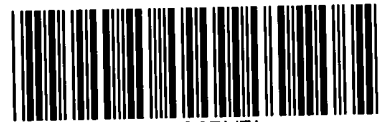


Gloucester Diocesan Board of Finance Annual Report & Accounts 2016

WEDNESDAY



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20/09/2017

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COMPANIES HOUSE



Board of directors

Rt Revd Rachel Treweek (President)
Colin Rank (Chair)
Ven Phil Andrew (appointed 11th March 2017)
Revd Craig Bishop
Revd Nicholas Bromfield
Very Revd Stephen Lake
Anthony McFarlane
Revd Canon Richard Mitchell (retired 4th
February 2017)
Henry Russell
Ven Jackie Searle
Graham W Smith
Rt Revd Robert Springett
Michael Storey
Prof Jennifer Tann
Mrs Anna Venables
Prof Patricia Broadfoot
Revd Katrina Scott
Revd Canon Helen Sammon
Canon Karen Czapiewski
Martin Kingston (appointed 21st February 2017)

principal officers

Benjamin Preece Smith – *Secretary*
Julie Ridgway – *Head of Finance*

solicitor

Jos Moule; Diocesan Registrar
Veale Wasborough Vizards
Orchard Court, Orchard Lane
Bristol BS1 5WS

bankers

Barclays Bank plc
288 Britannia Warehouse
The Docks Gloucester GL1 2Y

registered office

Church House
College Green Gloucester GL1 2LY

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auditors

haysmacintyre
26 Red Lion Square,
London
WC1R 4AG

investment managers

CCLA Investment Management Ltd
80 Cheapside
London EC2V 6DZ

Company limited by guarantee
Registered number 162165
Registered charity number 251234

How have we done – some highlights

number of stipendiary clergy funded by the DBF

2016:	2015:	change:
122	125	-2.4%

Stipendiary vacancies at 31st December 2016 were 14 (2015:10)

parish share contributions

2016:	2015:	change:
£6.3m	£6.1m	+3.2%

general fund surplus/(deficit):

2016:	2015:	change:
£289k	£(415k)	+170%

The Board has an aspiration to see an ongoing net surplus in its general funds. Despite an overall general fund surplus this was not achieved in 2016.

General Fund surplus per SOFA:	£289k
Add back Good & Faithful Servant Limited profit:	(£719k)
Pension deficit payments:	£145k
Equivalent ongoing deficit:	(£285k)

balance sheet value (net assets)

2016:	2015:	change:
£74m	£70m	+5.7%

Directors' report

for the year ended 31 December 2016

Structure, Governance and Management

The Gloucester Diocesan Board of Finance (DBF) is a company limited by guarantee and a registered charity. Its governing instrument is the Memorandum and Articles of Association. Its membership comprises:

- The Bishop of Gloucester as president, ex-officio.
- Each and every member for the time being of the Diocesan Synod.
- Members co-opted to ensure that lay members constitute a majority of the DBF.

Elections and co-options take place every three years. The current triennium started in September 2015. The DBF, which meets three times each year, is the principal policy making body. It takes advice from its Board of Directors, constituted as the Bishop's Council, which examines issues in detail and makes recommendations. The Council also take executive action in certain matters and deals with day to day issues. The membership of the Bishop's Council is as follows:

Ex-officio members:

- The Bishop of Gloucester
- The Chair of the DBF
- The Bishop of Tewkesbury
- The Dean of Gloucester
- The Archdeacon of Gloucester
- The Archdeacon of Cheltenham
- The Chair of the House of Clergy of the Diocesan Synod
- The Chair of the House of Laity of the Diocesan Synod
- The Chair of the Diocesan Board of Education
- A nominated representative of the Houses Committee
- A nominated representative of the Diocesan Advisory Committee

Members elected by the DBF – House of Clergy

- Two clergy members of the DBF from the Archdeaconry of Gloucester
- Two clergy members of the DBF from the Archdeaconry of Cheltenham
- One Proctor in Convocation from among the members of General Synod

Members elected by the DBF – House of Laity

- Three lay members of the DBF from the Archdeaconry of Gloucester
- Three lay members of the DBF from the Archdeaconry of Cheltenham
- One lay member from among the members of General Synod

Co-opted members and nominations

- Up to two members may be co-opted by the Bishop's Council
- Up to two members may be nominated by the Bishop

Directors' report

for the year ended 31 December 2016

Structure, Governance and Management (continued)

Trustees are recruited, as indicated above, through a mixture of ex-officio positions, elections and nominations. The Nominations Committee in conjunction with the Diocesan Secretary oversee membership elections.

A new induction pack for trustees was developed from 2015; further development resources will be made available through the life of the current triennium.

The DBF was assisted in its work during the year by a number of committees:

- Finance Committee (Chair: Colin Rank) acts in all matters relating to the management of the DBF's finances, including setting policy, framing the budget, critically reviewing the budget to ensure value for money and monitoring financial performance;
- Audit Committee (Chair: Bruce Evans) reports to the DBF on matters relating to the auditors, the annual accounts and internal controls. It also acts as the risk management group;
- Glebe Committee (Chair: Timothy Griffin) acts in all matters relating to the management of glebe properties and the strategic conversion of glebe assets to maximise returns;
- Houses Committee (Chair: Anthony McFarlane) discharges the responsibilities of the DBF in its capacity as the Diocesan Parsonages Board and acts in all matters relating to the provision and maintenance of clergy houses.

During 2017 the DBF has been exploring bringing the Finance and Houses Committee together, into a new Resources Committee.

The DBF is the financial custodian for the Diocese of Gloucester, which is an administrative and pastoral area within the Church of England. The DBF therefore has important relationships with the national institutions of the Church of England, specifically:

- Archbishops' Council, to which it pays grants based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.
- Church Commissioners, from which the DBF receives grants and which acts for tax and national insurance purposes as the pseudo-employer of diocesan clergy. The DBF pays for clergy stipends through the Church Commissioners.
- Church of England Pensions Board, which provide pensions for clergy and DBF's lay staff.

Locally, the DBF works with Parochial Church Councils (PCCs) which are legally independent bodies that pay contributions, based on an apportionment system, to the DBF to fund its activities. The DBF is a tenant of the Dean and Chapter of Gloucester Cathedral, from whom it rents office accommodation.

The DBF manages various charities on behalf of their respective trustees, for which grants and management charges are paid, namely the Voluntary Schools Fund (VSF) and the Charity of Ann Edwards (AEC).

Directors' report

for the year ended 31 December 2016

Strategic Aims

The main role of the Gloucester Diocesan Board of Finance ("the DBF"), as set out in the Memorandum of Association, is *"to promote and assist the work, objects and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Gloucester"*.

In pursuing this objective, the DBF acts as the financial executive of and employer for the Gloucester Diocesan Synod. As such it undertakes three principle activities:

- It funds costs associated with the vast majority of Church of England clergy in the diocese,
- It is responsible for the custody and management of the synod's funds.
- It provides services to other organizations within the diocese, primarily PCCs and schools.

LIFE Vision

During 2016 the Diocesan Synod adopted a new Vision: LIFE, an acronym of Leadership, Imagination, Faith and Engagement. The vision is centred on John 10:10 and Christ's promise to bring us "life in all its fullness".

