

Company number: 145650

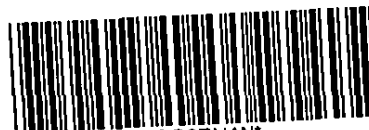
Charity number: 249972

Company number: 145650

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

Directors report and financial statements
for the year ended 31 December 2010

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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 2010

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
Mrs Naomi Lumutenga (to Nov 2010)
Mrs Valerie Wallis (From Dec 2010)
Rev Canon Arthur Houston

Rev Canon Tony Oehring
Rev Hilary Jones
Mr Barrie Marshall
Canon Rosemary Walters
Mrs Margaret Tilley (to Nov 2010)
Mrs Jean Winn (from Dec 2010)

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 2010

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 2010. 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

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

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2010 (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

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. 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 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.

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2010 (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, but has yet to trade. 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

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.

**Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2010 (continued)**

Public Benefit (continued)

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

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. We are committed to facilitating the growth of these local worshipping communities by encouraging service and witness

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. In February 2010 we welcomed Bishop Trevor Willmott as the new Bishop of Dover and began to understand his wish to restructure the work of the Diocese in order to better achieve these objectives. As a result at the November Diocesan Synod it was agreed to gather the work of the diocese around 5 key frameworks

- Ministry and Training
- Local Church Development
- Education
- Communities and Partnership
- Resources, Management and Compliance

A member of the Episcopal Staff Team will relate to each of these frameworks and each member of Archbishop's Council is required to actively work in at least one

It was also agreed that in order to best lead the diocese in its developing responsibilities for ministry, mission and communities that we should use the Church Commissioners grant for the provision of the Suffragan bishopric of Maidstone to finance the work of a third Archdeacon. Accordingly the diocese now has a new archdeaconry of Ashford and the borders of Canterbury and Maidstone have been redrawn to bring this about

We believe that this new structure and leadership will best serve the diocese in its mission and ministries to our communities in the 21st century

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

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2010 (continued)

Activities and performance

The diocese is very aware of the economic environment and the financial constraints this imposes upon the diocese and its parishes. After a loss of £1.8m in 2008 the diocese's first priority was to ensure that our operations became financially sustainable and after break even in 2009 an operational surplus of £28k has been achieved in 2010. Although the financial performance of the Board shows an operational surplus on unrestricted funds for the year of £336k this does include property sales of £308k.

We have also taken steps to improve the working capital of the diocese and a programme of disposal of redundant properties is under way which will be concluded in 2011. This has resulted in an improvement of working capital by £352k or 44% and this will further improve in 2011. The Parish Share collection rate improved slightly in 2010 to 95.4% from 95.3% whilst the level of recoverable arrears rose from £1,126k to £1,164k. 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 and to resolve past arrears.

The Diocese in 2010 remained committed to stimulating mission throughout the area and for a further £196k in funding was made to various mission projects representing a decrease over the £459k spent in 2009. These funds represented continuing expenditure those ongoing projects where awards had previously been made. No new mission grants were made to projects in 2010 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 2010 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 2010 the Board's working reserves were £1,335k being below this range although further 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 continued recovery in many of the world financial markets and diocesan investments recovered £207k of the previous 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 2010.

- 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

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2010 (continued)

Investment policy and performance (continued)

- 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 incoming net movement in funds of £256k for the year and the reasons for this are explained below

Important transactions during the year

- The Board budgeted to receive £7.3m in Parish Shares to cover the costs of the Ministry, Support Services and Mission. Overall general funds showed an operational surplus of £336k which reflected the following significant above budget items
 - Discounts on early payment of parish share -£28k
 - Refund of Ministry cost during parish vacancies -£335k
 - Sale of properties + £309k

offset by a number of budgetary savings elsewhere

- The Board's funds at 31 December 2010 stood at £10.6m summarised as follows

	£m
Unrestricted funds	1.2
Designated funds	6.5
Restricted funds	1.2
Endowment funds	1.7

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 and the losses incurred of around £850K. Loan capital of £392k has been made available and remedial action to replace lost reserves of the Board of Education to a workable level will be determined in early 2011.

