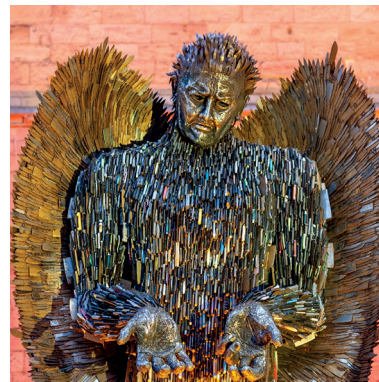


DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)

Annual Report and Financial Statements 2019



**DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
Annual Report & Financial Statements For the year
ended 31 December 2019**

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ADMINISTRATIVE DETAILS

Derby Diocesan Board of Finance Limited (The) is a Charitable Trust Company Limited by Guarantee and not having a share capital. (Company No 229700 England, Registered Charity No 249767). Membership of the Board consists of those members of Derby Diocesan Synod who are not employed by the Board.

President: The Bishop of Repton – The Right Reverend Jan McFarlane (to 11 February 2019)
The Bishop of Derby - The Right Revd Elizabeth Lane (from 11 February 2019)

Registered Office: Church House, Full Street, Derby DE1 3DR
Telephone: 01332 388650
Email: finance@derby.anglican.org
Website: www.derby.anglican.org

For a list of direct dial telephone extensions see the diocesan website.

Bishop's Council & Standing Committee of Diocesan Synod

(Being the financial executive of the Diocesan Synod and the Board of Directors of the Board of Finance)

The trustees (for the purpose of charity law) and directors (for the purpose of company law) during the year and as at the date of signing were as follows:

Chair

The Right Reverend Jan McFarlane - Bishop of Repton (to 11 February 2019)

The Rt Reverend Elizabeth Lane – The Bishop of Derby (from 11 February 2019)

Ex-Officio

- The Right Reverend the Bishop of Repton
- The Venerable Archdeacon of Chesterfield
- The Venerable Archdeacon of Derby
- The Very Revd the Dean of Derby (to 30 September 2019)
- The Acting Dean of Derby - Reverend Canon Dr Elizabeth Thomson (from 1 October 2019)
- The Chair of the House of Clergy of the Diocesan Synod – The Revd P Davey (to 13 October 2019) The Revd J Hollywell (from 14 October 2019)
- The Chair of the House of Laity of the Diocesan Synod – Mrs C McMullen
- The Executive Chair of the Board of Finance - Canon M Titterton
- The Chair of the Diocesan Board of Education – Canon J Cooper

Elected by Derby Diocesan Synod - two clergy members from each Archdeaconry and nine lay members, with at least three from each Archdeaconry.

Clergy

Chesterfield Archdeaconry (2)

- The Revd D Ballard
- The Revd C Pearson

Derby Archdeaconry (2)

- The Revd A Kay (to 9 June 2019)
- The Revd BJ Stober (from 10 September 2019)
- The Revd Dr J Ward

Lait

Chesterfield Archdeaconry (at least 3)

- Mr A Collie
- Canon J Cooper
- Mr J Gascoyne
- Miss H Hawkins
- Canon C Holmes-Elener

Derby Archdeaconry (at least 3)

- Mrs M Goddard
- Mr B Parker
- Mr P Vincent
- Mr J Whiten

Principal Officers

- Diocesan Secretary: Mrs R Morris
- Mission & Ministry Team Leader: Revd M Barnes
- Director of Vocations: Revd G Pond (to 6 October 2019)
- HR Manager: Ms M Roberts
- Head of Property: Mr G Webster
- Head of Finance: Mr M Marples

Advisers

Diocesan Registrar, Bishop's Legal Secretary & Legal Adviser to the Board of Finance: Mrs N Waldron
BA TEP

Bankers

National Westminster Bank, 7 Market Place, Derby, DE1 3ZF

Investment Advisors

CCLA Investment Management Ltd; Senator House, 85 Queen Victoria Street, London, EC4V 4ET

Solicitors

Eddowes Waldron Solicitors, 12 St Peter's Churchyard, Derby, DE1 1TZ

Insurers

Ecclesiastical Insurance Group, Beaufort House, Brunswick Road, Gloucester GL1 1JZ

Land Agents

Savills, 2/3 Sherbrook House, Swan Mews, Lichfield, WS13 6TU

Mineral Surveyors

Coke Turner & Co, The Millyard, Rowsley, Matlock, DE4 2EB

Auditor

BHP LLP, 2 Rutland Park, Sheffield, South Yorkshire, S10 2PD

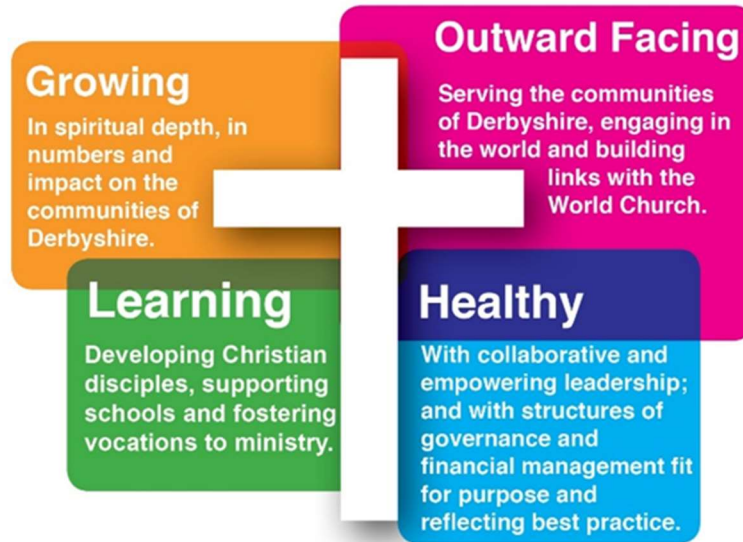
OUR VISION

Christ's presence in every community

As together we seek to live out this vision, we do so in a common purpose, contributing to a Common Fund and in the service of the common good. We commit ourselves to working together and deepening our common life in service of Christ's presence in every community.

Our Vision

Christ's presence in every community



INTRODUCTION FROM THE BISHOP OF DERBY

The Rt Revd Libby Lane



“Know this”, Jesus said, “The Kingdom of God has come near”
Luke 10

Through the words and figures of this Annual Report we catch glimpses of the Kingdom of God. These few pages contain not just information and statistics required by the Charity Commission, but in them the echoes of the good news of how Jesus lived and proclaimed throughout the Diocese of Derby.

“To what shall I compare the Kingdom of God?” Jesus asked in the Gospel of Luke – and he told stories of tiny seeds, and lost sheep, and yeast kneaded into dough, and of parties, and feasts, and celebrations. This past year, - in the worship, witness and work of tens of thousands of faithful, hopeful, loving people gathering in schools, church buildings, offices, homes, cafes, pubs, community centres, factories, prisons, hospitals, and sent out to live, work, play, study, volunteer and influence every corner of the city of Derby, county of Derbyshire and beyond – I have seen in the Diocese of Derby much that compares to the Kingdom of God.

Jesus says to us still, “Go, and proclaim the Kingdom of God”. So, as we read and review the report of how we resourced that task in the past year, let’s hear and respond to that call afresh.

And know this: The Kingdom of God has come near.

+Libby

FOREWORD

Executive Chairman, Canon Mark Titterton



The financial outturn for 2019, per the management accounts, returned an operational deficit of £102,000 against a £330,000 deficit budget, which was a significant achievement given the number of financial challenges during the year.

Common Fund receipts showed an increase over 2018 levels and finished £142,000 (2.9%) short of the anticipated budget. This was mainly offset by savings in Parish support costs, ministerial staffing and savings on property improvements during 2019.

Financial investments performed well again in 2019. The value of financial investments at 31 December 2019 are £48.3m, an increase of £7.2m over 2018 as markets improved.

Looking to 2020, as I rewrite this foreword we are in unprecedented times, in the midst of lock down as the COVID 19 pandemic has still not peaked. The likely effect of this pandemic on the DBF is going to be significant, in terms of our income from both common fund and our investment income and potentially it will influence the way we operate in the future, in terms of deployment of resources – both physical and people. The DBF does have adequate financial reserves to weather the storm in the short term, this is however a fast-moving situation that we are monitoring very closely, and we are modelling various financial scenarios.

As the year progresses, we will continue to advise and update through all the levels of Diocesan governance.

The Board exists to manage the financial and corporate requirements of the Diocese, assisting the Synod, Bishops Council, Deaneries and Parishes to further their mission and deliver the Diocesan strategic objectives. On behalf of the Board, I would like to offer grateful thanks to team members at the Parish Support Office, Clergy, Wardens and PCCs across the Diocese.

TRUSTEES' REPORT

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2019. 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 in October 2019.

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

Derby Diocesan Board of Finance Limited (The); (the Board), is a private charitable company which was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated in the UK on 16 April 1928 as a charitable company limited by membership guarantees and its governing document is the Memorandum and Articles of Association. The Board is registered in England with the Charity Commission. The registered office and number can be found on page 3.

The objects, for which the Board is established, are set out in Clause 3 of the Board's Memorandum of Association, dated April 1928. The primary object (or purpose) is to act as the financial executive of the Diocesan Synod. In addition, it is to act as the Parsonages Board for the Diocese, to act as the Diocesan Committee of the Diocese for the purposes of any Act of Parliament or Measure passed by the General Synod of the Church of England and to promote and assist the work and purposes of the Church in the Diocese and in particular to organise and provide funds in aid of the work of the Church.