LIFE began with a dedicated time of led listening through conversation and prayer based around three questions:

- What is your hope or vision for your local community in the next five years?
- How might the Church be part of this?
- What is your opinion of the Church of England in your local community?

This approach is based on an understanding of the Holy Spirit's inspiration being a shared truth of the people of God and not a limited insight for those in Church leadership positions. It was intended from this wisdom of the people to identify lenses through which the diocesan Mission could be viewed.

The responses to these questions were captured, analysed and summarised before being distilled by a small group led by Bishop Rachel into the conceptual vision "Life in all its fullness" articulated as four themes (leadership, imagination, faith and engagement) and fourteen priority areas for action.

Directors' report

for the year ended 31 December 2016

Priority areas

The priority areas for the LIFE Vision are:

Leadership: Committed to transformation

1. Developing diverse lay and ordained leaders from the communities we serve
2. Piloting liberating models of leadership and ministry, especially in multi-parish benefices
3. Creating learning networks for lay and ordained leaders

Imagination: Opening new paths to faith

4. Investing in our engagement with baptism families to continue an amazing adventure with Jesus Christ
5. Placing schools at the heart of our mission with creative connections between churches and schools
6. Encouraging new and courageous ways of worshipping, in different places, which connect with more people
7. Approaching the use, upkeep and future of our church buildings in bold and creative ways

Faith: Living as adventurous followers of Jesus Christ

8. Enabling people to discover new depths to prayer and spiritual growth, individually and together
9. Nurturing confident disciples to live out their faith seven days a week
10. Sharing our stories in new and different ways, including through digital media

Engagement: Living out Christ's love and hope

11. Being advocates for human flourishing, through initiatives which combat injustice, environmental destruction, exclusion and isolation
12. Using sport, music and art to build relationships and share the Christian faith
13. Connecting with new housing developments in innovative ways
14. Investing in people and programmes, which excite young people to explore and grow in faith

Directors' report

for the year ended 31 December 2016

Bishop's Staff Team has the principal responsibility for overseeing the LIFE vision through its priority areas. Each priority area has a priority sponsor who sits on Bishop's Staff Team. This role is essentially one of oversight and guidance for the priority as well as providing a connexion to the other priorities, the wider diocese and College Green.

The main leadership of the priority area is provided by a priority leader appointed by Bishop's Staff Team. This person has been identified from around the diocese as having particular skills, expertise and enthusiasm for the priority area. They are a variety of lay and ordained people with a range of positions within and outside the Church, but all dedicated to the wider Vision and the Gospel.

The priority leader is supported by a gathered group of enthusiasts and experts who will provide advice, support and time to realising the agreed aims of the priority area.

The fourteen priority "lenses" are being brought into individual focus through the LIFE Planning Toolkit approved by Bishop's Staff Team and Bishop's Council. This is the responsibility of the priority leader, working with the priority sponsor and priority group. It will take some time for all priority leaders to have completed this process but there is a clear set of expectations and parameters as well as a reporting structure which should be able to frame the work ahead identify resourcing needs, measure progress and name "success" when it comes.

More information is available at www.gloucester.anglican.org/about-us/our-vision/.

Public benefit

The GDBF is a public benefit entity and the directors are aware of the Charity Commission's guidance on public benefit and, in particular, the supplementary guidance for charities whose aims include advancing religion and have regard to that guidance in their administration of the charity.

Directors' report

for the year ended 31 December 2016

Achievements and performance in the year

LIFE

Alongside fulfilling the core objectives of the Trust the principal achievement of 2016 was the development of a new Diocese Vision, outlined above under "Strategic Aims". It will only be possible to provide objective comment on the achievements and performance of the vision from 2017 onwards as the detailed plans are still in development.

Acts of Synod

During 2016 Synod agreed a revised approach to the use of the Diocesan Stipends Fund, agreed delegations of certain functions to the Bishop of Tewkesbury and approved the new diocesan vision: LIFE.

Funding the provision of clergy

The principal expenditure of the board is funding the provision of clergy which constitutes 79% (2015: 75%) of its unrestricted charitable expenditure.

At Diocesan Synod in October 2012 it was agreed to reduce the number of parochial clergy posts by six full time equivalent posts between 2013 and 2015. By the end of 2014 around half of this reduction was made. There are no extant plans to implement further reductions, although there will be year-on-year fluctuations depending on vacancy levels.

The New Ministries Fund paper sets out the Board's policy on how additional ministry may be added to those posts currently funded by the Board should additional funds become available from the sale of glebe land.

Management of Synodical Funds

The investment holdings for GDBF increased by £0.8m during the year or 4.3% compared to CPI of 1.6%. This was broadly in line with underlying market performance however continued market uncertainty post "Brexit" and the currency devaluation which under pins this growth, mean that the Board cannot be complacent about the long term performance of its investments to counteract operating losses.

Provision of Support Services

The support services to the Diocese provided by the Board saw another year of stability, after recent decreases over the previous two years. In 2016 Bishop Rachel commenced a listening exercise in the Diocese, the outcomes of which will affect provision from 2017 onwards.

Directors' report

for the year ended 31 December 2016

Financial Review

Ongoing Activities

The Board has an aspiration to have an ongoing net surplus in its general funds. Despite an overall general fund surplus this was not achieved in 2016.

General Fund surplus per SOFA:	£289k
Add back G&FS profit:	(£719k)
Pension deficit payments:	£145k
Equivalent ongoing deficit:	(£285k)

It is encouraging however that Parish Share is continuing to increase at just above inflation, for two consecutive years for the first time this decade. Early results for 2017 suggest this may be replicated for a third year. Parish share increases and clergy pension costs have been the two largest contributors to persistent deficits, both appear for now to be being managed effectively.

Another burden on the GDBF general funds has been the pension deficit payments on the lay pension scheme, the last instalments of these will be paid in 2017.

House sales of over £2m in early 2017 have replenished general funds, meaning the GDBF is in a cash generative position again.

Glenfall House has been sold for £2.4m, and although completion has yet to take place, the surplus arising on disposal of £857k has been recognised in these accounts. Whilst this is a matter of some sadness in the diocese it is a comfort that it has a new future and the funds will be reinvested for mission through Development Fund grants.

Good and Faithful Servant has contributed well this year, raising £719k in profit. It is hoped this will be exceeded in 2017. Again these funds will be reinvested in mission through the Development Fund.

Overall therefore, whilst complacency should not creep in to diocesan finances, there are good reasons to be optimistic that the finances of the Board face a better future than for many years and will hopefully be well placed to resource the diocese as it seeks to live LIFE in all its fullness.

Policy developments in the year

As noted in the Trustees report last year there was a revised Parish Share model introduced in 2016 and this revised model has achieved an increase of almost £200k compared to 2015, which equates to a 3.2% increase on the previous year.

Directors' report

for the year ended 31 December 2016

Plans for future periods and their principal risks and uncertainties

Plans for future periods

Following the approval of the new LIFE Vision in November 2016 the diocese is currently developing plans for how it will live out the vision through the fourteen priority areas. The structure of this is set out above. Outline plans for future work will be approved in late May 2017, with GDBF resources beginning to be shaped around these plans from later in the year.