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2010 (continued)

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 diocese has been focussing its efforts on appointing a new Archdeacon to the senior leadership team and ensuring that the new structures of the diocese begin to work to bear fruit. 2011 has been designated a Year of Discipleship and it is hoped that we will see much greater partnership with our communities, effective ministry and growth.

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 2010 was £1.14m.

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.

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.

Canterbury Diocesan Board of Finance
Directors' Report for the year ended 31 December 2010 (continued)

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 7 April 2011 and signed on its behalf



Raymond Harris - Director

Independent Auditor's Report to the Members of the Canterbury Diocesan Board of Finance

We have audited the financial statements of Canterbury Diocesan Board of Finance for the year ended 31 December 2010 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.

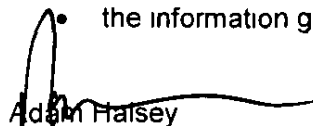
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**Independent Auditor's Report to the Members of the
Canterbury Diocesan Board of Finance**

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 2010 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
7 April 2011

Fairfax House
15 Fulwood Place
London
WC1V 6AY

Canterbury Diocesan Board of Finance

Statement of financial activities for the year ended 31 December 2010

	Note	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2010 £	Total 2009 £
Incoming Resources							
Incoming resources from generated funds							
- Voluntary income	2	137,749	135,002	-	-	272,751	140,224
- Investment income	3	288,033	74,690	56	-	362,779	344,568
Incoming resources from charitable activities	4	7,945,961	-	-	-	7,945,961	7,880,173
Other incoming resources	5	321,416	161,534	634,344	-	1,117,294	241,634
Total incoming resources		8,693,159	371,226	634,400	-	9,698,785	8,606,599
Resources Expended							
Charitable activities		8,339,111	524,873	768,036	-	9,632,020	8,939,494
Governance costs	9	17,400	-	-	-	17,400	15,862
Total Resources Expended	6	8,356,511	524,873	768,036	-	9,649,420	8,955,356
Net (outgoing)/incoming resources for the year		336,648	(153,647)	(133,636)	-	49,365	(348,757)
This is represented by							
Surplus on normal activities		27,808					
Net proceeds on property sales		308,840					
Net (outgoing)/incoming resources for the year		336,648					
Transfers		(565,267)	882,663	(317,396)	-	-	-
Net (outgoing)/incoming resources for the year		(228,619)	729,016	(451,032)	-	49,365	(348,757)
Other recognised gains and losses							
Realised gains on investments		-	-	-	-	-	72,225
Unrealised gains on investments		10,912	45,598	62,908	87,335	206,753	118,092
Net movements in Funds		(217,707)	774,614	(388,124)	87,335	256,118	(158,440)
Balances brought forward at 1 January 2010		1,438,380	5,739,802	1,596,813	1,646,221	10,421,216	10,579,656
Balances carried forward at 31 December 2010		1,220,673	6,514,416	1,208,689	1,733,556	10,677,334	10,421,216

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 2010

	Note	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2010 £	Total 2009 £
Fixed Assets							
Tangible fixed assets	12	1,545,740	5,052,894	10,000	-	6,608,634	6,945,153
Investments	13	197,315	818,478	1,312,327	1,733,556	4,061,676	3,854,923
		1,743,055	5,871,372	1,322,327	1,733,556	10,670,310	10,800,076
Current Assets							
Debtors	14	2,114,755	41,043	17,000	-	2,172,798	2,195,612
Debtors - inter fund		(851,037)	1,021,150	(170,113)	-	-	-
Cash at bank and on short term deposit		1,137,655	173,308	39,475	-	1,350,438	843,666
		2,401,373	1,235,501	(113,638)	-	3,523,236	3,039,278
Creditors:-							
Amounts falling due within one year	15	(2,235,202)	(130,434)	-	-	(2,365,636)	(2,233,613)
		166,171	1,105,067	(113,638)	-	1,157,600	805,665
Net Current Assets/(Liabilities)							
Total assets less current liabilities		1,909,226	6,976,439	1,208,689	1,733,556	11,827,910	11,605,741
Creditors:-							
Amounts falling due after more than one year	16	(688,553)	(462,023)	-	-	(1,150,576)	(1,184,525)
		1,220,673	6,514,416	1,208,689	1,733,556	10,677,334	10,421,216
Charity Funds		1,220,673	6,514,416	1,208,689	1,733,556	10,677,334	10,421,216