The Board has the following statutory responsibilities:

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

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Derby (in respect of their responsibility for the provision of the cure of souls).

STRATEGIC AIMS

The main role of the Board is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further its mission and deliver the Diocesan strategic priorities.

In 2014, Diocesan Synod agreed that the following four strategic priorities should direct the activities of the Diocese:

- **Growing** in spiritual depth, in numbers and impact on the communities of Derbyshire
- **Learning** developing Christian disciples, supporting schools and fostering vocations to ministry
- **Healthy** with collaborative and empowering leadership; and with structures of governance and financial management fit for purpose and reflecting best practice
- **Outward Facing** serving the communities of Derbyshire, engaging in the world and building links with the World Church

OBJECTIVES FOR THE YEAR 2019

The key objectives during 2019 were:

- To welcome and settle the new Diocesan Bishop within the Diocese
- Progression of an updated Diocesan Vision
- Increase 'One Diocese' working, in particular across the Cathedral, Education and Church House
- Support the Area Deans and Leadership Teams in settling the restructured Deaneries
- The Mission and Ministry team to support the Deaneries
- Implement a new Learning in Faith programme
- Advance the Strategic Building Review to help inform future funding applications
- Work in partnership to guide the development of the Resource Church
- Building resilience in the Support Office at Church House, to deliver efficient and effective support to Deaneries, Parishes and the Board
- Review the Common Fund formula to aid growth
- Enhancing the support to Parishes through the development of financial management tools and a dedicated finance officer
- Review and reassign the Restructure Funding Bid in collaboration with the NCIs, to achieve the most relevant outcomes
- Continuing to review opportunities to maximise financial and property investment assets.
- Implementation of GDPR
- Continuing to work closely with the Diocesan Board of Education to promote engagement across our schools with young people, their families and communities
- Work with the National Safeguarding Team to support the Independent Inquiry into Child Sexual Abuse
- Financial viability of the Diocesan magazine 'Together'.

ACTIVITIES & ACHIEVEMENTS IN THE YEAR

During 2019 we negotiated a redirection of the underspend in the Strategic Development Fund with Church Commissioners to realise more appropriate and relevant outcomes and avoid having to return unspent funds. The SDF established Resource Church in the centre of the city of Derby and agreed plans for planting elsewhere across the Diocese.

We continued to establish the Area Deans and their administrators in post. Area Deans meet regularly at Derby Church House to help establish relationships with key officers, pivotal in communication between the Parish Support office and the wider Diocese.

The Communications Team continued to deliver Social Media training across the Diocese. Support in managing the PR around the arrival of the new Diocesan Bishop was a large piece of work helping +Libby to 'land well' in the diocese. Together magazine has continued to be popular, showcasing positive stories, good practice and items of interest across the Diocese.

DBF have encouraged clarity around funding to aid a positive relationship with the Diocesan Board of Education (DBE), and Derby Diocesan Academy Trust (DDAT). 2019 saw the second tranche of pupils start at the Cathedral School and applications for the third tranche were again heavily oversubscribed.

The innovative role of Diocesan Secretary incorporating Cathedral Chapter Steward continued positively during 2019 further enabling strong working partnerships between the Cathedral and Diocese. Church of England Commissioners continue to be very clear that strong working relationships between the Cathedral and Diocese are a requirement before funding bids will be considered. 2019 saw the DBF taking on the Cathedral's finance function including payroll. Joint and advisory work between DBF and the Cathedral has been further developed in communications, HR, Property and Safeguarding.

Work began on helping the Diocesan Bishop discern her vision for the Diocese which will continue and be implemented in 2020.

The Discipleship, Mission & Ministry Team

The Discipleship, Mission & Ministry (DMM) team underwent an interim restructuring in 2019 to facilitate a more 'vision-ready' department able to quickly respond to outcomes from the emerging diocesan vision and strategy. This reorganisation was also necessary to hold work previously held by key colleagues who have now left the diocese. The team is organised around five core themes incorporating over 40 initiatives, projects and interventions:

- 1) Deepening discipleship
- 2) Engaging church in the community & world
- 3) Growing missional church
- 4) Exploring calling
- 5) Supporting ministerial care & development

A small central team based at Church House in Derby is supported by a number of portfolio holders who help facilitate ten reference teams which focus on our current named priorities.

As well as the on-going support to parishes throughout the diocese other notable DMM successes in 2019 include delivery of the 'Learning in Faith' programme, the creation of a new mixed-mode discipleship course, a new programme for Reader training approved by the Church of England Ministry Division (MinDiv), restructuring of the 'Resourcing Derby City' project to enable two new worshipping communities to be established in areas of deprivation and enhanced emphasis on Church planting and pioneering. Work to stimulate mission, evangelism, social justice, environmental action and vocational awareness throughout the diocese continues.

The Safeguarding Team

- We had our first Social Work student placement that brought closer links to the University and fresh ideas into our work as well as providing an exciting opportunity for the student to gain core competencies
- During 2019, 125 cases were referred with a total of 154 still active. This was an increase on previous years, reflecting better referral from parishes after training
- 1,137 DBS certificates have been issued in 2019, a decrease on the previous year but more in line with 2017
- It is encouraging that the quality of training delivered was maintained and we introduced the Domestic Abuse Training for 216 delegates, despite a reduction in trainer resources. 410 completed C1, 274 completed C2 and 10 completed C3 training
- We successfully introduced the Dashboard Audit Tool for parishes to complete their audit details more easily and we have completed the repair of the training Database
- The Deanery Safeguarding Leads are now in place across the Diocese supporting parish safeguarding officers in their work
- In 2019 Diocesan Synod approved the Parish Safeguarding Handbook and we have amended our terminology to reflect the national policies
- We were able to support another Diocese whose DSA was absent for six months by seconding the DSA part-time, while still retaining the services here in Derby.

The Property Team

- Completed on the sale of two parsonages, four DBF houses and one glebe house. A further parsonage was held for sale at 31 December and was sold subject to contract after the year end
- Completed on the purchase of two houses as replacement parsonages
- Completed the construction of a new build vicarage
- Completed 29 quinquennial surveys on our existing housing stock
- Carried out vacancy inspections and co-ordinated vacancy/improvement works to 20 vicarages or DBF houses prior to new clergy moving in and taking up their appointments
- Carried out a further 24 vacancy inspections and co-ordinated works on 25 properties prior then being let on assured shorthold tenancies
- Secured planning permission for 6 three-bed townhouses on surplus parsonage garden land
- Submitted a planning application for a single dwelling on surplus parsonage garden land
- Completed on the extension of an Option Agreement on twenty acres of glebe land for residential development.

FINANCIAL REVIEW

The annual budget is presented to Diocesan Synod for approval and sets out the framework for our financial decision-making. The 2019 budget set an operational deficit of £330,000.

Performance against budget

Budget plans for 2019 included:

- a reduction in Church Commissioners funding under the “Resourcing the Future” proposals and responding to changes in National Church strategic funding
- the addition of six posts in the numbers of people compared to 2018
- a provision for stipend and salary increases of +2.0%
- contributions to the Clergy Pension Scheme being held at 39.9%
- an increase in 2019 Archbishops’ Council Apportionment (for Votes 1 to Vote 5 – training for ministry and other National Church costs)
- an average Common Fund increase of +3.0% alongside the third year of transition to the new Common Fund formula
- a reduction in the expected income return from land and buildings primarily from net rental income as properties are disposed or held vacant for improvement works
- the disposal of properties no longer required
- identification of further non-staff cost savings to reduce the impact on reserves
- updating the rolling 3-year financial plan with a detailed budget for 2019 and outline plans for 2020 & 2021 giving a better understanding of the financial challenges ahead.

The table below sets out performance against the budget plan:

MANAGEMENT ACCOUNTS 2019			
	Budget £	Actual £	Difference £
INCOME			
Common Fund	4,909,790	4,767,571	(142,219)
Church Commissioners	1,446,298	1,446,298	0
Net Return on Investments	1,963,556	1,934,394	(29,162)
Other income including fees and grants	577,600	528,996	(48,604)
TOTAL INCOME	8,897,244	8,677,259	(219,985)
EXPENDITURE			
Ministerial Staffing	5,216,576	5,142,076	74,500
Ministerial Housing & Other Ministerial costs	1,123,396	1,066,807	56,589
Parish Support (excluding funding contributions)	1,709,774	1,403,791	305,983
Contributions and Sector Support (incl. DBE)	696,452	691,295	5,157
National Church	481,046	475,704	5,342
TOTAL EXPENDITURE	9,227,244	8,779,673	447,571
SURPLUS / (DEFICIT)	(330,000)	(102,414)	(227,586)

Common Fund, the money given by parishes to the Diocese to fund mission and ministry across the Diocese, is the main source of income and accounted for around 55% of total Diocesan income. In 2019 the total amount paid was £4,767,570, which was an increase of £95,314 over the previous year (2018 - total Common Fund £4,672,256). Receipts were £142,219 lower than budgeted.

A total of £1.4million came from the National Church Institutions for stipend support, indicating the Board’s dependence on this valuable source of income. Overall returns on investments were lower than budgeted due to a delay in investment activity as a result of Brexit risks and despite financial investments assets performing well.