Principal risks and uncertainties

The Directors are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Audit Committee on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

The risk register identifies seven areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

Governance and Management:

- Loss of key staff: Managed through professional HR resource and appropriate contracts.
- Safeguarding: Managed via a properly resourced Safeguarding Board overseeing the work of the HR and Safeguarding Department.
- Acting *Ultra-Vires*: Managed by the appropriate use of legal advice and all contracts with significant Church legislative implications being undertaken by the Diocesan Registry.

Operational Risks

- Capacity and use of assets: Overseen by a formally coded Delegation of Authority document with various delegations to the Finance, Glebe and Houses committees.
- Use of Church Buildings: The Advisory Committee on Faculties and Care of Churches (DAC) is resourced and staffed appropriately by the Board and operates to national legislation and guidelines. The Board's involvement in future use of Church Buildings is also strategically managed through the *Journeying Together Action Plan*.

Financial Risks

- Pension obligations: the Board's pension obligations are overseen by the Finance Committee. Any change of policy is authorised directly by the Board.

External Risks

- Demographic of congregations: The Board has contracted with *Experian* to receive detailed demographic information on the Diocese of Gloucester. This has been shared widely, including at two Diocesan Synod meetings. The Board also funds a Children and Families Officer to help resource local Church engagement with younger demographic audiences.

Directors' report

for the year ended 31 December 2016

Investment policy

The DBF maintains a review of its investments through the Finance Committee, which also monitors performance against market benchmarks and considers the adequacy of its investment mix. The Finance Committee retains the services of independent investment advisors to ensure that it receives impartial advice.

The DBF considers that investing in a range of medium-low risk funds across two fund managers serves to spread risk through diversity and uses the investment management skills of professional fund managers to achieve good performance.

For commentary on investment performance please see *Management of Synodical Funds* on page 8.

Reserves policy

The policy of the DBF is to hold between 4 and 8 months of parish share plus the deficit for the year on the general fund in free reserves (i.e. for 2016 between £2.1m and £4.3m). This level is considered prudent to manage for the cash flow deficit experienced each year resulting from parish share contributions being remitted irregularly during the year, (whereas the DBF's expenditure is fairly constant on a month by month basis), and also to allow for unexpected occurrences.

This policy requires updating in the light of the changes in pensions disclosure which has created negative general reserves. The nature of the Board's designated and restricted reserves mean this negative position is not a risk to the Board's going concern, but does require a revised reserves policy, which will be reviewed and updated in 2017.

Directors' report

for the year ended 31 December 2016

Directors' responsibilities in respect of the financial statements

The Directors are required by company law to prepare financial statements, based on applicable accounting standards, which give a true and fair view of the state of affairs of the DBF as at the end of the financial year and of the result of the year and which comply with the Companies Act 2006.

The Directors ensure that, in preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. The Directors have a reasonable expectation that the DBF has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The Directors are also responsible for ensuring that adequate systems of internal control are in operation, for maintaining adequate accounting records, for safeguarding the assets of the DBF and for preventing and detecting fraud and other irregularities. They are also responsible for showing that the assets are applied in accordance with charity law.

Statements as to disclosure of information to auditors

The Directors have taken all the necessary steps to make sure that they are aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware.

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

Appointment of Auditors

The re-appointment of haysmacintyre as auditors to the GDBF will be proposed at the Annual General Meeting.

Directors' report, incorporating the Strategic Report, was approved by the Board of Directors on 24th May 2017.

+ Rachel Gloucester:

+Rachel Gloucester:

President, Gloucester DBF



Colin Rank

Chair, Gloucester DBF

Independent Auditors' Report

To the Members of Gloucester Diocesan Board of Finance

We have audited the financial statements of Gloucester Diocesan Board of Finance for the year ended 31 December 2016 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 trustees and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the Directors (who are also the Trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditors' Report cont

To the Members of Gloucester Diocesan Board of Finance

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:


- The information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

Matters on which we are required to report by exception

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

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



A Halsey

haysmacintyre

Statutory Auditor

26 Red Lion Square

London

WC1R 4AG

Date: 24 May 2017

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated statement of financial activities

for the year ended 31 December 2016

		General fund	Designated funds	Restricted funds	Endowment funds	Total 2016	Total 2015
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income & endowments from							
Donations							
parish share contributions	1	6,296	-	-	-	6,296	6,099
church commissioners	2	33	-	-	-	33	31
grants and other donations	3	312	323	51	-	686	680
Charitable activities – statutory fees and licence to occupy income		525	-	55	-	580	516
Other activities	4	3,028	68	-	-	3,096	1,490
Investments	5	546	15	136	-	697	793
Other	6	44	945	(47)	998	1,940	209
Total		10,784	1,351	195	998	13,328	9,818
Expenditure on							
Raising funds	7	1,910	-	-	-	1,910	938
Charitable activities	8	8,585	590	192	(292)	9,075	9,162
Total		10,495	590	192	(292)	10,985	10,100
Net income/(expenditure) before investment gains		289	761	3	1,290	2,343	(282)
Net gains/(losses) on investments		-	13	153	1,811	1,977	(1,102)
Net income/(expenditure)		289	774	156	3,101	4,320	(1,384)
Transfers between funds		195	-	(20)	(175)	-	-
Other recognised gains/(losses) 25		(4)	-	-	327	323	1,034
Net movement in funds		480	774	136	3,253	4,643	(350)
Total funds brought forward		(1,038)	13,267	2,486	54,832	69,547	69,897
Total funds carried forward		(558)	14,041	2,622	58,085	74,190	69,547

Consolidated summary income & expenditure account

for the year ended 31 December 2016

	2016	2015
	£'000	£'000
Total income	13,328	9,818
Expenditure	(10,985)	(10,100)
<i>Operating surplus/(deficit) for the year</i>	2,343	(282)
Net gains(losses) on investments	1,977	(1,102)
Net income/(expenditure) for the year	4,320	(1,384)

Other comprehensive income:

Net assets transferred to/(from) endowments	175	(1,349)
Actuarial gains/(losses) on defined benefit pension schemes	323	1,033
Total comprehensive income/(expenditure)	498	(316)

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

All income and expenditure is derived from continuing activities.

Full comparatives for the year to 31 December 2015 are shown in note 26.

The notes on pages 23 to 50 form part of these financial statements.

Consolidated balance sheet

as at 31 December 2016

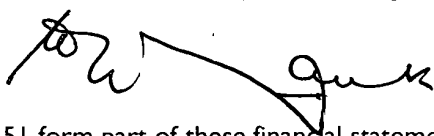
Company number 162165

	Notes	2016 £'000	2015 £'000
Tangible assets	15a	48,621	50,480
Investments	16a	21,593	20,696
Fixed Assets		70,214	71,176
Stock and work in progress	17	1,762	1,636
Debtors: amounts falling due after one year	18a	2,501	524
Debtors: amounts falling due within one year	18a	1,947	847
Cash at bank and in hand		3,262	1,820
Current Assets		9,472	4,827
Creditors: amounts falling due within one year	19a	(1,386)	(1,558)
<i>Net Current Assets (Current assets less creditors <1 year)</i>		8,086	3,269
<i>Total Assets less current liabilities (Fixed Assets plus NCA)</i>		78,300	74,445
Creditors: amounts falling due after one year			
Pension scheme liabilities	25	(2,801)	(3,589)
Other creditors	19a	(1,309)	(1,309)
Net Assets		74,190	69,547
Endowment funds	20,23	58,085	54,832
Restricted funds	20,22	2,622	2,486
Designated funds (unrestricted)	20,21	14,041	13,267
General fund (unrestricted)	20	(558)	(1,038)
Total funds		74,190	69,547

Approved by the Board of Directors on 24th May 2017 and signed on its behalf by

Colin Rank, Chair

Signed: 24th May 2017



The notes on pages 24 to 51 form part of these financial statements.