The financial statements were approved and authorised for issue by the Directors on 7 April 2011 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 2010

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Total income	8,693,159	371,226	634,400	9,698,785	8,606,599
Less Total expenditure	8,356,511	524,873	768,036	9,649,420	8,955,356
Income less expenditure for the year	336,648	(153,647)	(133,636)	49,365	(348,757)

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 2010

	Note	2010 £	2009 £
Net cash outflow from operating activities	A	(375,393)	(123,889)
Investment income		362,779	344,568
Non operational cash flows			
Capital expenditure and financial investment			
Payments for tangible fixed assets		(318,725)	(17,297)
Proceeds from sales of tangible fixed assets		838,111	252,641
Payments for investments		-	-
Proceeds from sales of investments		-	144,559
Net cash (outflow) for the year	B	506,772	600,582

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	256,118	(158,440)
Investment income	(362,779)	(344,568)
Depreciation	125,973	150,446
(Gain)/loss on disposal of fixed assets	(308,840)	-
Realised (Gain)/loss on sale of investments	-	(72,225)
Unrealised (gain)/loss on investments	(206,753)	(118,092)
(Decrease)/increase in creditors falling due within one year	132,023	436,202
Decrease/(Increase) in debtors	22,814	(2,528)
Increase/(decrease) in creditors falling due after one year	(33,949)	(14,684)
Net cash outflow from operating activities	(375,393)	(123,889)

B Analysis of changes in cash during the year

	2010 £	2009 £	Change in Year £
Cash at bank less bank overdraft	1,350,438	843,666	506,772

Notes to the financial statements
for the year ended 31 December 2010

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 2010 can be summarised as follows:

84% - Parochial Ministry
11% - Training
2% - Senior Clergy
3% - 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 2010

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 2007 and the Board's contribution rate was revised with effect from 1 April 2009.

At 31 December 2010 the Board had 18 active members and 14 deferred pensioner members in the Fund.

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2010

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 2010

2. Voluntary income

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Donations	8,081	25,773	-	33,854	24,553
Grants - EIG	104,668	-	-	104,668	103,630
Grants - Other	25,000	109,229	-	134,229	12,041
	137,749	135,002	-	272,751	140,224

3 Investment income

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Rent	141,066	-	-	141,066	60,364
CBF Fixed interest Fund	41,183	2,624	-	43,807	44,338
CBF Investment Fund	56,948	24,011	-	80,959	81,956
CBF Property Fund	56,408	13,733	-	70,141	71,765
CBF Deposit Fund	1,171	798	56	2,025	4,933
Other interest income/(paid)	(8,743)	199	-	(8,544)	(2,102)
Pastoral Fund income	-	33,325	-	33,325	83,314
	288,033	74,690	56	362,779	344,568

4. Incoming resources from charitable activities

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Parish share	7,281,081	-	-	7,281,081	7,170,251
Church Commissioners	664,880	-	-	664,880	709,922
	7,945,961	-	-	7,945,961	7,880,173

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2010

5 Other incoming resources

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Church Commissioners	-	161,534	-	161,534	180,886
Property transferred in	-	-	600,000	600,000	-
Sale of Glebe	-	-	34,344	34,344	50,000
Sale of Properties	308,840	-	-	308,840	-
Other incoming resources	12,576	-	-	12,576	10,748
	321,416	161,534	634,344	1,117,294	241,634

