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THE CHURCH
OF ENGLAND

Diocese of Southwell & Nottingham

SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 December 2018

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2018. The following Trustees were in post at the date of this report:

PRESIDENT

The Bishop of Southwell and Nottingham, Right Revd Paul Williams

BISHOP'S COUNCIL AND STANDING COMMITTEE OF THE DIOCESAN SYNOD (BEING THE FINANCIAL EXECUTIVE OF THE DIOCESAN SYNOD AND THE BOARD OF DIRECTORS OF THE BOARD OF FINANCE)

In accordance with the Companies Act 2006, The Statement of Recommended Practice 2015 (SORP 2015) and Financial Reporting Standard 102 (FRS 102), the Trustees (for the purposes of charity law) and Directors (for the purposes of company law) during the year and as at the date of signing follow:

EX-OFFICIO

The Rt Revd The Bishop of Southwell & Nottingham

The Rt Revd The Bishop of Sherwood

The Very Revd The Dean of Southwell

The Venerable The Archdeacon of Newark (a)(b)

The Venerable The Archdeacon of Nottingham (a) (resigned 27 February 2019)

The Chair of the House of Clergy of the Diocesan Synod Revd Canon M Adams (a)

The Chair of the House of Laity of the Diocesan Synod (Mr M Wilson) (a) (b)

The Chair of the Finance Committee (Canon M Arlington) (a) (b)

Co-opted

The Revd P Shaw (from 16 January 2019)

ELECTED BY THE SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD

CLERGY (5)

Newark Archdeaconry (2)

Revd J Stephens (to 31 October 2018)

Revd A Fletcher (from 1 November 2018)

Revd D A Stevenson (to 31 October 2018)

Revd Canon M F Shouler (from 1 November 2018)

Nottingham Archdeaconry (3)

Revd Canon J Bentham (to 31 October 2018)

Revd C Bourne

Revd Canon S Silvester

Revd S Hustwayte (from 1 November 2018)

LAITY (10)

Newark Archdeaconry (4)

Mrs E Marshall (to 31 October 2018)

Ms M Simpson (to 31 October 2018)

Mr P Stanley (a)

Mr R Brand

Mr C Perrett (from 1 November 2018)

Professor P Harris (from 1 November 2018)

Nottingham Archdeaconry (6)

Mr C Slater (a)

Mrs S Holt (a)

Mrs J Hempstead (to 31 October 2018)

Mr S Gelsthorpe (to 31 October 2018)

Mrs A Walters (to 31 October 2018)

Miss S Waterston

Mrs J Gray (from 1 November 2018)

Mr C M Bolton (from 1 November 2018)

Mrs S Dunster (from 1 November 2018)

(a) Member of the Finance Committee

(b) Member of the Board of Education.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 December 2018

PRINCIPAL OFFICERS AND ADVISERS

Diocesan Chief Executive & Company Secretary
Diocesan Registrar, Bishop's Legal Secretary
& Legal Adviser to the Board of Finance

Canon N Spraggins BSc (Hons)

Mrs A J Redgate LLB

HEADS OF DEPARTMENTS

Director of Discipleship & Ministry

Revd Canon Dr R Kellett BTh (Hons),
BSc (Hons), MA, PhD

Director of Partnerships & Mission

Revd D McCoulough BA (Hons) BA (Hons) MA

Director of Education & Mission

Mrs C Meese BA (Hons) PGCE

Director of Communications

Mr R Ellis

Director of Parish Support

Mr F McNish

Director of Finance

Mrs R A J Bowes FCCA

BANKERS

Lloyds Bank, Nottingham

INVESTMENT MANAGERS

CCLA Central Board of Finance of
the Church of England
Cazenove Capital Management Ltd
Mayfair Capital Investment Management
Ltd
Ruffer LLP

SOLICITORS

Rothera Sharp, Nottingham

CHARTERED SURVEYORS

Jas. Martin & Co, Lincoln
Tanners, Nottingham
Geo Hallam & Sons, Nottingham

MINING, MINERALS, ENGINEERING & ENVIRONMENTAL CONSULTANTS

Mineral Surveying Associates

INSURERS

Ecclesiastical Insurance Group

AUDITORS

BHP LLP
2 Rutland Park
Sheffield
S10 2PD

REGISTERED ADDRESS

Jubilee House
Westgate
Nottingham
NG25 0JH

CHAIRMAN'S FOREWORD

For the year ended 31 December 2018

It is less than three years since our refreshed diocesan vision emerged, with the commitment of 'Growing Disciples: Wider, Younger, Deeper'. This vision continues to provide a clear strategic framework to shape the mission of our diocese, as by 2023 we seek to: -

- **Welcome 7000 new disciples into the fellowship of Christ and his church.** Many parishes have sought to put into effect their own priorities to grow disciples, with resources made available to help nurture the faith of others. Under the leadership of the Principal of the School of Discipleship, the Revd Dr David Emerton, the new 'RealLIFE' discipleship course launched in September 2018, across three locations and in its first term, has welcomed 250 students. Developing the gifts of the laity is foundational to our vision if we are to sustain 'growing disciples deeper' in every context; many in our parishes are also presently discerning their call to train for Licensed Lay Ministry with 16 people starting to train in our 2018 cohort. We also continue to see an increase in those exploring ordained ministry within our diocese, and in July 2018, we welcomed nine new deacons and ten new priests to serve in diverse contexts around the diocese. It is hugely encouraging to witness how God is sending and drawing people to serve with us. Over the last 2 years, we have made 28 stipendiary incumbent-level appointments and over the past year 75 of our licensed clergy have participated in our leading for growth training days.
- **Commission 1,000 Younger Leaders (15-30) equipped to serve the purpose of God in the Church and Society.** The Younger Leadership College, launched in Nov 2016, has trained its second cohort of interns and, since its inception, has been engaged in nurturing younger leaders in our 9 Church of England Secondary Schools, as well as working closely with student-age leaders at university. The Bishop's Executive Leadership Programme for those in the sixth form has also been run in five secondary schools. Our Sector Mentoring scheme will also be strengthened by a new partnership with the London Institute for Contemporary Christianity (LICC) starting in 2019.
- **Plant or graft 75 New Worshipping Communities (NWC's) across the diocese to increase our reach in telling the story of Jesus to all.** With the help of our Growing Disciples fund, and investment from the Church Commissioners Strategic Development Fund, heartening stories continue to emerge. In our urban church plant in Nottingham, Trinity Church, the weekly congregation has grown in depth, diversity and number and now regularly attracts over 250 worshippers. In the rural centre of the diocese 'The Potting Shed Church', began to hold its first weekly Sunday gatherings in March; moving to a barn in July, it now has a core of 35-40 and an expanding fringe. The intention of 'growing disciples wider' through New Worshipping Communities has received further impetus with the recent appointment of a Church Growth and Planting Enabler, supporting churches of all sizes and traditions as they respond to the opportunities to reach people in fresh ways.

*Growing Disciples
Wider Younger Deeper*

CHAIRMAN'S FOREWORD

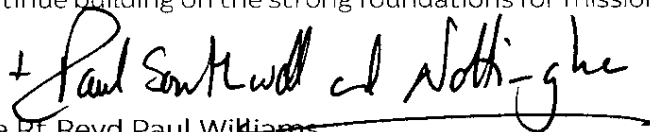
For the year ended 31 December 2018

- **Grow 25 larger Resourcing Churches inspired and equipped to 'give themselves away'** with a clear commitment to nurture leaders, plant New Worshipping Communities, and disciple the young. Key appointments have been made to several potential resourcing churches, touching all parts of the diocese; for example, St. Margaret's, Aspley has been identified as a new resourcing church in the Nottingham North Deanery, with a focus on supporting and enabling new ministry on the urban estates. This will form part of a new partnership of parishes coming together across the deanery to re-imagine church growth and serve communities in areas of huge potential yet significant deprivation.
- **Serve as 1 Church contending for the gospel in every community and sphere of public life** in our city, county and region. As we reach out with the good news of Jesus Christ, may we never lose sight that it is by his power at work within us, that we are seeking the growth of his church and extension of his Kingdom. We long therefore for the Holy Spirit to bring vision to our planning, faith to our lives and instil hope in our communities. And we have much to be hopeful about and thankful for. In 2018, as a diocese we submitted a further application for Church Commissioners' Strategic Development Funding for work in alignment with the diocesan vision. This application was successful and is in addition to the funding that has been received in the previous two years. We now have the opportunity to invest in further resource churches and provide seed-corn funding for a diverse range of new worshipping communities.

As we seek to deliver our diocesan vision for 'Growing Disciples: Wider, Younger and Deeper', we can look ahead with a clear sense that we have the strategic priorities in place to support this. To ensure resources and initiatives are sustained, it remains critical that we address the need to increase **Parish Share** paid across the diocese so that we can maintain beyond 2020 the present projection for stipendiary ministry. Many parishes are meeting their Parish Share with considerable commitment and determination, others are falling well short. From Autumn 2018, these parishes have been given more intentional support to increase their levels of financial giving, in line with their local ministerial costs.

Looking ahead into 2019, as we focus on 'growing disciples younger', our 'YoungLIFE' initiative will provide opportunities for some churches to make a step-change in their children's ministry to 0-11 year olds. YoungLIFE will help to celebrate and enrich our communities through seeking to harness the belief and creative energy of our very youngest disciples, as well as the links between primary schools and local church communities.

I continue to give thanks for the outstanding leadership of our clergy and laity, as well as the deep commitment and faithfulness of many congregations as they sustain and grow the life and mission of the church in their community. I am filled with hope that, based on the blessings of the past two years, now is the time for every parish to prayerfully and intentionally seize the new opportunities provided through God's unimagined abundant power and grace, so that we can continue building on the strong foundations for mission laid over many years in this diocese.



The Rt Revd Paul Williams
Bishop of Southwell & Nottingham

16 March 2019

*Growing Disciples
Wider Younger Deeper*

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT

For the year ended 31 December 2018

The Trustees, who are also Directors for the purposes of company law, present their report and the audited financial statements of the charity for the year ended 31 December 2018. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (as amended by Update Bulletin 1 published on 2 February 2016).

The Directors/Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The principal object of The Southwell & Nottingham Diocesan Board of Finance ("the Board") is to promote, assist and advance the work of the Church of England in the Diocese of Southwell & Nottingham by acting as the financial executive of the Southwell and Nottingham Diocesan Synod.

The Board has the following statutory responsibilities: -

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents, Archdeacons and Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

*Growing Disciples
Wider Younger Deeper*

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

The strategic priorities of the Board are established by the Diocesan Synod in communication with Deanery Synods, Parochial Church Councils (PCCs), and the Bishop of Southwell & Nottingham (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, including the Diocesan Budget.

PUBLIC BENEFIT

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

The Trustees believe that, by promoting the work of the Church of England in the Diocese of Southwell & Nottingham, 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 facilities 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.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible (who are also directors for the purposes of Company Law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Board and of the incoming resources and application of resources, including the income and expenditure of the Board for that period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe methods and principles in the Charities SORP 2015 (FRS102);
- 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

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

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

TRUSTEE RECRUITMENT, SELECTION AND INDUCTION

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out in section on Structure and Governance (page 16). Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty.

VOLUNTEERS

The Board is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the Board greatly values the considerable time given by all the committee members across the diocese in pursuit of the mission of the Board.

MISSION STATEMENT

Our mission statement calls for each member of the church at every level of diocesan life to **join together in the transforming mission of God, making their own unique contribution to living worship, growing disciples and seeking justice.**

STRATEGIC AIMS

The Board resources the Christian tasks of mission and ministry through 250 parishes and other networks.

The annual budget has been set against this background, designed to provide adequate resources to fund the present, as well as to shape the future, in a way that is fit for the mission task. As always it prioritised the appropriate provision of stipendiary parish clergy and licensed lay workers across the diocese. In terms of our future shape, it recognised the changing patterns of ministry deployment, the need to support local leadership in the deaneries and to engage in partnership with various civic, community and business interests.

*Growing Disciples
Wider Younger Deeper*

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

The Board's strategy for achieving its objectives is to adopt a methodology of limiting central sources of expenditure in favour of both releasing funds for mission and minimising the increase in Parish Share. The Board continues to maintain the sound financial structure needed to enable it to continue supporting the clergy and lay workers through the payment of stipends, managing parsonages and other ministerial housing. It provides resources in support of the ministry of both clergy and lay people in parishes across the diocese.

OBJECTIVES FOR YEAR

The objective of the Board is to provide financial resources for the achievement of the priorities of the Bishop and Diocesan Synod.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The activities below, which are some rather than all, only relate to those undertaken directly by employees of the Board. Activities within parishes are reported in each of their separate annual report and accounts.

The Board was successful in its third application for Strategic Development funding and was awarded £4,670,459 for seven new projects to Grow Disciples. These include the School of Discipleship, redevelopment of Ministry in North Nottingham, Nottingham City Centre, Retford and Mansfield and support to establish further New Worshipping Communities. Funding awarded under previous bids continues to be drawn down as these projects develop. It should be remembered that all these projects are match funded from Diocesan Resources.

The School of Discipleship started with the launch of the Real-Life course across 3 venues in the diocese and seeing 240 lay people attend the first term which represents a fivefold increase on any comparable course we have run in the past.

This year saw the Diocese take up the responsibility of Licensed Lay Ministry training in house and we have 15 candidates in training again representing a doubling of the usual numbers we have trained previously.

The Discipleship and Ministry Department are supporting the Bishop in his Young Life initiative to help parishes in children's work and 26 churches have signed up for the process.

During 2018 the pilot Action Learning Communities in partnership with Nottingham Citizens helped congregations learn how to use 1 2 1 conversations intentionally to help the churches develop a more relational culture and developed confidence and leadership skills.