Parent company balance sheet

as at 31 December 2016

Company number 162165

	Notes	2016 £'000	2015 £'000
Tangible assets	15b	47,142	49,014
Investments	16b	21,639	20,794
Fixed Assets		68,781	69,808
Stock and work in progress	17	-	-
Debtors: amounts falling due after one year	18b	2,501	524
Debtors: amounts falling due within one year	18b	4,281	2,294
Cash at bank and in hand		2,191	1,593
Current Assets		8,973	4,411
Creditors: amounts falling due within one year	19b	(1,227)	(1,489)
<i>Net Current Assets (Current assets less creditors <1 year)</i>		7,746	2,922
<i>Total Assets less current liabilities (Fixed Assets plus NCA)</i>		76,527	72,730
Creditors: amounts falling due after one year			
Pension scheme liabilities	25	(2,801)	(3,589)
Other creditors	19b	(1,309)	(1,309)
Net Assets		72,417	67,832
Endowment funds	20,23	58,334	55,132
Restricted funds	20,22	1,006	977
Designated funds (unrestricted)	20,21	14,041	13,267
General fund (unrestricted)	20	(964)	(1,544)
Reserves		72,417	67,832

Approved by the Board of Directors on 24th May 2017 and signed on its behalf by

Colin Rank, Chair

Signed: 24th May 2017



The notes on pages 24 to 51 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Net cash (used in) / provided by operating activities		(3,876)	(1,120)
Cash flows from investing activities			
Dividends and interest received	5	697	793
Proceeds from sale of tangible fixed assets		3,860	397
Purchase of tangible fixed assets for use by GDBF	15a	(320)	(2,162)
Purchase of fixed asset investments	16a	(422)	(569)
Sale and reclassification of fixed asset investments	16a	1,503	1,553
Net cash provided by investing activities		5,318	12
Cash flows from financing activities			
New loan received by GDBF		-	125
Net cash provided by financing activities		-	125
Change in cash and cash equivalents during year		1,442	(983)
Cash & cash equivalents at 1 January		1,820	2,803
Cash & cash equivalents at 31 December		3,262	1,820
<i>Reconciliation net movement in funds to net cash flow from operating activities:</i>			
Net income/(expenditure) for the year		2,343	(282)
Adjustments for:			
Depreciation and amortisation charges		73	70
Dividends, interest & rent from investments		(697)	(793)
Advancement of loans		-	125
Profit on sale of functional assets		(1,755)	(182)
Increase in stock and work in progress		(126)	(355)
(Increase)/decrease in debtors		(3,077)	343
(Decrease)/increase in creditors		(177)	381
FRS102 – pension adjustment (deficit contribution and interest charge)		(460)	(427)
Net cash used in operating activities		(3,876)	(1,120)
Analysis of cash and cash equivalents			
Cash in bank & in hand		3,262	1,820
Notice deposits (less than 3 months)		-	-
Total cash and cash equivalents		3,262	1,820

Accounting policies

for the year ended 31 December 2016

The principal accounting policies adopted are as follows:

Basis of Accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of listed investments, and in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102). The principle accounting policies and estimation techniques are as follows.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries on a line by line basis. The subsidiaries are Jumping Fish Limited, The Good and Faithful Servant Limited and the Anne Edwards Charity. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The surplus of the parent charity for the year was £2,333k (2015: deficit of £319k).

Gloucester DBF meets the FRS102 definition of a Public Benefit Entity.

Income

Parish Share contributions by parishes are included in the financial statements when received. Donations are recognised when received. Legacies are recognised when there is reasonable certainty as to both entitlement and amount. Grants are generally included in the financial statements when received, to ensure that there is reasonable certainty as to both entitlement and amount. However, in cases where the grant relates to a specific project, it is recognised when the project expenditure takes place. Interest and dividends are included in the financial statements when received. Rental income is recognised in the period to which the rent relates.

Expenditure

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

- i) Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the GDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Accounting policies

for the year ended 31 December 2016

Expenditure (ctd)

- iv) Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) Pension contributions. The GDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as expenditure represent the GDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which GDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.
- vi) Employee benefits. Short term benefits employee benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Going concern

The Directors consider that there are no material uncertainties regarding GDBF's ability to continue as a going concern.

Depreciation

Depreciation on equipment is calculated on a straight line basis at annual rates estimated to write off the assets over their respective expected useful lives, as follows:

Leasehold property improvements	5%	Assets under construction	0%
Office equipment	20%	Office furniture	12½%
Telephone equipment	20%	Computer equipment	25%

No depreciation is provided on clergy houses. As the remaining useful life of these assets exceeds 50 years and a programme of planned maintenance ensures that the residual value does not fall below the carrying value, any depreciation would be immaterial. An annual impairment review is carried out in accordance with FRS102.

Accounting policies

for the year ended 31 December 2016

Tangible fixed assets

Clergy houses owned by the Board as corporate property are included in the financial statements at historical cost.

Clergy houses owned by benefices are included in the financial statements at a carrying value established by the directors and based on a professional valuation in December 2000. Houses acquired since that date are included at cost, and any major improvements are capitalised to the extent that the carrying value does not exceed the estimated net realisable value. Although the Board does not own these houses, it has the responsibility for maintaining them and receives any sale proceeds on disposal if the house becomes surplus under a pastoral scheme. Under FRS102 the Board considers that it has access to the benefits of these houses and also the associated risks and therefore needs to recognise them as assets in the financial statements. Solar PV panels installed on clergy houses are included within the asset value of the house and depreciated on a straight line basis over 25 years.

Fixed asset investments

Listed investments are stated at open market value at the balance sheet date with the gain or loss taken to the Statement of Financial Activities. For units held in managed funds of the Central Board of Finance this is the published bid price. Investment properties, which comprise the glebe portfolio, are stated at directors' valuation. The valuation is arrived at after taking appropriate professional advice and is reviewed each year. Certain short-term cash deposits, which are held for long term investment purposes, are included in fixed asset investments.

Financial Instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently carried at either amortised cost or fair value as noted below.

Stock and WIP

Work in progress is valued at the lower of costs and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. At the end of each reporting period debtors are assessed for evidence of impairment. If an asset is impaired an impairment loss is recognised in the Statement of Financial Activities.

Cash

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity.

Accounting policies

for the year ended 31 December 2016

Creditors

Basic financial liabilities, including trade and other payables and bank loans, are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at transaction price.

Fund accounting

The resources of the Board are classified according to restrictions imposed on their use by donors or by legislation, and in accordance with the SORP, as follows:

- Endowment funds represent money that must be permanently held as capital, and may not be spent as income. Expendable endowment may, however, be spent as income under certain circumstances.
- Restricted funds may only be used for the purposes for which the money was originally gifted or bequeathed to the Board, or as expressed in the trusts under which the funds are held.
- Unrestricted funds are monies available for use at the discretion of the Board. The General Fund is for the day to day running of the Board, and is funded by the parish share. However, certain funds have been earmarked for particular purposes, and these are termed designated funds. Such funds are kept separate for administrative purposes but do not constitute legally separate funds.