The Allchurches Trust annual distribution amounted to £139,000 and the Board acknowledges with thanks the receipt of this grant. Parochial fees were £48,604 less than budgeted as activity reduced.

There was a saving on Ministerial Housing through close management of the property stock during the year which partly offset the shortfall in Common Fund. This was further offset by savings in Parish Support costs, mainly through vacancies during the year.

The Trustees approved a £467,000 deficit budget position for 2020. The 2020 budget holds a number of key financial challenges, including Common Fund contributions which will need to contribute closer to the budget target. The new Diocesan Vision will be implemented in 2020 and will aid the alignment of the budget.

STATEMENT OF FINANCIAL ACTIVITIES

Total income was £11.0million (2018 - £10.5million) and expenditure £8.3million (2018 - £9.3million) after a £1.4million movement in the clergy pension scheme liability (2018 - £0.1million) giving net income before investment gains of £2.6million (2018 - £1.3million)

After the addition of net gains on investment assets of £6.4million (2018 – net loss of £0.5million) and net loss on the revaluation of fixed assets of £0.3million (2018 - £nil), the net increase in funds amounted to £8.8million (2018 – £0.8million).

Unrestricted Funds Movement

Management Accounts Reconciliation to Statutory Accounts		£
Deficit per Management Accounts 2019		(102,414)
<u>Operational Adjustments</u>		
Derby St Peters Dividend income		5,414
Church Growth and Parish Grant allocations		(111,082)
Designated fund transfer per approved budget		(299,977)
Other unrestricted and designated fund movement (net)		8,982
<u>Investment Movements</u>		
Adjustment to returns on investment income		(69,696)
Income gain on disposals of assets (note 6)		943,665
Gains/(losses) on investment assets		1,237,323
(Net) Transfer of Benefice Houses		(463,280)
Transfer from Pastoral account re part purchase of properties		1,272,594
Corporate property sale receipts to Pastoral account		(1,525,121)
Net (loss) on revaluation of fixed assets		(288,783)
Net movement in Unrestricted Funds		607,625

[Per statement of financial activities on page 25 of the financial statements]

During the year, total fund balances increased from £82.2million, to £91.0million and there was an overall net cash outflow of £0.1million (2018 – cash inflow £1.7million).

Grant-Making (Beneficiary-Selection)

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 (see note 12 of the financial statements). Grants are paid to other connected charities and to other charitable projects which support the furtherance of the Board's objects.

Local Mission Fund

The Local Mission Fund received income from the Church Commissioners Parish Mission Funding which is given to dioceses for the specific purpose of enabling 'distinctive mission opportunities'. The fund has a year-end balance of £23,445 (2018 - £23,445) with its future purpose to be considered by the Board towards future initiatives.

REVIEW OF THE STATEMENT OF FINANCIAL POSITION

The Trustees consider that the Statement of Financial Position together with details in note 27 show broadly 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 Statement of Financial Position date totalled £91.0million (2018 - £82.2million) it must be remembered that included in this total are fixed assets, mostly in use for the ministry, whose total value amounted to £31.5million (2018 - £31.2million). Much of the remainder of the assets shown in the Statement of Financial Position are held in funds which cannot necessarily be used for the general purposes of the Board.

Significant Property Transactions

During the year the Board sold seven properties and purchased three properties. Total purchases and additions to property were £1,262,594 (2018 – 2 part purchased, £92,439) and sales were £2,374,125 (2018 - 6 sold, £1,771,709). In addition, a further property was 'held for sale' to be sold during 2020.

INVESTMENT POLICIES AND STRATEGY

The Board's investment policies are based on two key policies:

- **Ethical investment** - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders. All investment managers are mandated to follow ethical considerations as determined by the Church of England Ethical Investment Advisory Group.
- **Long-term responsibilities** – the Board manages its investment assets with the principal aim of generating income to achieve the maximum contribution possible to clergy stipends, whilst maintaining the real value of Diocesan capital but with the possible need to realise investments to meet operational needs. The trustees are aware of their long-term responsibilities particularly in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

Financial Investment Strategy

The current strategy is to manage investments for sustainable income and to achieve modest capital growth over the longer term. The Board recognises that performance in this area is vital to the direct relief of the demands on Common Fund. Financial investments are held with CCLA Investment Management Ltd (for the Church of England).

Glebe Investment Strategy

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Investments are mainly held in agricultural land and financial investments with CCLA Investment Management Ltd.

Unrestricted and Restricted Fund Investments

Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital. Funds which may be needed for working capital in the short-term are held as deposits with CCLA Investment Management Ltd and the Board's bankers National Westminster Bank.

Investment performance

The value of the Board's financial investment assets increased by £7.2million in 2019 (2018 – decrease in valuation of £0.3million).

CCLA Investment Management Ltd - financial investment managers

At the Statement of Financial Position date, the majority of the Board's investment with CCLA was in CBF Church of England Investment Fund income shares together with a holding of CBF Church of England Property Fund income shares and CBF Church of England Global Equity income shares.

The table below sets out holdings in each fund at 31 December 2019:

CCLA Investment Management Ltd Funds	Funds at 31 December 2019	Portfolio Split	Income yield in year	Total return in year (net)
	£	%	%	%
CBF Church of England Investment Fund	36,292,639	75.2	+3.0%	+22.6%
CBF Church of England Global Equity Income Fund	4,457,581	9.2	+3.2%	+27.9%
CBF Church of England Property Fund	7,540,770	15.6	+5.5%	+2.8%
	48,290,990	100.0		

Total return performance for each fund in 2019 against its comparator is set out in the table below:

Longer term total return performance 12 months to 31 December 2019		
	Fund %	Comparator %
CBF Church of England Investment Fund (gross)	+23.2%	+17.1%
CBF Church of England Global Equity Income Fund (gross)	+28.6%	+22.7%
CBF Church of England Property Fund (net)	+2.8%	+1.8%

Brewin Dolphin

A residual holding from the Canon Raymond Ross legacy is held by Brewin Dolphin. The value of the holding at 31 December 2019 is; cash £36,078 and investments £4,810. Investments are sold annually by Brewin Dolphin, in line with the terms of the agreement and held as a cash balance. No cash was redeemed during 2019.

Investment Properties – including Glebe Agricultural Land

Holdings in the portfolio are predominantly agricultural in nature, amounting to approximately 1,300 acres. Agricultural property has been valued by the Board and is based on a desktop valuation provided by Savills, our glebe land agents, as at 31 December 2018. No change has been applied in 2019 from the 31 December 2018 valuation. Other small miscellaneous holdings were valued internally in 2015.

The value of the investment held in Wormhill Quarry reduced by £0.05m in 2019 as a result of activity during the year and a revaluation at 31 December 2019.

The current valuation of the portfolio is £7.5million (2018 - £7.6million). There was one sale and three part-sales of glebe land during the year generating £257,385 and no purchases during the year (2018 – one part-sale of land generating £40,000).

Equity (value-linked) loans

Equity loans have been used to purchase houses for ministers on a shared equity basis. In the event of a sale of any of the houses purchased with value-linked loans (VLL), 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 2019 amounted to £274,938 for 5 loans (2018 - £274,938, 5 loans).

RESERVES POLICY

Free reserves

The Board has considerable responsibilities including the remuneration of around 134 stipendiary clergy posts, the upkeep of 185 houses and the employment of approximately 50 full or part-time staff. Most of the Board's income is voluntary and the Board has noted that a large proportion of its voluntary income is from Common Fund with the balance made up of grant income from the Church Commissioners and income from investments and other sources.

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the course of the financial year, the policy is to hold a balance of readily realisable assets in the general fund equivalent to three months budgeted unrestricted expenditure. At 31 December 2019 the amount required under this policy totalled £2.35m (2018 - £2.30million). Actual free reserves as at 31 December 2019 totalled £4.9million (2018 - £4.1million). With the impact of COVID-19, it is considered appropriate to hold reserves above the policy level.

The aim of Bishop's Council is to ensure that financial plans over a three-year period are in step with the ability to raise income and that spending plans are affordable.

Reserves tied up in fixed assets

The Statement of Financial Position comprises net assets amounting to £31.5million of which £14,609 is held as tangible fixed assets (Note 16).

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in Note 28 of the financial statements. At 31 December 2019 total designated reserves were £15.6m (2018 - £15.8million) of which £10.8m is held in tangible fixed assets as corporate property (2018 - £10.6million).

Restricted and endowment funds

As set out in Notes 29 and 30, the Board holds and administers a large number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £6.6m (2018 - £5.5m) and endowment funds totalled £63.8m (2018 - £56.8m). Neither restricted or endowment funds are available for the general purposes of the Board.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees confirm that the major risks, to which the Board is exposed, as identified by the trustees and employees, have been reviewed and that systems and procedures have been established to manage those risks.

The risk register identifies several risks and action plans are developed to mitigate risks to reduce the probability of the risk arising, or the impact should the risk arise. Dioceses initially identified two areas where the risk of either failure to act or the impact of the events is considered 'very high'. These areas are:

- **Common Fund:** *'collection is considerably less than financial plans'*
- **Stipendiary Numbers:** *'impact on deployment could affect the budget position'*

Management & Mitigation

The Management and mitigation of these ongoing risks are considered regularly by Diocesan Officers and reported to Trustees. Common Fund is reviewed monthly with regular dialogue between the Finance Team, Parishes, Area Deans and Archdeacons. Stipendiary deployment is reviewed monthly by the Bishops and her Executive Staff.