The 100 Homes campaign was launched with Nottingham City Prayer and the City Council. The first new foster carers from churches are now looking after children and the campaign continues to evolve, including conversations with the County Council.

Transforming Notts Together (TNT), in partnership with The Just Finance Foundation, offered Universal Credit Savvy workshops to over 80 church workers and volunteers to equip them to signpost those impacted by the roll out of Universal Credit. Links were also made with YLC interns and one is now working for TNT.

*Growing Disciples
Wider Younger Deeper*

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

The DAC and Historic England (HE) oversaw the completion of the Historic England Grant Aided Conservation works to the ruined chapel of Haughton St James, which cost approximately £120,000. After initial investigations dating back to 2003, the DAC and HE led project was resurrected in 2014 and despite a few setbacks and difficulties along the way, the works were finally completed late in 2018. The site is now cleared, the ruins conserved, the area fenced off, and accessible from the Robin Hood Way footpath. There is also now a memorial on-site to two Wellington Bombers that crashed nearby in 1943. It is anticipated that an Interpretation Board providing a brief history of the chapel will be erected in the not too distant future. The site will continue to be maintained jointly by the local farmer on whose land this chapel stands and the Diocese. The completion of this work means that Haughton St James will be removed from the Buildings at Risk Register.

The property team moved 25 clergy families into housing within the Diocese, and assisted one clergy person with their retirement arrangements. The vicarage under construction in Warsop is expected to be finished in May 2019, and alternative uses for the closed church sites at Bestwood and Clifton are being investigated.

During 2018 the education team continued to support church schools and academies across the diocese by providing resources, training and networking opportunities to ensure that children in diocesan schools receive the best possible educational experiences and the opportunity to experience Christianity as a living faith.

Particular highlights and achievements for them included:

- Training Headteachers and key foundation governors from all schools on the revised church school inspection framework which requires a sharper focus on having a distinctively Christian vision
- A first cohort of 9 church school Headteachers / aspirant Headteachers enrolling on the Church of England Professional Qualification for Headship (CofEPQH) a nationally recognized qualification endorsed by the Department for Education
- Groups of secondary school students from across the diocese attending a "Living Well Together Conference" where they examined sacred texts from across the religions and reflected on their meaning and how we can respect and learn from one another's beliefs
- Revising the Diocesan Board of Education vision statement to ensure that it is aligned with the national Church of England Vision for Education whilst at the same time promoting our overall diocesan vision of growing disciples wider younger and deeper

The Communications department engaged a local potter to make more than 2,000 ceramic stars. These were each placed in a gift bag with an invitation card and offered free to churches across the diocese to be used as a way of inviting new people to a Christmas service or event. Churches responded very enthusiastically and the supply of stars soon ran out.

Early in 2018 the communications department produced a leaflet called *Your Stories* which described some of the exciting developments taking place in the diocese as part of the vision for Growing Disciples Wider Younger Deeper. It focused on some of the successes already growing out of the vision, including the new worshipping community set up by the Revd Lydia Cartwright in a former hairdressing salon on an estate in Stapleford. The leaflet was produced to share positive stories of growth with congregations across the diocese and nearly 2,000 of them were sent out.

*Growing Disciples
Wider Younger Deeper*

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

FUTURE PLANS

During 2019 the Board will continue to develop Growing Disciples Wider, Younger and Deeper and encourage churches to become eco churches in partnership with A Rocha, we will promote the Shrinking the Footprint campaign for a Less Plastic Lent, and highlight the needs of lonely people and encourage churches to reach out. The 2019 Bishops Fund will be for Churches Addressing Loneliness and we will work with Transforming Notts Together to promote Places of Welcome, holiday hunger schemes and LifeSavers financial education in schools.

The Board has received the initial go ahead from the Local Authority to extend the age range and expand two of our church infant schools into new premises (Christ Church Newark and All Saints Huthwaite), and during 2019 we want to see public consultations completed and building work programmes begun and a new worshipping community launched in one of our church school primary schools

The Board is continuing to support and establish work with older men via Men in Sheds and to link nurture courses with older peoples groups in our churches.

In 2019, one of the main focuses for the Communications Department will be training, particularly social media training (this is in response to repeated requests for more help with this). A number of training sessions have been planned and will be particularly focused at those taking part in the OneLIFE mission in September. It is hoped that training will enable parishes to improve communication with their communities, which will support OneLIFE and also be a lasting legacy of the mission.

Increases in results from Diocesan led Promise Programmes have held up over the last couple of years, in trying times for a number of the parishes we worked with. There is much still to be done as we work alongside people in the parishes, helping them feel a part of the vision and join in, by encouraging them to think outside the normal routine of church business and finance. To get over the awkwardness of talking about money and instead talk about the biblical message of generosity, to hold their hand as we explore new areas of giving and new ways to ask and to inspire them to practise sacrificial giving themselves, to encourage folk to "excel in the grace of giving" and join in resourcing ministry. We have trialled a new version of programme literature, which seeks to address the situation in many villages where the regular giving from non-churchgoers outweighs that from the congregation, both in terms of numbers and £ amounts. The language used needs to reflect the views of the majority of donors and the early indications would suggest this is both a popular move, and successful. This approach is always run alongside the more traditional spiritual focus you would expect from the stewardship team in this Diocese, and ensures that we keep the most appropriate message flowing, strategically directed to the right people.

Attempts to increase the number of churches worked with during 2019 appear to be working, with over twenty firm bookings already in place, and several more in the process of being visited and booked over the coming weeks – we would expect a full book for 2019 and have already started booking Promise Programmes in 2020. We will continue to adopt and trial new ways to approach giving in our parishes, to learn from parishes and spread best practise as we go. Above all, to pray that new givers from the churches and the communities they serve will come forward and join in, and experience the joy of giving.

*Growing Disciples
Wider Younger Deeper*

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

KEY PERFORMANCE INDICATORS

The Board regards its key performance indicators as follows:

| | 2018 | 2017 |
|---------------------------------------|-------|-------|
| Percentage of parish share received | 84.1% | 86.4% |
| Average rate of return on investments | 3.3% | 2.8% |

The average rate of return on investments excludes rentals received from properties which have increased this year. The Board reviewed the investment returns with the investment managers in May 2018, and the Board decided to leave both the managers and the targeted return on the investments unchanged. The investments in renewable energy are continuing to show a return. The Board is actively working with all parishes and Deaneries to try and return the parish share figures to the budgeted level, after the parish share review.

FINANCIAL PERFORMANCE

The main income to the Board is from parishes giving Parish Share, this decreased by £131,000 this year. The collection percentage has also decreased from 86.4% in 2017 to 84.1%. The Trustees are grateful to all the parishes which contributed, particularly those that fulfilled 100% of the Share allocated to them and made payments by monthly instalments.

| INCOME | % of Total | 2018 £000 | 2017 £000 |
|----------------------|------------|--------------|--------------|
| Parish Share | 53.5 | 5,626 | 5,757 |
| Archbishops' Council | 16.5 | 1,734 | 1,936 |
| Allchurches Trust | 1.25 | 132 | 132 |
| Fees | 3.5 | 368 | 409 |
| Investment income | 13.0 | 1,367 | 1,042 |

The Trustees acknowledge with thanks the annual distribution from Allchurches Trust. The other grants received from Archbishops Council during 2018 are £445,000 Strategic Development Fund monies and £1,288,000 Lowest Income Communities funding to support mission in our poorest parishes.

There was a reduction in the cash received from Parish Share, but with an underspend against budget the Board managed a net loss before investment gains and losses of £145,000 in the general fund (2017: gain of £912,000).

The capital values of investments have had a difficult year and the year end position of £39,620,000 is an overall decrease of £950,000. The capital values of agricultural land as remained the same. The unrealised loss on investments at the year end was £419,000 and the Board received £903,148 during the year related to the sale of agricultural land.

*Growing Disciples
Wider Younger Deeper*

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

REVIEW OF THE BALANCE SHEET

The Trustees consider that the balance sheet, together with details in note 22, show that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £73,950,000 (2017: £73,923,000) it must be remembered that included in this total are a considerable number of properties, mostly in use for the ministry and mission of the Board, whose value amounted to £37.1 million (2017: £35.8 million). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the Board.

Restricted and endowment funds

As set out in note 23 the Board holds and administers a large number of restricted and endowment funds. As at 31 December 2018 restricted funds totalled £7.4m (2017: £7.8m) and endowment funds totalled £53m (2017: £52.7m). Net outgoing resources in the education restricted fund, before investment gains, amounted to £1,000 (2017-outgoing resources before investment gains of £60,000) and resources were mainly used to finance the salaries of those Education Department staff with responsibility for church schools and academies.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer required. A description of each reserve together with the intended use of the reserve is set out in note 23. At 31 December 2018 total designated reserves were £10.5m (2017: £11.3m). There is a balance of £1.9m set aside in a designated fund to finance the funding shortfall on the closed lay staff defined benefit pension scheme to eliminate the deficit by March 2025.

Free reserves

The Board of Finance has considerable responsibilities including the remuneration of over 120 stipendiary clergy, the employment of 73 full or part time staff and the upkeep of nearly 200 houses. Most of the Board's income is voluntary with two thirds coming from Parish Share and the balance made up of grant income from Archbishops' Council and income from investments and other sources.

In light of this and the flow of income, the Trustees have determined that it is prudent to hold free reserves at least equivalent to general fund expenditure over two months i.e. £1.5m.

At 31 December 2018, the Board of Finance's free reserves were £3.2 million (2017 £4.0m). The Trustees feel that with the changes in the way that Dioceses are resourced from Church Commissioners, and the continuing reduction in the parish share received percentage, the increased holding of free reserves is prudent.

Subsidiaries

During 2015, the Board set up two subsidiary companies. SNDBF Solar Limited is a wholly owned subsidiary that manages the £226,000 invested in the installation of solar panels on 50 benefice houses. Wind FX Limited is 60% owned by the Board and operates a 500Kw wind turbine. The investments into these companies, by way of loan capital, totalled £1,090,000.

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

Investment policy and performance

The Board is empowered by its Memorandum of Association to invest monies not immediately required for its purposes. In addition, the Board acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The Board's policy is to review regularly the assets of each fund. Notes 22 and 23 provides details of the assets of each fund, together with the related purposes, and note 16 summarises the movements in investments during the year.

The implementation strategy for the diocesan assets is managed by a sub group of Finance committee on behalf of Bishop's Council. The strategy is to grow the value of the diocesan assets and their annual income with a due regard to the level of risk associated with the ownership of particular assets. The Board appoints managers to advise and manage investments who are instructed to apply the ethical investment policy of the Church of England. Investment managers are tasked with a return of RPI +4%.

The Diocese has historically been an owner of agricultural land, currently 3,442 acres including 3 farms. The growth in value of agricultural land since 2006, has resulted in nearly 50% of the total value of assets being in land. The current policy is to reduce the amount of land over time when the opportunity arises to sell freehold land. The proceeds being invested in a wide range of financial assets which are more liquid and of a higher annual income return than land. A small investment is also held in a specialist commercial property fund managed for charity clients. Dunham House, a residential apartment block in Southwell, is managed to produce a rental return.

Funds which may be needed for working capital in the short-term are held as deposits with the Central Board of Finance of the Church of England and the Board's bankers, Lloyds Bank plc.

FUNDS HELD ON BEHALF OF OTHERS

As Custodian Trustee: The Board is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Board does not control them, and they are segregated from the Board's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £8.2m at 31 December 2018 (2016: £7.8m), are available from the Board on request.

On behalf of Schools: The Board of Education (as incorporated within the Board) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December 2018 is £96,571 (2017: £108,114). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £409,517 in 2018 and £366,500 in 2017.

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

GRANT MAKING POLICY

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry. Grants are paid to other connected charities and to other charitable projects which appear to the Board of Finance to support the furtherance of the Board of Finance's objects.

Mission Development Funding from Archbishops Council has now ceased, so the designated fund will be used to support the existing projects.

STRUCTURE AND GOVERNANCE

Southwell and Nottingham is one of 41 dioceses in the Church of England covering the whole of Nottinghamshire and a small section of South Yorkshire and North Leicestershire. It is administered through the Board, a charitable trust company limited by guarantee. The Diocese is arranged as 2 archdeaconries, Newark covering the north part with 4 deaneries and Nottingham the south with 5 deaneries. In total there are some 250 parishes.

Each Diocese is a separate entity led by the Bishop and is governed by the Canons of the Church of England and the Acts and Measures of General Synod as well as state legislation that relates to companies and charities. In Southwell and Nottingham, the Diocesan Bishop is assisted by the Suffragan Bishop of Sherwood.

At national level the Diocese relates to the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board. Further information can be found at www.church-of-england.org. The financial transactions of these bodies do not form part of these financial statements.

Each diocese is divided into benefices which are made up of parishes. The priest of a benefice is an office holder who shares the cure of souls with the Bishop. Matters relating to finance and parish owned property in a parish are the responsibility of the Parochial Church Council, each of which is an individual charity separate from the Diocese. Benefices are grouped together in nine Deaneries which are units of mission, conduit of communication and whose members elect the members of General and Diocesan Synod.

Southwell Minister is the cathedral church of the diocese and is itself a separate charity. Copies of its annual report and financial statements may be obtained from the Cathedral Administrator, Southwell Minster, Church Street, Southwell, Nottinghamshire, NG25 0HD.

The Board of Finance and Diocesan Synod: Within the Diocese there are two major bodies - the Diocesan Synod and the Board of Finance: the **membership** of both is coterminous.

Board of Finance: The company, Southwell & Nottingham Diocesan Board of Finance, was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 5th June 1891 as a charitable trust company limited by membership guarantee (No. 34165) and its governing documents are the Memorandum and Articles of Association. The Board of Finance is registered with the Charity Commission (No. 249359).