Operating leases

Rental payments under operating leases are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

Judgements and estimates

In the application of the accounting policies, the Trustees are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Significant judgements:

Valuation of investment properties - Investment properties are stated at directors' valuation after taking appropriate professional advice.

Depreciation of clergy houses - The Trustees consider that residual value of freehold properties is sufficiently high that depreciation would not be material.

Sources of estimation uncertainty:

In the view of the Trustees there are no sources of estimation uncertainty affecting assets or liabilities at the balance sheet date that are likely to result in a material adjustment to their carrying amounts in the next financial year.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 1

Parish Share

	Committed in 2016 (memo)	Received in 2016 re 2016	Received in 2016 re prior years	2016	2015
	£'000	£'000	£'000	£'000	£'000
Gloucester City	578	575	-	575	556
Severn Vale	572	573	-	573	553
Forest South	426	426	-	426	438
Wotton	683	685	-	685	666
Stroud	700	701	1	702	688
Cheltenham	1,194	1,196	-	1,196	1,137
North Cotswold Deanery	769	761	11	772	741
Cirencester	837	829	13	842	813
Tewkesbury & Winchcombe	554	525	-	525	507
Parish Share contributions	6,313	6,271	25	6,296	6,099

Note 2

Income from the Church Commissioners

	2016	2015
	£'000	£'000
Guaranteed annuities	2	2
Grant re Bishop's share of registrar's retainer	31	29
Church Commissioner grants received	33	31

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 3

	2016	2015
	£'000	£'000
Grants and other donations		
Ecclesiastical Insurance Group grant	111	109
Voluntary Schools Fund grants	260	236
Other grants	216	165
Other restricted grants/donations	51	37
Donations	48	133
Grants and donations	686	680

Note 4

Other activities	Unrestricted	Designated	Restricted	Endowment	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Rental of vacant housing	437	-	-	-	437	443
Other income (SLA etc)	-	11	-	-	11	27
Property development: G&FS*	2,530	-	-	-	2,530	919
Educational services: JF Ltd*	22	-	-	-	22	39
Other income	39	57	-	-	96	62
Total	3,028	68	-	-	3,096	1,490

*The principal activity of Good & Faithful Servant (G&FS) is the development of property, whilst Jumping Fish's (JF Ltd) is the publication of educational materials and professional services, for advertisement of the Christian religion.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 5

Investments	2016	2015
	£'000	£'000
Income from fixed asset investments	546	649
Other interest receivable and similar income	84	77
Rent receivable	67	67
Investments	697	793

Note 6

Other	2016	2015
	£'000	£'000
Gain on disposal of tangible fixed assets*	1,769	179
Annual allowance – national insurance	3	2
Miscellaneous income	168	28
Other	1,940	209

The gain on disposal of tangible fixed assets comprises the gain on the sale of Glenfall House of £857k, with the remainder arising on the sale of five surplus clergy houses.

Note 7

Raising funds	2016	2015
	£'000	£'000
Tenancy costs associated with the letting of vacant properties	66	68
Investment managers' fees	24	22
Property development – G & FS Limited	1,811	829
Educational services – Jumping Fish Limited	9	19
Raising funds	1,910	938

Notes to the consolidated accounts

for the year ended 31 December 2016

	Unrestricted	Designated	Restricted	Endowment	2016 £'000	2015 £'000
Note 8						
Charitable activities						
Contributions to Archbishops' Council						
National Church responsibilities	229				229	223
Training for Ministry	269				269	262
Training of Ordinands – support grants	72				72	98
Pooling of Ordinand support costs	(11)				(11)	(26)
Mission agencies pension contributions	16				16	15
Retired clergy housing costs (CHARM)	88				88	83
	663	-	-	-	663	655
Resourcing Ministry & Mission:						
Parish Ministry						
Stipends and National insurance	3,084	-	41	-	3,125	3,181
Clergy pension contributions	1,064	-	-	-	1,064	1,079
FRS102 adjustment – clergy pension	-	-	-	(320)	(320)	(314)
Housing costs including removal and resettlement grants	1,566	-	-	-	1,566	1,645
Other expenses	164	-	-	-	164	100
	5,878	-	41	(320)	5,599	5,691
Support for parish ministry	2,044	30	119	28	2,221	2,301
	7,922	30	160	(292)	7,820	7,992
Expenditure on Education						
Support for church schools	-	423	-	-	423	392
Other expenditure						
Grants awarded	-	137	10	-	147	99
Charitable activities of Ann Edwards charity	-	-	22	-	22	24
	8,585	590	192	(292)	9,075	9,162

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 9

Analysis of expenditure including the allocation of support costs

	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2016
	£'000	£'000	£'000	£'000
Raising funds	1,910	-	-	1,910
Charitable activities:				
Contributions to Archbishop's Council	-	663	-	663
Resourcing parish ministry	6,692	-	1,128	7,820
Education	263	-	160	423
Other expenditure	135	-	34	169
Total	9,000	663	1,322	10,985

Note 10

Analysis of support costs

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2016	Total funds 2015
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Central administration	1,150	24	74	28	1,276	1,324
Governance:						
External audit	23	-	-	-	23	22
Chancellor and professional fees	18	-	-	-	18	15
Synodical costs	5	-	-	-	5	15
Total	1,196	24	74	28	1,322	1,376

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 11

	2016	2015	2016	2015
Summary of grants made:	number	number	£'000	£'000
Church repairs	1	1	10	10
Development Grants	27	14	137	77
Grants made in the year		15	147	87

Note 12

Net movement in funds is stated after charging:

	2016	2015
	£'000	£'000
Depreciation	73	70
Auditors remuneration - audit	20	19
- non-audit	-	-
Interest on Church Commissioner's loans:		
Loan for Solar Panel installations	5	5
Value Linked Loans on parsonage houses	27	-
Operating leases: Land and buildings (note 24)	33	31
Operating leases: Other (note 24)	8	8

Note 13

Interest on long term loans

	2016	2015
	£'000	£'000
Interest on loans wholly or partly repayable beyond 5 years	59	-

All interest relates to value linked loans, being equity share loans made to the DBF by the Church Commissioners in respect of Parsonage Housing.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 14 Staff costs

	2016	2015
	£'000	£'000
<i>Costs of employees and officer holders</i>		
salaries and stipends	1,400	1,362
social security costs	126	112
other costs	-	-
other pension costs	407	445
Employees, incl. clergy in DBF employment:	1,933	1,919
Stipends	3,046	3,011
social security costs	245	236
pension costs	1,155	1,140
Parochial clergy funded by the DBF:	4,446	4,387

	2016	2015
	Number	Number
<i>Number of employees including clergy in DBF employment</i>		
Full time equivalent	40	38
Parochial clergy funded by the DBF	122	125

The number of employees whose emoluments exceeded £60,000 were as follows:-

Employees earning between £60,001 and £70,000	-	-
Employees earning between £70,001 and £80,000	1	1

The employer's pension contribution for staff earning over £60,000 was £19,300 (2015: £19,068).

