



Diocese of Southwell & Nottingham

## SOUTHWELL AND NOTTINGHAM DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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Wind FX Limited  
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18/04/2018

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COMPANIES HOUSE

Company number - 0034165

Registered charity number – 249359

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# **SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE**

## **ANNUAL REPORT & FINANCIAL STATEMENTS**

**For the year ended 31 December 2017**

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### **ADMINISTRATIVE DETAILS**

#### **Trustees**

No Trustee had any beneficial interest in the company during 2017. 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)

The Chair of the House of Clergy of the Diocesan Synod (Revd Canon P Williams to 31 August 2017, Revd Canon M Adams from 25 September 2017) (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 Dean of Women's Ministry, Revd Canon K Herrod (to 3 October 2017)

#### **ELECTED BY THE SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD**

##### **CLERGY (5)**

###### **Newark Archdeaconry (2)**

Revd J Stephens (from 30 November 2017)

Revd Canon A C St J Walker (to 11 July 2017)

Revd D A Stevenson (from 21 September 2017)

###### **Nottingham Archdeaconry (3)**

Revd Canon J Bentham

Revd C Bourne (from 21 September 2017)

Revd Canon S Silvester

Revd Canon Dr R Kellett (to 5 June 2017)

##### **LAITY (10)**

###### **Newark Archdeaconry (4)**

Mrs E Marshall

Ms M Simpson

Mr P Stanley (a)

Mr R Brand (from 18 September 2017)

###### **Nottingham Archdeaconry (6)**

Mr C Slater (a)

Mrs S Holt

Mrs J Hempstead

Mr S Gelsthorpe

Mrs A Walters

Miss S Waterston

(a) Member of the Finance Committee

(b) Member of the Board of Education.

*Growing Disciples  
Wider Younger Deeper*

## **SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE**

### **ANNUAL REPORT & FINANCIAL STATEMENTS**

**For the year ended 31 December 2017**

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#### **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), MPhil (from 1 March 2017)

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**

Wardell Armstrong, Newcastle upon Tyne

#### **INSURERS**

Ecclesiastical Insurance Group

#### **AUDITORS**

BHP LLP, Chartered Accountants  
2 Rutland Park  
Sheffield  
S10 2PD

#### **REGISTERED ADDRESS**

Jubilee House  
Westgate  
Nottingham  
NG25 0JH

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### CHAIRMAN'S FOREWORD

*For the year ended 31 December 2017*

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In 2017 the diocesan vision in 'Growing Disciples: Wider, Younger, Deeper' continued to shape the strategic priorities in its commitment to join in with the transforming mission of God

- **'Wider'** in that we will seek to grow disciples in every part of the diocese, with no retreat from any community: urban centre; outer estates; rural villages; or market towns.
- **'Younger'** in that we will seek fresh ways to harness the boldness and creativity of children, students and young people across the diocese, not least in Nottingham (4<sup>th</sup> youngest city outside London).
- **'Deeper'** as we grow in knowing Christ, so that as his disciples we can be an increasing blessing to the people among whom we live and serve in the workplace, family, community and wider society.

The Bishop's Senior Staff, Bishop's Council and Diocesan Synod have demonstrated their ongoing commitment to sharing in all aspects of this vision and strategy, supporting new initiatives whilst continuing to enable the core mission of the Church in every parish in growing disciples.

Compelled by the love of Christ by 2023 we will seek to:

- **Welcome 7,000 new disciples into the fellowship of Christ and his church.** Throughout 2017 many parishes have sought to put into effect their own priorities growing disciples. The Growing Disciples Fund was established to support small initiatives for growth. The newly appointed Director of Discipleship & Ministry has begun to shape the work of this new team around providing excellent training to support growth in every parish. A Principal for the School of Discipleship has been appointed to oversee the strands of training, including initial work on a new training course for Licensed Lay Ministers/Readers.
- **Commission 1,000 younger leaders (15–30) equipped to serve the purposes of God in the Church and society.** The Younger Leadership College launched in Nov 2016 has trained its first cohort of interns and engaged with c180 young leaders who have participated in the new programmes established in Sixth Forms and Church based contexts. There has also been a successful first mentoring scheme for young adults, including students.
- **Plant or graft 75 New Worshipping Communities (NWCs) across the diocese to increase our reach in telling the story of Jesus to all.** New church plants have included Trinity Church Nottingham beginning to host weekly services in the former Neales Auction House from Easter Sunday, a church on the Montrose Court Estate in Stapleford, and the Potting Shed Church in the heart of rural Notts. In addition a number of churches have started new Messy Church worship communities and other contemporary forms seeking to connect with unchurched people.

*Growing Disciples  
Wider Younger Deeper*

CHAIRMAN'S FOREWORD (continued)

For the year ended 31 December 2017

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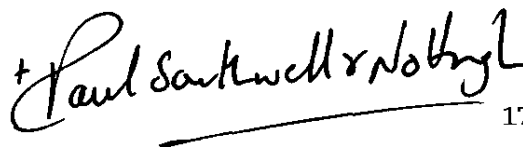
- **Grow 25 larger Resource Churches** inspired and equipped to 'give themselves away' with a clear commitment to nurture leaders, plant New Worshipping Communities, and disciple the young. A group of 18 incumbents leading churches/benefices that have been identified as potential larger resource churches have begun meeting together as a learning community. Several churches have already begun considering planting/grafting opportunities in their wider locality. A series of meetings with deanery groups led by the Archdeacon of Nottingham with the Director of Discipleship & Ministry have developed a first stage mapping process of opportunities across deaneries. Key appointments have been made to several potential resource churches, notably in St Mary's Newark which is receiving Strategic Development Funding. Four further potential resource churches have been identified and are receiving support to develop plans aligned to strategic appointments, reaching all parts of the diocese.
- **Serve and pray together 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, we long for the Holy Spirit to bring vision to our planning, faith to our lives and hope to our communities. Thy Kingdom Come had a significant impact engaging parishes across the diocese in prayer events and smaller gatherings.

It is important that every parish is reviewing its role within the diocesan mission, so that it can engage more fully in the strategic commitment to **'Growing Disciples wider, younger and deeper.'** It is my hope that each worshipping community will develop a compelling picture of its own future in God's purposes with an expectation of growing numerically and in the scope of its mission. Creative leadership and imagination are needed to develop discipleship and reach out to the unchurched of all ages across our diocese. Strategic Development Funding made available by the national Church is already enabling us to plan for growth now and in the coming years.

During what is a 'season of transition' it remains essential 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 determination and commitment, others are falling well short and these parishes will need more intentional support to grow their levels of financial giving; this generally correlates with decline in numbers effecting morale and the capacity to respond to mission opportunities that remain many and varied.

I am deeply grateful for the leadership of clergy and laity across the diocese, as well as the extraordinary faithfulness of many congregations as they sustain the life and mission of the church in their community. I believe it is time to increase the momentum towards growth as new opportunities emerge. I am full of hope that based on 2017 by God's grace, 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



17 March 2018

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT

For the year ended 31 December 2017

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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 2017. 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.

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## **SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE**

### **TRUSTEES' REPORT (continued)**

**For the year ended 31 December 2017**

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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 (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

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2017

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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 15). 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.

