respond to the declining numbers of full time stipendiary ministers by laying the appropriate framework for the structure of a "mixed economy" of ministry. As a result discernment of calling to the ministry both ordained and lay and appropriate authorised training are both essential if the future challenges are to be met. The aging nature of many congregations is of particular concern and efforts to help parishes engage in mission and ministry to young people and families continue to be made. The Parish Grants scheme was successfully introduced in 2009 and help target vital funds to those parishes which most need it.

The Diocese in 2009 remained committed to stimulating mission throughout the area and for a further £459k in funding was made to various mission projects representing an increase over the £326k spent in 2008. These funds represented continuing expenditure those ongoing projects where awards had previously been made. No new mission grants were made to projects in 2009 and the fund is now fully committed.

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 2009 this would yield holdings of between £1.3m and £1.8m. 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.

Reserves Policy (continued)

At the end of 2009 the Board's working reserves were £837k being below this range although a number of properties are being prepared for sale. In this respect the Canterbury Diocesan Strategic Development Company is preparing to undertake work in optimising the proceeds of sale on these properties.

Investment policy and performance

The year saw a small recovery in many of the world financial markets and diocesan investments recovered £118k of the previous years losses.

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 2009.

- 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 an overall outgoing net movement in funds of £158k for the year and the reasons for this are explained below.

Important transactions during the year

- The Board budgeted to receive £7.1m in Parish Shares to cover the costs of the Ministry, Support Services and Mission. Overall general funds showed a surplus of £403 which reflected the following significant above budget items:

➤ Discounts on early payment of parish share	+£71k
➤ Refund of Ministry cost during parish vacancies	+£285k

offset by a number of budgetary savings elsewhere.

- The Board's funds at 31 December 2009 stood at £10.4m summarised as follows:

	£m
Unrestricted funds	1.4
Designated funds	5.8
Restricted funds	1.6
Endowment funds	1.6

Financial performance (continued)

The present level of funds is adequate for the future plans and commitments in continuing the Board's policies and the directors consider the financial position to be satisfactory. However the Directors are aware that the ability of the Board to continue to resource local ministry will be compromised by those parishes that fail to meet their Parish Share commitments especially those in periods of interregna.

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.

The Directors of the Board are aware of the difficulties currently being experienced in the associated charity, the Canterbury Diocesan Board of Education, caused by the judgement in the Fraser & Fraser Reverter case. Proceedings in this case are expected to be fully resolved in 2010. Loan capital of £369k has already been made available. It is understood that remedial action to replace lost reserves of the Board of Education to a workable level may be necessary when the outcomes in all cases of redundant school property are properly determined.

Principal funding

Around 83% of the income of the CDBF comes from the Parish Share and 8% from the Church Commissioner allocations.

Plans for the future

With the appointment of the new Bishop of Dover the diocese will attempt to re-focus its strategy of Growing Forward Together Towards 2020 in partnership with deaneries to ensure the ongoing viability and sustainability of its Diocesan wide mission and ministry. It is expected that the structures of the diocese will undergo significant review and thereby potential change over the coming year, but there remains a commitment to growing the mission and ministry of the church in the diocese.

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 2009 was £1.26m.

In 2000 the Board arranged for the Central Board of Finance Investment Office to take over the administration of investments held on behalf of parishes, with the exception of Endowment Funds. The Board is still administering investments with a book value of £3.1m.

The assets of these funds are held separately from those of the Board.

Diocesan Board of Finance
's' Report for the year ended 31 December 2009 (continued)

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.

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.

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2009 (continued)

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 25 March 2010 and signed on its behalf

A handwritten signature in black ink, appearing to be 'R. L. H.', written in a cursive style.

Director

Independent Auditors' 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 2009 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The responsibilities of the Directors, who are also the trustees of the charity for the purposes of charity law, for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with those financial statements. In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

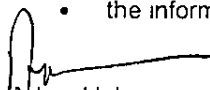
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report is consistent with the financial statements.