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

The company, originally called the Southwell Diocesan Finance Association, changed its name to the Southwell Diocesan Board of Finance on 18th January 1932. On 28th February 2006, the company changed its name to the Southwell & Nottingham Diocesan Board of Finance.

As a member of the Board each member of Synod has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

Diocesan Synod: Diocesan governance is by Diocesan Synod which is an elected body with representation from all parts of the diocese. Membership consists of ex-officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, plus up to 20 co-opted members. The Diocesan Synod usually meets twice a year. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod; and
- provide for the financing of the diocese.

Many of Diocesan Synod's responsibilities have been delegated to Bishop's Council.

The Bishop's Council (and Standing Committee of the Diocesan Synod): The members of the Bishop's Council are the Board of Trustees and Directors of the Company. Bishop's Council consists of 8 ex-officio members (the Diocesan and Suffragan Bishops; 2 Archdeacons; the Dean; the Chairs of the House of Clergy and House of Laity; and the Chair of the Finance Committee), 5 clergy elected by the House of Clergy from among their number (3 from the Archdeaconry of Nottingham and 2 from the Archdeaconry of Newark) and 10 lay persons elected by the members of the House of Laity representing deaneries (6 from the Archdeaconry of Nottingham and 4 from the Archdeaconry of Newark) and up to 4 co-opted members of Diocesan Synod. Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- to plan the business of the Synod,
- to initiate proposals for action by the Synod and to advise it on matters on policy;
- to advise the Diocesan Bishop, on any matters which he may refer to the Council;
- subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- to appoint members of committees or nominate individuals for election to committees; and
- to carry out such functions as the Synod may delegate to it.

Decision Making Structure: Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwell and Nottingham, are set by the Diocesan Synod and the Board. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the Board. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold up to eight meetings during the year to formulate and coordinate policies on mission, ministry and finance. The Trustees rely upon the Diocesan Chief Executive and their team of six departmental directors for the delivery of the day to day activities of the company. The Diocesan Chief Executive is given specific and general delegated authority to deliver the business of the Board in accordance with the policies framed by the Trustees.

*Growing Disciples
Wider Younger Deeper*

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

Committee Structure: The members of Bishop's Council are also the members of 2 statutory committees:

- **Parsonages Committee**, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, team vicarages and houses owned by the Board of Finance.
- **Diocesan Mission and Pastoral Committee**, which is responsible for the task of recommending pastoral reorganisation to the Bishop.

Other statutory committees include:

- **Diocesan Advisory Committee**, which advises on matters affecting church buildings and places of worship including the granting of faculties, the use and care of places of worship and their contents and the care of churchyards.
- **Southwell & Nottingham Diocesan Board of Patronage**, which is constituted under the provisions of the Patronage (Benefices) Measure 1986.

In addition to the statutory committees Bishop's Council has set up the **Finance Committee**, which has written terms of reference, to advise it on all financial matters. The Finance Committee meets regularly, approximately five times each year and works closely with the Diocesan Chief Executive and Director of Finance. The Finance Committee has decided that in order to give considered advice to the Bishop's Council and to understand the detail of diocesan finance, to set up the Audit Committee which advises the Finance Committee and thereby Bishop's Council, in the discharge of the Trustees' responsibilities for accounting policy, internal control, financial reporting and risk management.

Remuneration of Key Personnel: Emoluments of higher-paid employees are determined by a remuneration group consisting of the Chair of the House of Clergy, the Chair of the House of Laity, and the Chair of the Finance Committee. A job evaluation scheme is used to determine the salary grades of employed posts. Office holders are paid either the Diocesan stipend or that advised by the Archbishops' Council acting as the Central Stipends Authority.

PRINCIPAL RISKS

The Trustees 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 Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Chief Executive.

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

The risk register identifies three 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 detailed in the table below:

| Risk Type | Risk | Mitigating activity |
|----------------------------|---|--|
| Reputational | Safeguarding & Inclusion of children and vulnerable adults: current safeguarding incident by an individual associated with the Diocese or any church in our Diocese and adverse publicity relating to safeguarding failures in the past or present. | <ul style="list-style-type: none"> • Safeguarding advice is provided by a dedicated Safeguarding team • Policies are aligned with those of the national church • Training is compulsory for all relevant staff and office holders |
| Financial | Parish Share collection is considerably less than 100%. | <ul style="list-style-type: none"> • Collection statistics are produced and circulated on a monthly basis to Deanery & Diocesan personnel • Deanery finance personnel are expressly tasked with identifying, reporting on and supporting those parishes where there is considered to be a significant risk of under-collection |
| Reputational and Financial | IT: System failure. | <ul style="list-style-type: none"> • The disaster recovery plan is reviewed on an annual basis • Backups are made on a regular basis |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

TRUSTEES' REPORT (continued)

For the year ended 31 December 2018

GOING CONCERN

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure are sufficient with the level of reserves for the charity to be able to continue as a going concern. The balance sheet showed net current liabilities of £90,000 at 31 December 2018. The Board is undergoing a period of investment and the trustees consider that with the level of investments and reserves held the going concern basis is appropriate.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

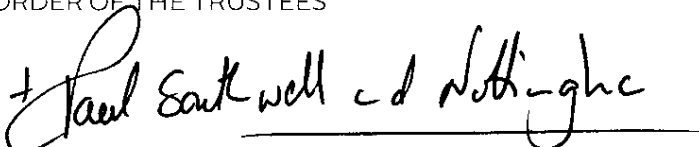
- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

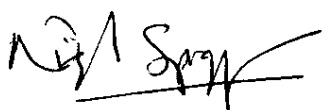
The re-appointment of BHP LLP as auditors to the Board will be proposed at the Annual General Meeting.

In approving this Trustees' Report, the Trustees are also approving the Strategic Report contained therein within their capacity as company directors.

BY ORDER OF THE TRUSTEES



The Right Revd Paul Williams
Chairman



Canon N Spraggins
Secretary

16 March 2019

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE

For the year ended 31 December 2018

Opinion

We have audited the financial statements of Southwell and Nottingham Diocesan Board of Finance (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Company and Consolidated Balance Sheets, the Consolidated 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2018 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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL AND
NOTTINGHAM DIOCESAN BOARD OF FINANCE (continued)

For the year ended 31 December 2018

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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' Report (incorporating 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group's or the parent charitable company's or to cease operations, or have no realistic alternative but to do so.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE (continued) For the year ended 31 December 2018

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Use of our report

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 trustees 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.

BHP LLP

Jane Marshall FCA DChA (Senior Statutory Auditor)
for and on behalf of
BHP LLP
2 Rutland Park
Sheffield
S10 2PD

Date *3 April* 2019

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2018

| | | Unrestricted | Restricted | Endowment | Total funds | Total funds |
|--|------|---------------|--------------|---------------|---------------|---------------|
| | Note | Funds | Funds | Funds | 2018 | 2017 |
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income and endowments from | | | | | | |
| Donations | 2 | | | | | |
| Deanery share | | 5,626 | - | - | 5,626 | 5,757 |
| Archbishops' Council | | 1,289 | 445 | - | 1,734 | 1,936 |
| Other donations | | 150 | - | - | 150 | 146 |
| Charitable activities | 3 | 791 | 139 | - | 930 | 912 |
| Other activities | 4 | 421 | 2 | - | 423 | 373 |
| Investments | 5 | 1,059 | 308 | - | 1,367 | 1,042 |
| Other | 6 | - | 280 | - | 280 | 562 |
| | | <u>9,336</u> | <u>1,174</u> | <u>-</u> | <u>10,510</u> | <u>10,728</u> |
| Expenditure on | | | | | | |
| Raising funds | 7 | 354 | 58 | - | 412 | 430 |
| Charitable activities | 8 | 8,814 | 705 | - | 9,519 | 9,199 |
| Clergy pension scheme movement | 27 | - | - | 165 | 165 | 99 |
| Church schools & Diocesan projects | 9 | - | 178 | - | 178 | 223 |
| Other | 10 | 23 | 207 | - | 230 | 207 |
| | | <u>9,191</u> | <u>1,148</u> | <u>165</u> | <u>10,504</u> | <u>10,158</u> |
| Net income/(expenditure) before investment gains | | 145 | 26 | (165) | 6 | 570 |
| Net gains/(losses) on investments | | (273) | (408) | 256 | (425) | 2,056 |
| Net income/(expenditure) | | (128) | (382) | 91 | (419) | 2,626 |
| Transfers between funds | 14 | (243) | (83) | 326 | - | - |
| Non-controlling interest | | - | 6 | - | 6 | 2 |
| Other recognised gains/(losses) | | | | | | |
| Gains/(losses) from changes in financial assumptions on defined benefit pension scheme | | 440 | - | - | 440 | 480 |
| Net movement in funds | | <u>69</u> | <u>(459)</u> | <u>417</u> | <u>27</u> | <u>3,108</u> |
| Total funds brought forward | | <u>13,339</u> | <u>7,842</u> | <u>52,742</u> | <u>73,923</u> | <u>70,815</u> |
| Total funds carried forward | 21 | <u>13,408</u> | <u>7,383</u> | <u>53,159</u> | <u>73,950</u> | <u>73,923</u> |

All activities derive from continuing activities. A loss of £15,603 is attributable to the non-controlled interest, with the balance of £12,000 attributable to the parent entity. The notes on pages 31 to 68 form part of the financial statements

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Wider Younger Deeper*

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT For the year ended 31 December 2018

| | Total 2018 £'000 | Total 2017 £'000 |
|--|---------------------------------|---------------------------------|
| Total incoming resources | 10,510 | 10,445 |
| Resources expended | 10,339 | 10,059 |
| Operating surplus for the year | 171 | 386 |
| Net (losses)/gains on investments | (681) | 1,484 |
| Net (expenditure)/ income for the year | (510) | 1,870 |
| Non-controlling interest | 6 | 2 |
| Other comprehensive income: | | |
| Net assets transferred (to)/from endowments | (326) | (933) |
| (Losses)/Gains from changes in financial assumptions on defined benefit pension scheme | 440 | 480 |
| Total comprehensive (expenditure)/ income | (390) | 1,419 |

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.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

BALANCE SHEET – COMPANY ONLY At 31 December 2018

Company Number – 00034165

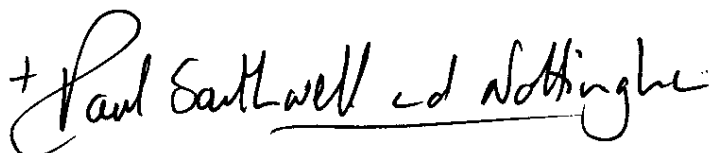
| | Note | 2018 £'000 | £'000 | 2017 £'000 | £'000 |
|--|------|----------------|----------------------|----------------|----------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 15 | | 37,300 | | 35,996 |
| Investments | 16 | | 39,620 | | 40,570 |
| | | | <u>76,920</u> | | <u>76,566</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 18 | 1,840 | | 2,025 | |
| Cash at bank and in hand | | 96 | | 720 | |
| | | <u>1,936</u> | | <u>2,745</u> | |
| CREDITORS: amounts falling due within one year | 19 | (1,100) | | (982) | |
| NET CURRENT ASSETS | | | <u>836</u> | | <u>1,763</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>77,756</u> | | <u>78,329</u> |
| CREDITORS: amounts falling due after more than one year | | | | | |
| Pension scheme liabilities | 27 | (3,648) | | (4,251) | |
| Other creditors | 20 | (143) | | (143) | |
| | | <u>(3,791)</u> | | <u>(4,394)</u> | |
| NET ASSETS | | | <u><u>73,965</u></u> | | <u><u>73,935</u></u> |
| FUNDS | | | | | |
| Endowment funds | | 55,753 | | 55,497 | |
| Deficit on clergy pension scheme | | (2,594) | | (2,755) | |
| | | <u>53,159</u> | | <u>52,742</u> | |
| Restricted income funds | | | <u>7,398</u> | | <u>7,854</u> |
| Unrestricted income funds: | | | | | |
| General fund | | 4,272 | | 3,963 | |
| Designated funds | | 10,552 | | 11,287 | |
| Defined benefit pension scheme liability | | (1,416) | | (1,911) | |
| | | <u>13,408</u> | | <u>13,339</u> | |
| TOTAL FUNDS | 21 | | <u><u>73,965</u></u> | | <u><u>73,935</u></u> |

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

BALANCE SHEET- COMPANY ONLY
At 31 December 2018

The Company Balance Sheet forms part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 16 March 2019 and signed on behalf of the Board by:

A handwritten signature in black ink that reads "Paul Southwell" followed by "ed Nottingham" in a cursive script.

The Bishop of Southwell & Nottingham
Director

A handwritten signature in black ink that reads "M Arlington" in a cursive script.