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

6. Total resources expended

	Direct Activity £	Grants Payable £	Support Costs £	Total 2010 £	Total 2009 £
Parochial Ministry	6,126,865	374,098	1,121,033	7,621,996	6,451,948
Training	1,366,468	17,453	141,115	1,525,036	1,657,449
Senior Clergy	166,921	-	16,602	183,523	180,893
Mission	126,141	159,521	33,203	318,865	665,066
	7,786,395	551,072	1,311,953	9,649,420	8,955,356

7. Grants payable

	Number	Total 2010 £	Number	Total 2009 £
Parish - Ministry & Mission	23	265,707	29	298,214
Clergy widows and spouses	10	9,018	10	9,971
Mission Initiatives	33	196,219	43	459,300
Spirituality	15	4,220	10	5,068
Deaf Ministry	-	-	1	31,358
Redundant churches	-	-	-	-
Pastoral grants to churches	-	-	-	-
Training - additional financial resources	26	17,453	23	12,651
Retired Clergy - Taylor Bequest	3	3,270	1	18,811
Extra parochial ministry	5	55,185	6	70,492
	115	551,072	123	905,865

Canterbury Diocesan Board of Finance

Notes to the financial statements
for the year ended 31 December 2010

8. Allocation of Support costs

	Parochial Ministry £	Training £	Senior Clergy £	Mission £	Total 2010 £	Total 2009 £
Education	142,103	-	-	-	142,103	125,000
Stewardship & Gift Aid	96,010	-	-	-	96,010	100,431
Communications and publishing	50,695	-	-	-	50,695	61,553
Diocesan Advisory Committee	78,815	-	-	-	78,815	81,041
Criminal Records	24,203	-	-	-	24,203	27,694
Vacancy in See Committee	-	-	-	-	-	1,055
Pastoral Committee	11,391	2,515	296	592	14,794	15,262
Registry and legal services	31,729	7,005	824	1,648	41,207	29,871
Office management and administration	387,335	85,515	10,061	20,121	503,032	533,105
General Synod & miscellaneous	208,712	46,079	5,421	10,842	271,055	263,170
Management charge	15,050	-	-	-	15,050	14,700
Depreciation	74,989	-	-	-	74,989	62,982
	<u>1,121,033</u>	<u>141,115</u>	<u>16,602</u>	<u>33,203</u>	<u>1,311,953</u>	<u>1,315,864</u>

9. Governance costs

	Total 2010 £	Total 2009 £
Auditors' remuneration	<u>17,400</u>	<u>15,862</u>
	<u>17,400</u>	<u>15,862</u>

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2010

10 Staff costs

	Total 2010 £	Total 2009 £
Staff costs were as follows		
Wages and salaries	596,604	670,193
Social security costs	47,093	58,934
Other pension costs	105,497	137,758
	<u>749,194</u>	<u>866,885</u>

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

	2010 No	2009 No.
Support for clergy, parishes and people	<u>26</u>	<u>29 5</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 (2009 £Nil), benefits in kind (2009 £Nil), or reimbursement of expenses (2009 £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 2010 at £9,740 (2009 £9,680)

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2010

12. Tangible fixed assets

	Diocesan Property £	Investment Property £	Office Equipment £	Total £
Cost				
At 1 January 2010	7,506,378	10,000	388,305	7,904,683
Additions	307,023	-	11,702	318,725
Disposals	(546,697)	-	-	(546,697)
At 31 December 2010	7,266,704	10,000	400,007	7,676,711
Depreciation				
At 1 January 2010	621,659	-	337,871	959,530
Charge for the year	93,384	-	32,589	125,973
On disposals	(17,426)	-	-	(17,426)
At 31 December 2010	697,616	-	370,460	1,068,076
Net book value				
At 31 December 2010	6,569,087	10,000	29,547	6,608,634
At 31 December 2009	6,884,719	10,000	50,434	6,945,153

	2010 £	2009 £
Diocesan Property (included above)		
Freehold Land	1,998,443	2,472,715
Diocesan property - Freehold land & buildings	1,516,193	2,639,499
Ministry housing - Freehold land & buildings	5,052,894	4,245,220
	6,569,087	6,884,719
Investment Property	2010 £	2009 £
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 2010

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.