Adam Halsey

Senior Statutory Auditor
for and on behalf of Haysmacintyre
Chartered Accountants and Statutory Auditors
25 March 2010

Fairfax House
15 Fulwood Place
London
WC1V 6AY

Canterbury Diocesan Board of Finance

Statement of financial activities
for the year ended 31 December 2009

	Note	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2009 £	Total 2008 £
Incoming Resources							
Incoming resources from generated funds							
- Voluntary income	2	111,692	28,532	-	-	140,224	280,748
- Investment income	3	207,730	136,672	166	-	344,568	366,779
Incoming resources from charitable activities	4	7,880,173	-	-	-	7,880,173	7,394,414
Other incoming resources	5	10,748	180,886	50,000	-	241,634	493,397
Total incoming resources		8,210,343	346,090	50,166	-	8,606,599	8,535,338
Resources Expended							
Charitable activities		8,194,078	712,981	32,435	-	8,939,494	9,305,428
Governance costs	9	15,862	-	-	-	15,862	12,438
Total Resources Expended	6	8,209,940	712,981	32,435	-	8,955,356	9,317,866
Net (outgoing)/incoming resources for the year		403	(366,891)	17,731	-	(348,757)	(782,528)
Other recognised gains and losses							
Realised gains/(losses) on investments		-	54,736	17,489	-	72,225	(31,070)
Unrealised gains/(losses) on investments		7,367	35,612	9,222	65,891	118,092	(964,334)
Net movements in Funds		7,770	(276,543)	44,442	65,891	(158,440)	(1,777,932)
Balances brought forward at 1 January 2009		1,430,610	6,016,345	1,552,371	1,580,330	10,579,656	12,357,588
Balances carried forward at 31 December 2009		1,438,380	5,739,802	1,596,813	1,646,221	10,421,216	10,579,656

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 2009

	Note	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2009 £	Total 2008 £
Fixed Assets							
Tangible fixed assets	12	2,689,933	4,245,220	10,000	-	6,945,153	7,275,477
Investments	13	186,405	772,878	1,249,419	1,646,221	3,854,923	3,864,631
		2,876,338	5,018,098	1,259,419	1,646,221	10,800,076	11,140,108
Current Assets							
Debtors	14	2,113,297	65,315	17,000	-	2,195,612	2,193,084
Debtors - inter fund		(1,485,032)	1,176,965	308,067	-	-	-
Cash at bank and on short term deposit		650,878	180,461	12,327	-	843,666	313,766
		1,279,143	1,422,741	337,394	-	3,039,278	2,506,850
Creditors -							
Amounts falling due within one year	15	(2,022,787)	(210,826)	-	-	(2,233,613)	(1,868,093)
		(743,644)	1,211,915	337,394	-	805,665	638,757
Net Current Assets/(Liabilities)							
Total assets less current liabilities		2,132,694	6,230,013	1,596,813	1,646,221	11,605,741	11,778,865
Creditors -							
Amounts falling due after more than one year	16	(694,314)	(490,211)	-	-	(1,184,525)	(1,199,209)
		1,438,380	5,739,802	1,596,813	1,646,221	10,421,216	10,579,656
Charity Funds		1,438,380	5,739,802	1,596,813	1,646,221	10,421,216	10,579,656

The financial statements were approved and authorised for issue by the Directors on 25 March 2010 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 2009

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Total income	8,210,343	346,090	50,166	8,606,599	8,535,338
Less Total expenditure	8,209,940	712,981	32,435	8,955,356	9,317,866
Income less expenditure for the year	403	(366,891)	17,731	(348,757)	(782,528)
Net expenditure for the year	403	(366,891)	17,731	(348,757)	(782,528)

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 2009**

	Note	2009 £	2008 £
Net cash outflow from operating activities	A	(123,889)	(167,122)
Investment income		344,568	366,779
Non operational cash flows			
Capital expenditure and financial investment			
Payments for tangible fixed assets		(17,297)	(1,474,602)
Proceeds from sales of tangible fixed assets		252,641	357,043
Payments for investments		-	(12,414)
Proceeds from sales of investments		144,559	289,913
Net cash (outflow) for the year	B	<u>600,582</u>	<u>(640,403)</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	(158,440)	(1,777,932)
Investment income	(344,568)	(366,779)
Depreciation	150,446	155,230
(Gain)/loss on disposal of fixed assets	-	(57)
Realised (Gain)/loss on sale of investments	(72,225)	30,670
Unrealised (gain)/loss on investments	(118,092)	933,664
Decrease in stock	-	10,295
Increase in creditors falling due within one year	436,202	853,244
(Increase) in debtors	(2,528)	(332,370)
(Decrease)/increase in creditors falling due after one year	(14,684)	326,913
Net cash outflow from operating activities	<u>(123,889)</u>	<u>(167,122)</u>

B Analysis of changes in cash during the year

	2009 £	2008 £	Change in Year £
Cash at bank less bank overdraft	<u>843,666</u>	<u>243,084</u>	<u>600,582</u>

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2009

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 2009 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 2009

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 £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 2006 and the Board's contribution rate was revised with effect from 1 April 2008.