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the directors, for planning, directing and controlling the activities of the diocese. During 2016 they were:

Diocesan Secretary and Company Secretary	Benjamin Preece Smith
Director of Education	Rachel Howie (appointed July 2016)
Director of Mission and Ministry	Canon Dr Andrew Braddock
Head of Finance	Julie Ridgway
Head of Human Resources and Safeguarding	Judith Knight
Head of Communications	Lucy Taylor

Remuneration, pensions and expenses for these six employees amounted to £378,706. (2015:£ 395,462)

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 14

Staff costs continued

Directors'/Trustees' emoluments

No Director/Trustee received any remuneration for services as a Director/Trustee. The Directors/Trustees received travelling and out of pocket expenses, totalling £22k (2015 - £15k) in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as Directors/Trustees.

Certain directors of the Board who are also clergy received benefits during the year from the Board as part of its normal charitable activity of providing a stipend and housing for clergy in the diocese.

The following table gives details of the Directors/Trustees who were in receipt of a stipend and or housing provided by the GDBF during the year:

	Stipend	Housing
The Archdeacon of Cheltenham (in vacancy from 1 st December 2016)	Yes	Yes
The Archdeacon of Gloucester	Yes	Yes

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

The stipends of the two Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £34,980 - £42,870 (2015 range £34,460 - £42,240). The annual rate of stipend, funded by the GDBF, paid to Archdeacons in 2016 was £34,180 (2015 £33,670). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2016 at £9,910 (2015 - £9,910).

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 15a Group	<i>Assets under construction</i>	<i>Leasehold property improvements</i>	<i>Freehold Property</i>	<i>Office Equipment</i>	Total
Tangible Fixed Assets					
<i>Cost or valuation:</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2016	100	222	50,210	187	50,719
Additions	8	9	285	18	320
Disposals	(72)	-	(2,034)	-	(2,106)
At 31 December 2016	36	231	48,461	205	48,933
<i>Depreciation:</i>					
At 1 January 2016	-	21	122	96	239
Charge for year	-	13	28	32	73
Disposals	-	-	-	-	-
At 31 December 2016	-	34	150	128	312
<i>Net book value:</i>					
At 1 January 2016	100	201	50,088	91	50,480
At 31 December 2016	36	197	48,311	77	48,621

The Board has vested in it two redundant churches. One is leased to the Methodist Church on a long lease at a peppercorn rent. The other is held pending disposal. No value is attributed to these properties.

The freehold property disposals made in 2016 relate to the sales of 5 surplus clergy houses and the sale of Glenfall House.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 15b Parent	<i>Assets under construction</i>	<i>Leasehold property improvements</i>	<i>Freehold Property</i>	<i>Office Equipment</i>	Total
Tangible Fixed Assets					
<i>Cost or valuation:</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2016	100	222	48,738	187	49,247
Additions	8	9	272	18	307
Disposals	(72)		(2,034)		(2,106)
At 31 December 2016	36	231	46,976	205	47,448
<i>Depreciation:</i>					
At 1 January 2016	-	21	116	96	233
Charge for year	-	13	28	32	73
Disposals					
At 31 December 2016	-	34	144	128	306
<i>Net book value:</i>					
At 1 January 2016	100	201	48,622	91	49,014
At 31 December 2016	36	197	46,832	77	47,142

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 16a Group

Fixed Asset Investments	Properties	Assets under construction	Investments	Total 2016	2015
	£'000	£'000	£'000	£'000	£'000
Market value at 1 Jan 2016	4,150	111	16,435	20,696	22,513
Additions	-	50	372	422	595
Disposals	-	-	(1,503)	(1,503)	(2,513)
Unrealised inv. gains/(losses)	-	-	1,978	1,978	101
Market Val at 31 Dec 2016	4,150	161	17,282	21,593	20,696
<i>Historic cost at 31 Dec 2016</i>	-	-	10,692	10,692	11,369
<i>Gains on investment assets</i>					
Unrealised gains (as above)	-	-	1,978	1,978	101
Glebe revaluation (as above)	-	-	-	-	-
Gain/(loss) realised on disposal	-	-	-	-	-
Total investment gains				1,978	101

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 16b Parent

Fixed Asset Investments	Properties	Assets under construction	Investments	Total 2016	2015
	£'000	£'000	£'000	£'000	£'000
Market value at 1 Jan 2016	4,150	111	16,533	20,794	22,605
Additions	-	50	372	422	597
Disposals	-	-	(1,503)	(1,503)	(2,513)
Unrealised inv. gains/(losses)	-	-	1,926	1,926	105
Market Val at 31 Dec 2016	4,150	161	17,328	21,639	20,794
<i>Historic cost at 31 Dec 2016</i>			11,048	11,048	11,725
<i>Gains on investment assets</i>					
Unrealised gains (as above)	-	-	1,926	1,926	105
Glebe revaluation (as above)	-	-	-	-	-
Gain/(loss) realised on disposal	-	-	-	-	-
Total investment gains	-	-	1,926	1,926	105

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 16b Parent Fixed Asset Investments continued

Investments comprise:-

		Group		Parent	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
(i)	Listed investments (equities)				
	UK Investments	4,333	5,475	4,333	5,475
	Non-UK investments	7,340	5,579	7,340	5,579
	Other	322	232	322	232
		11,995	11,286	11,995	11,286
(ii)	Listed investments (fixed interest)				
	UK Investments	745	529	745	529
Listed Investments total		12,740	11,815	12,740	11,815
(iii)	Unlisted investments				
	Property	3,319	3,386	3,317	3,386
	Fixed Interest	492	496	238	256
	Other	731	738	383	426
(iv)	Good and Faithful Servant Ltd	-	-	650	650
Investments total		17,282	16,435	17,328	16,533

The Diocese has three wholly owned subsidiaries:

Subsidiary name	Company number	Charity number	Share Capital
The Good & Faithful Servant Limited (GFS)	06258385	n/a	£1
Jumping Fish Limited (JF)	06672775	n/a	£1
The Charity of Ann Edwards (AEC)	n/a	263956	Limited by guarantee GDBF sole Trustee

The transactions and balances for these wholly owned subsidiaries were as follows:-

	Income £		Expenditure £		Assets £		Liabilities £		Net assets £	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
GFS	2,530k	919k	1,894k	868k	3,877k	1,803k	3,140k	1,702k	737k	101k
JF	22k	39k	22k	39k	22k	29k	22k	29k	1	1
AEC	85k	79k	30k	32k	2,314k	2,211k	2k	3k	2,314k	2,211k

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 17

Stock and Work In Progress

This comprises work in progress amounting to £1,762k (2015: £1,636k) in relation to property developments being undertaken by the Good & Faithful Servant Ltd.

Note 18a

Consolidated group debtors

	Due within one year		Due after one year	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Prepayments and sundry debtors	1,706	735	-	-
Staff car loans	22	6	12	11
Glenfall House Sale Proceeds	-	-	2,160	-
Loans to parishes and other DBF	184	70	329	513
Parish Giving Scheme	35	36	-	-
Debtors	1,947	847	2,501	524

Prepayments and sundry debtors includes £1.067m (2015: £nil) relating to amounts receivable on contract for Good and Faithful Servant Ltd. Debtors include £89k (2015: £70k) due from related charities. These charities are administered by staff of the Board, but the trustees are separate from the trustees of the Board.