Canon M Arlington
Director

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED BALANCE SHEET
At 31 December 2018

Company Number – 00034165

| | Note | 2018 £'000 | 2017 £'000 |
|--|------|----------------------|----------------------|
| FIXED ASSETS | | | |
| Tangible assets | 15 | 38,787 | 37,552 |
| Investments | 16 | 39,620 | 40,570 |
| | | <u>78,407</u> | <u>78,122</u> |
| CURRENT ASSETS | | | |
| Debtors | 18 | 887 | 1,087 |
| Cash at bank and in hand | | 186 | 735 |
| | | <u>1,073</u> | <u>1,822</u> |
| CREDITORS: amounts falling due within one year | 19 | <u>(1,163)</u> | <u>(1,051)</u> |
| NET CURRENT (LIABILITIES)/ASSETS | | <u>(90)</u> | <u>771</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>78,317</u> | <u>78,893</u> |
| CREDITORS: amounts falling due after more than one year | | | |
| Pension scheme liabilities | 27 | (3,648) | (4,251) |
| Other creditors | 20 | <u>(719)</u> | <u>(719)</u> |
| | | <u>(4,367)</u> | <u>(4,970)</u> |
| NET ASSETS | | <u><u>73,950</u></u> | <u><u>73,923</u></u> |
| FUNDS | | | |
| Endowment funds | | 55,753 | 55,497 |
| Deficit on clergy pension scheme | | <u>(2,594)</u> | <u>(2,755)</u> |
| | | 53,159 | 52,742 |
| Restricted income funds | | 7,383 | 7,842 |
| Unrestricted income funds: | | | |
| General fund | | 4,272 | 3,963 |
| Designated funds | | 10,552 | 11,287 |
| Defined benefit pension scheme liability | | <u>(1,416)</u> | <u>(1,911)</u> |
| | | 13,408 | 13,339 |
| TOTAL FUNDS | 21 | <u><u>73,950</u></u> | <u><u>73,923</u></u> |

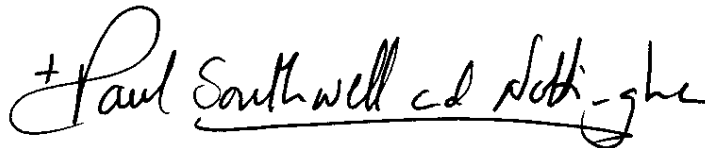
*Growing Disciples
Wider Younger Deeper*

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED BALANCE SHEET

At 31 December 2018

The Consolidated Balance Sheet forms part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 16 March 2019 and signed on behalf of the Board by:

A handwritten signature in black ink that reads "Paul Southwell" followed by "ed Nottingham" in a cursive script.

The Bishop of Southwell & Nottingham
Director

A handwritten signature in black ink that reads "M. Arlington" in a cursive script.

Canon M. Arlington
Director

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2018

| | 2018 | | 2017 | |
|--|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 |
| Net cash outflow from operating activities | | (1,075) | | (1,815) |
| Cash flows from investing activities | | | | |
| Dividends, interest and rent from investments | 1,367 | | 1,042 | |
| Interest paid | (9) | | (9) | |
| Proceeds from the sale of: | | | | |
| Tangible fixed assets | - | | 633 | |
| Investment assets | 5,225 | | 5,460 | |
| Purchase of: | | | | |
| Tangible fixed assets | (1,357) | | (1,277) | |
| Fixed asset investments | (4,700) | | (4,498) | |
| Net cash provided by/used in investing activities | | 526 | | 1,351 |
| Change in cash and cash equivalents in the reporting period | | (549) | | (464) |
| Cash and cash equivalents at 1 January | | 735 | | 1,199 |
| Cash and cash equivalents at 31 December | | 186 | | 735 |
| Reconciliation of net movements in funds to net cash flow from operating activities: | | | | |
| Net income/expenditure before investment gains for the year ended 31 December | | 6 | | 570 |
| Adjustments for: | | | | |
| Depreciation charges | | 122 | | 125 |
| Profit on disposal of assets | | - | | (295) |
| Dividends, interest and rent from investments | | (1,367) | | (1,042) |
| FRS 102 pension scheme adjustment | | 440 | | 480 |
| Clergy pension scheme adjustment | | (165) | | (99) |
| Non-controlling interest | | 6 | | 2 |
| Interest paid | | 9 | | 9 |
| (Increase)/decrease in debtors | | 200 | | (346) |
| Increase /(decrease) in creditors | | (326) | | (1,219) |
| Net cash provided used in operating activities | | (1,075) | | (1,815) |
| Analysis of cash and cash equivalents | | | | |
| Cash in hand | | 186 | | 735 |
| | | 186 | | 735 |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 (as updated by Update Bulletin 1) and the Companies Act 2006. The financial statements consolidate the results of the Company and its two subsidiaries, Wind FX Limited and SNDBF Solar Limited on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the Board has not been presented because the Board has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Board and are rounded to the nearest £'000.

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

The principle accounting policies and estimation techniques are as follows: -

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the Board is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish share, and parochial fees are included on a receipts basis except for contributions received shortly after the period end that are explicitly relating to the period under review.

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

b) 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. In respect of housing maintenance, the policy is only to provide for orders started before the year end. The cost of office premises and other service costs have been apportioned to departments to reflect the facilities used, the basis of apportionment being floor space or headcount.

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 Board, 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.

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.

Pension contributions. The Board's staff are members of the Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme (see note 27). The pension costs charged as resources expended represent the Board's contributions payable in respect of the accounting period, in accordance with FRS102. Lay staff who are members of the stakeholder pension scheme, or have their contribution paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes to which Board participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year. The Board also operates a defined benefit scheme for the Board's employees whose employment began prior to 1 April 1993. The contribution rates for this scheme are set by the actuary using the actuarial valuation every three years.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. The primary purpose of residential property is to provide accommodation for ministers in the Diocese. The freehold properties are held at cost or deemed cost by reference to the midpoint of the applicable council tax band as determined in 1996.

Properties subject to equity (value linked) loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated at cost or deemed cost, where historic cost values prior to 1996 are not readily available. Equity loans are made to parishes and clergy spouses to enable them to purchase property on a shared equity basis. In the event of a sale of any of the houses purchased with value-linked loans, the whole, or a proportionate part, of the net sale proceeds would go to the Church Commissioners. Total value-linked loans advanced at 31 December 2018 amounted to £134,000 (2017-£134,000).

Parsonage houses

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historic or deemed cost.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Land and buildings purchased during the year totalled £1.351m (2017- £1.88m). The Board's policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

No value linked loan houses were sold in the current or preceding year.

d) Other tangible fixed assets

All capital expenditure over £2,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates: -

| | | |
|--------------------------------|-------|---------------|
| Motor vehicles | 25% | Straight line |
| Garden equipment | 20% | Straight line |
| Computer hardware and software | 33.3% | Straight line |
| Furniture & fittings | 10% | Straight line |
| Other office equipment | 20% | Straight line |
| Wind turbine | 4% | Straight line |
| Solar Panels | 5% | Straight line |

e) Other accounting policies

- Fixed asset investments** are included in the balance sheet at fair value and the gain or loss taken to the Statement of Financial Activities. Glebe agricultural land is valued at 31 December each year by Jas Martin & Co, Chartered Surveyors. Dunham House is professionally valued by Mr R Davis of Geo Hallam and Sons. For commercial property a desk top valuation is provided by the Diocesan surveyor. Some properties included in the Southwell & Nottingham Board of Education restricted fund are not valued and are shown at cost as there is no readily available market value.
- Leases.** Operating lease rentals are charged to the Statement of Financial Activities when they are paid. The lease payments are charged straight line over the period of the lease.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

f) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Board. There are two types of unrestricted funds:
 - **General funds** which the Board intends to use for the general purposes of the Board and
 - **Designated funds** are those funds set aside out of unrestricted funds by the Board for a specific purpose over whose use and purpose the Board has discretion. The accumulated capital fund is the amount transferred from the general fund, gains less loss on investments and the directors' valuation of freehold property transferred at no cost. A designated fund has also been created for deficit funding in respect of the closed defined benefit pension scheme.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the Board (Stipends Fund Capital, Benefice Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements.

g) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

h) Subsidiaries

Both of the Board's trading subsidiaries are consolidated using the equity method. SNDBF Solar Limited and Wind FX Limited also have a 31 December year end. The Board own 60% of the share capital of Wind FX Limited, therefore the non-controlling interest is shown separately in reserves.

i) Debtors & Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

j) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

k) Critical accounting estimates and assumptions

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present values of Church of England Funded Pensions Scheme and the Southwell and Nottingham Diocesan Board of Finance Staff Retirement Benefit Scheme both depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost(income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying value of the pension liability.

l) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

The charity also operates a defined benefit plan for the benefit of its employees. A liability for the charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

2. DONATIONS

Deanery Share

The majority of donations are collected from the parishes of the diocese through the parish share system.

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|-------------------------------------|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Newark | 2,800 | - | - | - | 2,800 | 2,799 |
| Archdeaconry Nottingham | 3,891 | - | - | - | 3,891 | 3,864 |
| Archdeaconry Voluntary contribution | 5 | - | - | - | 5 | - |
| Shortfall | (1,072) | - | - | - | (1,072) | (923) |
| | 5,624 | - | - | - | 5,624 | 5,740 |
| Receipts for previous years | 2 | - | - | - | 2 | 17 |
| Total Income | 5,626 | - | - | - | 5,626 | 5,757 |

Current year parish share receipts represent 84.1% of the total apportioned (2017 – 86.4%).

Archbishops' Council

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|--|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Selective allocation | 1,288 | - | - | - | 1,288 | 1,299 |
| Pooling of ordinands candidates' costs | 1 | - | - | - | 1 | 43 |
| Strategic Development Funding | - | - | 445 | - | 445 | 594 |
| | 1,289 | - | 445 | - | 1,734 | 1,936 |

Other donations

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|--------------------|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| All Churches Trust | 132 | - | - | - | 132 | 132 |
| Grant | 18 | - | - | - | 18 | 14 |
| Grants | 150 | - | - | - | 150 | 146 |

*Growing Disciples
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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

| 3. CHARITABLE ACTIVITIES | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|--|--------------------|---------------------|----------------|----------------|---------------|---------------|
| | General £'000 | Designated £'000 | Funds £'000 | Funds £'000 | 2018 £'000 | 2017 £'000 |
| Statutory fees | 368 | - | - | - | 368 | 409 |
| Contributions to sector and other chaplaincy posts | 99 | - | - | - | 99 | 101 |
| Contributions to costs of lay staff posts | 134 | - | - | - | 134 | 132 |
| Church Commissioners' Loan interest receivable | 37 | - | - | - | 37 | 37 |
| Other contributions and income | - | - | - | - | - | 3 |
| | 153 | - | 139 | - | 292 | 230 |
| | <u>791</u> | <u>-</u> | <u>139</u> | <u>-</u> | <u>930</u> | <u>912</u> |

4. OTHER ACTIVITIES

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|----------------|--------------------|---------------------|----------------|----------------|---------------|---------------|
| | General £'000 | Designated £'000 | Funds £'000 | Funds £'000 | 2018 £'000 | 2017 £'000 |
| Housing income | 421 | - | 2 | - | 423 | 373 |

5. INVESTMENT INCOME

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|---|--------------------|---------------------|----------------|----------------|---------------|---------------|
| | General £'000 | Designated £'000 | Funds £'000 | Funds £'000 | 2018 £'000 | 2017 £'000 |
| Dividends receivable | 293 | - | 253 | - | 546 | 568 |
| Interest receivable | 8 | - | 4 | - | 12 | 3 |
| Rents and income from mineral rights receivable | 758 | - | 51 | - | 809 | 471 |
| | <u>1,059</u> | <u>-</u> | <u>308</u> | <u>-</u> | <u>1,367</u> | <u>1,042</u> |

6. OTHER INCOMING RESOURCES

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|----------------------------|--------------------|---------------------|----------------|----------------|---------------|---------------|
| | General £'000 | Designated £'000 | Funds £'000 | Funds £'000 | 2018 £'000 | 2017 £'000 |
| Gain on sale of properties | - | - | - | - | - | 295 |
| Subsidiary income | - | - | 280 | - | 280 | 267 |
| | <u>-</u> | <u>-</u> | <u>280</u> | <u>-</u> | <u>280</u> | <u>562</u> |

*Growing Disciples
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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

| 7. FUND COSTS | RAISING | Unrestricted funds | | Restricted | Endowment | Total funds 2018 | Total funds 2017 |
|---|---------|--------------------|------------------|-------------|-------------|------------------|------------------|
| | | General £'000 | Designated £'000 | Funds £'000 | Funds £'000 | £'000 | £'000 |
| Glebe agent's fee | | 179 | - | - | - | 179 | 201 |
| Other land agent commission and expenditure | | 137 | - | 1 | - | 138 | 142 |
| Investment management charges | | 38 | - | 57 | - | 95 | 87 |
| | | <u>354</u> | <u>-</u> | <u>58</u> | <u>-</u> | <u>412</u> | <u>430</u> |

8. CHARITABLE ACTIVITIES

| | Unrestricted funds | | Restricted | Endowment | Total funds 2018 | Total funds 2017 |
|--|--------------------|------------------|-------------|-------------|------------------|------------------|
| | General £'000 | Designated £'000 | Funds £'000 | Funds £'000 | £'000 | £'000 |
| Contributions to Archbishops' Council | | | | | | |
| Training for Ministry | 207 | - | - | - | 207 | 203 |
| National Church responsibilities | 185 | - | - | - | 185 | 181 |
| Retired clergy housing costs | 70 | - | - | - | 70 | 67 |
| | <u>462</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>462</u> | <u>451</u> |
| Resourcing Ministry and Mission | | | | | | |
| People costs | | | | | | |
| Stipends, salaries and national insurance | 4,753 | - | 384 | - | 5,137 | 4,808 |
| Pension contributions | 1,201 | - | - | - | 1,201 | 1,127 |
| Housing costs | 1,115 | - | 8 | - | 1,123 | 1,157 |
| Removal, resettlement and other expenses | 239 | - | - | - | 239 | 265 |
| | <u>7,308</u> | <u>-</u> | <u>392</u> | <u>-</u> | <u>7,700</u> | <u>7,357</u> |
| Support for parish ministry | 1,044 | - | 313 | - | 1,357 | 1,391 |
| | <u>8,352</u> | <u>-</u> | <u>705</u> | <u>-</u> | <u>9,057</u> | <u>8,748</u> |
| | <u>8,814</u> | <u>-</u> | <u>705</u> | <u>-</u> | <u>9,519</u> | <u>9,199</u> |

*Growing Disciples
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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

| 9. EXPENDITURE ON CHURCH SCHOOLS & DIOCESAN PROJECTS | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|--|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure on Education | | | | | | |
| Support for church schools | - | - | 174 | - | 174 | 191 |
| Mission Development Fund | - | - | 4 | - | 4 | 32 |
| | <u>-</u> | <u>-</u> | <u>178</u> | <u>-</u> | <u>178</u> | <u>223</u> |

10. OTHER RESOURCES EXPENDED

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|-----------------------|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Audit Fees- audit | 18 | - | - | - | 18 | 18 |
| Audit Fees- non-audit | 4 | - | - | - | 4 | 4 |
| Synodical costs | 1 | - | - | - | 1 | 1 |
| Subsidiary expenses | - | - | 207 | - | 207 | 184 |
| | <u>23</u> | <u>-</u> | <u>207</u> | <u>-</u> | <u>230</u> | <u>207</u> |

11. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

| | Activities Undertaken | Grant Funding of | Support | Total costs | Total costs |
|---------------------------------------|-----------------------|------------------|-------------|---------------|---------------|
| | Directly £'000 | Activities £'000 | Costs £'000 | 2018 £'000 | 2017 £'000 |
| Fundraising costs | 412 | - | - | 412 | 430 |
| Charitable activities: | | | | | |
| Contributions to Archbishop's Council | - | 462 | - | 462 | 451 |
| Clergy pension scheme movement | 165 | - | - | 165 | 99 |
| Resourcing ministry and mission | 8,888 | 200 | 20 | 9,108 | 8,775 |
| Church Schools and Diocesan projects | - | 178 | 2 | 180 | 226 |
| Governance costs | - | - | 1 | 1 | 1 |
| Other | 176 | - | - | 176 | 176 |
| | <u>9,641</u> | <u>840</u> | <u>23</u> | <u>10,504</u> | <u>10,158</u> |

*Growing Disciples
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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

11. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)

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. Central support costs are apportioned on the basis of the estimated usage of resources at Jubilee House. Governance costs comprise audit fees, costs relating to the preparation of the statutory returns and the costs of hosting Diocesan Synod.