Following the development of the Coronavirus pandemic (COVID-19), the principle risks above remain relevant and become higher risk, with new risks as outlined below:

- **Overall income impact and cashflow:** *'physical and economic market conditions severely affect cash inflow and the ability to achieve the approved budget position'*
- **Government restrictions on working:** *'restrictions affect service delivery, with uncertainty of the length of impact'*
- **Managing a remote workforce:** *'remote working creates complexity, in an organisation predominantly unfamiliar with such practises'*
- **Maintaining services to key stakeholders:** *'the timing of support to parishes and clergy may be delayed'*

Management & Mitigation

The Management and mitigation of these new risks are considered weekly by Diocesan Officers and reported regularly to Trustees.

- **Cashflow** – *the 2020 budget is being reviewed to minimise monthly and year-end impact including; freezing non-essential spend, maximising government funding support where appropriate, and advance receipts from Church Commissioners*
- **Restrictions on working** – *Heads of Service meet remotely three times per week to review service delivery and adjust as necessary*
- **Remote Working** – *Use of remote video conferencing at Heads and individual Team level supports continued delivery where possible, and supports staff wellbeing*
- **Maintaining Service** – *weekly updates from the Bishop keep stakeholders informed and guide them on new ways of operating*

Outline financial scenario planning has been undertaken to manage the impact and financing of the risks arising from COVID-19 across 2020 and 2021.

FUTURE PLANS

We have identified the following key areas for development during 2020

- To discern and implement a new Diocesan Vision
- Following articulation implement the identified strategic priorities
- To ensure a planned and affordable governance process
- Complete all objectives on the Strategic Development Funded projects
- To explore opportunities to move the Diocesan Support Office to more appropriate premises.

Following the development of the Coronavirus pandemic (COVID-19), the priority plans are:

- Managing a remote workforce
- Maintaining cashflow during a period of anticipated income reductions
- Maintaining and enhancing support to Parishes and key frontline clergy

The initial development areas will still be progressed but may take longer.

STRUCTURE & GOVERNANCE

Summary information about the structure of the Church of England

The Church of England is organised as two provinces, each led by an Archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 42 in total. Each diocese is divided into parishes. Each parish is overseen by a parish priest (often called a vicar or rector). From ancient times through to today, they and their Bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints Archbishops, Bishops and Deans of Cathedrals on the advice of the Prime Minister. The two Archbishops and 24 senior Bishops sit in the House of Lords.

The Church of England is episcopally-led by Diocesan Bishops assisted by Suffragan and Area Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes Measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members; the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The Three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions. The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the Diocesan and Suffragan Bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pension authority to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations. The Pensions Board, which reports to the General Synod, is the trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

Derby Cathedral

The cathedral church is legally constituted as a separate entity currently exempt from Charity Commission registration and supervision. Copies of its annual report and financial statements may be obtained from the Cathedral Administrator, Derby Cathedral Office, Cathedral Centre, 18-19 Iron Gate, Derby DE1 3GP.

The information about General Synod, the Church Commissioners, the Archbishops' Council and cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. The PCC is made up of the vicar (or rector) as chair, the churchwardens and a number of elected and ex-officio members. Each PCC is a charity and is currently excepted from registration with the Charity Commission, subject to the Charities Act 2006, under which those PCCs with gross income over £100,000 for the year are required to register. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC are prepared by the relevant PCC treasurer.

Parishes and Benefices

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the Diocese for carrying out spiritual duties.

Deanery and Archdeaconry

A deanery is a group of parishes over which an Area Dean has oversight and an archdeaconry is a group of deaneries for which an Archdeacon is responsible. The Diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

Deanery Synods

Deanery Synods have two houses, laity and clergy, and their role is to:

- respond to requests from General Synod
- give effect to the decisions made by the Diocesan Synod
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- raise with Diocesan Synod such matters as it considers appropriate
- elect members of the deanery to the Diocesan Synod and in respect of the House of Laity elect lay members of the Diocese to General Synod.

Diocesan Synod

The statutory governing body of the Diocese is the Diocesan Synod which is elected with representation across the Diocese with broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the Diocesan Bishop, the Suffragan Bishop and Archdeacons.

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
- provide for the financing of the Diocese.

Organisational Structure

The Diocese of Derby is one of 42 administrative units of the Church of England, covering the whole of Derbyshire and a few parishes on the fringes of the county in Staffordshire. It is administered

through Derby Diocesan Board of Finance Limited (The); (the Board), a charitable trust company limited by guarantee.

The Diocese is arranged as two archdeaconries, Chesterfield covering the north part with four deaneries and Derby the south with four deaneries. There are some 255 parishes within the Diocese.

Diocesan Governance

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. The standing committee have the right to nominate persons for co-optation by the House of Clergy or the House of Laity or otherwise to determine who else may nominate such persons but in other respects the procedure for co-opting members shall be determined by the respective houses. The Diocesan Synod usually meets three to four times a year.

Many of Diocesan Synod's responsibilities have been delegated to Bishop's Council as the Standing Committee of Diocesan Synod.

The Bishop's Council (and Standing Committee of the Diocesan Synod)

Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- to plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- to initiate proposals for action by the Synod and to advise it on matters on policy which are placed before it
- to advise the President, being the Diocesan Bishop, on any matters which they may refer to the Committee
- subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- to appoint members of committees or nominate individuals for election to committees, subject to the directions of the Synod
- to carry out such functions as the Synod may delegate to it.

Decision-Making Structure

Policy is formulated by the Bishop's Council for approval by Diocesan Synod. Strategic delivery of policy is the responsibility of the Diocesan Secretary. Bishop's Council may delegate any of its powers to the Business Committee.

Committee Structure

Bishop's Council

The members of the Bishop's Council are the Board of Trustees and Directors of the Company. Bishop's Council consists of eight ex-officio members (the Diocesan and Suffragan Bishops; two Archdeacons; the Dean; the Chairs of the House of Clergy and House of Laity; the Executive Chair of the Board of Finance; the Chair of the Board of Education; The Chair of the Diocesan Mission and Pastoral Committee), four clergy elected by the House of Clergy from among their number (two from each of the Archdeaconry of Chesterfield and Derby) and nine lay persons elected by the members of the House of Laity (with at least three from each Archdeaconry) The maximum number of Directors shall not exceed 30.

Other statutory committees include:

Parsonages Committee - is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice. This includes setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by the Board. From 21 May 2016 the Diocesan Board of Finance was designated as the Parsonage Board, which in turn delegates its functions to the Business Committee.

Diocesan Mission and Pastoral Committee - is responsible for the task of recommending pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry. From 1 August 2015 this committee became co-terminus with Bishops Council.

Diocesan Advisory Committee - advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

Derby Diocesan Board of Patronage - is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

In addition to the statutory committees Bishop's Council has set up the Business Committee, which has written terms of reference, to advise it on all missional and financial matters.

The Business Committee - meets approximately ten times each year and will work closely with the Diocesan Secretary. The Business Committee advises the Bishop's Council, in the discharge of the trustees' responsibilities for accounting policy, internal control, financial reporting and risk management. In addition, it provides strategic advice on the management of the Board's investment assets.

The Glebe Management Committee - is specifically tasked under the Endowments and Glebe Measure 1976 to manage diocesan glebe holdings to augment the diocesan stipends fund. From 12 July 2016 the Business Committee was designated as the Glebe Committee.

Remuneration Sub-Committee – is a sub-committee of the Business Committee and meets as and when required to make recommendations and decisions on clergy and lay employee remuneration.

Significant Control, Trustees and Management Personnel

Register of Persons of Significant Control

The Board maintains a Register of Persons of Significant Control.

Trustee Recruitment, Selection & Induction

The Trustees are the members of Bishop's Council and Directors of the company. Trustees are either ex-officio members or elected from the Diocesan Synod. Synod members are elected from representatives across the Diocese including clergy and lay people. Elections taking place every three years, with the next elections due in 2021. Trustees are given induction training when first appointed and receive ongoing training, as appropriate. 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.

The Board has indemnity insurance for its trustees and key management personnel and £1,000,000 (2018 - £1,000,000) of cover is provided.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a Remuneration Panel consisting of a sub-set of members of the Business Committee including the Executive Chair of the Board of Finance, meeting as and when required. The terms of reference for this group is established by the Bishop's Council and includes, regular appraisals, remuneration and salary benchmarking and recommendation of changes where necessary.

Delegation of day to day delivery

The Trustees and the sub-committee which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and her colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Board in accordance with the policies framed by the Trustees.

Funds held 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 accounts and accounting system. Further details of financial trust assets, whose market value amounted to £2.6million at 31 December 2019 (2018 - £2.2million), are available from the Board on request, and are summarised in note 31 of the financial statements. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Board's solicitors.

PERSONNEL

The efficient and effective running of the Diocese requires high quality staff within the Parish Support Office. Our grateful thanks go to all the staff who supported the Diocese during 2019.

Resources were reviewed during 2019 and enhanced where necessary to provide stronger governance and to support key areas of risk.

Although this report refers to employees of the Board and not parochial clergy, we would also like to thank the clergy who continue to deliver our mission across the Diocese.

General Synod Members

We would also like to acknowledge the General Synod representatives and thank them for their hard work acting as our elected members of General Synod. During 2019, our elected representatives were; Revd Mark Broomhead, Revd Julian Hollywell, Revd Canon Dr Simon Taylor, Kat Alldread, Rachel Bell and Hannah Grivell.

The trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein.

RELATED PARTIES

General Synod, Church Commissioners and Archbishop's Council

The Board has a duty to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops and cathedral clergy are borne by the Church Commissioners and are not reflected in these financial statements.

Parochial Church Councils (PCCs)

The Board is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the Board and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

OTHER CHARITIES

Derby Diocesan Board of Education

Derby Diocesan Board of Education (DBE) is the statutory education authority for the Church in the Diocese. Its purpose is to promote and assist in the promotion of education in the Diocese, consistent with the faith and practice of the Church of England including the promotion of religious education and worship in schools within the Diocese. In addition, its purpose is to promote church schools in the Diocese and to advise governors of such schools. Whilst the DBE is incorporated as a separate legal entity, the DBF provides significant resources to the DBE to facilitate the shared vision for mission and ministry with children and young people.

The Board co-operates with certain other charities in pursuit of its charitable objects and details of payments to these are to be found in note 12 to the financial statements.

FUNDRAISING STANDARDS INFORMATION

The charity does not carry out any significant fundraising activity.

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Derby Diocesan Board of Finance 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 affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

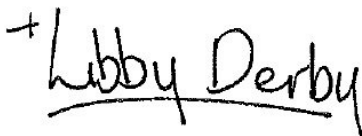
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

STATEMENT OF DISCLOSURE TO AUDITOR

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

BY ORDER OF THE TRUSTEES



The Bishop of Derby
Chair
11 May 2020



Canon Mark Titterton
Executive Chairman - DBF
11 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)

Opinion

We have audited the financial statements of Derby Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019, and of its 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 for 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Material uncertainty related to going concern

We draw attention to note 1h in the financial statements which discusses the Directors' assessment of the impact of the COVID-19 pandemic on the charitable company. These events or conditions, along with the other matters as set forth in note 1h indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the 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 the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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. This description forms part of our auditor's report.

Use of our report

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



Jane Marshall (Senior Statutory Auditor)

for and on behalf of BHP LLP
2 Rutland Park
Sheffield
South Yorkshire
S10 2PD

Date: 2 June 2020

FINANCIAL STATEMENTS

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DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2019

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2019	Total funds 2018 (restated)
	Note	£	£	£	£	£
Income and endowments from:						
Donations	2					
Common Fund		4,767,570	-	-	4,767,570	4,672,256
Archbishops' Council		1,446,298	154,219	-	1,600,517	1,670,835
Other donations		286,265	-	-	286,265	218,933
Charitable activities	3	552,986	6,327	-	559,313	589,353
Other activities	4	280,807	-	-	280,807	388,979
Investments	5	1,504,494	272,951	-	1,777,445	1,712,639
Other incoming resources	6	951,980	-	726,232	1,678,212	1,292,398
Total income and endowments		9,790,400	433,497	726,232	10,950,129	10,545,393
Expenditure on:						
Raising funds	7	98,352	-	-	98,352	110,616
Charitable activities	8	8,965,156	625,691	-	9,590,847	9,079,865
Clergy Pension Scheme Movement	25	-	-	(1,379,000)	(1,379,000)	(72,000)
Other resources expended	9	-	-	-	-	140,000
Total expenditure		9,063,508	625,691	(1,379,000)	8,310,199	9,258,481
Net income/(expenditure) before investment gains		726,892	(192,194)	2,105,232	2,639,930	1,286,912
Net gains/(losses) on investments		1,237,323	343,781	4,825,616	6,406,720	(489,198)
Net income/(expenditure)		1,964,215	151,587	6,930,848	9,046,650	797,714
Transfers between funds	15	(1,067,807)	978,238	89,569	-	-
Other recognised gains/(losses)						
Net gains/(losses) on revaluation of fixed assets		(288,783)	-	-	(288,783)	-
Net movement in funds		607,625	1,129,825	7,020,417	8,757,867	797,714
Reconciliation of funds						
Total funds at 1 January		19,919,001	5,469,507	56,816,194	82,204,702	81,406,988
Total funds at 31 December	26	20,526,626	6,599,332	63,836,611	90,962,569	82,204,702

All activities derive from continuing activities.

The notes on pages 29 to 49 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2019

	2019	2018
	£	(restated) £
Total income (less endowment)	10,223,897	10,081,654
Resources expended (less endowment)	<u>(9,689,199)</u>	<u>(9,190,481)</u>
Operating surplus for the year	534,698	891,173
Net gains/(losses) on investments	<u>1,581,104</u>	<u>(67,666)</u>
Income for the year	2,115,802	823,507
Other comprehensive income/(expenditure):		
Net assets transferred from endowments	(89,569)	199,743
Net gains/(losses) on revaluation of fixed assets	(288,783)	-
Total comprehensive income:	<u><u>1,737,450</u></u>	<u><u>1,023,250</u></u>

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.

The notes on pages 29 to 49 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

COMPANY NUMBER 229700

	Note	2019	2018
		£	(restated) £
Fixed Assets			
Tangible assets	16	31,525,157	31,161,981
Investments	17	55,811,557	48,710,097
		87,336,714	79,872,078
Current Assets			
Assets held for sale	18	140,000	444,000
Debtors	19	905,089	814,105
Cash on deposit		4,336,078	4,416,649
Cash at bank and in hand		30,148	30,169
		5,411,315	5,704,923
Creditors: amounts falling due within one year	20	(1,017,522)	(869,361)
Net Current Assets		4,393,793	4,835,562
Total Assets less Current Liabilities		91,730,507	84,707,640
Creditors: amounts falling due after more than one year	20		
Pension scheme liabilities		(493,000)	(2,228,000)
Other creditors		(274,938)	(274,938)
		(767,938)	(2,502,938)
Net Assets		90,962,569	82,204,702
The Funds of the Charity			
Unrestricted income funds			
General Fund		4,878,142	4,144,809
(Including investment revaluation reserve of £2,046,776 (2018 - £1,176,045))			
Designated funds	28	15,648,484	15,774,192
(Including investment revaluation reserve of £1,751,724 (2018 - £1,109,007))			
		20,526,626	19,919,001
Restricted income funds	29	6,599,332	5,469,507
(Including investment revaluation reserve of £1,247,928 (2018 - £904,147))			
Endowment funds	30	63,836,611	56,816,194
(Including investment revaluation reserve of £17,330,601 (2018 - £12,012,369))			
Total Funds		90,962,569	82,204,702

The financial statements were approved by the Board of Directors and authorised for issue on 11 May 2020 and signed on behalf of the Board by:

+ Libby Derby

The Bishop of Derby - The Rt Revd Libby Lane

The notes on pages 29 to 49 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	2019	2018
	£	(restated) £
Cash flows from operating activities:		
Net cash used in operating activities	(2,471,464)	(1,918,692)
Cash flows from investing activities:		
Dividends, interest and rent from investments	1,777,445	1,712,639
Royalty income	199,228	205,620
Proceeds from the sale of property, plant and equipment	2,655,511	1,824,543
Proceeds from the sale of Brewin Dolphin investments	23,875	-
Purchase of property, plant and equipment	(1,265,186)	(92,439)
Purchase of investments securities	(1,000,000)	-
Net cash provided by investing activities	<u>2,390,873</u>	<u>3,650,363</u>
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	<u>(80,591)</u>	<u>1,731,671</u>
Cash and cash equivalents at 1 January	<u>4,446,818</u>	<u>2,715,147</u>
Cash and cash equivalents at 31 December	<u><u>4,366,226</u></u>	<u><u>4,446,818</u></u>

	2019	2018
	£	(restated) £
Reconciliation of net movement in funds to net cash outflow from operating activities		
Net movement in funds for the year ended 31 December	8,757,867	797,714
Adjustments for:		
Net (gains)/losses on investments	(6,406,720)	489,198
Net (gains)/losses on revaluation of fixed assets	288,783	-
Depreciation charges	13,771	17,033
Dividends, interest and rent from investments	(1,777,445)	(1,712,639)
Royalty income	(199,228)	(205,620)
Net (Profit) on the sale of fixed assets	(1,470,669)	(899,337)
(Increase) in debtors	(90,984)	(1,216)
Increase in creditors, excluding clergy pension scheme movement	144,161	16,175
Clergy pension scheme movement	(1,731,000)	(420,000)
	<u>(11,229,331)</u>	<u>(2,716,406)</u>
Net cash used in operating activities	<u><u>(2,471,464)</u></u>	<u><u>(1,918,692)</u></u>
Analysis of cash and cash equivalents		
Notice deposits (less than 3 months)	4,336,078	4,416,649
Cash in hand	30,148	30,169
	<u><u>4,366,226</u></u>	<u><u>4,446,818</u></u>

Analysis of Changes in Net Debt

The Diocese has no cash equivalents, repayable overdraft facilities, loans due or finance lease obligations at 31 December 2019 (2018 - Nil)
Movements in cash are reflected in the statement of cashflows above

The notes on pages 29 to 49 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. Accounting Policies

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in c), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP (FRS 102)), the Companies Act 2006 and applicable accounting standards, Financial Reporting Standard (FRS) 102.