At 31 December 2009 the Board had 24 active members and 11 deferred pensioner members in the Fund.

Diocesan Board of Finance

**to the financial statements
for the year ended 31 December 2009**

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 2009

2 Voluntary income

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Donations	8,062	16,491	-	24,553	52,939
Legacies	-	-	-	-	112,280
Grants - EIG	103,630	-	-	103,630	102,605
Grants - Other	-	12,041	-	12,041	12,924
	111,692	28,532	-	140,224	280,748

3 Investment income

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Rent	60,364	-	-	60,364	65,196
CBF Fixed interest Fund	41,713	2,625	-	44,338	46,141
CBF Investment Fund	55,292	26,664	-	81,956	87,167
CBF Property Fund	58,358	13,407	-	71,765	75,522
CBF Deposit Fund	2,104	2,663	166	4,933	45,087
Other interest income/(paid)	(10,101)	7,999	-	(2,102)	13,674
Pastoral Fund income	-	83,314	-	83,314	33,992
	207,730	136,672	166	344,568	366,779

4 Incoming resources from charitable activities

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Parish share	7,170,251	-	-	7,170,251	6,724,684
Church Commissioners	709,922	-	-	709,922	669,730
	7,880,173	-	-	7,880,173	7,394,414

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2009

5 Other incoming resources

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Church Commissioners	-	180,886	-	180,886	226,302
Property transferred in	-	-	-	-	250,000
Sale of Glebe	-	-	50,000	50,000	-
Other incoming resources	10,748	-	-	10,748	17,095
	<u>10,748</u>	<u>180,886</u>	<u>50,000</u>	<u>241,634</u>	<u>493,397</u>

6 Total resources expended

	Direct Activity £	Grants Payable £	Support Costs £	Total 2009 £	Total 2008 £
Parochial Ministry	4,855,429	475,234	1,121,285	6,451,948	7,059,268
Training	1,501,759	12,651	143,039	1,657,449	1,488,128
Senior Clergy	163,009	-	17,884	180,893	177,225
Mission	213,430	417,980	33,656	665,066	580,807
	<u>6,733,627</u>	<u>905,865</u>	<u>1,315,864</u>	<u>8,955,356</u>	<u>9,305,428</u>

7 Grants payable

	Number	Total 2009 £	Number	Total 2008 £
Parish - Ministry & Mission	29	298,214	-	-
Clergy widows and spouses	10	9,971	12	12,678
Mission Initiatives	43	459,300	43	325,772
Spirituality	10	5,068	3	6,730
Deaf Ministry	1	31,358	1	11,160
Redundant churches	-	-	-	-
Pastoral grants to churches	-	-	2	11,616
Training - additional financial resources	23	12,651	18	14,624
Retired Clergy - Taylor Bequest	1	18,811	2	30,493
Extra parochial ministry	6	70,492	7	41,387
	<u>123</u>	<u>905,865</u>	<u>88</u>	<u>454,460</u>

Notes to the financial statements
for the year ended 31 December 2009

8 Allocation of Support costs

	Parochial Ministry £	Training £	Senior Clergy £	Mission £	Total 2009 £	Total 2008 £
Education	125,000	-	-	-	125,000	120,000
Stewardship & Gift Aid	100,431	-	-	-	100,431	87,822
Communications and publishing	61,553	-	-	-	61,553	68,626
Diocesan Advisory Committee	81,041	-	-	-	81,041	83,430
Criminal Records	27,694	-	-	-	27,694	31,977
Vacancy in See Committee	-	-	1,055	-	1,055	-
Pastoral Committee	11,752	2,595	305	610	15,262	21,649
Registry and legal services	23,001	5,078	597	1,195	29,871	27,764
Office management and administration	410,491	90,628	10,662	21,324	533,105	453,055
General Synod & miscellaneous	202,641	44,739	5,263	10,527	263,170	272,952
Management charge	14,700	-	-	-	14,700	14,489
Depreciation	62,982	-	-	-	62,982	65,977
	<u>1,121,286</u>	<u>143,040</u>	<u>17,882</u>	<u>33,656</u>	<u>1,315,864</u>	<u>1,247,741</u>