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**TRUSTEES' REPORT (continued)**

**For the year ended 31 December 2017**

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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 second application for Strategic Development funding and was awarded £1,056,067 for two new projects – The Potting Shed Church and Redevelopment of St Marys Newark. Funding awarded under the first bid for Trinity Church Nottingham and the Younger Leadership college continued to be drawn down as these projects gathered momentum after their launch last year.

The Department of Discipleship and Ministry has seen growth in a number of its core activities including a record number of lay people going on the Journey into Faith course (47) and the number of the Generate youth events have doubled the number of the locations this happens in, and now sees over 100 young people from 30 churches across all parts of the diocese attending regularly. The Board has the largest cohort of curates in training with 11 being ordained deacon and 12 vocational enquirers attending Diocesan Advisory Panels. We have also offered training in response to parish requests arising out of their advent commitments to grow disciples. This has included courses on how to grow disciples through Messy Church, how to engage people and how to run a nurture course. These are in addition to the existing training we normally offer clergy and laity.

Under the leadership of the Bishop we have run the Fireside Leadership Programme with those who are new to the diocese or new to positions of overall parochial leadership. This format has expanded to include standalone leadership days on various topics with the involvement of the Bishop.

The Communications Department ran a Christmas campaign called A Light Came Out of Darkness which saw 3,000 candles in presentation boxes distributed to churches around the diocese. These were used by the churches as a means of inviting people to their services at Christmas and was as well received as in 2016. We are looking to see if a similar campaign might work around Easter.

Earlier in the year Communications Department also supported the Thy Kingdom Come prayer initiative, gaining recognition at national level for its work. As well as publicising the campaign in advance, we photographed many events and shot video that we used on the diocesan website and social media accounts. Some of the material was also used by the national organisers. All church schools across the diocese joined in with the Thy Kingdom Come global prayer initiative and a whole range of creative activities took place that enabled parish churches and schools to

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2017

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work together. In January the Diocese ran a very successful social media training day and we plan to repeat this through the year.

During 2017, a significant amount of time was put into training staff in church schools in the use of a new resource called "Understanding Christianity." This supports the teaching of RE. Over seventy staff from diocesan schools, attended seven modules of training spread across the year. A joint project involving children from two church primary schools, resulted in a Lenten Reflection booklet called "Journeying Together " being produced which was distributed to all church primary schools.

The diocesan education team partnered with Nottinghamshire County Council to introduce "governor hub" a new online service for school governors which enables them to access and share key documentation more easily.

A new full-time chaplain was appointed to work at Bluecoat Aspley and Bluecoat Wollaton academies. This is a post funded jointly between the diocese and the academy Trust. A brand new building was officially opened for Bluecoat Primary Academy. The Board had contributed money towards the cost of an enlarged hall. Ten grants have also been made in the year from the Bishop's Community Hospitality Projects Fund, to develop a range of hospitality/social eating activities and grants have also been made available from The Growing Disciples Fund for parish initiatives.

The Board continues to support Nottingham Workplace Chaplaincy and during the year it has established new chaplaincies at Specsavers, EON and Rothera Sharp and further expansion is being explored.

Transforming Notts Together, the Joint Venture with Church Urban Fund (CUF), has established Mansfield Homeless Network and Nottingham Free Food Network (co-ordinating soup runs); helped churches tackle school holiday hunger by establishing breakfast clubs and free packed lunches; offering a new workshop on Universal Credits.

"Enable", the diocesan disability awareness group, has evolved during the year and offered disability awareness training for Jubilee House staff. This training is available for deaneries and parishes.

### FUTURE PLANS

During the year we were able to appoint Revd Dr David Emmerton as the Principal of the School of Discipleship, and make preliminary plans in advance of him joining us in January 2018. In the coming year we aspire to appoint the Church Planting and Church Growth Enabler to complete the Discipleship and Ministry team and help churches in our vision to establish 75 New Worshipping Communities.

The Board has already submitted a third Strategic Development Funding application in October 2017, which has been given preliminary approval to be expanded into a full bid for consideration in April 2018. This will be our largest project to date.

Two new Action Learning Communities are to be launched in 2018 by Nottingham Citizens and Maun Valley Citizens to encourage churches to use organising tools to help support Anglican congregational participation, development and discipleship. The Board continues to work with

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2017

the City Council and other churches on an initiative to find 100 new foster carers from our churches over the next three years, and there will be further development of partnership training with the Church of England Foundation for Educational Leadership including a new qualification for new and aspirant Head Teachers called the CEPQH.

A series of workshops for rural churches continues with sessions on Mission and Growth, use of church buildings, and governance and we will continue to be at the forefront of raising awareness about modern slavery and human trafficking.

### KEY PERFORMANCE INDICATORS

The Board regards its key performance indicators as follows:

	2017	2016
Percentage of parish share received	86.4%	88.7%
Average rate of return on investments	2.8%	2.5%

The average rate of return on investments excludes rentals received from properties which have increased this year. The Board is reviewing the investment returns with the investment managers in May 2018. The investments in renewable energy are beginning 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.

### FINANCIAL PERFORMANCE

The main income to the Board is from parishes giving Parish Share, this decreased by £96,000 this year. The collection percentage has also decreased from 88.7% in 2016 to 86.4%. 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	2017 £000	2016 £000
Parish Share	53.7	5,757	5,853
Archbishops' Council	17.6	1,893	1,462
Allchurches Trust	1.2	132	132
Fees	3.8	409	417
Investment income	9.7	1,042	1,028

The Trustees acknowledge with thanks the annual distribution from Allchurches Trust. The other grants received from Archbishops Council during 2017 are £594,000 Strategic Development Fund monies and £1,299,000 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 income before investment gains of £912,000 in the general fund (2016: £903,000).

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2017

The capital values of properties and investments continued to increase and the year end position of £40,570,000 is an overall increase of £1,144,000. The unrealised gain on investments at the year end was £2,056,000 and the Board received £1,019,000 during the year related to the sale of agricultural land.

The table below shows the operational performance of the Board against the budget approved at Synod. This table removes the accounting adjustments in respect of the pension schemes and the unrecognised gains on the investments.

GENERAL FUND MANAGEMENT ACCOUNTS 2017	BUDGET £000	ACTUAL £000	DIFFERENCE £000
<b>INCOME</b>			
Deanery share	5957.0	5757.0	-200.0
Church Commissioners	1647.6	1893.5	245.9
Parochial fees	494.0	409.0	-85.0
Rent & Investment income	889.7	985.0	95.3
All other income	347.1	478.0	130.9
	<b>9335.4</b>	<b>9522.5</b>	<b>187.1</b>
<b>EXPENDITURE</b>			
Stipends, salaries, National Insurance & pensions	6374.8	6284.0	90.8
Housing & other ministerial staffing costs	1334.7	1488.8	-154.1
Support costs	1041.3	1203.0	-161.7
	<b>8750.8</b>	<b>8975.8</b>	<b>-225.0</b>
National Church including General Synod's costs	581.2	506.7	74.5
	<b>9332.0</b>	<b>9482.5</b>	<b>-150.5</b>
Budgeted/Actual surplus	<b>3.4</b>	<b>40</b>	<b>36.6</b>

### 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 £73,923,000 (2016: £70,815,000) 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 £35.8 million (2016: £35 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 2017 restricted funds totalled £7.8m (2016: £7.6m) and endowment funds totalled £52.7m (2016: £51.0m). Net outgoing resources in the education restricted fund, before investment gains, amounted to £60,000 (2016-outgoing resources before investment gains of £284,000) 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

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2017

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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 2017 total designated reserves were £11.3m (2016: £11.5m). There is a balance of £1.911m 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 118 stipendiary clergy, the employment of 70 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 2017, the Board of Finance's free reserves were £4.0m (2016 £3.0m). 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.