DDBF meets the definition of a public benefit entity under 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 them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) Common Fund is recognised as income of the year in respect of which it is receivable with contributions received by 31 January in the following financial year-end explicitly relating to the period under review included as debtors
- ii) Rent receivable is recognised as income in the period in respect to which it relates.
- iii) Interest and dividends are recognised as income when receivable.
- iv) Grants received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) Grants received which are not subject to pre-conditions for entitlement specified by the donor are treated as income in the year
- vi) Parochial fees are recognised as income of the year to which they relate.
- vii) Donations other than grants are recognised when receivable.
- viii) Gains on disposal of fixed assets for the Board's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- ix) Stipends fund income. 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.
- x) Mineral royalty receipts are uncertain, however receipts are accounted for as income when they arise
- xi) Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing.

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.

- i) Costs of raising funds represent costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and diocesan projects.
- iii) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the 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.
- iv) Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on the basis of the estimated usage of resources at Church House.

The apportionment can be summarised as follows:

Resourcing ministry and mission (95.0%), Diocesan Projects (1.5%), Governance (3.5%)

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

- v) Pension contributions. Some of the Board's staff are members of the Church Workers Pension Fund Pension Builder 2014 Scheme and Clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the Board's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which Board participates are accrued at current value in creditors distinguished between contributions falling due within one year and those falling due after more than one year.

c) Tangible fixed assets and depreciation

Freehold & leasehold houses and houses subject to value-linked loan

The primary purpose of residential property held in the benefice houses fund and as corporate houses is to house ministers and all such properties are held as functional fixed assets. Residential property is not held for investment purposes i.e. to generate an income or for capital gain.

Freehold houses and houses subject to value-linked loan are shown at cost, or deemed cost, where historic cost values are not readily available.

Where the Board acquires property on its own account, the expenditure is capitalised. Gains or losses arising from sales of corporate property are dealt with through the designated fund (corporate properties fund).

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. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value. Glebe agricultural land was valued as at 31 December 2018 by Savills, Chartered Surveyors, who manage the portfolio. For allotments and other small miscellaneous holdings, a valuation is provided by the Assistant Secretary (Property) (an employee of the Derby Diocesan Board of Finance Limited (The)).

The fair value of a quarry was valued as at 31 December 2019 by Coke Turner & Co, Mineral Surveyors, who act as agents for the Board, based on the rent and royalty income streams likely to be achieved over the remaining term of the lease.

Parsonage houses

The Board has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 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. Parsonage houses are carried at their deemed or historical cost.

d) Other tangible fixed assets

No provision for depreciation is provided in respect of Church House, as it is fully maintained with a view to ensuring that the total residual value is not less than the amount stated in the financial statements. Accordingly, any depreciation would be immaterial.

Depreciation on office equipment is calculated to write off the cost of each asset over its expected useful life by equal annual instalments at the rates below, (% p.a. on cost). Items costing less than £1,000 are not capitalised.

Computer hardware and software	33½%	straight line
Furniture & fittings	10%	straight line
Other office equipment	20%	straight line

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

e) Other accounting policies

- i) Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) Leases. The Board has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

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 for the general purposes of the Board and
 - Designated funds set aside out of unrestricted funds by the Board for a purpose specified by the Trustees.
- **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 (Benefice Houses and Stipends Fund Capital), 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 but are summarised in the note 31 to the financial statements.

g) Financial instruments

The Board of Finance only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for bank loans which would be subsequently measured at amortised cost using the effective interest method.

h) Going concern

The Board have considered the impact of COVID-19 on the charitable company's income and operating cost base. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the Board are confident that they have in place plans to deal with any financial losses that may arise.

The Board have prepared forecasts of income and expenditure and cash flow for the period to 31 December 2021 and subjected these forecasts to sensitivity analysis which shows that they have sufficient reserves to be able to continue for the foreseeable future. They will continue to monitor the impact on income and take appropriate action as necessary.

The Board do however recognise that significant uncertainty exists surrounding the duration and impact of COVID-19 and hence there is inherent risk regarding the success and sustainability of these plans. This risk represents a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern, however the Board have concluded that the charitable company remains a going concern whilst such viable options are available to it. The Board therefore continue to adopt the going concern basis of preparation for these financial statements.

i) Employee Benefits

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

j) Debtors

Debtors 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.

k) Creditors & Provisions

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.

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.

l) Critical Accounting Estimates & 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 Pension Scheme depend 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 will impact the carrying value of the pension liability.

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2019	Total funds 2018 (restated)
	£	£	£	£	£
2. Donations					
Common Fund					
The majority of donations are collected from the parishes of the diocese through the Common Fund system.					
Chesterfield Archdeaconry	2,378,139	-	-	2,378,139	2,349,543
Derby Archdeaconry	2,376,287	-	-	2,376,287	2,314,761
	<u>4,754,426</u>	<u>-</u>	<u>-</u>	4,754,426	4,664,304
Other receipts	6,188	-	-	6,188	3,910
Receipts for previous years	6,956	-	-	6,956	4,042
	<u>4,767,570</u>	<u>-</u>	<u>-</u>	4,767,570	4,672,256
Total Common Fund receipts represent 87.6% of the amount allocated (2018 - 91.5%).					
Archbishops' Council					
Selective allocation	1,446,298	-	-	1,446,298	1,478,592
Restructure Funding	-	154,219	-	154,219	192,243
	<u>1,446,298</u>	<u>154,219</u>	<u>-</u>	1,600,517	1,670,835
Other donations					
Allchurches Trust grant	139,000	-	-	139,000	139,975
Legacy income	-	-	-	-	-
Other donations and grants	147,265	-	-	147,265	78,958
	<u>286,265</u>	<u>-</u>	<u>-</u>	286,265	218,933
3. Charitable activities					
Statutory fees	388,578	-	-	388,578	443,546
Church Commissioners	-	-	-	-	-
Other contributions and income	154,023	6,327	-	160,350	140,029
Sale of publications	10,385	-	-	10,385	5,778
	<u>552,986</u>	<u>6,327</u>	<u>-</u>	559,313	589,353
4. Other activities					
Rental income	280,807	-	-	280,807	388,979
	<u>280,807</u>	<u>-</u>	<u>-</u>	280,807	388,979
5. Investments					
Dividends receivable					
Central Board of Finance Investment Funds	869,815	185,437	-	1,055,252	1,004,186
Central Board of Finance Property Funds	330,306	81,120	-	411,426	411,426
Central Board of Finance Global Equity Funds	142,079	-	-	142,079	142,079
Interest on cash deposits					
CBF & Other Deposit Funds	7,174	6,394	-	13,568	4,740
National Westminster Bank	8,702	-	-	8,702	4,384
Rents receivable (glebe land and buildings)	146,418	-	-	146,418	145,824
	<u>1,504,494</u>	<u>272,951</u>	<u>-</u>	1,777,445	1,712,639
6. Other incoming resources					
Gain on disposal of properties	943,665	-	527,004	1,470,669	1,078,883
Glebe Mineral Royalties	-	-	199,228	199,228	205,620
Lichfield Trust receipt	8,315	-	-	8,315	7,895
	<u>951,980</u>	<u>-</u>	<u>726,232</u>	1,678,212	1,292,398

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2019	Total funds 2018
	£	£	£	£	£
7. Fund raising costs					
Glebe land agents' fees and other expenses	57,227	-	-	57,227	61,380
Other agents' commission and expenditure	41,125	-	-	41,125	49,236
	98,352	-	-	98,352	110,616
8. Charitable activities					
Contributions to Archbishops' Council					
Training for ministry	211,624	-	-	211,624	203,259
National Church responsibilities	188,441	-	-	188,441	181,425
Mission agency pension costs	-	-	-	-	-
Retired clergy housing costs (CHARM)	72,361	-	-	72,361	68,327
Pooling of ordinand candidates' costs	13,071	-	-	13,071	2,574
	485,497	-	-	485,497	455,585
Resourcing Ministry & Mission					
Parish ministry					
Stipends, salaries and national insurance	3,743,967	136,363	-	3,880,330	3,819,888
Pension contributions	957,102	6,769	-	963,871	941,277
Housing costs	1,140,167	308,239	-	1,448,406	1,106,764
Removal, resettlement and other expenses	161,177	-	-	161,177	162,930
	6,002,413	451,371	-	6,453,784	6,030,859
Support for parish ministry	1,819,000	167,320	-	1,986,320	2,058,749
	7,821,413	618,691	-	8,440,104	8,089,608
Expenditure on Education & Diocesan Projects					
Diocesan Board of Education	548,616	-	-	548,616	492,000
Derby Cathedral	17,844	-	-	17,844	17,292
Church of North India Partnership	750	-	-	750	750
Clergy Widows & Orphans	-	7,000	-	7,000	-
Diocesan projects	-	-	-	-	-
Parishes	91,036	-	-	91,036	24,630
	658,246	7,000	-	665,246	534,672
Total charitable activities	8,965,156	625,691	-	9,590,847	9,079,865
9. Other resources expended					
Loss on disposal of properties	-	-	-	-	140,000
	-	-	-	-	140,000

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

10. Analysis of expenditure (including allocation of support costs)

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2019 £	Total costs 2018 £
Raising Funds	98,352	-	-	98,352	110,616
<u>Charitable activities</u>					
Contributions to Archbishops' Council	-	485,497	-	485,497	455,585
Resourcing Ministry & Mission	7,625,049	319,844	495,211	8,440,104	8,089,608
Board of Education & Diocesan Projects	-	657,705	7,541	665,246	534,672
Clergy Pension Scheme Movement	(1,379,000)	-	-	(1,379,000)	(72,000)
Other Resources Expended	-	-	-	-	140,000
	6,344,401	1,463,046	502,752	8,310,199	9,258,481