9. Governance costs

	Total 2009 £	Total 2008 £
Internal audit costs	-	(4,127)
Auditors' remuneration	<u>15,862</u>	<u>16,565</u>
	<u>15,862</u>	<u>12,438</u>

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2009

10 Staff costs

	Total 2009 £	Total 2008 £
Staff costs were as follows		
Wages and salaries	670,193	557,415
Social security costs	58,934	42,305
Other pension costs	137,758	171,671
	<u>866,885</u>	<u>771,391</u>

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

	2009 No	2008 No
Support for clergy, parishes and people	<u>29.5</u>	<u>28</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 (2008 £Nil), benefits in kind (2008 £Nil), or reimbursement of expenses (2008 £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 stipends of the diocesan and suffragan bishops are 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 2009 at £9,680 (2008 £12,380)

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2009

12 Tangible fixed assets

	Diocesan Property £	Investment Property £	Office Equipment £	Total £
Cost				
At 1 January 2009	7,727,783	10,000	373,551	8,111,334
Additions	-	-	17,297	17,297
Disposals	(221,405)	-	(2,543)	(223,948)
At 31 December 2009	7,506,378	10,000	388,305	7,904,683
Depreciation				
At 1 January 2009	545,569	-	290,288	835,857
Charge for the year	100,673	-	49,773	150,446
On disposals	(24,583)	-	(2,190)	(26,773)
At 31 December 2009	621,659	-	337,871	959,530
Net book value				
At 31 December 2009	6,884,719	10,000	50,434	6,945,153
At 31 December 2008	7,182,214	10,000	83,263	7,275,477

	2009 £	2008 £
Diocesan Property (included above)		
Freehold Land	2,472,715	2,544,343
Diocesan property - Freehold land & buildings	2,639,499	2,677,190
Ministry housing - Freehold land & buildings	4,245,220	4,505,024
	6,884,719	7,182,214
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 2009

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 Board has an equity share only in the following property, which is included in the above total:
19 Fulbert Drive, Bearsted (60% equity)

c) 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
104 Norfolk Road, Cliftonville
25 St Peter's Street, Deal

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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2009

13 Fixed asset investments

	2009 Cost £	2009 Market value £	2008 Cost £	2008 Market value £
Unlisted investments				
Central Board of Finance				
Investment Fund - Income Shares 163,034 59 units (2008 176,701 70)	685,726	1,666,833	816,101	1,652,356
Investment Fund - Accum Shares 20,260 43 units (2008 20,260 43)	193,971	329,947	193,971	287,193
Fixed Interest - Income Shares 502,490 62 (2008 502,490 62)	757,208	777,152	757,208	809,914
Fixed Interest - Accum Shares 3,383 96 units (2008 3,383 96)	5,848	11,946	5,848	11,773
Property Fund - Income Shares 913,556 91 units (2008 913,556 91)	1,164,331	1,069,044	1,164,331	1,103,394
Crowebridge Housing	1	1	1	1
	<u>2,807,085</u>	<u>3,854,923</u>	<u>2,937,460</u>	<u>3,864,631</u>

	2009 £	2008 £
Brought forward 1 January	3,864,631	5,106,464
Additions	-	12,414
Disposals	(127,800)	(289,913)
Unrealised gains/(losses)	<u>118,092</u>	<u>(964,334)</u>
Carried forward 31 December	<u>3,854,923</u>	<u>3,864,631</u>

Canterbury Diocesan Board of Finance

Notes to the financial statements
for the year ended 31 December 2009

14 Debtors

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Due after more than one year					
Loans - unsecured	41,817	42,754	-	84,571	295,151
Loans - secured	160,000	-	-	160,000	160,000
Due within one year					
Parish shares	1,126,697	-	-	1,126,697	1,023,764
Other debtors	155,377	-	-	155,377	130,060
Loans - secured	-	-	17,000	17,000	22,000
Prepayments	244,612	-	-	244,612	244,094
Loans - unsecured	384,794	22,561	-	407,355	318,015
	<u>2,113,297</u>	<u>65,315</u>	<u>17,000</u>	<u>2,195,612</u>	<u>2,193,084</u>