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2010

13. Fixed asset investments

	2010 Cost £	2010 Market value £	2009 Cost £	2009 Market value £
Unlisted investments				
Central Board of Finance				
Investment Fund - Income Shares 163,034 59 units (2009 163,034 59)	685,726	1,786,729	685,726	1,666,833
Investment Fund - Accum Shares 20,260 43 units (2009 20,260 43)	193,971	370,511	193,971	329,947
Fixed Interest - Income Shares 502,490 62 (2009 502,490 62)	757,208	782,478	757,208	777,152
Fixed Interest - Accum Shares 3,383 96 units (2009 3,383 96)	5,848	12,717	5,848	11,946
Property Fund - Income Shares 913,556 91 units (2009 913,556 91)	1,164,331	1,109,241	1,164,331	1,069,044
Crowebridge Housing	1	1	1	1
	<u>2,807,085</u>	<u>4,061,676</u>	<u>2,807,085</u>	<u>3,854,923</u>

	2010 £	2009 £
Brought forward 1 January	3,854,923	3,864,631
Disposals	-	(127,800)
Unrealised gains	<u>206,753</u>	<u>118,092</u>
Carried forward 31 December	<u>4,061,676</u>	<u>3,854,923</u>

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2010

14. Debtors

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Due after more than one year					
Loans - unsecured	14,403	23,214	-	37,617	84,571
Loans - secured	160,000	-	-	160,000	160,000
Due within one year					
Parish shares	1,163,920	-	-	1,163,920	1,126,697
Other debtors	145,933	-	-	145,933	155,377
Loans - secured	-	-	17,000	17,000	17,000
Prepayments	203,529	-	-	203,529	244,612
Loans - unsecured	426,970	17,829	-	444,799	407,355
	2,114,755	41,043	17,000	2,172,798	2,195,612

15 Creditors: Amounts falling due within one year

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Other loans	42,000	2,000	-	44,000	56,000
Variable debit loans (note b)	-	-	-	-	9,212
Permanent loans	5,760	-	-	5,760	5,760
Appleton Trust loans (note c)	18,959	-	-	18,959	18,959
Value linked loans (note d)	296,481	128,434	-	424,915	496,095
Other creditors	1,443,165	-	-	1,443,165	1,560,047
Deferred income	38,837	-	-	38,837	87,540
Mortgages	390,000	-	-	390,000	-
	2,235,202	130,434	-	2,365,636	2,233,613

(a) Included in the figure of creditors above are the In Service Training (CME) grants not taken up at the Balance Sheet date of £23k (2009 £31k)

(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 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.

Canterbury Diocesan Board of Finance

Notes to the financial statements

for the year ended 31 December 2010

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

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Building Society & Bank loans	676,256	462,023	-	1,138,279	1,138,279
Variable debit loans	-	-	-	-	28,188
Permanent loans	12,297	-	-	12,297	18,058
	<u>688,553</u>	<u>462,023</u>	<u>-</u>	<u>1,150,576</u>	<u>1,184,525</u>

Creditors include amounts not wholly repayable within 5 years as follows

	Unrestricted Fund £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
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 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 2010

18. Designated Funds

	Balance at 1 January 2010 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ Losses £	Balance at 31 December 2010 £
Ministry Housing	3,544,183	-	(74,989)	991,243	-	4,460,437
Spirituality Funds	148,413	7,473	(4,220)	-	7,084	158,750
Witney	520,995	27,206	(49,285)	-	33,903	532,819
Holiday	17,452	28	-	-	771	18,251
Pastoral Fund						
- DPA	761,826	33,369	(70,857)	(108,580)	-	615,758
- DPA Development	527,037	513	-	-	-	527,550
Mission Initiatives						
- Eunice Fund	59,051	2,599	(4,698)	-	2,020	58,972
- Luman Fund	33,748	-	-	-	-	33,748
- Mission Initiatives	37,284	3,336	(159,521)	129,534	1,820	12,453
- Mission & Ministry	-	161,534	(32,000)	(129,534)	-	-
Deaf Ministry	(649)	649	-	-	-	-
Taylor Bequest	62,976	-	(3,270)	-	-	59,706
Training						
- Additional Financial Resources (AFR)	27,486	25,939	(17,453)	-	-	35,972
	<u>5,739,802</u>	<u>262,646</u>	<u>(416,293)</u>	<u>882,663</u>	<u>45,598</u>	<u>6,514,416</u>