11. Analysis of support costs

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	£	£	£	£	£	£
Central Administration	438,910	-	-	-	438,910	394,590
Support for education & diocesan projects	7,541	-	-	-	7,541	6,773
<u>Governance:</u>						
External audit	15,296	-	-	-	15,296	12,696
Registrar and Chancellor	23,409	-	-	-	23,409	21,675
Synodical costs	17,596	-	-	-	17,596	15,804
	502,752	-	-	-	502,752	451,538

12. Analysis of grants made

	Grants to		Total	Total
	individuals	institutions	Grants	Grants
	£	£	£	£
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council	-	485,497	485,497	455,585
From unrestricted funds:				
Removal, resettlement & first appointment grants	111,979	-	111,979	94,569
Ordinands in training	200,324	-	200,324	180,153
Derby Diocesan Board of Education	-	548,616	548,616	492,000
Derby Cathedral Chapter	-	17,844	17,844	17,292
Church of North India Partnership	-	750	750	750
Parishes	-	91,036	91,036	24,630
Restricted income funds				
Clergy Widows & Orphans	-	7,000	7,000	-
	312,303	1,150,743	1,463,046	1,264,979

Significant Grants to Institutions:

Archbishops Council - to support; national training for Ministry; responsibilities of the National Church; grants and provisions made by the National Church; Inter-diocesan support for clergy pension contributions; and housing assistance for retired ministry

Derby Diocese Board of Education - to support the DDBE vision of 'offering our children and young people life in all of its fullness' by; **Growing** - providing experiences rooted in faith, hope and love; **Outward Facing** - valuing their contribution to the community; **Learning** - ensuring the highest academic standards; and **Healthy** - providing safe places of welcome & belonging.

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

13 Staff costs

Employee costs during the year were as follows:

	2019	2018
	£	£
Wages & salaries	1,090,648	1,109,707
National insurance contributions	60,661	97,532
Pension costs:		
Church of England Funded Pensions Scheme	21,755	33,111
Church Workers Pension Fund Pension Builder 2014 Scheme	83,611	78,820
Other defined contribution pension schemes	8,287	16,749
	<u>1,264,962</u>	<u>1,335,919</u>

The average number of persons employed by the Board during the year:

	2019	2018
	Number	Number
Administration, property and financial management	16	15
Diocesan Director of Vocations	2	2
Mission & Ministry	9	11
Human resources, safeguarding & communications	11	11
Parochial, Deanery & Other	10	10
	<u>48</u>	<u>49</u>

Average number of persons employed by the Board during the year based on full-time equivalents:

	2019	2018
	Full-time equivalent	Full-time equivalent
Administration, property and financial management	12.1	10.6
Diocesan Director of Vocations	1.5	1.5
Mission & Ministry	6.4	8.4
Human resources, safeguarding & communications	8.4	7.7
Parochial, Deanery & Other	4.8	4.4
	<u>33.2</u>	<u>32.6</u>

The number of staff whose total emoluments (salary plus taxable benefits excluding pension contributions) exceeded £60,000 during the year is as follows:

	2019	2018
	(Number)	(Number)
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1

Pension payments of £7,176 (2018 - £11,496) 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 2019 they were:

Diocesan Secretary and Company Secretary	Rachel Morris
Mission & Ministry Team Leader	Revd M Barnes
Director of Vocations	Revd Canon G Pond (to 17 October 2019)
HR Manager	Ms Mandy Roberts
Head of Property	Mr G Webster
Head of Finance	Mr M Marples

Remuneration, employer's National Insurance contributions and employer's pension contributions for these employees amounted to £320,683 (2018 - £348,817)

NB: Derby Cathedral contributed £13,163 (2018: £12,925) to DBF as a share of the cost of the Diocesan Secretary in their joint role as Chapter Steward.

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

14 Trustees' emoluments

None of the trustees received any emoluments from the Board of Finance in respect of services performed as trustees (2018 - £nil). During the year 5 trustees claimed reimbursement for travel or out of pocket expenses totalling £728 (2018 - 8 trustees claimed expenses totalling £1,406).

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

	Stipend	Housing
The Venerable Archdeacon of Chesterfield	Yes	Yes
The Venerable Archdeacon of Derby	Yes	Yes
The Revd P Davey (to 13 October 2019)	Yes	Yes
The Revd J Hollywell (from 14 October 2019)	Yes	Yes
The Revd D Ballard	Yes	Yes
The Revd C Pearson	Yes	Yes
The Revd A Kay (to 9 June 2019)	Yes	Yes
The Revd BJ Stober (from 10 September 2019)	Yes	Yes
The Revd J Ward	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 most 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 most cathedral staff.

The Board paid an average of 130.9fte (2018 – 133.2fte) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2019 £	2018 £
Stipends	3,563,870	3,517,855
National insurance contributions	299,523	285,644
Pension costs (including deficit funding)	1,315,871	1,289,277
	<u>5,179,264</u>	<u>5,092,776</u>

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

The stipends of the Diocesan Bishop and Suffragan Bishop are funded by the Church Commissioners and from 1 April 2019 are in the range £36,930 - £45,640 (1 April 2018 range, £36,210 - £44,750). The annual rate of stipend, funded by the Board, paid from 1 April 2019 to Archdeacons was in the range £36,100 - £37,500 (1 April 2018 range, £35,400 - £36,760) and other clergy who were Trustees were paid in the range £24,900 - £27,110 (1 April 2018 range, £24,410 - £26,580). The estimated value of church provided housing in 2019 was an average of £8,309 (2018 - £10,751).

15. Analysis of transfers between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
Transfer to/(from):				
Benefice House transfer to Corporate Property	-	-	-	-
Corporate Property transfer to Benefice Housing	(463,280)	-	463,280	-
Diocesan Pastoral Account to purchase corporate houses (3)	1,272,594	(1,272,594)	-	-
Benefice house sale proceeds (2) to Diocesan Pastoral Account	-	725,711	(725,711)	-
Corporate Property sale proceeds (4) to Diocesan Pastoral Account	(1,525,121)	1,525,121	-	-
Clergy pension scheme costs transferred to Stipends Fund Capital	(352,000)	-	352,000	-
	<u>(1,067,807)</u>	<u>978,238</u>	<u>89,569</u>	<u>-</u>

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
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16. Tangible fixed assets

	Parsonages	Freehold houses Glebe	Freehold houses Corporate	Leasehold houses Corporate	Church House Corporate	Office Equipment	Total
	£	£	£	£	£	£	£
Cost or deemed cost							
At 1 January 2019	20,295,698	248,000	9,359,234	309,478	923,783	76,842	31,213,035
Unheld for sale	60,000	-	-	-	-	-	60,000
Additions			1,262,594			2,592	1,265,186
Transfers	463,280	-	(463,280)	-	-	-	-
Disposals	(140,000)	(78,000)	(301,456)	-	-	-	(519,456)
Revalued	-	-	-	-	(288,783)	-	(288,783)
Treated as 'Held for Sale'	(140,000)	-	-	-	-	-	(140,000)
At 31 December 2019	20,538,978	170,000	9,857,092	309,478	635,000	79,434	31,589,982
Depreciation							
At 1 January 2019	-	-	-	-	-	51,054	51,054
Charge for the year	-	-	-	-	-	13,771	13,771
Disposals	-	-	-	-	-	-	-
At 31 December 2019	-	-	-	-	-	64,825	64,825
Net book value							
At 31 December 2019	20,538,978	170,000	9,857,092	309,478	635,000	14,609	31,525,157
Number of houses	134	3	40	1			178
At 31 December 2018	20,295,698	248,000	9,359,234	309,478	923,783	25,788	31,161,981
Number of houses	134	4	42	1			181

All the above assets are used for charitable purposes. In the opinion of the Directors the carrying value of land and buildings is less than the total market value. Church House includes the Diocesan Office and was revalued in 2019.

17. Fixed asset investments

	2019 £	2018 £
Investment securities within the United Kingdom (market value)		
At 1 January 2019	41,120,340	41,407,110
Additions at cost	1,000,000	29,489
Disposals	(23,875)	-
Unrealised gains/(losses)	6,199,335	(316,259)
At 31 December 2019	48,295,800	41,120,340
Investment properties (market value)		
At 1 January 2019	7,589,757	7,802,697
Additions at cost	-	-
Disposals	(24,000)	-
Unrealised gains/(losses)	(50,000)	(212,940)
At 31 December 2019	7,515,757	7,589,757
Total fixed asset investments within the United Kingdom	55,811,557	48,710,097

Securities: Gains/(Losses) by Fund: Unrestricted £1,237,323 [2018 (£78,668)], Restricted £343,781 [2018 £11,004], Endowment £4,618,231 [2018 (£248,595)]

Properties: Gains/(Losses) by Fund: Endowment (£50,000) [2018 (£212,940)]

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)

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17. Fixed asset investments (continued)

	2019		2018	
	£ Cost	£ Market value	£ Cost	£ Market value
Unlisted investment securities				
CCLA Central Board of Finance of the Church of England				
Investment fund income shares	19,155,397	36,292,639	18,155,397	29,725,483
Global equity fund income shares	3,200,000	4,457,581	3,200,000	3,616,980
Property fund income shares	6,920,845	7,540,770	6,920,845	7,743,991
Brewin Dolphin	29,489	4,810	29,489	33,886
Total investment securities	29,305,731	48,295,800	28,305,731	41,120,340
Investment properties comprise:-				
Glebe agricultural land		7,370,957		7,444,957
Other property		144,800		144,800
Total investment properties		7,515,757		7,589,757

Due to their nature the historic cost of investment properties is not known.