15 Creditors Amounts falling due within one year

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Bank overdraft	-	-	-	-	70,682
Other loans	54,000	2,000	-	56,000	68,000
Variable debit loans (note b)	-	9,212	-	9,212	12,041
Permanent loans	5,760	-	-	5,760	6,047
Appleton Trust loans (note c)	18,959	-	-	18,959	18,959
Value linked loans (note d)	296,481	199,614	-	496,095	474,915
Other creditors	1,560,047	-	-	1,560,047	1,073,650
Deferred income	87,540	-	-	87,540	143,799
	<u>2,022,787</u>	<u>210,826</u>	<u>-</u>	<u>2,233,613</u>	<u>1,868,093</u>

(a) Included in the figure of creditors above are the In Service Training (CME) grants not taken up at the Balance Sheet date of £31k (2008 £40k)

(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 event 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 2008 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.

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2009

16 Creditors Amounts falling due after more than one year

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Building Society loans	676,256	462,023	-	1,138,279	1,138,279
Variable debit loans	-	28,188	-	28,188	37,400
Permanent loans	18,058	-	-	18,058	23,530
	<u>694,314</u>	<u>490,211</u>	<u>-</u>	<u>1,184,525</u>	<u>1,199,209</u>

Creditors include amounts not wholly repayable within 5 years as follows

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Repayable by instalments	-	-	-	-	-
other than by instalments	676,256	462,023	-	1,138,279	1,138,279
	<u>676,256</u>	<u>462,023</u>	<u>-</u>	<u>1,138,279</u>	<u>1,138,279</u>

The above relates to four 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 2009

18 Designated Funds

	Balance at 1 January 2009 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ Losses £	Balance at 31 December 2009 £
Ministry Housing	3,813,126	12,041	(62,982)	(218,002)	-	3,544,183
Spirituality Funds	141,600	7,422	(5,068)	-	4,459	148,413
Witney	512,154	26,679	(49,141)	-	31,303	520,995
Holiday	17,197	83	-	-	172	17,452
Pastoral Fund						
- DPA	478,714	83,314	(73,670)	218,002	55,466	761,826
- DPA Development	518,108	8,929	-	-	-	527,037
Mission Initiatives						
- Eunice Fund	64,353	2,784	(9,320)	-	1,234	59,051
- Luman Fund	33,748	-	-	-	-	33,748
- Mission Initiatives	248,054	6,669	(417,980)	202,827	(2,286)	37,284
- Mission & Ministry	53,941	180,886	(32,000)	(202,827)	-	-
Deaf Ministry	30,327	382	(31,358)	-	-	(649)
Taylor Bequest	81,787	-	(18,811)	-	-	62,976
Training						
- Additional Financial Resources (AFR)	23,236	16,901	(12,651)	-	-	27,486
	<u>6,016,345</u>	<u>346,090</u>	<u>(712,981)</u>	<u>-</u>	<u>90,348</u>	<u>5,739,802</u>

Transfers

- 1) The transfer from Ministry Housing fund to DPA of £218k relates to the sale of properties
- 2) The transfer from Mission & Ministry to Mission Initiatives represents funding for grants paid

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2009

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 Gabriels's Retreat House and is used for

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

(iii) Witney Fund

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

(iv) Holiday Fund

The purpose of this fund is to assist clergy and 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) Deaf Ministry

This fund initially consisted of a proportion (30/96ths) of the sale proceeds of the church of Bertha the Queen, Canterbury This sum has been expended in support of the Deaf Ministry carried out by Church in Society The deficit is expected to be recovered from the Canterbury Diocesan Association for the Deaf

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

(ix) 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 2009

19 Restricted Funds

	Balance at 1 January 2009 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ Losses £	Balance at 31 December 2009 £
Stipends Capital	1,190,148	50,013	(18,264)	-	(33,531)	1,188,366
Clergy & Spouses Retirement Fund	362,223	153	(14,171)	-	60,242	408,447
	<u>1,552,371</u>	<u>50,166</u>	<u>(32,435)</u>	<u>-</u>	<u>26,711</u>	<u>1,596,813</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