Note 18b

Parent company debtors

	Due within one year		Due after one year	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Prepayments and sundry debtors	398	557	-	-
Staff car loans	22	6	12	11
Loans to parishes ,PGS and other DBF	184	70	329	513
Good & Faithful Servant Ltd (including gift aided donation of £636k for 2016)	3,589	1,594	-	-
Jumping Fish Ltd	20	27	-	-
Voluntary Schools Fund	2	-	-	-
Parish Giving Scheme	35	36	-	-
Diocese of Gloucester Academies Trust	4	4	-	-
Bishops Office	5	-	-	-
Oasis Centre	22	-	-	-
Glenfall House Sale Proceeds	-	-	2,160	-
Debtors	4,281	2,294	2,501	524

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 19a

Consolidated group creditors

	Due within one year		Due after one year	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Accruals and sundry creditors	521	703	-	-
Taxation and social security	35	30	-	-
Loans	60	60	-	-
CBF Loan (Solar Panels)	-	-	875	875
Value Linked Loans (Church Commissioners)	217	217	434	434
Pension scheme liabilities (note 25)				
- Lay defined benefit scheme	145	145	118	254
- Clergy Pension Scheme	408	403	2,683	3,335
Creditors	1,386	1,558	4,110	4,898

Value linked loans from the Church Commissioners are repayable on sale of the property to which they relate. Any capital profit or loss arising on sale of the property accrues to the Church Commissioners and the Board in proportion to the equity invested.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 19b

Parent company creditors

	Due within one year		Due after one year	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Accruals and sundry creditors	553	613	-	-
Taxation and social security	35	30	-	-
Loans	60	60	-	-
CBF Loan (Solar Panels)	-	-	875	875
Ann Edwards Charity	26	21	-	-
Value Linked Loans (Church Commissioners)	-	217	434	434
Pension scheme liabilities (note 25)				
- Lay defined benefit scheme	145	145	118	254
- Clergy Pension Scheme	408	403	2,683	3,335
Creditors	1,227	1,489	4,110	4,898

Included in 'Accruals and sundry creditors' is a total of £26k (2015 - £9k) due to related charities which are administered by staff of the Board and whose trustees are also trustees of the Board.

Value linked loans from the Church Commissioners are repayable on sale of the property to which they relate. Any capital profit or loss arising on sale of the property accrues to the Church Commissioners and the Board in proportion to the equity invested.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 20

Analysis of net assets by fund:

Summary

	General Funds	Designated Funds	Restricted Funds	Endowment Funds	Total
<i>Funds at 31 Dec 2016 are represented by:</i>	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	276	12,396	1,580	34,369	48,621
Fixed asset investments	-	542	2,194	18,857	21,593
Current assets	7,311	2,161	-	-	9,472
Creditors	(1,971)	(434)	-	(3,091)	(5,496)
Inter-fund indebtedness	(6,174)	(624)	(1,152)	7,950	-
Total Funds at 31 Dec 2016	(558)	14,041	2,622	58,085	74,190
<i>Funds include the following unrealised gains on investments:</i>					
Unrealised gains at 1 Jan 2016	1,450	154	532	7,800	9,936
Net gains on revaluation in the year	-	13	153	1,811	1,977
Unrealised gains at 31 Dec 2016	1,450	167	685	9,611	11,913

The inter-fund indebtedness arises as a result of transactions relating to certain funds being effected through the general fund. Management have reviewed the assets and liabilities contained within each fund and are satisfied that sufficient liquid resources are held at the year end to clear the inter-fund indebtedness. This will be performed during 2017

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 21

Designated funds

	Balance at 1 Jan 2016	Income	Expenditure	Net gains/(losses) on assets	Transfers*	Balance at 31 Dec 16
	£'000	£'000	£'000	£'000	£'000	£'000
Development Fund	874	15	(160)	13	-	742
Albright Bequest	1,150	858	-	-	-	2,008
Houses Capital	11,073	87	-	-	-	11,160
Education	-	391	(430)	-	-	(39)
Viney Hill development	170	-	-	-	-	170
Total Funds at 31 Dec 2016	13,267	1,351	(590)	13	-	14,041

Unrestricted funds are monies available for use at the discretion of the Board. The General Fund is for the day to day running of the Board, and is funded by the parish share. However, certain funds have been earmarked for particular purposes, and these are termed designated funds. Such funds are kept separate for administrative purposes but do not constitute legally separate funds.

The Development Fund has been designated to make a fund available to finance mission initiatives approved by Bishop's Council.

The Albright Bequest represents monies bequeathed by Miss Albright. From this bequest two loans were made to Glenfall House Trust (GHT) secured on the freehold of Glenfall House which previously was owned by the GHT. When these loans were created, the directors were of the opinion that the terms of these loans were such that the ultimate benefits and liabilities of ownership of Glenfall House remained with the Board with a right to use the house granted to the GHT. Glenfall House was always then recognised as an asset of the Board of Finance in accordance with FRS5 and had been included on the balance sheet at £1.2m based on a valuation carried out in 2000 by a qualified chartered surveyor. During 2016, the sale of Glenfall House to a third party was progressed, with exchange taking place on 31st August 2016 and completion being scheduled for no later than 30th April 2018. The income to the Albright Bequest for 2016 relates to the surplus on the sale of Glenfall House.

The Houses Capital Fund represents the cost, less outstanding loans, of houses owned by the Board to provide accommodation for assistant curates and team vicars.

The Education Fund brings together the Education work undertaken by GDBF in one column with income specific to that activity, primarily from the Voluntary Schools Fund and St Matthias Trust. The deficit at the end of the year will be covered by a transfer from the General Fund and is the portion of this work funded by the general fund.

The Viney Hill Fund relates to a property owned by GDBF, but used by Viney Hill Adventure Centre for charitable purposes consistent with those of the GDBF.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 22

Restricted funds

	Balance at 1 Jan 2016	Income	Expenditure	Net gains/(losses) on assets	Transfers	Balance at 31 Dec 16
	£'000	£'000	£'000	£'000	£'000	£'000
Housing for elderly clergy	118	1	-	4	(10)	113
Ordination training	259	-	-	5	-	264
Diocesan pastoral fund	512	53	(44)	118	(10)	629
Stratton Davis fund	306	11	(10)	26	-	333
Bishop's Discretionary Mission Fund	65	-	(23)	-	-	42
Ann Edwards Charity	1,555	85	(23)	-	-	1,617
Education	25	9	-	-	-	34
Other	(354)	36	(92)	-	-	(410)
Total Funds at 31 Dec 2016	2,486	195	(192)	153	(20)	2,622

Restricted funds may only be used for the purposes for which the money was originally gifted or bequeathed to the Board. The Housing for Elderly Clergy Fund derives from various bequests and is used to give assistance to retired clergy of the diocese in difficulty with their housing requirements.

The Ordination Training Fund derives from various bequests, principally from the late Mrs. M Harries. The income is used to fund ordination training.

The Diocesan Pastoral Fund is derived principally from the proceeds of sale of surplus parsonage houses as a result of pastoral reorganisations under the Pastoral Measure 1983. Under the Measure, the Fund must be used firstly in connection with expenses relating to pastoral schemes and redundant churches. To the extent that it is considered that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the Board. Periodically, excess funds are allocated to designated funds.