The apportionment in 2018 can be summarised as follows

Resourcing ministry and mission 88.8%
Church Schools 8.6%
Diocesan Projects 1.9%
Governance 0.7%

12. ANALYSIS OF GRANTS MADE

| | Number | Individuals £'000 | Institutions £'000 | 2018 Total £'000 | 2017 Total £'000 |
|---|------------|----------------------|-----------------------|------------------------|------------------------|
| From unrestricted funds for National Church responsibilities: | | | | | |
| Contributions to Archbishop's Council | 1 | - | 462 | 462 | 451 |
| From unrestricted funds: | | | | | |
| Family Care | 1 | - | 57 | 57 | 54 |
| Rainbow project | 1 | - | 21 | 21 | 21 |
| Clergy | 87 | 132 | - | 132 | 118 |
| Ordinands in training | 21 | 142 | - | 142 | 84 |
| From restricted funds for various purposes within resourcing parish ministry: | | | | | |
| Mission Development Fund | 1 | - | 4 | 4 | 36 |
| Growing Disciples Grants | 32 | - | 22 | 22 | 15 |
| Total | 144 | 274 | 566 | 840 | 779 |

*Growing Disciples
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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

| 13. STAFF COSTS | 2018 £'000 | 2017 £'000 |
|---|-----------------------|-----------------------|
| Employee costs during the year were as follows: | | |
| Salaries and stipends | 1,589 | 1,447 |
| National insurance contributions | 156 | 141 |
| Pension costs | | |
| Church of England Funded Pension scheme (2018 – 11 employees, 2017 – 10 employees) | 77 | 68 |
| Defined Benefit scheme (2018 – 1 employee, 2017 – 1 employee) | 128 | 133 |
| Defined contribution schemes (2018 – 60 employees, 2017 – 62 employees) | 124 | 120 |
| | <u>2,074</u> | <u>1,909</u> |
| The average number of persons employed by the group during the year: | | |
| | Number | Number |
| Administration and financial management | 32 | 37 |
| Property | 4 | 5 |
| Discipleship & Ministry, Stewardship | 27 | 27 |
| Education | 7 | 7 |
| Communications | 3 | 3 |
| | <u>73</u> | <u>79</u> |
| The average number of persons employed by the group during the year based on full-time equivalents: | | |
| | Number | Number |
| Administration and financial management | 18.26 | 18.95 |
| Property | 3.5 | 4 |
| Discipleship & Ministry, Stewardship | 20.40 | 16.7 |
| Education | 5.08 | 5.2 |
| Communications | 2.5 | 2.5 |
| | <u>49.74</u> | <u>47.35</u> |

The number of people employed by the Board now include some posts that were previously funded by way of grant or contribution to a third party.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

13. STAFF COSTS (continued)

| | 2018 Number | 2017 Number |
|---|----------------|----------------|
| The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows: | | |
| £60,000 – £70,000 | 1 | - |
| £70,001 – £80,000 | 1 | 2 |
| | <u>1</u> | <u>2</u> |

Pension payments of £13,338 (2017: £13,141) were made for these employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2018 they were:

| | |
|---|-------------------------|
| Diocesan Chief Executive and Company Secretary | Canon N Spraggins |
| Director of Discipleship & Ministry | Revd Canon Dr R Kellett |
| Director of Partnerships & Mission | Revd D McCoulough |
| Director of Education & Mission | Mrs C Meese |
| Director of Communications | Mr R Ellis |
| Director of Parish Support | Mr F McNish |
| Director of Finance | Mrs R Bowes |

Remuneration, pensions and expenses for these 7 employees amounted to £448,206 (2017: £432,943)

Directors' emoluments

No Director received any remuneration for services as Director. 7 Directors received travelling and out of pocket expenses, totalling £17,536 (2017 -8 Directors- £14,492) in respect of General Synod duties, duties as archdeacon or area dean, and other duties as Directors.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

13. STAFF COSTS (continued)

The following table gives details of the stipendiary Directors, including those who were in receipt of a stipend and/or housing provided by the Board during the year:

| | Stipend | Housing |
|---|---------|---------|
| The Right Revd P Williams | No | No |
| The Right Revd A Porter | No | Yes |
| The Ven D Picken | Yes | Yes |
| The Ven S Clark | Yes | Yes |
| The Revd A Fletcher (from 1 November 2018) | Yes | Yes |
| The Revd Canon M F Shouler (from 1 November 2018) | Yes | Yes |
| The Revd S Hustwayte (from 1 November 2018) | Yes | Yes |
| The Revd Canon J Bentham (to 31 October 2018) | Yes | Yes |
| The Revd J Stephens (to 31 October 2018) | Yes | Yes |
| The Revd D A Stevenson (to 31 October 2018) | Yes | Yes |
| The Revd Canon S D Silvester | Yes | Yes |
| The Revd C Bourne | Yes | Yes |
| The Revd Canon M Adams | Yes | Yes |

The Board is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The Board 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 Board paid an average of 120 (2017 – 118) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Stipends | 3,191 | 2,990 |
| National insurance contributions & Apprenticeship levy | 265 | 232 |
| Pension costs – current year | 530 | 389 |
| – deficit reduction | 362 | 415 |
| | <u>4,348</u> | <u>4,026</u> |

The annual rate of stipend, funded by the Board, paid to Archdeacons in 2018 was in the range £36,100 – £37,500 (2017 range £35,400 – £36,760) and other clergy who were Trustees were paid in the range £24,280 – £28,400 (2017 range £23,838 – £27,920).

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

| 14. ANALYSIS OF TRANSFERS BETWEEN FUNDS | Unrestricted | Restricted | Endowment |
|--|----------------|----------------|----------------|
| | Funds £'000 | Funds £'000 | Funds £'000 |
| Church of England Funded Pension scheme | (326) | - | 326 |
| Mission development fund transfer | (4) | 4 | - |
| Trading Subsidiaries | 87 | (87) | - |
| | <u>(243)</u> | <u>(83)</u> | <u>326</u> |

15. TANGIBLE FIXED ASSETS – COMPANY

| | Freehold Houses (see below) £'000 | Diocesan Office & caretakers' bungalow £'000 | Office Equipment £'000 | Motor Vehicles £'000 | Total £'000 |
|-----------------------|---|--|------------------------------|----------------------------|----------------|
| Cost | | | | | |
| At 1 January 2018 | 32,015 | 3,807 | 488 | 9 | 36,319 |
| Additions | 1,351 | 2 | 4 | - | 1,357 |
| Disposals | - | - | (17) | - | (17) |
| At 31 December 2018 | <u>33,366</u> | <u>3,809</u> | <u>475</u> | <u>9</u> | <u>37,659</u> |
| Depreciation | | | | | |
| At 1 January 2018 | - | 22 | 298 | 3 | 323 |
| Charge for the year | - | 2 | 49 | 2 | 53 |
| Disposals | - | - | (17) | - | (17) |
| At 31 December 2018 | <u>-</u> | <u>24</u> | <u>330</u> | <u>5</u> | <u>359</u> |
| Net Book Value | | | | | |
| At 31 December 2018 | <u>33,366</u> | <u>3,785</u> | <u>145</u> | <u>4</u> | <u>37,300</u> |
| At 31 December 2017 | <u>32,015</u> | <u>3,785</u> | <u>190</u> | <u>6</u> | <u>35,996</u> |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

15. TANGIBLE FIXED ASSETS - company (continued)

| | 2018 | | 2017 | |
|--|------------------------------------|------------------------|------------------------------------|---------------------|
| | Cost or deemed cost £'000 | Number of houses | Cost or deemed cost £'000 | Number of houses |
| Endowment funds | | | | |
| Benefice houses fund | | | | |
| Parsonage houses | 16,579 | 119 | 17,014 | 121 |
| Glebe funds | | | | |
| Housing of team vicars, curates & others | 10,394 | 49 | 10,394 | 49 |
| Retirement houses | 40 | 1 | 40 | 1 |
| Unrestricted (designated) funds | | | | |
| Corporate property | | | | |
| City Centre Resource Church | 1,481 | 1 | 1,105 | 1 |
| Housing of senior clergy, curates and others | 4,732 | 26 | 3,322 | 22 |
| Houses subject to value-linked loans | | | | |
| Housing of curates and others | 140 | 3 | 140 | 3 |
| | <u>33,366</u> | <u>199</u> | <u>32,015</u> | <u>197</u> |

Diocesan offices include the caretaker's bungalow situated in the grounds of Dunham House and amounts capitalised as part of the Jubilee House office build shown at cost. There is no reliable market value, but a valuation of both Jubilee House and the bungalow would be greater than historic cost. Dunham House is held in investment properties as it has been converted to 7 apartments for rental. A professional year end valuation has been obtained from Mr G Davis from the Board's property agent, whom is an independently qualified surveyor. Dunham House is valued on a freehold market value basis.

All of the freehold houses included above are freehold and are vested in the Board, except for benefice houses which are vested in the incumbent. The Board is not free to dispose or encumber these properties as it sees fit, as they are to be used for clergy housing. They are carried at cost or deemed cost and in the opinion of the Directors, the carrying value of land and buildings is less than the market value. The costs of revaluation are considered to outweigh the benefits to the reader of the accounts. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to £139,000 (2017: £139,000). Of the total land and buildings at 31 December 2018, £15.656m are valued at cost (2017: £14.45m), with the rest at deemed cost. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

15. TANGIBLE FIXED ASSETS – GROUP

| | Freehold Houses | Diocesan Office & caretakers' bungalow | Office Equipment | Motor Vehicles | Wind Turbine & solar panels | Total |
|-----------------------|--------------------|---|---------------------|-------------------|--------------------------------------|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 1 January 2018 | 32,015 | 3,807 | 488 | 9 | 1,690 | 38,009 |
| Additions | 1,351 | 2 | 4 | - | - | 1,357 |
| Disposals | - | - | (17) | - | - | (17) |
| At 31 December 2018 | 33,366 | 3,809 | 475 | 9 | 1,690 | 39,349 |
| Depreciation | | | | | | |
| At 1 January 2018 | - | 22 | 298 | 3 | 134 | 457 |
| Charge for the year | - | 2 | 49 | 2 | 69 | 122 |
| Disposals | - | - | (17) | - | - | (17) |
| At 31 December 2018 | - | 24 | 330 | 5 | 203 | 562 |
| Net Book Value | | | | | | |
| At 31 December 2018 | 33,366 | 3,785 | 145 | 4 | 1,487 | 38,787 |
| Net Book Value | | | | | | |
| At 31 December 2017 | 32,015 | 3,785 | 190 | 6 | 1,556 | 37,552 |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

16. FIXED ASSET INVESTMENTS – COMPANY & GROUP

| | At 1 January 2018 | Additions at cost | Disposals | Unrealised gains/losses | At 31 December 2018 |
|--|-------------------------|----------------------|----------------|----------------------------|---------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Listed investment securities | | | | | |
| Restricted funds | 6,063 | 1,400 | (664) | (374) | 6,425 |
| Endowment funds | 4,313 | 2,627 | (2,575) | (28) | 4,337 |
| Unrestricted funds | 5,109 | 485 | (442) | (224) | 4,928 |
| | <u>15,485</u> | <u>4,512</u> | <u>(3,681)</u> | <u>(626)</u> | <u>15,690</u> |
| Unlisted investment securities | | | | | |
| Restricted funds | 89 | - | - | (11) | 78 |
| Endowment funds | 3,661 | 53 | - | (228) | 3,486 |
| Unrestricted funds | 861 | - | - | 23 | 884 |
| | <u>4,611</u> | <u>53</u> | <u>-</u> | <u>(216)</u> | <u>4,448</u> |
| Cash held for investment purposes | | | | | |
| Restricted funds | 27 | - | - | - | 27 |
| Endowment funds | 408 | - | - | - | 408 |
| Unrestricted funds | 1,492 | 135 | (717) | - | 910 |
| | <u>1,927</u> | <u>135</u> | <u>(717)</u> | <u>-</u> | <u>1,345</u> |
| Investment properties | | | | | |
| Restricted funds | - | - | - | - | - |
| Endowment funds | 16,875 | - | (648) | 238 | 16,465 |
| Unrestricted funds | 1,672 | - | - | - | 1,672 |
| | <u>18,547</u> | <u>-</u> | <u>(648)</u> | <u>238</u> | <u>18,137</u> |
| Total | <u>40,570</u> | <u>4,700</u> | <u>(5,046)</u> | <u>(604)</u> | <u>39,620</u> |

Due to their nature the historic cost of investment properties is not known. Included in the above are the following unrealised gains -Endowment funds £387,706 (2017-£400,065) Restricted funds £605,175 (2017- £513,069) and unrestricted funds £652,740 (2017 -£545,866).