#### 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 3,549 acres including 3 farms. The growth in value of agricultural land since 2006, has resulted in 42% 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.

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## **SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE**

### **TRUSTEES' REPORT (continued)**

**For the year ended 31 December 2017**

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#### **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 2017 (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 2017 is £71,981 (2016:£72,472). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £366,500 in 2017 and £667,200 in 2016.

#### **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](http://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

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2017

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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).

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 Archdeacons of Nottingham and 2 from the Archdeacons of Newark) and 10 lay persons elected by the members of the House of Laity representing deaneries (6 from the Archdeacons of Nottingham and 4 from the Archdeacons 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 of 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;

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2017

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- 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.

**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.

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

*For the year ended 31 December 2017*

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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 their 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"> <li>• Safeguarding advice is provided by Family Care</li> <li>• Policies are aligned with those of the national church</li> <li>• Training is compulsory for all relevant staff and office holders</li> </ul>
Financial	Parish Share collection is considerably less than 100%.	<ul style="list-style-type: none"> <li>• Collection statistics are produced and circulated on a monthly basis to Deanery &amp; Diocesan personnel</li> <li>• 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</li> </ul>
Reputational and Financial	IT: System failure.	<ul style="list-style-type: none"> <li>• The disaster recovery plan is reviewed on an annual basis</li> <li>• Backups are made on a regular basis</li> </ul>

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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### TRUSTEES' REPORT (continued)

For the year ended 31 December 2017

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#### 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. The balance sheet showed net current assets of £771,000 at 31 December 2017.

#### STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

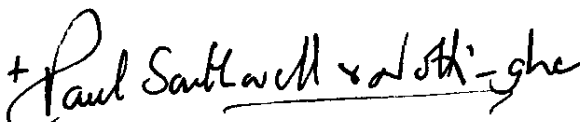
- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are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

#### APPOINTMENT OF AUDITORS

The re-appointment of BHP LLP, Chartered Accountants 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  
17 March 2018



Canon N Spraggins  
Secretary  
17 March 2018

## **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 2017**

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#### **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 2017 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).

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

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 2017 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.

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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 (continued) For the year ended 31 December 2017

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#### 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 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 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

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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 (continued)

For the year ended 31 December 2017

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#### 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' remuneration 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 2017

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Auditor's responsibilities for the audit of the financial statements

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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

JMP

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

Date: 5 April 2018

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES For the year ended 31 December 2017

		Unrestricted	Restricted	Endowment	Total funds	Total funds
		Funds	Funds	Funds	2017	2016
	Note	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>						
Donations	2					
Deanery share		5,757	-	-	5,757	5,853
Archbishops' Council		1,342	594	-	1,936	1,559
Other donations		145	1	-	146	154
Charitable activities	3	872	40	-	912	980
Other activities	4	371	2	-	373	310
Investments	5	732	310	-	1,042	1,028
Other	6	12	267	283	562	615
		<u>9,231</u>	<u>1,214</u>	<u>283</u>	<u>10,728</u>	<u>10,499</u>
<b>Expenditure on</b>						
Raising funds	7	378	52	-	430	443
Charitable activities	8	8,435	764	-	9,199	8,705
Clergy pension scheme movement	27	-	-	99	99	(698)
Church schools & Diocesan projects	9	-	223	-	223	468
Other	10	23	184	-	207	211
	11	<u>8,836</u>	<u>1,223</u>	<u>99</u>	<u>10,158</u>	<u>9,129</u>
<b>Net income/(expenditure) before investment gains</b>		395	(9)	184	570	1,370
Net gains on investments		517	967	572	2,056	2,191
<b>Net income/(expenditure)</b>		912	958	756	2,626	3,561
<b>Transfers between funds</b>	14	(232)	(701)	933	-	-
Non controlling interest		-	2	-	2	17
<b>Other recognised gains/(losses)</b>						
Gains/(losses) from changes in financial assumptions on defined benefit pension scheme	21	480	-	-	480	(1,141)
<b>Net movement in funds</b>		<u>1,160</u>	<u>259</u>	<u>1,689</u>	<u>3,108</u>	<u>2,437</u>
<b>Total funds brought forward</b>		<u>12,179</u>	<u>7,583</u>	<u>51,053</u>	<u>70,815</u>	<u>68,378</u>
<b>Total funds carried forward</b>	21	<u>13,339</u>	<u>7,842</u>	<u>52,742</u>	<u>73,923</u>	<u>70,815</u>

All activities derive from continuing activities. A loss of £14,000 is attributable to the non controlled interest, with the balance of £3,122,000 attributable to the parent entity. The notes on pages 31 to 65 form part of the financial statements

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# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT For the year ended 31 December 2017

	<b>Total 2017 £'000</b>	<b>Total 2016 £'000</b>
Total incoming resources	10,445	10,499
Resources expended	(10,059)	(9,827)
Operating surplus for the year	386	672
Net gains on investments	1,484	1,325
Net income for the year	1,870	1,997
Non controlling interest	2	17
Other comprehensive income:		
Net assets transferred (to)/from endowments	(933)	(581)
(Losses)/Gains from changes in financial assumptions on defined benefit pension scheme	480	(1,141)
Total comprehensive income	1,419	292

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 2017

Company Number – 00034165

	Note	2017 £'000	£'000	2016 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	15		35,996		35,066
Investments	16		40,570		39,426
			<u>76,566</u>		<u>74,492</u>
<b>CURRENT ASSETS</b>					
Debtors	18	2,025		1,792	
Cash at bank and in hand		720		1,131	
		<u>2,745</u>		<u>2,923</u>	
<b>CREDITORS: amounts falling due within one year</b>	19	(982)		(1,415)	
<b>NET CURRENT ASSETS</b>			<u>1,763</u>		<u>1,508</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>78,329</u>		<u>76,000</u>
<b>CREDITORS: amounts falling due after more than one year</b>	20		(2,483)		(2,751)
<b>NET ASSETS EXCLUDING PENSION</b>			<u>75,846</u>		<u>73,249</u>
Pension scheme liability	27		(1,911)		(2,415)
<b>NET ASSETS</b>			<u><u>73,935</u></u>		<u><u>70,834</u></u>
<b>FUNDS</b>					
Endowment funds		55,497		54,082	
Deficit on clergy pension scheme		(2,755)		(3,029)	
			<u>52,742</u>		<u>51,053</u>
<b>Restricted income funds</b>			<u>7,854</u>		<u>7,602</u>
<b>Unrestricted income funds:</b>					
General fund		3,963		3,029	
Designated funds		11,287		11,565	
Defined benefit pension scheme liability		(1,911)		(2,415)	
			<u>13,339</u>		<u>12,179</u>
<b>TOTAL FUNDS</b>	21		<u><u>73,935</u></u>		<u><u>70,834</u></u>

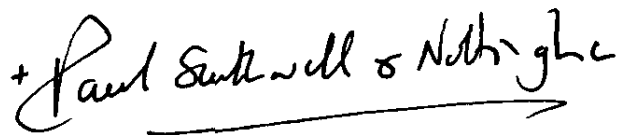
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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE


### BALANCE SHEET- COMPANY ONLY At 31 December 2017

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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 17 March 2018 and signed on behalf of the Board by:

A handwritten signature in black ink that reads "Paul Southwell & Nottingham". The signature is written in a cursive style and is underlined with a long horizontal stroke.