Transfers

£

1) The transfer to Ministry Housing fund is made up as follows

To Stipends Capital Fund - ministry property transferred to benefice	(282,604)
From DPA re capital repayments of Church Commissioner Loans	108,580
From General Board Properties - reclassifying ministry houses	<u>1,165,267</u>
	<u>991,243</u>

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 2010

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 teh 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 2010

19 Restricted Funds

	Balance at 1 January 2010 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ Losses £	Balance at 31 December 2010 £
Stipends Capital	1,188,366	634,348	(754,718)	(317,396)	22,344	772,944
Clergy & Spouses Retirement Fund	408,447	52	(13,318)	-	40,564	435,745
	<u>1,596,813</u>	<u>634,400</u>	<u>(768,036)</u>	<u>(317,396)</u>	<u>62,908</u>	<u>1,208,689</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 Mowl Will Trust

Transfers

The transfers amount out of Stipends Capital consists of

- 1) The transfer out of Stipends Capital to Unrestricted funds representing two former clergy houses nominally valued at £300,000 each
- 2) The transfer into the Fund in respect of a designated fund ministry house transferred to Parsonage property amounting to £282,604

Canterbury Diocesan Board of Finance

Notes to the financial statements for the year ended 31 December 2010

20 Endowment Funds

	Balance at 1 January 2010 £	Incoming Resources £	Resources Expended £	Transfers £	Gains/ (Losses) £	Balance at 31 December 2010 £
Ministry Trust	1,203,586	-	-	-	63,312	1,266,898
Clergy Training	326,432	-	-	-	18,088	344,520
Tait Mission	116,203	-	-	-	5,935	122,138
	<u>1,646,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,335</u>	<u>1,733,556</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

**Notes to the financial statements
for the year ended 31 December 2010**

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 137 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 £939,069 (2009 £854,610). 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 £30,363 (2009 £22,875). Amounts of £Nil (2009 £Nil) were payable to the fund at 31 December 2010.

The Board also participates in the Church of England Defined Benefits Scheme, part of the Church workers Pension Fund. At 31 December 2010 the Board had 18 active members and 14 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 2010

Custodian Trusteeship Funds	2010 £	2009 £
TRUST FUNDS	<u>3,093,328</u>	<u>3,114,852</u>
Represented by		
FIXED ASSETS		
Freehold property	250,000	250,000
Investments	<u>2,041,279</u>	<u>1,953,263</u>
	<u>2,291,279</u>	<u>2,203,263</u>
CURRENT ASSETS		
Central Board of Finance Deposit Fund	794,792	906,527
Cash and bank deposits	<u>7,214</u>	<u>5,107</u>
	802,006	911,634
CURRENT LIABILITIES		
Creditors	43	(45)
NET CURRENT ASSETS	<u>802,049</u>	<u>911,589</u>
NET ASSETS	<u>3,093,328</u>	<u>3,114,852</u>

INVESTMENTS	2010 Cost	2010 Market value	2009 Cost	2009 Market value
Listed investments	111,530	129,930	21,813	91,105
Unlisted investments				
Central Board of Finance				
Investment Fund - Income Shares	1,168,900	2,709,211	1,170,639	2,559,249
Investment Fund - Accum Shares	102,119	149,258	102,119	132,918
Fixed Interest - Income Shares	459,523	479,594	459,485	476,292
Property Fund - Income Shares	165,571	150,802	165,571	145,337
Global Equity - Income Shares	33,636	47,225	33,636	43,903
	<u>2,041,279</u>	<u>3,666,021</u>	<u>1,953,263</u>	<u>3,448,804</u>