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

17. SUBSIDIARIES

The Diocesan Board of Finance has two trading subsidiaries; Wind FX Limited is incorporated in the United Kingdom (company number 09601836) and is 60% owned by the Board. Wind FX Limited was incorporated on 20 May 2015 and the Board acquired its shares on 4 December 2015. SNDBF Solar Limited is incorporated in the United Kingdom (company number 09792284) and was incorporated on 23 September 2015, and the shares were acquired on the same date. Both companies operate in the renewable energy sector.

| | Wind FX Limited | SNDBF Solar Limited |
|--|--------------------|---------------------------|
| | 2018 | 2018 |
| | £'000 | £'000 |
| The summary financial performance of the subsidiaries alone are: | | |
| Turnover | 256 | 24 |
| Expenses | (271) | (19) |
| Net (Loss)/Profit | (15) | 5 |
| The assets and liabilities of the subsidiaries alone are: | | |
| Fixed assets | 1,294 | 192 |
| Current Assets | 179 | 83 |
| Current liabilities | (30) | (228) |
| Provisions | (66) | (24) |
| Long term liabilities | (1,441) | - |
| Net (liabilities)/assets | (64) | 23 |
| Represented by | | |
| Share Capital | - | - |
| Reserves | (64) | 23 |

Both subsidiaries have taken advantage of exemption from audit under section 479A Companies Act 2006.

| 18. DEBTORS | GROUP 2018 £'000 | COMPANY 2018 £'000 | GROUP 2017 £'000 | COMPANY 2017 £'000 |
|------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Due within one year | | | | |
| Current year Parish share | 87 | 87 | 189 | 189 |
| Loans to parishes | 13 | 13 | 12 | 12 |
| Rent debtors | 107 | 107 | 83 | 83 |
| Other debtors | 452 | 308 | 729 | 554 |
| Amounts due from subsidiary | - | 6 | - | 22 |
| Prepayments | 83 | 83 | 63 | 63 |
| | 742 | 604 | 1,076 | 923 |
| Due after more than one year | | | | |
| Loans to parishes | 145 | 145 | 11 | 11 |
| Amounts due from subsidiary | - | 1,091 | - | 1,091 |
| | 145 | 1,236 | 11 | 1,102 |
| Total debtors | 887 | 1,840 | 1,087 | 2,025 |

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

| 19. CREDITORS: amounts falling due within one year | GROUP 2018 £'000 | COMPANY 2018 £'000 | GROUP 2017 £'000 | COMPANY 2017 £'000 |
|--|------------------------|--------------------------|------------------------|--------------------------|
| Bank Overdraft | - | - | 6 | 6 |
| Mission development fund grants | 36 | 36 | 41 | 41 |
| Other taxes and social security | - | - | 40 | 40 |
| Other creditors and accruals | 765 | 646 | 549 | 444 |
| Amounts owed to subsidiaries | - | 56 | - | 36 |
| Clergy pension scheme | 362 | 362 | 415 | 415 |
| Total creditors: amounts falling due within one year | 1,163 | 1,100 | 1,051 | 982 |
| 20. CREDITORS: amounts falling due after more than one year | GROUP 2018 £'000 | COMPANY 2018 £'000 | GROUP 2017 £'000 | COMPANY 2017 £'000 |
| Loan repayment instalments due after more than one year | | | | |
| Church Commissioners value-linked loans | 134 | 134 | 134 | 134 |
| Sundry creditors | | | | |
| Shareholder loans | 576 | - | 576 | - |
| Southwell & Nottingham Board of Education | 1 | 1 | 1 | 1 |
| Loan with the Central Board of Finance – interest free | 8 | 8 | 8 | 8 |
| | 719 | 143 | 719 | 143 |
| Pension scheme liabilities | 3,648 | 3,648 | 4,251 | 4,251 |
| Total creditors: amounts falling due after more than one year | 4,367 | 3,791 | 4,970 | 4,394 |

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. Interest at the time of the advance is at the rate of 4% per annum (3% per annum on loans advanced on or before 31 December 1992) rising annually by the increase in the Retail Prices Index. As the date of disposal of the property is not known, the analysis of the date due cannot be calculated.

| CREDITORS: amounts falling due after more than one year | GROUP 2018 £'000 | COMPANY 2018 £'000 | GROUP 2017 £'000 | COMPANY 2017 £'000 |
|---|------------------------|--------------------------|------------------------|--------------------------|
| The maturity of the above loans may be analysed as follows: | | | | |
| Between one and two years | 32 | 9 | 32 | 9 |
| Between two and five years | 118 | - | 118 | - |
| In five years or more | 569 | 134 | 569 | 134 |
| | 719 | 143 | 719 | 143 |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

21. SUMMARY OF FUND MOVEMENTS -COMPANY

| | Balances at 1 January | | | | Gains and Losses | Balances at 31 December |
|--|--------------------------|-----------------|----------------------|--------------------|------------------------|-------------------------------|
| | 2018 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | £'000 | 2018 £'000 |
| ENDOWMENT FUNDS | | | | | | |
| Expendable | | | | | | |
| Benefice houses fund | 17,344 | - | - | - | | 17,344 |
| Stipends fund capital | 34,941 | - | - | - | 296 | 35,237 |
| Parsonages capital | 120 | - | - | - | 3 | 123 |
| Clergy pension fund deficit | (2,755) | - | (165) | 326 | - | (2,594) |
| Permanent funds | | | | | | |
| Stipends | 1,076 | - | - | - | (13) | 1,063 |
| Bramcote Bungalows | 697 | - | - | - | (9) | 688 |
| Haseldine Homes | 421 | - | - | - | (5) | 416 |
| Perry Gift Fund | 560 | - | - | - | (7) | 553 |
| Other permanent endowment funds | 338 | - | - | - | (9) | 329 |
| | 52,742 | - | (165) | 326 | 256 | 53,159 |
| RESTRICTED FUNDS | | | | | | |
| Diocesan Board of Education | 7,164 | 214 | (215) | - | (411) | 6,752 |
| Mission Development Fund | - | - | (4) | 4 | - | - |
| Pastoral Account | 333 | - | (83) | - | - | 250 |
| Strategic Development funding | - | 445 | (445) | - | - | - |
| Other restricted income funds | 357 | 322 | (199) | (87) | 3 | 396 |
| | 7,854 | 981 | (946) | (83) | (408) | 7,398 |
| UNRESTRICTED FUNDS | | | | | | |
| General fund | 3,963 | 9,336 | (8,675) | (79) | (273) | 4,272 |
| Accumulated Capital | 8,897 | - | (399) | - | - | 8,498 |
| Mission Development | 117 | - | - | (4) | - | 113 |
| Closed Pension scheme deficit funding | 2,240 | - | - | (326) | - | 1,914 |
| Other designated funds | 33 | - | (6) | - | - | 27 |
| Defined benefit pension scheme | (1,911) | - | (111) | 166 | 440 | (1,416) |
| | 13,339 | 9,336 | (9,191) | (243) | 167 | 13,408 |
| TOTAL | 73,935 | 10,317 | (10,302) | - | 15 | 73,965 |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

21. SUMMARY OF FUND MOVEMENTS -COMPANY
(prior year)

| | Balances at 1 January | | | | Gains and Losses | Balances at 31 December |
|--|--------------------------|-----------------|----------------------|--------------------|------------------------|-------------------------------|
| | 2017 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | £'000 | 2017 £'000 |
| ENDOWMENT FUNDS | | | | | | |
| Expendable | | | | | | |
| Benefice houses fund | 17,061 | 283 | - | - | - | 17,344 |
| Stipends fund capital | 34,107 | - | - | 568 | 266 | 34,941 |
| Parsonages capital | 100 | - | - | - | 23 | 123 |
| Clergy pension fund deficit | (3,029) | - | (99) | 373 | - | (2,755) |
| Permanent funds | | | | | | |
| Stipends | 975 | - | - | - | 101 | 1,076 |
| Bramcote Bungalows | 632 | - | - | - | 65 | 697 |
| Haseldine Homes | 387 | - | - | - | 34 | 421 |
| Perry Gift Fund | 507 | - | - | - | 53 | 560 |
| Other permanent endowment funds | 313 | - | - | (8) | 30 | 335 |
| | 51,053 | 283 | (99) | 933 | 572 | 52,742 |
| RESTRICTED FUNDS | | | | | | |
| Diocesan Board of Education | 6,828 | 353 | (413) | - | 396 | 7,164 |
| Pastoral Account | 333 | - | - | - | - | 333 |
| Strategic Development funding | - | 594 | (594) | - | - | - |
| Other restricted income funds | 441 | 87 | (33) | (701) | 571 | 357 |
| | 7,602 | 1,034 | (1,040) | (701) | 967 | 7,854 |
| UNRESTRICTED FUNDS | | | | | | |
| General fund | 3,092 | 9,231 | (8,860) | (17) | 517 | 3,963 |
| Accumulated Capital | 8,897 | - | - | - | - | 8,897 |
| Mission Development | 150 | - | - | (33) | - | 117 |
| Closed Pension scheme deficit funding | 2,415 | - | - | (175) | - | 2,240 |
| Other designated funds | 40 | - | - | (7) | - | 33 |
| Defined benefit pension scheme | (2,415) | - | 24 | - | 480 | (1,911) |
| | 12,179 | 9,231 | (8,836) | (232) | 997 | 13,339 |
| TOTAL | 70,834 | 10,548 | (9,975) | - | 2,528 | 73,935 |

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

21. SUMMARY OF FUND MOVEMENTS -GROUP

| | Balances at 1 January 2018 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Gains and Losses £'000 | Balances at 31 December 2018 £'000 |
|---|--|-----------------|----------------------|--------------------|------------------------------|---|
| ENDOWMENT FUNDS | | | | | | |
| Expendable | | | | | | |
| Benefice houses fund | 17,344 | - | - | - | - | 17,344 |
| Stipends fund capital | 34,941 | - | - | - | 296 | 35,237 |
| Parsonages capital | 123 | - | - | - | - | 123 |
| Clergy pension fund deficit | (2,755) | - | (165) | 326 | - | (2,594) |
| Permanent funds | | | | | | |
| Stipends | 1,076 | - | - | - | (13) | 1,063 |
| Bramcote Bungalows | 697 | - | - | - | (9) | 688 |
| Haseldine Homes | 421 | - | - | - | (5) | 416 |
| Perry Gift Fund | 560 | - | - | - | (7) | 553 |
| Other permanent endowment funds | 335 | - | - | - | (6) | 329 |
| | 52,742 | - | (165) | 326 | 256 | 53,159 |
| RESTRICTED FUNDS | | | | | | |
| Diocesan Board of Education | 7,164 | 214 | (215) | - | (411) | 6,752 |
| Pastoral Account | 333 | - | (83) | - | - | 250 |
| Strategic Development funding | - | 445 | (445) | - | - | - |
| Other restricted income funds | 364 | 515 | (405) | (83) | 5 | 396 |
| Non-Controlling interest | (19) | - | - | - | 4 | (15) |
| | 7,842 | 1,174 | (1,148) | (83) | (402) | 7,383 |
| UNRESTRICTED FUNDS | | | | | | |
| General Fund | 3,963 | 9,336 | (8,675) | (79) | (273) | 4,272 |
| Accumulated Capital | 8,897 | - | (399) | - | - | 8,498 |
| Mission Development | 117 | - | - | (4) | - | 113 |
| Closed Pension scheme Deficit funding | 2,240 | - | - | (326) | - | 1,914 |
| Other designated funds | 33 | - | (6) | - | - | 27 |
| Defined benefit pension scheme liability | (1,911) | - | (111) | 166 | 440 | (1,416) |
| | 13,339 | 9,336 | (9,191) | (243) | 167 | 13,408 |
| TOTAL | 73,923 | 10,510 | (10,504) | - | 21 | 73,950 |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