The Bishop of Southwell & Nottingham  
Director

A handwritten signature in black ink that reads "M Arlington". The signature is written in a cursive style.

Canon M Arlington  
Director

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## CONSOLIDATED BALANCE SHEET At 31 December 2017

Company Number – 00034165

	Note	2017 £'000	2016 £'000
<b>FIXED ASSETS</b>			
Tangible assets	15	37,552	36,689
Investments	16	40,570	39,426
		<u>78,122</u>	<u>76,115</u>
<b>CURRENT ASSETS</b>			
Debtors	18	1,087	741
Cash at bank and in hand		735	1,199
		<u>1,822</u>	<u>1,940</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(1,051)</u>	<u>(1,498)</u>
<b>NET CURRENT ASSETS</b>		<u>771</u>	<u>442</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>78,893</u>	<u>76,557</u>
<b>CREDITORS: amounts falling due after more than one year</b>	20	<u>(3,059)</u>	<u>(3,327)</u>
<b>NET ASSETS EXCLUDING PENSION</b>		<u>75,834</u>	<u>73,230</u>
Pension scheme liability	27	(1,911)	(2,415)
<b>NET ASSETS</b>		<u><u>73,923</u></u>	<u><u>70,815</u></u>
<b>FUNDS</b>			
Endowment funds		55,497	54,082
Deficit on clergy pension scheme		<u>(2,755)</u>	<u>(3,029)</u>
		52,742	51,053
Restricted income funds		7,842	7,583
Unrestricted income funds:			
General fund		3,963	3,029
Designated funds		11,287	11,565
Defined benefit pension scheme liability		<u>(1,911)</u>	<u>(2,415)</u>
		13,339	12,179
<b>TOTAL FUNDS</b>	21	<u><u>73,923</u></u>	<u><u>70,815</u></u>

*Growing Disciples  
Wider Younger Deeper*

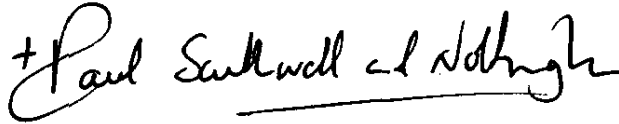
## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### CONSOLIDATED BALANCE SHEET

At 31 December 2017

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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 17 March 2018 and signed on behalf of the Board by:



The Bishop of Southwell & Nottingham  
Director



Canon M. Arlington  
Director

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2017

	2017	2016
£000	£000	£000
Net cash outflow from operating activities	(1,815)	(376)
Cash flows from investing activities:		
Dividends, interest and rent from investments	1,042	1,028
Interest paid	(9)	(9)
Proceeds from the sale of:		
Tangible fixed assets	633	1,260
Investment assets	5,460	6,329
Purchase of:		
Tangible fixed assets	(1,277)	(1,961)
Fixed asset investments	(4,498)	(5,467)
Net cash provided by/(used) in investing activities	1,351	1,180
Change in cash and cash equivalents in the reporting period	(464)	804
Cash and cash equivalents at 1 January	1,199	395
Cash and cash equivalents at 31 December	735	1,199
Reconciliation of net movements in funds to net cash flow from operating activities:		
Net movement in funds for the year ended 31 December	570	1,370
Adjustments for:		
Depreciation charges	125	122
Profit on disposal of assets	(295)	(368)
Dividends, interest and rent from investments	(1,042)	(1,028)
FRS 102 pension scheme adjustment	480	(1,141)
Clergy pension scheme adjustment	(99)	698
Non controlling interest	2	17
Interest paid	9	9
(Increase)/decrease in debtors	(346)	290
Increase /(decrease) in creditors	(1,219)	(345)
Net cash (used) in operating activities	(1,815)	(376)
Analysis of cash and cash equivalents		
Cash in hand	735	1,199
	735	1,199

*Growing Disciples  
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## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2017

---

#### 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 for Charities (SORP 2015) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Companies Act 2006 and applicable accounting standards (FRS102). 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 2017

---

#### 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 2017

---

#### 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 2017 amounted to £134,000 (2016-£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 2017

---

#### 1. ACCOUNTING POLICIES (continued)

Land and buildings purchased during the year totalled £1.247m (2016- 1 House and 1 corporate asset totalling £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 preceeding year.

#### d) Other tangible fixed assets

All capital expenditure over £1,000 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 2017

---

#### 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 2017

---

#### 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) Refurbishment of Property

In line with relevant accounting standards, where the directors identify that a trigger indicating impairment may have occurred, the carrying value of each property identified by the trigger is assessed for impairment by comparison with the greater of market value and value in use. Refurbishments costs on a property which would cause the net book value of that property to exceed open market value are taken directly to the Statement of Financial Activities and expenses as incurred.

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

### 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	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Newark Archdeaconry	2,799	-	-	-	2,799	2,788
Nottingham Archdeaconry	3,864	-	-	-	3,864	3,810
Share capping Shortfall	(923)	-	-	-	(923)	(746)
	5,740	-	-	-	5,740	5,852
Receipts for previous years	17	-	-	-	17	1
Total Income	5,757	-	-	-	5,757	5,853

Current year parish share receipts represent 86.4% of the total apportioned (2016 – 88.7%).

#### Archbishops' Council

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Selective allocation	1,299	-	-	-	1,299	1,314
Pooling of ordinand candidates' costs	43	-	-	-	43	97
Mission Development Fund	-	-	-	-	-	148
Strategic Development Funding	-	-	594	-	594	-
	1,342	-	594	-	1,936	1,559

#### Other donations

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust Grant	132	-	-	-	132	132
Grants	13	-	1	-	14	22
	145	-	1	-	146	154

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2017

3. CHARITABLE ACTIVITIES	Unrestricted funds		Restricted	Endowment	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	Funds £'000	Funds £'000	£'000	£'000
Statutory fees	409	-	-	-	409	417
Contributions to sector and other chaplaincy posts	101	-	-	-	101	92
Contributions to costs of lay staff posts	132	-	-	-	132	127
Church Commissioners' Loan interest receivable	37	-	-	-	37	36
Other contributions and income	3	-	-	-	3	5
	190	-	40	-	230	303
	<u>872</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>912</u>	<u>980</u>
4. OTHER ACTIVITIES						
	Unrestricted funds		Restricted	Endowment	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	Funds £'000	Funds £'000	£'000	£'000
Housing income	371	-	2	-	373	310
	<u>371</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>373</u>	<u>310</u>
5. INVESTMENT INCOME						
	Unrestricted funds		Restricted	Endowment	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	Funds £'000	Funds £'000	£'000	£'000
Dividends receivable	307	-	261	-	568	552
Interest receivable	1	-	2	-	3	10
Rents receivable	424	-	47	-	471	466
	<u>732</u>	<u>-</u>	<u>310</u>	<u>-</u>	<u>1,042</u>	<u>1,028</u>
6. OTHER INCOMING RESOURCES						
	Unrestricted funds		Restricted	Endowment	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	Funds £'000	Funds £'000	£'000	£'000
Gain on sale of properties	12	-	-	283	295	368
Subsidiary income	-	-	267	-	267	247
	<u>12</u>	<u>-</u>	<u>267</u>	<u>283</u>	<u>562</u>	<u>615</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