Canterbury Diocesan Board of Finance

**Notes to the Financial Statements
for the year ended 31 December 2010**

Custodian Trusteeship Funds	2010 £	2009 £
TRUST FUNDS ACTIVITY		
Balance at 1 January 2010	3,114,852	3,167,775
Add		
New Funds received	73,379	22,509
Profit on sale of investments	91,149	11,936
Donations and interest	60,648	78,180
Tax recovered on Gift Aid	<u>1,141,902</u>	<u>1,264,116</u>
	4,481,930	4,544,516
Less		
Funds withdrawn	(246,700)	(165,548)
Disbursement of tax recovered on Gift Aid	<u>(1,141,902)</u>	<u>(1,264,116)</u>
	<u><u>3,093,328</u></u>	<u><u>3,114,852</u></u>

INCOME AND EXPENDITURE ACCOUNT
December 2010

	Year to Date			Full Year			
	2010 Actual	2010 Budget	% Bud	Estimated out-turn	2010 Budget	2009 Actual	% Bud
Expenses							
MINISTRY COSTS	3,654,829	3,614,280	101 1%	3,654,829	3,614,280	3,504,538	101 1%
MINISTRY HOUSING COSTS	1,013,464	1,188,840	85 2%	1,013,464	1,188,840	998,096	85 2%
MINISTRY COSTS	4,668,293	4,803,120	97 2%	4,668,293	4,803,120	4,502,634	97 2%
Training							
Grants to Ordinands	87,052	55,800	156 0%	87,052	55,800	65,944	156 0%
Income towards ordinands	(25,075)	(25,900)	96 8%	(25,075)	(25,900)	(24,695)	96 8%
Costs of Director of Ordinands	46,098	43,170	106 8%	46,098	43,170	42,294	106 8%
National Ordination Training	242,895	199,619	121 7%	242,895	199,619	237,794	121 7%
Min Cost of Training Curates	733,445	766,365	95 7%	733,445	766,365	770,672	95 7%
Bishops Days	952	2,000	47 6%	952	2,000	50	47 6%
	1,085,366	1,041,054	104 3%	1,085,366	1,041,054	1,092,059	104 3%
Board of Ministry & Training Gross	256,026	406,663	63 0%	256,026	406,663	385,005	63 0%
COST OF TRAINING	1,341,393	1,447,717	92 7%	1,341,393	1,447,717	1,477,065	92 7%
Senior Clergy							
Bishops (Housing and Office Rent)	19,027	17,375	109 5%	19,027	17,375	17,427	109 5%
Archdeacons	108,123	112,012	96 5%	108,123	112,012	102,168	96 5%
Bishop's Chaplain expenses	10,837	7,132	152 0%	10,837	7,132	12,338	152 0%
Child Protection & Vulnerable Adults	28,935	29,160	99 2%	28,935	29,160	30,656	99 2%
COST OF SENIOR CLERGY	166,922	165,679	100 8%	166,922	165,679	162,589	100 8%
Services							
Board of Education	130,000	130,000	100 0%	130,000	130,000	125,000	100 0%
Board of Education - Schools/Youth	12,103	-	-	12,103	-	-	-
Stewardship	55,845	62,115	89 9%	55,845	62,115	60,738	89 9%
Gift Aid Department	40,165	41,415	97 0%	40,165	41,415	39,693	97 0%
Communications Dept	30,545	36,555	83 6%	30,545	36,555	23,326	83 6%
Publishing Department	20,150	69,943	28 8%	20,150	69,943	25,227	28 8%
Diocesan Advisory Committee	78,815	86,017	91 6%	78,815	86,017	81,041	91 6%
Criminal Records Bureau	24,203	32,150	75 3%	24,203	32,150	27,694	75 3%
Vacancy in See Committee	-	-	-	-	-	1,055	-
COST OF SERVICES	391,827	458,195	85 5%	391,827	458,195	383,775	85 5%
Administration							
General Synod & National costs	263,956	259,529	101 7%	263,956	259,529	254,068	101 7%