21. SUMMARY OF FUND MOVEMENTS -GROUP (prior year)

| | Balances at 1 January | | | | Gains and Losses | Balances at 31 December 2017 |
|--|--------------------------|-----------------|----------------------|--------------------|---------------------|---------------------------------------|
| | 2017 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | £'000 | £'000 |
| ENDOWMENT FUNDS | | | | | | |
| Expendable | | | | | | |
| Benefice houses | 17,061 | 283 | - | - | - | 17,344 |
| Stipends fund capital | 34,107 | - | - | 568 | 266 | 34,941 |
| Parsonages capital | 100 | - | - | - | 23 | 123 |
| Clergy pension fund deficit | (3,029) | - | (99) | 373 | - | (2,755) |
| Permanent funds | | | | | | |
| Stipends | 975 | - | - | - | 101 | 1,076 |
| Bramcote Bungalows | 632 | - | - | - | 65 | 697 |
| Haseldine Homes | 387 | - | - | - | 34 | 421 |
| Perry Gift Fund | 507 | - | - | - | 53 | 560 |
| Other permanent endowment funds | 313 | - | - | (8) | 30 | 335 |
| | 51,053 | 283 | (99) | 933 | 572 | 52,742 |
| RESTRICTED FUNDS | | | | | | |
| Diocesan Board of Education | 6,828 | 353 | (413) | - | 396 | 7,164 |
| Pastoral Account | 333 | - | - | - | - | 333 |
| Strategic Development funding | - | 594 | (594) | - | - | - |
| Other restricted income funds | 405 | 267 | (225) | (701) | 571 | 309 |
| Non Controlling interest | 17 | - | (4) | - | 2 | 19 |
| | 7,583 | 1,214 | (1,223) | (701) | 969 | 7,842 |
| UNRESTRICTED FUNDS | | | | | | |
| General Fund | 3,092 | 9,231 | (8,860) | (17) | 517 | 3,963 |
| Accumulated Capital | 8,897 | - | - | - | - | 8,897 |
| Mission Development | 150 | - | - | (33) | - | 117 |
| Closed Pension scheme | 2,415 | - | - | (175) | - | 2,240 |
| Deficit funding | - | - | - | - | - | - |
| Other designated funds | 40 | - | - | (7) | - | 33 |
| Defined benefit pension scheme liability | (2,415) | - | 24 | - | 480 | (1,911) |
| | 12,179 | 9,231 | (8,836) | (232) | 997 | 13,339 |
| TOTAL | 70,815 | 10,728 | (10,158) | - | 2,538 | 73,923 |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

| COMPANY SUMMARY OF ASSETS BY FUND | | | | | |
|--|--|------------------------------|-------------------------------------|----------------------------|---------------------------------|
| | Fixed assets Tangible £'000 | Investments £'000 | Current Assets £'000 | Creditors £'000 | Net Assets £'000 |
| Endowment funds | | | | | |
| Expendable endowment funds | | | | | |
| Benefice houses | 17,344 | - | - | - | 17,344 |
| Stipend fund capital | 10,394 | 24,843 | - | - | 35,237 |
| Parsonages capital | - | 123 | - | - | 123 |
| Clergy Pension fund deficit | - | - | - | (2,594) | (2,594) |
| Permanent endowment funds | 30 | 2,631 | 388 | - | 3,049 |
| | <u>27,768</u> | <u>27,597</u> | <u>388</u> | <u>(2,594)</u> | <u>53,159</u> |
| Restricted | | | | | |
| Diocesan Board of Education | - | 6,376 | 417 | (41) | 6,752 |
| Pastoral account | - | - | 250 | - | 250 |
| Mission development fund | - | - | - | - | - |
| Other restricted income funds | - | 49 | 347 | - | 396 |
| | <u>-</u> | <u>6,425</u> | <u>1,014</u> | <u>(41)</u> | <u>7,398</u> |
| Unrestricted funds | | | | | |
| General fund | 1,034 | 3,544 | 534 | (840) | 4,272 |
| Designated funds | | | | | |
| Accumulated capital | 8,498 | 2,054 | - | - | 10,552 |
| Other designated funds | - | - | - | - | - |
| Pension reserve | - | - | - | (1,416) | (1,416) |
| | <u>9,532</u> | <u>5,598</u> | <u>534</u> | <u>(2,256)</u> | <u>13,408</u> |
| Total funds at 31 December 2018 | <u>37,300</u> | <u>39,620</u> | <u>1,936</u> | <u>(4,891)</u> | <u>73,965</u> |

| COMPANY SUMMARY OF ASSETS BY FUND | | | | | |
|--|--|------------------------------|-------------------------------------|----------------------------|---------------------------------|
| | Fixed assets Tangible £'000 | Investments £'000 | Current Assets £'000 | Creditors £'000 | Net Assets £'000 |
| Endowment funds | | | | | |
| Expendable endowment funds | | | | | |
| Benefice houses | 17,014 | - | 330 | - | 17,344 |
| Stipend fund capital | 10,394 | 24,547 | - | - | 34,941 |
| Parsonages capital | - | 123 | - | - | 123 |
| Clergy Pension fund deficit | - | - | - | (2,755) | (2,755) |
| Permanent endowment funds | 40 | 2,631 | 418 | - | 3,089 |
| | <u>27,448</u> | <u>27,301</u> | <u>748</u> | <u>(2,755)</u> | <u>52,742</u> |
| Restricted | | | | | |
| Diocesan Board of Education | - | 6,686 | 478 | - | 7,164 |
| Pastoral account | - | - | 333 | - | 333 |
| Mission development fund | - | - | - | (41) | (41) |
| Other restricted income funds | - | - | 398 | - | 398 |
| | <u>-</u> | <u>6,686</u> | <u>1,209</u> | <u>(41)</u> | <u>7,854</u> |
| Unrestricted funds | | | | | |
| General fund | - | 3,810 | 782 | (636) | 3,962 |
| Designated funds | | | | | |
| Accumulated capital | 8,548 | 2,773 | - | (33) | 11,288 |
| Other designated funds | - | - | - | - | - |
| Pension reserve | - | - | - | (1,911) | (1,911) |
| | <u>8,548</u> | <u>6,583</u> | <u>782</u> | <u>(2,580)</u> | <u>13,339</u> |
| Total funds at 31 December 2017 | <u>35,996</u> | <u>40,570</u> | <u>2,745</u> | <u>(5,376)</u> | <u>73,935</u> |

*Growing Disciples
Wider Younger Deeper*

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

| 22. GROUP SUMMARY OF ASSETS BY FUND | | | | | |
|--|---|------------------------------|-------------------------------------|----------------------------|---------------------------------|
| | Fixed assets Tangible & Intangible £'000 | Investments £'000 | Current Assets £'000 | Creditors £'000 | Net Assets £'000 |
| Endowment funds | | | | | |
| Expendable endowment funds | | | | | |
| Benefice houses | 17,344 | - | - | - | 17,344 |
| Stipend fund capital | 10,394 | 24,873 | - | - | 35,237 |
| Parsonages capital | - | 123 | - | - | 123 |
| Clergy Pension fund deficit | - | - | - | (2,594) | (2,594) |
| Permanent endowment funds | 30 | 2,631 | 388 | - | 3,049 |
| | <u>27,768</u> | <u>27,597</u> | <u>388</u> | <u>(2,594)</u> | <u>53,159</u> |
| Restricted | | | | | |
| Diocesan Board of Education | - | 6,376 | 417 | (41) | 6,752 |
| Pastoral account | - | - | 250 | - | 250 |
| Other restricted income funds | 1,487 | 49 | (516) | (639) | 381 |
| | <u>1,487</u> | <u>6,425</u> | <u>151</u> | <u>(680)</u> | <u>7,383</u> |
| Unrestricted funds | | | | | |
| General fund | 1,034 | 3,544 | 534 | (840) | 4,272 |
| Designated funds | | | | | |
| Accumulated capital | 8,498 | 2,054 | - | - | 10,552 |
| Other designated funds | - | - | - | (1,416) | (1,416) |
| Pension reserve | - | - | - | - | - |
| | <u>9,532</u> | <u>5,598</u> | <u>534</u> | <u>(2,256)</u> | <u>13,408</u> |
| Total funds at 31 December 2018 | <u>38,787</u> | <u>39,620</u> | <u>1,073</u> | <u>(5,530)</u> | <u>73,950</u> |

**GROUP SUMMARY OF ASSETS
BY FUND**

| | Fixed assets Tangible & Intangible £'000 | Investments £'000 | Current Assets £'000 | Creditors £'000 | Net Assets £'000 |
|--|---|------------------------------|-------------------------------------|----------------------------|---------------------------------|
| Endowment funds | | | | | |
| Expendable endowment funds | | | | | |
| Benefice houses | 17,014 | - | 330 | - | 17,344 |
| Stipend fund capital | 11,950 | 24,547 | (911) | (645) | 34,941 |
| Parsonages capital | - | 120 | - | - | 120 |
| Clergy Pension fund deficit | - | - | - | (2,755) | (2,755) |
| Permanent endowment funds | 40 | 2,634 | 418 | - | 3,092 |
| | <u>29,004</u> | <u>27,301</u> | <u>(163)</u> | <u>(3,400)</u> | <u>52,742</u> |
| Restricted | | | | | |
| Diocesan Board of Education | - | 6,686 | 478 | - | 7,164 |
| Pastoral account | - | - | 333 | - | 333 |
| Mission development fund | - | - | - | (41) | (41) |
| Other restricted income funds | - | - | 398 | - | 398 |
| Subsidiary undertakings | - | - | (12) | - | (12) |
| | <u>-</u> | <u>6,686</u> | <u>1,197</u> | <u>(41)</u> | <u>7,842</u> |
| Unrestricted funds | | | | | |
| General fund | - | 3,811 | 788 | (636) | 3,963 |
| Designated funds | | | | | |
| Accumulated capital | 8,548 | 2,772 | - | (33) | 11,287 |
| Other designated funds | - | - | - | (1,911) | (1,911) |
| Pension reserve | - | - | - | - | - |
| | <u>8,548</u> | <u>6,583</u> | <u>788</u> | <u>(2,580)</u> | <u>13,339</u> |
| Total funds at 31 December 2017 | <u>37,552</u> | <u>40,570</u> | <u>1,822</u> | <u>(6,021)</u> | <u>73,923</u> |

*Growing Disciples
Wider Younger Deeper*

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

23. DESCRIPTION OF FUNDS

Expendable Endowment Funds – investment income is usable only for the specific purposes for which the endowment was given and the trustees may convert the capital into spendable income depending on various restrictions:

| | |
|----------------------|---|
| Benefice houses fund | represents the value of benefice houses at the balance sheet date together with the Parsonages Building funds held by the Church Commissioners. These houses are used to provide accommodation for parochial clergy. The Board is not free to dispose of the houses except in accordance with appropriate measures. |
|----------------------|---|

| | |
|-------------|---|
| Glebe funds | represents the proceeds of the sale of glebe, parsonages transferred by Pastoral Scheme and gifts to the fund. The funds generate income for the payment of stipends and can be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Church of England (Miscellaneous Provisions) Measure 1992. |
|-------------|---|

| | |
|--------------------|--|
| Parsonages Capital | the income to be applied to meet personage houses costs. |
|--------------------|--|

| | |
|-----------------------------|------------------------------|
| Clergy pension fund deficit | details contained in note 27 |
|-----------------------------|------------------------------|

Permanent Endowment Funds – investment income only is usable for the specific purposes for which the endowment was given:

| | |
|----------|----------------------------|
| Stipends | to augment clergy stipends |
|----------|----------------------------|

| | |
|--------------------|---|
| Bramcote Bungalows | to provide housing for retired clergy or their spouses. |
|--------------------|---|

| | |
|-----------------|--|
| Haseldine Homes | to contribute to the payment of pension contributions for stipendiary clergy in the diocese. |
|-----------------|--|

| | |
|-----------------|---|
| Perry Gift Fund | to provide grants to clergy and lay persons deserving of financial assistance |
|-----------------|---|

| | |
|--------------------|--|
| Bishops Manor Fund | to be applied at the discretion of the Bishop of Southwell |
|--------------------|--|

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

23. DESCRIPTION OF FUNDS (continued)

Permanent Endowment Funds (continued)

| | |
|----------------------------------|--|
| Ministers in training | to provide grants to ministers in training |
| Miss E L Brown Trust | to be applied at the discretion of the Bishop of Southwell. |
| Nottingham University Chaplaincy | to pay the expenses of the Nottingham University chaplaincy |
| Sacrista Canonry | to be applied for the Canon appointed to occupy the stall of the Canonry of Sacrista in Southwell Minister |
| Southwell House/Hostel Charity | to be applied to property outgoings |
| Yapp Donation | to be applied for a former employee's annuity, with any surplus to be used for the benefit of persons who are physically or mentally handicapped |

Restricted Funds – can only be used for the specific purposes for which they were given:

| | |
|-----------------------------|---|
| Landon Bequest | to fund Church of England students and Ordinands to serve overseas. |
| Natal Link Fund | represents donations from parishes and individuals for general work and specific projects in the Diocese of Natal. |
| Readers Association | to meet central costs for Readers |
| Industrial Chaplaincies | to meet central costs for industrial chaplaincies. |
| Diocesan Board of Education | to administer the scheme for the Diocese's Church Schools' building programme and to operate for the benefit of Church Schools. |
| Pastoral account | set up under the provisions of the Pastoral Measure 1983 and represents proceeds of redundant churches and parsonages which have not yet been applied to the purposes permitted by the Pastoral Measure 1983. |
| Mission Development Fund | represents sums of money made available by the Archbishop's Council set aside for mission development |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

23. DESCRIPTION OF FUNDS (continued)

Designated Funds – general funds that the Trustees have chosen to use for a specific purpose:

| | |
|---------------------------------------|--|
| Accumulated Capital Fund | represents amounts transferred from the general fund, gains less losses on investments and the directors' valuation of property transferred at no cost. This fund is designated for use to purchase fixed assets |
| Mission Development Fund | Amounts in addition to the restricted fund set aside for Mission Development |
| Ordination Candidates Support Funding | to meet support costs of Ordinands |
| Closed Pension Fund Deficit Funding | amounts transferred from the general fund to meet future deficit contributions |
| General fund | The general fund is the Board's unrestricted undesignated fund available for any of the Board's purposes without restriction |

24. CAPITAL COMMITMENTS

At 31 December 2018 the Group had capital expenditure commitments authorised but not contracted for of £207,213 (2017 – £NIL) and contracted for but not yet due of £NIL (2017 – £NIL).