7. FUND COSTS	RAISING	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2017	2016
		£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee		201	-	-	-	201	199
Other land agent commission and expenditure		142	-	-	-	142	166
Investment management charges		35	-	52	-	87	78
		<u>378</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>430</u>	<u>443</u>

8. CHARITABLE ACTIVITIES		Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2017	2016
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Contributions to Archbishops' Council</b>							
Training for Ministry		203	-	-	-	203	195
National Church responsibilities		181	-	-	-	181	177
Retired clergy housing costs		67	-	-	-	67	64
		<u>451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451</u>	<u>436</u>
<b>Resourcing Ministry and Mission</b>							
People costs							
Stipends, salaries and national insurance		4,490	-	318	-	4,808	4,830
Pension contributions		1,127	-	-	-	1,127	1,174
Housing costs		1,157	-	-	-	1,157	1,029
Removal, resettlement and other expenses		247	-	18	-	265	189
		<u>7,021</u>	<u>-</u>	<u>336</u>	<u>-</u>	<u>7,357</u>	<u>7,222</u>
Support for parish ministry		963	-	428	-	1,391	1,047
		<u>7,984</u>	<u>-</u>	<u>764</u>	<u>-</u>	<u>8,748</u>	<u>8,269</u>
Total charitable activities		<u>8,435</u>	<u>-</u>	<u>764</u>	<u>-</u>	<u>9,199</u>	<u>8,705</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2017

9. EXPENDITURE ON CHURCH SCHOOLS & DIOCESAN PROJECTS

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure on Education</b>						
Support for church schools	-	-	191	-	191	388
Mission Development Fund	-	-	32	-	32	80
	<u>-</u>	<u>-</u>	<u>223</u>	<u>-</u>	<u>223</u>	<u>468</u>

10. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£'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	-	-	184	-	184	188
	<u>23</u>	<u>-</u>	<u>184</u>	<u>-</u>	<u>207</u>	<u>211</u>

11. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken	Grant Funding of	Support	Total Costs	Total costs
	Directly	Activities	Costs	2017	2016
	£'000	£'000	£'000	£'000	£'000
Fundraising costs	430	-	-	430	443
Charitable activities:					
Contributions to Archbishop's Council	-	451	-	451	436
Clergy pension scheme movement	99	-	-	99	(698)
Resourcing ministry and mission	8,651	104	20	8,775	8,289
Church Schools and Diocesan projects	-	224	2	226	470
Governance costs	-	-	1	1	1
Other	176	-	-	176	188
	<u>9,356</u>	<u>779</u>	<u>23</u>	<u>10,158</u>	<u>9,129</u>

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# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

### 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 2017 can be summarised as follows

Resourcing ministry and mission 89.5%  
Church Schools 7.5%  
Diocesan Projects 0.5%  
Governance 2.5%

### 12. ANALYSIS OF GRANTS MADE

	Nbr.	Individuals £'000	Institutions £'000	2017 Total £'000	2016 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishop's Council	1	-	451	451	436
From unrestricted funds:					
Family Care	1	-	54	54	53
Rainbow project	1	-	21	21	-
Clergy	75	118	-	118	90
Ordinands in training	10	84	-	84	106
From restricted funds for various purposes within resourcing parish ministry:					
Mission Development Fund	6	-	36	36	75
Education	1	-	-	-	200
Growing Disciples Grants	28	-	15	15	-
	122	202	126	328	524
Total	123	202	577	779	960

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# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

<b>13. STAFF COSTS</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Employee costs during the year were as follows:		
Salaries and stipends	1,447	1,438
National insurance contributions	141	137
<b>Pension costs</b>		
Church of England Funded Pension scheme (2017 –10 employees, 2016 –8 employees)	68	52
Defined Benefit scheme (2017– 1 employee, 2016 –2 employees)	133	137
Defined contribution schemes (2017 –62 employees, 2016–61 employees)	120	118
	<u>1,909</u>	<u>1,882</u>
The average number of persons employed by the group during the year:	<b>Number</b>	<b>Number</b>
Administration and financial management	37	33
Property	5	4
Discipleship & Ministry, Stewardship	27	24
Education	7	6
Communications	3	3
	<u>79</u>	<u>70</u>
The average number of persons employed by the group during the year based on full-time equivalents:	<b>Number</b>	<b>Number</b>
Administration and financial management	18.95	17.4
Property	4	4
Discipleship & Ministry, Stewardship	16.7	19.8
Education	5.2	4.6
Communications	2.5	2.5
	<u>47.35</u>	<u>48.3</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 2017

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#### 13. STAFF COSTS (continued)

	2017 Number	2016 Number
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£60,001 – £70,000	<u>2</u>	<u>2</u>
Pension payments of £13,141 (2016: £12,963) 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 2017 they were:

Diocesan Chief Executive and Company Secretary	Canon N Spraggins
Director of Discipleship & Ministry	Revd Canon Dr R Kellett (from 1 March 2017)
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 AJ Bowes

Remuneration, pensions and expenses for these 7 employees amounted to £432,943 (2016: £379,174).

#### Directors' emoluments

No Director received any remuneration for services as Director. 8 Directors received travelling and out of pocket expenses, totalling £14,492 (2016 –10 Directors– £15,256) 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 2017

### 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 Canon P Williams (to 31 August 2017)	Yes	Yes
The Revd K Herrod ( to 3 October 2017)	Yes	Yes
The Revd Canon Dr R Kellett (to 28 February 2017)	Yes	Yes
The Revd Canon A St J Walker (to 11 July 2017)	Yes	Yes
The Revd Canon J Bentham	Yes	Yes
The Revd J Stephens (from 30 November 2017)	Yes	Yes
The Revd D A Stevenson (from 21 September 2017)	Yes	Yes
The Revd Canon S D Silvester	Yes	Yes
The Revd C Bourne (from 21 September 2017)	Yes	Yes
The Revd Canon M Adams (from 25 September 2017)	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 118 (2016 –123) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2017 £'000	2016 £'000
Stipends	2,990	3,026
National insurance contributions	232	240
Pension costs – current year	389	447
– deficit reduction	415	422
	<u>4,026</u>	<u>4,135</u>

The annual rate of stipend, funded by the Board, paid to Archdeacons in 2017 was in the range £35,400 – £36,760 (2016 range £34,180 – £38,750) and other clergy who were Trustees were paid in the range £23,838 – £27,920 (2016 range £24,912 – £27,604).