Administration							
Board of Finance - General	125,552	144,487	86 9%	125,552	144,487	161,237	86 9%
Accounts	140,404	149,543	93 9%	140,404	149,543	124,007	93 9%
Pension Fund deficit	72,809	82,191	88 6%	72,809	82,191	72,809	88 6%
IT	40,137	50,286	79 8%	40,137	50,286	42,418	79 8%
Office Management	124,129	144,708	85 8%	124,129	144,708	132,633	85 8%
Total Administration	503,031	571,215	88 1%	503,031	571,215	536,522	88 1%
Pastoral Committee	14,794	21,847	67 7%	14,794	21,847	15,262	67 7%
Redundant Churches Uses Committee	-	-	-	-	-	-	-
Mission & Ministry Grant (Parish Share)	265,707	340,000	78 1%	265,707	340,000	298,214	78 1%
Diocesan Registry	41,207	28,860	142 8%	41,207	28,860	29,871	142 8%
Misc and contingency	7,099	15,000	47 3%	7,099	15,000	9,101	47 3%
COST OF ADMINISTRATION	1,095,794	1,236,451	88 6%	1,095,794	1,236,451	1,139,620	88 6%
SPECIALISED MINISTRIES FUND							
Licensed Lay Workers	(0)	-	-	-	-	-	-
University Chaplaincy	37,092	40,910	90 7%	37,092	40,910	42,961	90 7%
Rural Officer	22,998	23,319	98 6%	22,998	23,319	23,390	98 6%
Industrial Chaplaincy	1,050	1,200	87 5%	1,050	1,200	1,082	87 5%
Childrens Missioner	(0)	-	-	-	-	-	-
Diocesan Missioners	35,114	45,050	77 9%	35,114	45,050	33,748	77 9%
Council for Social Responsibility	278	93,442	0 3%	278	93,442	87,795	0 3%
Association for the Deaf	2,249	8,996	25 0%	2,249	8,996	8,996	25 0%
Disability Officer	-	10,500	0 0%	-	10,500	8,704	0 0%
Churches together in Kent	3,651	3,651	100 0%	3,651	3,651	3,651	100 0%
Outlook Newspaper	19,360	15,000	129 1%	19,360	15,000	14,132	129 1%
Board of Mission	10,249	9,100	112 6%	10,249	9,100	10,322	112 6%
COST OF SPECIALISED MINISTRIES	132,041	251,168	52 6%	132,041	251,168	234,781	52 6%
Unidentified Savings	-	(68,000)	-	-	(68,000)	-	-
TOTAL COST OF SHARED SERVICES	3,127,977	3,491,210	89 6%	3,127,977	3,491,210	3,397,830	89 6%
Income							
Church Commissioners allocation	664,880	664,880	100 0%	664,880	664,880	709,922	100 0%
Stipend Fund income	46,871	75,000	62 5%	46,871	75,000	47,975	62 5%
Trust income	71,866	75,000	95 8%	71,866	75,000	71,668	95 8%
Glebe income	12,119	12,000	101 0%	12,119	12,000	10,248	101 0%
Other Investment Income	11,698	33,000	35 4%	11,698	33,000	11,060	35 4%
EIG Grant	104,668	104,000	100 6%	104,668	104,000	103,630	100 6%
Rents	51,066	65,000	78 6%	51,066	65,000	60,364	78 6%
Other income	25,000	3,000	833 3%	25,000	3,000	531	833 3%
Total Income	988,167	1,031,880	95 8%	988,167	1,031,880	1,015,398	95 8%
PARISH SHARE INCOME GROSS	7,309,553	7,297,450	100 2%	7,309,553	7,297,450	7,240,995	100 2%
Discounts given	(28,472)	(35,000)	-	(28,472)	(35,000)	(70,777)	-
Provision for arrears	(110,000)	-	-	(110,000)	-	-	-
Parish Vacancies	(335,167)	-	-	(335,167)	-	(284,749)	-
PARISH SHARE INCOME NET	6,835,914	7,262,450	94 1%	6,835,914	7,262,450	6,885,469	94 1%
Gross Surplus/(Deficit)	27,811	(0)	-	27,811	-	403	-