25. OPERATING LEASES

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

| | GROUP 2018 £'000 | COMPANY 2018 £'000 | GROUP 2017 £'000 | COMPANY 2017 £'000 |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Other operating leases where the lease expires: | | | | |
| Within one year of the balance sheet date | 34 | 14 | 25 | 5 |
| In the second to fifth years inclusive of the balance sheet date | 105 | 10 | 94 | 4 |
| Over five years from the balance sheet date | 475 | - | 500 | - |
| | <u>614</u> | <u>24</u> | <u>619</u> | <u>9</u> |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

25. OPERATING LEASES (continued)

| Analysed as follows | GROUP 2018 £'000 | COMPANY 2018 £'000 | GROUP 2017 £'000 | COMPANY 2017 £'000 |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Land & Buildings | | | | |
| Other operating leases where the lease expires: | | | | |
| Within one year of the balance sheet date | 20 | - | 20 | - |
| In the second to fifth years inclusive of the balance sheet date | 95 | - | 90 | - |
| Over five years from the balance sheet date | 475 | - | 500 | - |
| | <u>590</u> | <u>-</u> | <u>610</u> | <u>-</u> |
| | GROUP | COMPANY | GROUP | COMPANY |
| | 2018 £'000 | 2018 £'000 | 2017 £'000 | 2017 £'000 |
| Other | | | | |
| Other operating leases where the lease expires: | | | | |
| Within one year of the balance sheet date | 14 | 14 | 5 | 5 |
| In the second to fifth years inclusive of the balance sheet date | 10 | 10 | 4 | 4 |
| Over five years from the balance sheet date | - | - | - | - |
| | <u>24</u> | <u>24</u> | <u>9</u> | <u>9</u> |

26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events at the balance sheet date. The Board has given guarantees on grants made by Nottingham City Council from public funds to various parishes totalling £10,900 (2017 -£15,575).

27. PENSIONS

The Board participates in two pension schemes, both of which hold the assets of the schemes separately from those of the Board and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy, the other is **The Southwell and Nottingham Diocesan Board of Finance Staff Retirement Benefit Scheme** for lay staff.

Church of England Funded Pension Scheme

This scheme is administered by the Church of England Pensions Board. Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

27. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

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 (2018 £1,110m, 2017 £1,177m) plus the 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 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 assumption:

- An investment strategy of investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date to 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030, with the balance in return seeking assets and
- A 100% allocation to return seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 2.6% pa on gilts and 4.6% pa on return seeking assets
- RPI inflation of 3.2% pa (and pension increases consistent with this)
- Increase in pensionable stipends of 3.2% pa
- Post retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2015 core projections, with a long-term annual rate of improvement of 1.5%.

Following the valuation of the scheme as at 31 December 2015, the contribution rate from 1 January 2015 is 39.9% of pensionable stipends (i.e. the previous year's NMS), of which 25.8% relates to providing the benefit in relation to ongoing pensionable service, including 1.2% for the day-to-day expenses of running the scheme, and 14.1% relates to recovery of the deficit over two years to 31 December 2018. From January 2018 to 31 December 2025 the rate in respect of the deficit recovery will be 11.9%. The discounted deficit payments of £3.029m over the next 10 years in respect of the shortfall have been recognised as a liability in the balance sheet.

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

27. PENSIONS (continued)

A reconciliation of the balance sheet liability is set out below:

| | GROUP & COMPANY 2018 £'000 | GROUP & COMPANY 2017 £'000 |
|--|---|---|
| Balance sheet liability as at 1 January 2018 | 2,755 | 3,029 |
| Contributions paid | (362) | (415) |
| Interest cost (recognised in the SOFA) | 36 | 42 |
| Re-measurement of the balance sheet liability | 165 | 99 |
| Balance sheet liability as at 31 December 2018 | <u>2,594</u> | <u>2,755</u> |

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

| | December 2018 | December 2017 | December 2016 |
|---------------------------------------|--------------------------|--------------------------|--------------------------|
| Discount rate | 2.1% pa | 1.4% pa | 1.5% pa |
| Price inflation | 3.1% pa | 3.0% pa | 3.1% pa |
| Increase to total pensionable payroll | 1.6%pa | 1.5%pa | 1.6%pa |

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

Recognition of the liability to fund pension fund deficits on defined benefit pension schemes

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A. The Board has a payment plan with the Church of England Pension's Board to pay the Clergy Pension Scheme deficit over a ten-year period (until 2022). Upon transition, Board has recognised the present value of deficit funding contributions. As at 31 December 2018, this amounted to £2,594,000 for the Clergy Pension Scheme (2017: £2,755,000).

The Southwell and Nottingham Diocesan Board of Finance Staff Retirement Benefit Scheme- Defined Benefits Scheme

The Board operates a defined benefit pension scheme in respect of eligible employees whose employment began on or before 1st April 1993. The Board is required to follow Financial Reporting Standard 102 in disclosing the financial position of the scheme. The trustees of the scheme are required to act in the best interests of the Scheme's beneficiaries. The Scheme Trust Deed requires that one trustee be appointed from

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

27. PENSIONS (continued)

amongst the active members of the scheme - a member-nominated trustee. One trustee is appointed from amongst the membership of Bishop's Council (the Board of Directors) and the third and final trustee is the office-holder of the post of Chief Executive of the Board of Finance.

The contribution is determined by a qualified actuary on the basis of triennial valuations using the 'Attained Age Method' and the most recent valuation was at 31st March 2017. During the year the Board paid contributions of £145,000 (2017 - £123,000). The Board's agreed future contribution rate equates to 21.4.0% of pensionable salaries (previously 24%) and member employees contribute 5% to the Scheme.

The annual contribution to the scheme is charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Board.

| | 2018 | 2017 |
|-----------------------------------|-------|-------|
| The main financial assumption are | | |
| | Basis | Basis |
| Discount rate | 2.90% | 2.60% |
| Inflation (RPI) | 3.60% | 3.60% |
| Inflation (CPI) | 2.60% | 2.60% |
| Pension increases | 3.50% | 3.50% |
| Salary increases | 3.60% | 3.60% |

The assets in the scheme are wholly invested in a deposit administration fund with Engage Mutual, along with some small with-profit deferred annuities. From 1 January 2019 the assets are invested with Schroders with 75% in equities and 25% in bonds.

The overall expected return on assets assumption has been determined with reference to the underlying asset allocation on the assets held and the expected long-term rate of return on those asset classes at the year end. The assets do not include any investment in the Board. The fair value of the assets at 31 December 2018 is £3,181,000 (2017- £2,917,000).

Amounts recognised in the Statement of Financial Activities:

| | 2018 £000 | 2017 £000 |
|------------------------|--------------|--------------|
| Current service (cost) | (21) | (22) |
| Interest (cost) | (124) | (146) |
| Administration costs | (21) | (15) |
| Interest on assets | 76 | 79 |
| | <u>(90)</u> | <u>(104)</u> |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2018

27. PENSIONS (continued)

Reconciliation of assets and defined benefit obligations:

| Fair Value of assets: | £000 | Defined benefit obligations: | £000 |
|--------------------------------------|--------------|--------------------------------------|--------------|
| As at 1 January 2018 | 2,917 | As at 1 January 2018 | 4,828 |
| Interest on assets | 76 | Current service costs | 21 |
| Employer contributions | 145 | Contributions by Scheme participants | 2 |
| Contributions by Scheme participants | 2 | Interest cost | 124 |
| Benefits paid | (150) | Benefits paid | (150) |
| Administration costs | (21) | Changes due to financial assumptions | (228) |
| Return on plan assets less interest | 212 | | |
| As at 31 December 2018 | 3,181 | As at 31 December 2018 | 4,597 |
| Net liability | | | 1,416 |

Scheme deficit funding of £1,416,000 has been set aside in a designated fund.

| Summary of pension liabilities | 2018 £000 | 2017 £000 |
|----------------------------------|--------------|--------------|
| Church of England Pension scheme | 2,594 | 2,755 |
| SNDBF Retirement Scheme | 1,416 | 1,911 |
| | 4,010 | 4,666 |
| Included in: | | |
| Current liabilities | 362 | 415 |
| Long term liabilities | 3,648 | 4,251 |
| | 4,010 | 4,666 |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

28. PRIOR YEAR COMPARATIVE CONSOLIDATED SOFA

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total funds 2017 £'000 |
|--|--------------------------------|------------------------------|-----------------------------|------------------------------|
| Income and endowments from | | | | |
| Donations | | | | |
| Deanery share | 5,757 | - | - | 5,757 |
| Archbishops' Council | 1,342 | 594 | - | 1,936 |
| Other donations | 145 | 1 | - | 146 |
| Charitable activities | 872 | 40 | - | 912 |
| Other activities | 371 | 2 | - | 373 |
| Investments | 732 | 310 | - | 1,042 |
| Other | 12 | 267 | 283 | 562 |
| | <u>9,231</u> | <u>1,214</u> | <u>283</u> | <u>10,728</u> |
| Expenditure on | | | | |
| Raising funds | 378 | 52 | - | 430 |
| Charitable activities | 8,435 | 764 | - | 9,199 |
| Clergy pension scheme movement | - | - | 99 | 99 |
| Church schools & Diocesan projects | - | 223 | - | 223 |
| Other | 23 | 184 | - | 207 |
| | <u>8,836</u> | <u>1,223</u> | <u>99</u> | <u>10,158</u> |
| Net income/(expenditure) before investment gains | <u>395</u> | <u>(9)</u> | <u>184</u> | <u>570</u> |
| Net gains on investments | 517 | 967 | 572 | 2,056 |
| Net income/(expenditure) | <u>912</u> | <u>958</u> | <u>756</u> | <u>2,626</u> |
| Transfers between funds | <u>(232)</u> | <u>(701)</u> | <u>933</u> | <u>-</u> |
| Non-controlling interest | - | 2 | - | 2 |
| Other recognised gains/(losses) | | | | |
| Gains/(losses) from changes in financial assumptions on defined benefit pension scheme | 480 | - | - | 480 |
| Net movement in funds | <u>1,160</u> | <u>259</u> | <u>1,689</u> | <u>3,108</u> |

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

29. RELATED PARTY TRANSACTIONS

Church Urban Fund (CUF) Joint Venture

The Board of Finance and CUF are the founding members of a subsidiary of CUF, "Transforming Notts Together", which is a charitable company limited by guarantee and in partnership between the Board of Finance and CUF. There are 9 directors of which 4 are appointed by the Board of Finance, including the Chair, Revd David McCoulough who is also an employee of the Board of Finance. He also has oversight of the work of two part time development workers who are employed by Transforming Notts Together. TNT paid the Board £43,292 (2017- £37,506) in respect of reimbursement for salaries. The balance outstanding at 31 December 2018 was £10,857 (2017-£13,546).

The Diocese of Southwell & Nottingham Education Trust

This Charity has been set up in response to the likely challenge of a large number of Church of England Schools converting or otherwise becoming Church of England Academies under the Academies Act 2010. The Charity will perform a role in the Diocese in supporting Church of England Academy Trusts to fulfil their responsibilities in relation to their schools/academies and as a member of each of the Church of England Academy Trusts also to challenge and to hold governors to account in this regard. The Charity is also intended to operate as a sponsor or co-sponsor of Church of England Academies in the Diocese and elsewhere as required. The Trustees are Mr I Griffiths, Canon M Arlington, Canon N Spraggins, John Loughton, Ven David Picken and Claire Meese, the Diocesan Director of Education. There were no transactions in the financial year.

The Diocese of Southwell & Nottingham Multi Academy Trust

The company was set up in August 2013 and is a limited by guarantee without share capital. The company houses the church schools which have converted to Academy status. The directors are Philip Bliston, Ian Griffiths, Roger Periam, Hilary Craik, Chris Moodie, Derek Hobbs, Angela Pae, John Hunter and Claire Meese. The Multi Academy Trust paid the Board £29,474 (2017- £22,894) in respect of reimbursement for salaries and office costs. The balance outstanding at 31 December 2018 was £6,510 (2017-£5,753).

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry). Grants are paid to other connected charities and to other charitable projects which appear to the Board of Finance to support the furtherance of the Board of Finance's objects.

Other related parties

Canon M Arlington, Chair of the Finance Committee and Director of the Board of Finance and Canon N Spraggins, Diocesan Chief Executive are both Governors of the Samworth Church Academy in Mansfield. The balance outstanding at 31 December 2018 was £2,647 (2017-£2,547). Transactions during the year were £31,736 (2017-£10,280) in respect of reimbursement for salaries.

Subsidiaries

During the year, the Board received loan interest from Wind FX Limited of £86,484 (2017 £86,484). Wind FX Limited also paid the Board £3,000 (2017 £3,000) towards accountancy costs in the year. At 31 December 2018 Wind FX Limited owed the Board £871,058 (2017 £889,468). SNDBF Solar Limited owes the Board £226,190 (2017 £226,190) at 31 December 2018 and the Board owes SNDBF Solar £56,244 (2017 £36,673).

*Growing Disciples
Wider Younger Deeper*

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2018

30. FUNDS HELD AS CUSTODIAN TRUSTEE

The Board acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the Board does not control them. Each year an annual statement of value is made available to all PCCs. The market value of investment held on behalf of PCCs and others is £7.88mmillion, cost £4.16 million (2017-£8.2 million, cost £4.0million).

31. DEVOLVED CAPITAL FORMULA

Since April 2006, the Education Funding Agency (EFA) have paid devolved Formula Capital (DFC), directly to schools or dioceses before the funds are spent on capital projects. This year education restricted funds received £409,517 on behalf of 8 schools (2017- £366,500 on behalf of 12 schools). These funds are maintained in individual school ledgers with payments and governors 10% contributions shown.

The Schools Executive Officer monitors these accounts and advises schools of current balances and authorises payments. At the year end the balance of these DFC accounts was £96,571 (2017-£108,118) which is not included in these accounts.