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted	Restricted	Endowment
	Funds £'000	Funds £'000	Funds £'000
Church of England Funded Pension scheme	(373)	-	373
Glebe land sales	-	(568)	568
Mission development fund transfer	(33)	33	-
Trading Subsidiaries	174	(166)	(8)
	<u>(232)</u>	<u>(701)</u>	<u>933</u>

15. TANGIBLE FIXED ASSETS - COMPANY

	Freehold Houses (see below)	Diocesan Office & caretakers bungalow	Office Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2017	31,057	3,807	458	9	35,331
Additions	1,247	-	30	-	1,277
Disposals	(289)	-	-	-	(289)
At 31 December 2017	<u>32,015</u>	<u>3,807</u>	<u>488</u>	<u>9</u>	<u>36,319</u>
<b>Depreciation</b>					
At 1 January 2017	-	22	243	-	265
Charge for the year	-	-	55	3	58
At 31 December 2017	<u>-</u>	<u>22</u>	<u>298</u>	<u>3</u>	<u>323</u>
<b>Net Book Value</b>					
At 31 December 2017	<u>32,015</u>	<u>3,785</u>	<u>190</u>	<u>6</u>	<u>35,996</u>
At 31 December 2016	<u>31,057</u>	<u>3,785</u>	<u>215</u>	<u>9</u>	<u>35,066</u>

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

### 15. TANGIBLE FIXED ASSETS - company ( continued)

	2017		2016	
	Cost or deemed cost £'000	Number of houses	Cost or deemed cost £'000	Number of houses
<b>Endowment funds</b>				
Benefice houses fund				
Parsonage houses	17,014	121	17,061	122
Glebe funds				
Housing of team vicars, curates & others	10,394	49	9,369	47
Retirement houses	40	1	40	1
<b>Unrestricted (designated) funds</b>				
Corporate property				
City Centre Resource Church	1,105	1	1,105	1
Housing of senior clergy, curates and others	3,322	22	3,342	23
Houses subject to value-linked loans				
Housing of curates and others	140	3	140	3
	<u>32,015</u>	<u>197</u>	<u>31,057</u>	<u>197</u>

Diocesan offices include the caretakers 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 R 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 (2016: £139,000). Of the total land and buildings at 31 December 2017, £14.45m are valued at cost (2016: £14.02m), with the rest at deemed cost. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

### 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
<b>Cost</b>						
At 1 January 2017	31,057	3,807	458	9	1,690	37,021
Additions	1,247	-	30	-	-	1,277
Disposals	(289)	-	-	-	-	(289)
	<u>32,015</u>	<u>3,807</u>	<u>488</u>	<u>9</u>	<u>1,690</u>	<u>38,009</u>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2017

15. TANGIBLE FIXED ASSETS – GROUP (continued)

	Freehold Houses	Diocesan Office & caretakers bungalow	Office Equipment	Motor Vehicles	Wind Turbine & Solar panels	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Depreciation</b>						
At 1 January 2017	-	22	243	-	67	332
Charge for the year			55	3	67	125
At 31 December 2017	-	22	298	3	134	457
<b>Net Book Value</b>						
At 31 December 2017	32,015	3,785	190	6	1,556	37,552
<b>Net Book Value</b>						
At 31 December 2016	31,057	3,785	215	9	1,623	36,689

16. FIXED ASSET INVESTMENTS – COMPANY & GROUP

	At 1 January 2017	Additions at cost	Disposals	Unrealised gains/(losses)	At 31 December 2017
	£'000	£'000	£'000	£'000	£'000
<b>Listed investment securities</b>					
Restricted funds	5,947	1,200	(1,136)	191	6,202
Endowment funds	3,732	2,793	(3,125)	896	4,296
Unrestricted funds	5,233	320	(681)	115	4,987
	<b>14,912</b>	<b>4,313</b>	<b>(4,942)</b>	<b>1,202</b>	<b>15,485</b>
<b>Unlisted investment securities</b>					
Restricted funds	84	-	-	5	89
Endowment funds	4,459	-	-	63	4,522
Unrestricted funds	-	-	-	-	-
	<b>4,543</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>4,611</b>
<b>Cash held for investment purposes</b>					
Restricted funds	27	-	-	-	27
Endowment funds	408	-	-	-	408
Unrestricted funds	727	765	-	-	1,492
	<b>1,162</b>	<b>765</b>	<b>-</b>	<b>-</b>	<b>1,927</b>

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

16. FIXED ASSETS INVESTMENTS – COMPANY & GROUP (continued)	At 1 January 2017	Additions at cost	Disposals	Unrealised gains/(losses)	At 31 December 2017
<b>Investment properties</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Restricted funds	-	-	-	-	-
Endowment funds	17,232	-	(451)	94	16,875
Unrestricted funds	1,577	-	-	95	1,672
	<u>18,809</u>	<u>-</u>	<u>(451)</u>	<u>189</u>	<u>18,547</u>
<b>Total</b>	<b><u>39,426</u></b>	<b><u>5,078</u></b>	<b><u>(5,393)</u></b>	<b><u>1,459</u></b>	<b><u>40,570</u></b>

Due to their nature the historic cost of investment properties is not known. Included in the above are the following unrealised gains -Endowment funds £400,065 (2016 -£856,537) Restricted funds £513,069 (2016- £856,947) and unrestricted funds £545,866 (2016 -£962,774).

## 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
The summary financial performance of the subsidiaries alone are :	<b>2017</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	244	23
Expenses	(255)	(13)
Net (Loss)/Profit	<u>(11)</u>	<u>10</u>
The assets and liabilities of the subsidiaries alone are :		
Fixed assets	1,351	203
Current Assets	163	41
Current liabilities	(55)	(227)
Provisions	(66)	-
Long term liabilities	(1,441)	-
Net assets	<u>(48)</u>	<u>17</u>
Represented by		
Share Capital	-	-
Reserves	<u>(48)</u>	<u>17</u>

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

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

18. DEBTORS	GROUP 2017 £'000	COMPANY 2017 £'000	GROUP 2016 £'000	COMPANY 2016 £'000
Due within one year				
Current year Parish share	189	189	112	112
Loans to parishes	12	12	24	24
Rent debtors	83	83	81	81
Other debtors	729	554	400	274
Amounts due from subsidiary	-	22	-	86
Prepayments	63	63	72	72
	<u>1,076</u>	<u>923</u>	<u>689</u>	<u>649</u>
Due after more than one year				
Loans to parishes	11	11	52	52
Amounts due from subsidiary	-	1,091	-	1,091
	<u>11</u>	<u>1,102</u>	<u>52</u>	<u>1,143</u>
<b>Total debtors</b>	<u><u>1,087</u></u>	<u><u>2,025</u></u>	<u><u>741</u></u>	<u><u>1,792</u></u>

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2017

19. CREDITORS: amounts falling due within one year	GROUP 2017 £'000	COMPANY 2017 £'000	GROUP 2016 £'000	COMPANY 2016 £'000
Bank overdraft	6	6	470	470
Mission development fund grants	41	41	43	43
Other taxes and social security	40	40	-	-
Other creditors and accruals	549	444	564	463
Amounts owed to subsidiaries	-	36	-	18
Clergy pension scheme	415	415	421	421
<b>Total creditors: amounts falling due within one year</b>	<b>1,051</b>	<b>982</b>	<b>1,498</b>	<b>1,415</b>
20. CREDITORS: amounts falling due after more than one year	GROUP 2017 £'000	COMPANY 2017 £'000	GROUP 2016 £'000	COMPANY 2016 £'000
Loan repayment instalments due after more than one year				
Church Commissioners value-linked loans	134	134	134	134
<b>Sundry creditors</b>				
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 liability	2,340	2,340	2,608	2,608
<b>Total creditors: amounts falling due after more than one year</b>	<b>3,059</b>	<b>2,483</b>	<b>3,327</b>	<b>2,751</b>