Transfers

- 1) The transfer from Stipends Capital to Unrestricted funds represents the purchase of clergy housing

Canterbury Diocesan Board of Finance

Notes to the financial statements
for the year ended 31 December 2009

20 Endowment Funds

	Balance at 1 January 2009 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ (Losses) £	Balance at 31 December 2009 £
Ministry Trust	1,157,386	-	-	-	46,200	1,203,586
Clergy Training	311,910	-	-	-	14,522	326,432
Tait Mission	111,034	-	-	-	5,169	116,203
	<u>1,580,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,891</u>	<u>1,646,221</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

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2009

21 Contingent liabilities

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

22 Pension commitments

- Clergy

The Canterbury DBF participates in the Church of England Funded Pension Scheme and employs 140 members of the Scheme out of a total membership of approximately 10,000 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 2006. This revealed a shortfall of £141m, with assets of £468m and a funding target of £609m assessed using the following assumptions

- investment return 4.25% on gilts and 5.75% on equities,
- increase in pensionable stipends 4.6%
- pensions increases 3.1%

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 £854,610 (2008 £779,287). Following the results of this valuation, the DBF's contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008. 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.

- 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 £22,875 (2008 £14,687). Amounts of £Nil (2008 £Nil) were payable to the fund at 31 December 2009.

The Board also participates in the Church of England Defined Benefits Scheme, part of the Church workers Pension Fund. At 31 December 2009 the Board had 21 active members and 12 deferred pensioner members in the Fund. The Scheme Actuary has calculated that the notional deficit was £825k as at 31 December 2008 and it has been agreed to pay this amount over 10 years.

23 Connected Entity

The Canterbury Diocesan Board of Finance has a subsidiary, The Canterbury Diocesan Strategic Developments Ltd, which will undertake trading activity. The Company has not yet started trading, but will be used to maximise the return on redundant property.

Canterbury Diocesan Board of Finance

Notes to the Financial Statements
for the year ended 31 December 2009

Custodian Trusteeship Funds	2009 £	2008 £
TRUST FUNDS	<u>3,114,852</u>	<u>3,167,775</u>
Represented by		
FIXED ASSETS		
Freehold property	250,000	-
Investments	<u>1,953,263</u>	<u>1,954,005</u>
	<u>2,203,263</u>	<u>1,954,005</u>
CURRENT ASSETS		
Central Board of Finance Deposit Fund	906,527	1,208,145
Cash and bank deposits	<u>5,107</u>	<u>7,958</u>
	911,634	1,216,103
CURRENT LIABILITIES		
Creditors	(45)	(2,333)
NET CURRENT ASSETS	<u>911,589</u>	<u>1,213,770</u>
NET ASSETS	<u>3,114,852</u>	<u>3,167,775</u>

INVESTMENTS	2009 Cost	2009 Market value	2008 Cost	2008 Market value
Listed investments	21,813	91,105	21,813	80,178
Unlisted investments				
Central Board of Finance				
Investment Fund - Income Shares	1,170,639	2,559,249	1,170,698	2,352,175
Investment Fund - Accum Shares	102,119	132,918	102,119	115,695
Fixed Interest - Income Shares	459,485	476,292	480,168	516,537
Property Fund - Income Shares	165,571	145,337	145,571	128,274
Global Equity - Income Shares	33,636	43,903	33,636	39,325
	<u>1,953,263</u>	<u>3,448,804</u>	<u>1,954,005</u>	<u>3,232,184</u>

Canterbury Diocesan Board of Finance

Notes to the Financial Statements
for the year ended 31 December 2009

Custodian Trusteeship Funds	2009 £	2008 £
TRUST FUNDS ACTIVITY		
Balance at 1 January 2009	3,167,775	3,136,607
Add		
New Funds received	22,509	82,679
Profit on sale of investments	11,936	86,301
Donations and interest	78,180	86,808
Tax recovered on Gift Aid	<u>1,264,116</u>	<u>1,152,898</u>
	4,544,516	4,545,293
Less		
Funds withdrawn	(165,548)	(224,620)
Disbursement of tax recovered on Gift Aid	<u>(1,264,116)</u>	<u>(1,152,898)</u>
	<u>3,114,852</u>	<u>3,167,775</u>