The Stratton Davis Fund arises from a bequest received in 2001 from the estate of the late Mr. David Stratton Davis. The terms of the settlement are that the fund may be used for the repair or restoration of churches and their fixtures and fittings in the diocese. The Board has decided initially to use the income to make an annual grant to the Gloucestershire Historic Churches Trust.

The Bishop's Discretionary Mission Fund derives from a donation received in 2013 and restricted to mission works of the Church of England at the Bishop of Gloucester's discretion.

The Charity of Ann Edwards restricted funds comprise the Extraordinary Repair Fund (ERF) and the Cyclical Maintenance Fund (CMF). These funds were established in the governing instrument and are for future repairs and maintenance, with transfers being made each year.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 22 (continued)

A restricted grant was given to the Education department in 2013 by the Coleford Brinkdale Trust for the RE Learning Wall Project. The Learning Walls Project involves working with RE subject leaders in 6 schools in the Diocese to produce a web based resource to improve focussed integrated assessment

The Other Restricted funds include a negative fund balance of £398k for Glebe revenue. This relates to glebe rental income less professional fees, repairs and maintenance against Glebe assets (the asset is held in the Glebe Property endowment fund – see note 23).

Note 23

Endowment funds	Balance at 1 Jan 2016	Income	Expenditure	Net gains/(losses) on assets	Transfers*	Balance at 31 Dec 16
	£'000	£'000	£'000	£'000	£'000	£'000
Pensions & assistance	271	-	-	21	-	292
Benefice property	28,939	375	-	-	-	29,314
Diocesan stipends fund	17,788	-	292	2,066	(175)	19,971
Ann Edwards Charity	649	-	-	51	-	700
Glebe property	7,185	623	-	-	-	7,808
Total Funds at 31 Dec 2016	54,832	998	292	2,138	(175)	58,085

Permanent endowment funds represent money that must be permanently held as capital, and may not be spent as income. Expendable endowment funds represent money that must be held as capital, but may be expended when certain conditions are satisfied.

The Pensions & Assistance Fund is permanent endowment represented by a house used to provide accommodation for retired clergy, and a cash balance arising from the sale of a second house.

The Benefice Property Fund represents the value of benefice houses. These houses are owned by benefices, but are recognised as assets by the Board. The fund is classified as expendable endowment as under certain conditions the value of the houses may be realised and the proceeds used as income.

The Diocesan Stipends Fund (DSF) represents ancient endowments and other gifts and legacies. The Fund is governed principally by the Diocesan Stipends Funds Measure 1953 and the Endowment and Glebe Measure 1976, as amended. The Fund is mainly invested in CBF managed funds. Income generated from the Fund must be used to fund stipends. The Fund is expendable under certain circumstances.

The Endowment Fund of the Charity of Ann Edwards represents the original endowment of the charity, comprising mainly the sale proceeds of Edwards College, the original almshouse in South Cerney. This money may not be spent as income.

Glebe property represents glebe land previously held by incumbents but transferred to the Board under the Endowment and Glebe Measure 1976. Income derived from rents must be used to fund stipends. Proceeds of sale of glebe land must be transferred to the DSF.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 24

Financial Commitments: *Operating Leases*

Total commitments under non-cancellable operating leases are as follows:-

	2016	2015
	£'000	£'000
Land and buildings where the lease expires:		
Within one year of the balance sheet date	33	33
In the second to fifth years inclusive of the balance sheet date	132	132

Operating leases; property - Church House (£3k per month) and 9 College Green (£1k per month) are on rolling monthly leases, with a lease signed for 4 College Green to 1st February 2018 (£25k annual), and an annual lease for 3 Dollar Street (£2k a quarter).

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 25

Pensions

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

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

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year contributions are payable towards benefits and expenses accrued in that year. For the year ended 31st December 2016, the pension contributions made by the employer amounted to £182k, plus deficit contributions of £145k (see below), giving a total charge of £327k for 2016.

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

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

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 25

Pensions continued

The overall deficit in the DBS was £12.9m. Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 26.7% of pensionable salary and expenses of £8,000 per year.

In addition deficit payments of £145,300 per year have been agreed for 3.58 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2016 £	2015 £
Balance sheet liability at 1 January	399,000	1,545,000
Deficit contribution paid	(145,000)	(145,000)
Interest cost(recognised in SoFA)	5,000	32,000
Remaining change to the balance sheet liability* (recognised in SoFA)	4,000	(1,033,000)
Balance sheet liability at 31 December	263,000	399,000

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

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

	December 2016	December 2015	December 2014
Discount rate	1.0%	1.6%	2.2%

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities. The next valuation of the scheme is being carried out as at December 2016.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 25

Pensions continued

Church of England Funded Pension Scheme (CEFPS)

Gloucester DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers. Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

An investment strategy of:

- for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
- a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

% of pensionable stipends	January 2015 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 25

Pensions continued

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

	2016	2015
Balance sheet liability at 1 January	3,738,000	4,053,000
Deficit contribution paid	(408,000)	(403,000)
Interest cost (recognised in SoFA)	88,000	89,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(327,000)	(1,000)
Balance sheet liability at 31 December	3,091,000	3,738,000

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

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

	December 2016	December 2015	December 2014
Discount rate	1.5% pa	2.5% pa	2.3% pa
Price inflation	3.1% pa	2.4% pa	2.7% pa
Increase to total pensionable payroll	1.6% pa	0.9% pa	1.2% pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 25

Pensions continued

Church of England Pension Builder Scheme (PBS)

For eligible salaried employees who commenced employment after 1st January 2013, the Gloucester Diocesan Board of Finance participates in the Church of England Pension Builder Scheme (PBS), within the Church Workers Pension Fund.

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

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

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 25

Pensions continued

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016.

Notes to the consolidated accounts

for the year ended 31 December 2016

Note 26

Prior year comparative SOFA

	General fund	Designated funds	Restricted funds	Endowment funds	Total 2015
	£'000	£'000	£'000	£'000	£'000
Income & endowments from					
Donations					
parish share contributions	6,099	-	-	-	6,099
church commissioners	31	-	-	-	31
grants and other donations	300	343	37	-	680
parish giving scheme	-	-	-	-	-
Charitable activities – statutory fees	468	-	48	-	516
Other activities	1,463	27	-	-	1,490
Investments	618	29	146	-	793
Other	9	1	20	179	209
Total	8,988	400	251	179	9,818
Expenditure on					
Raising funds	938	-	-	-	938
Charitable activities	8,465	562	210	(75)	9,162
Total	9,403	562	210	(75)	10,100
Net income/(expenditure) before investment gains	(415)	(162)	41	254	(282)
Net gains/(losses) on investments	-	(6)	16	(1,112)	(1,102)
Net income/(expenditure)	(415)	(168)	57	(858)	(1,384)
Transfers between funds	(782)	(550)	(17)	1,349	-
Other recognised gains/(losses)	1,033	-	-	1	1,034
Net movement in funds	(164)	(718)	40	492	(350)
Total funds brought forward	(874)	13,985	2,446	54,340	69,897
Total funds carried forward	(1,038)	13,267	2,486	54,832	69,547