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 2017 £'000	COMPANY 2017 £'000	GROUP 2016 £'000	COMPANY 2016 £'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 2017

21. SUMMARY OF FUND MOVEMENTS -COMPANY

	Balances at 1 January				Gains and (Losses)	Balances at 31 December
	2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	£'000	2017 £'000
<b>ENDOWMENT FUNDS</b>						
<b>Expendable</b>						
Benefice houses fund	17,061	283	-	-	-	17,344
Stipends fund capital	34,107	-	-	568	266	34,941
Parsonages capital	100	-	-	-	20	120
Deficit on Clergy pension scheme	(3,029)	-	(99)	373	-	(2,755)
<b>Permanent funds</b>						
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)	33	338
	<b>51,053</b>	<b>283</b>	<b>(99)</b>	<b>933</b>	<b>572</b>	<b>52,742</b>
<b>RESTRICTED FUNDS</b>						
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)	563	357
	<b>7,602</b>	<b>1,034</b>	<b>(1,040)</b>	<b>(701)</b>	<b>967</b>	<b>7,854</b>
<b>UNRESTRICTED FUNDS</b>						
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)
	<b>12,179</b>	<b>9,231</b>	<b>(8,836)</b>	<b>(232)</b>	<b>997</b>	<b>13,339</b>
<b>TOTAL</b>	<b>70,834</b>	<b>10,548</b>	<b>(9,975)</b>	<b>-</b>	<b>2,528</b>	<b>73,935</b>

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2017

21. SUMMARY OF FUND MOVEMENTS -GROUP

	Balances at 1 January					Balances at 31 December 2017
	2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and (Losses) £'000	£'000
<b>ENDOWMENT FUNDS</b>						
<b>Expendable</b>						
Benefice houses fund	17,061	283	-	-	-	17,344
Stipends fund capital	34,107	-	-	568	266	34,941
Parsonages capital	100	-	-	-	20	120
Deficit on Clergy pension scheme	(3,029)	-	(99)	373	-	(2,755)
<b>Permanent funds</b>						
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)	33	338
	<b>51,053</b>	<b>283</b>	<b>(99)</b>	<b>933</b>	<b>572</b>	<b>52,742</b>
<b>RESTRICTED FUNDS</b>						
Diocesan Board of Education	6,828	353	(413)	-	396	7,164
Pastoral Account	333	-	-	-	-	333
Strategic Development funding	-	594	(594)	-	-	-
Other restricted income funds	439	267	(212)	(701)	571	364
Non Controlling interest	(17)	-	(4)	-	2	19
	<b>7,583</b>	<b>1,214</b>	<b>(1,223)</b>	<b>(701)</b>	<b>969</b>	<b>7,842</b>
<b>UNRESTRICTED FUNDS</b>						
<b>General Fund</b>	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)
	<b>12,179</b>	<b>9,231</b>	<b>(8,836)</b>	<b>(232)</b>	<b>997</b>	<b>13,339</b>
<b>TOTAL</b>	<b>70,815</b>	<b>10,728</b>	<b>(10,158)</b>	<b>-</b>	<b>2,538</b>	<b>73,923</b>

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SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

<b>COMPANY</b>					
<b>22. SUMMARY OF ASSETS BY FUND</b>	<b>Fixed assets Tangible £'000</b>	<b>Investments £'000</b>	<b>Current Assets £'000</b>	<b>Creditors £'000</b>	<b>Net Assets £'000</b>
<b>Endowment funds</b>					
<b>Expendable endowment funds</b>					
Benefice houses	17,014	-	330	-	17,344
Glebe funds	10,394	24,547	-	-	34,941
Parsonages capital	-	120	-	-	120
Clergy Pension fund deficit	-	-	-	(2,755)	(2,755)
<b>Permanent endowment funds</b>	40	2,634	418	-	3,092
	<u>27,448</u>	<u>27,301</u>	<u>748</u>	<u>(2,755)</u>	<u>52,742</u>
<b>Restricted</b>					
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>
<b>Unrestricted funds</b>					
General fund	-	3,810	788	(636)	3,962
<b>Designated funds</b>					
Accumulated capital	8,548	2,773	-	(33)	11,288
Other designated funds	-	-	-	(1,911)	(1,911)
Pension reserve	-	-	-	(1,911)	(1,911)
	<u>8,548</u>	<u>6,583</u>	<u>788</u>	<u>(2,580)</u>	<u>13,339</u>
<b>Total funds</b>	<u><b>35,996</b></u>	<u><b>40,570</b></u>	<u><b>2,745</b></u>	<u><b>(5,376)</b></u>	<u><b>73,935</b></u>

SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2017

<b>GROUP</b>					
<b>22. SUMMARY OF ASSETS BY FUND</b>					
	<b>Fixed assets Tangible &amp; Intangible £'000</b>	<b>Investments £'000</b>	<b>Current Assets £'000</b>	<b>Creditors £'000</b>	<b>Net Assets £'000</b>
<b>Endowment funds</b>					
<b>Expendable endowment funds</b>					
Benefice houses	17,014	-	330	-	17,344
Glebe funds	11,950	24,547	(911)	(645)	34,941
Parsonages capital	-	120	-	-	120
Clergy Pension fund deficit	-	-	-	(2,755)	(2,755)
<b>Permanent endowment funds</b>	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>
<b>Restricted</b>					
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>
<b>Unrestricted funds</b>					
General fund	-	3,811	788	(636)	3,963
<b>Designated funds</b>					
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>
<b>Total funds</b>	<u><u>37,552</u></u>	<u><u>40,570</u></u>	<u><u>1,822</u></u>	<u><u>(6,021)</u></u>	<u><u>73,923</u></u>

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

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#### 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 fund** represents the proceeds of the sale of glebe, parsonages transferred by Pastoral Scheme and gifts to the fund. The funds generates 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 2017

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#### 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 fund	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.
Strategic Development Fund	represents sums of money made available by the Archbishop's Council for specific projects



## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

#### 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 2017 the Group had capital expenditure commitments authorised but not contracted for of £NIL (2016 – £NIL), and contracted for but not yet due of £NIL (2016 – £NIL).

#### 25. OPERATING LEASES

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

	GROUP 2017 £'000	COMPANY 2017 £'000	GROUP 2016 £'000	COMPANY 2016 £'000
Other operating leases where the lease expires:				
Within one year of the balance sheet date	25	5	28	8
In the second to fifth years inclusive of the balance sheet date	94	4	86	1
Over five years from the balance sheet date	500	-	525	-
	<u>619</u>	<u>9</u>	<u>639</u>	<u>9</u>

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

### 25. OPERATING LEASES (continued)

<b>Analysed as follows</b>	<b>GROUP 2017 £'000</b>	<b>COMPANY 2017 £'000</b>	<b>GROUP 2016 £'000</b>	<b>COMPANY 2016 £'000</b>
<b>Land &amp; Buildings</b>				
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	90	-	85	-
Over five years from the balance sheet date	500	-	525	-
	<u>610</u>	<u>-</u>	<u>630</u>	<u>-</u>
	<b>GROUP</b>	<b>COMPANY</b>	<b>GROUP</b>	<b>COMPANY</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Other</b>				
Other operating leases where the lease expires:				
Within one year of the balance sheet date	5	5	8	8
In the second to fifth years inclusive of the balance sheet date	4	4	1	1
Over five years from the balance sheet date	-	-	-	-
	<u>9</u>	<u>9</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 £15,575 (2016 -£20,250).

### 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.

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

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#### 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 (2017 £1,177m, 2016 £1,195m) plus the impact of deficit contributions (see below), giving a total charge of £804,068 for 2017 (2016 £869,523).

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:
  - for 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 2017. 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.

As at December 2015, the deficit recovery contributions under the deficit recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above paragraph.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the scheme's rules.

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

#### 27. PENSIONS (continued)

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

	<b>GROUP &amp; COMPANY 2017 £'000</b>	<b>GROUP &amp; COMPANY 2016 £'000</b>
Balance sheet liability as at 1 January 2017	3,029	4,050
Contributions paid	(415)	(422)
Interest cost (recognised in SOFA)	42	99
Re-measurement of the balance sheet liability (recognised in SOFA)	99	(698)
	<hr/>	<hr/>
Balance sheet liability as at 31 December 2017	<u>2,755</u>	<u>3,029</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:

	<b>December 2017</b>	<b>December 2016</b>	<b>December 2015</b>
Discount rate	1.4% pa	1.5% pa	2.5% pa
Price inflation	3.0% pa	3.1% pa	2.4% pa
Increase to total pensionable payroll	1.5%pa	1.6%pa	0.9%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.

#### 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 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.

## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

#### 27. PENSIONS (continued)

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 £123,000 (2016 – £135,000). The Board's agreed future contribution rate equates to 24.0% of pensionable salaries (previously 21.7%) 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.

	2017	2016
<b>The main financial assumption are</b>		
	<b>Basis</b>	<b>Basis</b>
Discount rate	2.60%	2.80%
Inflation (RPI)	3.60%	3.65%
Inflation (CPI)	2.60%	2.65%
Pension increases	3.50%	3.50%
Revaluation in deferment	2.60%	2.65%
Salary increases	3.60%	2.65%

The assets in the scheme are wholly invested in a deposit administration fund with Engage Mutual, along with some small with-profit deferred annuities.

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 2017 is £2,917,000 (2016-£2,839,000).

#### Amounts recognised in the Statement of Financial Activities:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Current service (cost)	(22)	(22)
Interest (cost)	(146)	(160)
Administration costs	(15)	(14)
Interest on assets	79	109
	<b>(104)</b>	<b>(87)</b>

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

### 27. PENSIONS (continued)

#### Reconciliation of assets and defined benefit obligations:

Fair Value of assets :	£000	Defined benefit obligations:	£000
As at 1 January 2017	2,839	As at 1 January 2017	5,254
Interest on assets	79	Current service costs	22
Employer contributions	123	Contributions by Scheme participants	2
Contributions by Scheme participants	2	Interest cost	146
Benefits paid	(116)	Benefits paid	(116)
Administration costs	(15)	Changes due to financial assumptions	(480)
Return on plan assets less interest	5		
<b>As at 31 December 2017</b>	<b>2,917</b>	<b>As at 31 December 2017</b>	<b>4,828</b>
Net liability			1,911

Scheme deficit funding of £1,322,000 calculated by the Scheme Actuary a part of the 31 March 2014 Triennial Actuarial Valuation has been set aside in a designated fund.

Summary of pension liabilities	2017 £000	2016 £000
Church of England Pension scheme	2,755	3,029
SNDBF Retirement Scheme	1,911	2,415
	<b>4,666</b>	<b>5,444</b>
Included in:		
Current liabilities	415	421
Long term liabilities	2,340	2,608
Provisions	1,911	2,415
	<b>4,666</b>	<b>5,444</b>

# SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

### 28. PRIOR YEAR COMPARATIVE CONSOLIDATED SOFA

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000
<b>Income and endowments from</b>				
Donations				
Deanery share	5,853	-	-	5,853
Archbishops' Council	1,485	74	-	1,559
Other donations	143	11	-	154
Charitable activities	875	105	-	980
Other activities	309	1	-	310
Investments	738	290	-	1,028
Other	368	247	-	615
	<u>9,771</u>	<u>728</u>	<u>-</u>	<u>10,499</u>
<b>Expenditure on</b>				
Raising funds	348	95	-	443
Charitable activities	8,497	208	-	8,705
Clergy pension scheme movement	-	-	(698)	(698)
Church schools & Diocesan projects	-	468	-	468
Other	23	188	-	211
	<u>8,868</u>	<u>959</u>	<u>(698)</u>	<u>9,129</u>
<b>Net income/(expenditure) before investment gains</b>	<u>903</u>	<u>(231)</u>	<u>698</u>	<u>1,370</u>
Net gains on investments	532	793	866	2,191
<b>Net income/(expenditure)</b>	<u>1,435</u>	<u>562</u>	<u>1,564</u>	<u>3,561</u>
<b>Transfers between funds</b>	<u>(608)</u>	<u>27</u>	<u>581</u>	<u>-</u>
Non controlling interest	-	17	-	17
<b>Other recognised gains/(losses)</b>				
Gains/(losses) from changes in financial assumptions on defined benefit pension scheme	(1,141)	-	-	(1,141)
<b>Net movement in funds</b>	<u>(314)</u>	<u>606</u>	<u>2,145</u>	<u>2,437</u>

## **SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2017**

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#### **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, an employee of the Board of Finance, has oversight of the work of two part time development workers who are employed by Transforming Notts Together.

##### **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 Rt Revd A Porter, 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 £22,894 (2016 £19,643) in respect of reimbursement for salaries and office costs.

##### **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. During the year the Revd Canon Dr R Kellett purchased a property from the Board for £320,642. The transaction was at arms and at open market value.

##### **Subsidiaries**

During the year, the Board received loan interest from Wind FX Limited of £86,484 (2016 £87,900). Wind FX Limited also paid the Board £3,000 (2016 £3,300) towards accountancy costs in the year. At 31 December 2017 Wind FX Limited owed the Board £889,468 (2016 £951,331). SNDBF Solar Limited owes the Board £226,190 (2016 £226,190) at 31 December 2017 and the Board owes SNDBF Solar £36,673 (2016 £18,180).

*Growing Disciples  
Wider Younger Deeper*



## SOUTHWELL & NOTTINGHAM DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

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#### 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 £8.2million, cost £4.0 million (2016-£7.9million, cost £3.9million).

#### 31. DEVOLVED FORMULA CAPITAL

Since April 2006, the Education and Skills Funding Agency (ESFA) 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 £366,500 on behalf of 12 schools (2016- £667,204 on behalf of 18 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 £108,118 (2016-£105,343) which is not included in these accounts.