18. Assets Held for Sale

Non current Assets Held for Sale and Discontinued Operations requires properties in the process of being sold to be treated separately from assets held for continuing activities. For assets to be classified as 'Held for Sale' they must satisfy a number of conditions including the availability of immediate sale and that the sale is highly probable. To be highly probable; the organisation must be committed to a plan to sell the assets; an active programme to find a buyer must have been initiated; the asset must be actively marketed for sale at a price reasonable to its current fair value; the sale is expected to be completed within 1 year from the date of classification, and significant changes to the plan should be unlikely.

As at 31 December 2019, there was one property classified as 'Held for Sale, with a book value of £140,000 (2018 - four properties £444,000)

19. Debtors

	2019	2018
	£	£
Amounts due from PCCs (unsecured) - Common Fund	165,713	147,834
Amounts due from PCCs (unsecured) - Loans to Parishes	72,663	93,547
Other debtors	644,870	519,387
Prepayments & accrued income	21,843	53,337
Total debtors	905,089	814,105
Debtors comprise:		
Amounts due within one year	834,445	721,823
Amounts due after more than one year	70,644	92,282
	905,089	814,105

20. Creditors

	2019	2018
	£	(restated) £
Amounts falling due within one year		
Sundry creditors	650,522	508,281
Accruals	15,000	13,080
Church of England Funded Pension Scheme liability	352,000	348,000
	1,017,522	869,361
Amounts falling due after more than one year		
Church of England Funded Pension Scheme liability	493,000	2,228,000
Value-linked loans for houses with the Church Commissioners (see note below)	274,938	274,938
	767,938	2,502,938

Note

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.

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21. Contingent liabilities

The Board is party to a mortgage with Derbyshire County Council totalling £20,000 (2018 - £20,000).

22. Capital commitments

Capital expenditure:

	2019	2018
	£	£
Contracted for but not provided for in the Financial Statements:		
Purchase of property	-	733,061
	<u>-</u>	<u>733,061</u>

23. Operating lease commitments

As at 31 December the Board had annual commitments under non-cancellable operating leases as set out below:

	2019	2018
	£	£
Operating leases which expire:		
Not later than 1 year	-	-
	<u>-</u>	<u>-</u>

The amount charged to the Statement of Financial Activities in 2019 was £nil (2018 - £nil).

24. Events occurring after the end of the reporting period

As part of their assessment of the going concern basis of preparation, the Board have considered the impact of the COVID-19 pandemic on the charitable company's income and operating cost base. See note 1h. It is the view of the Board that the events which have significantly impacted the charitable company are the direct result of Government and international policy in response to the pandemic (for example restrictions on travel, trade and personal interactions) and such policy only arose after the balance sheet date. The Board therefore consider the impact of the COVID-19 on the business to be a non-adjusting post-balance sheet event.

25. Pensions

The Board participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Board and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

These schemes are multi-employer last man standing defined benefit pension schemes for which the Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of Financial Reporting Standard (FRS) 102 requires the Board to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the Board. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

The Board participates in the Church of England Funded Pensions Scheme which is administered by the Church of England Pensions Board and holds the assets of the Scheme separately from those of the employer and other participating employers. At the end of the year the Board was paying contributions for 140 members of the Scheme (2018 - 136 members). Each participating employer in the Scheme pays contributions at a common contribution rate applied to pensionable stipends. The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means that 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 Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
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25. Pensions (continued)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2018. This revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- an average discount rate of 3.2% p.a.
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter^m of 7 and an initial addition to mortality improvements of 0.5% p.a.

Following the 31 December 2018 valuation of the Scheme, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions payable (as a percentage of pensionable stipends) are set out in the table below.

Percentage of pensionable stipends

	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

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

Church of England Funded Pension Scheme (continued)

Reconciliation of balance sheet liability

	2019 £	2019 £	2018 £	2018 £
Balance sheet liability as at 1 January 2019		2,576,000		2,996,000
Deficit contribution paid	(402,000)		(387,000)	
Interest cost (recognised in SoFA)	50,000		39,000	
Remaining change to balance sheet liability * (recognised in SoFA)	<u>(1,379,000)</u>	<u>(1,731,000)</u>	<u>(72,000)</u>	(420,000)
Balance sheet liability as at 31 December 2019		<u><u>845,000</u></u>		<u><u>2,576,000</u></u>

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

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25. Pensions (continued)

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

	2019	2018	2017	2016	2015
	%	%	%	%	%
Discount rate	1.1	2.1	1.4	1.5	2.5
Price inflation	2.8	3.1	3.0	3.1	2.4
Increase in total pensionable payroll	1.3	1.6	1.5	1.6	0.9

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

Office holder pension contributions are shown in Note 14 and totalled £1,315,871 in 2019 (2018 £1,289,277)

Other clergy pension contributions, paid to ordained DBF staff are shown in Note 13 and totalled £21,755 in 2019 (2018 £33,111)

Church Workers Pension Fund

The Pension Builder Scheme of the Church Workers Pension Fund (CWPF) is made up of 2 sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Church Workers Pension Fund - Pension Builder 2014

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

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

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

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

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

Contributions made to The Church Workers Pension Schemes are shown in Note 13 and totalled £83,611 in 2019 (2018 £78,820)

Other Schemes

In addition to the Church of England Pension scheme, for those employees who have opted out of the scheme, contributions are made to individual pension schemes at the same rate.

Contributions made to opted out employees are shown in Note 13 and totalled £8,287 in 2019 (2018 £16,749)

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26. Summary of fund movements

	As at 1 January 2019	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2019
	£	£	£	£	£	£
Unrestricted income funds						
General Fund	4,144,809	7,120,368	(6,917,598)	550,536	(19,973)	4,878,142
Glebe funds (net of agent fees)	-	1,124,919	(1,124,919)	-	-	-
Designated funds						
Corporate Properties fund	10,597,556	943,666	-	(288,783)	(725,807)	10,526,632
Parsonages	1,137,663	349,001	(680,634)	231,087	(250,000)	787,117
Other designated funds	4,038,973	252,446	(340,357)	455,700	(72,027)	4,334,735
Pension reserve	-	-	-	-	-	-
	19,919,001	9,790,400	(9,063,508)	948,540	(1,067,807)	20,526,626
Restricted income funds						
Diocesan Pastoral Account	2,991,978	69,503	(281,310)	5,549	978,238	3,763,958
Local Mission Fund	23,445	-	-	-	-	23,445
Other restricted income funds	2,454,084	363,994	(344,381)	338,232	-	2,811,929
	5,469,507	433,497	(625,691)	343,781	978,238	6,599,332
Endowment funds						
Expendable endowment						
Benefice Houses	20,459,697	481,712	-	-	(262,431)	20,678,978
Stipends Fund Capital (Glebe funds)	32,463,561	244,520	1,379,000	4,099,873	352,000	38,538,954
Permanent endowment funds	3,892,936	-	-	725,743	-	4,618,679
	56,816,194	726,232	1,379,000	4,825,616	89,569	63,836,611
Total funds	82,204,702	10,950,129	(8,310,199)	6,117,937	-	90,962,569

27. Summary of assets per fund at 31 December 2019

	Fixed assets		Current	Creditors	Net	
	tangible	investments	assets		assets	
	£	£	£	£	£	
Unrestricted income funds						
General Fund		14,609	4,957,918	124,540	(218,925)	4,878,142
Designated funds (see note 28)						
Corporate Properties fund		10,801,570	-	-	(274,938)	10,526,632
Parsonages		-	836,848	150,118	(199,849)	787,117
Other designated funds		-	3,247,980	1,086,755	-	4,334,735
		10,816,179	9,042,746	1,361,413	(693,712)	20,526,626
Restricted income funds (see note 29)						
Diocesan Pastoral Account		-	1,290,057	2,473,901	-	3,763,958
Local Mission Fund		-	-	23,445	-	23,445
Other restricted income funds		-	2,618,795	439,882	(246,748)	2,811,929
		-	3,908,852	2,937,228	(246,748)	6,599,332
Endowment funds (see note 30)						
Expendable endowment funds						
Benefice Houses		20,538,978	-	140,000	-	20,678,978
Stipends Fund Capital (Glebe funds)		170,000	38,254,303	959,651	(845,000)	38,538,954
Permanent endowment funds		-	4,605,656	13,023	-	4,618,679
		20,708,978	42,859,959	1,112,674	(845,000)	63,836,611
Total funds		31,525,157	55,811,557	5,411,315	(1,785,460)	90,962,569

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28. Designated funds

	As at 1 January 2019	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2019
	£	£	£	£	£	£
Corporate Properties	10,597,556	943,666	-	(288,783)	(725,807)	10,526,632
Parsonages	1,137,663	349,001	(680,634)	231,087	(250,000)	787,117
Canon Ross Legacy	1,008,955	6,908	(91,036)	(5,201)	-	919,626
Ordinands' Support	618,613	186,911	(198,589)	162,652	(49,500)	720,087
Watts Legacy	808,685	28,314	(28,314)	151,266	-	959,951
Morley Fund	704,790	24,899	(2,372)	129,164	(22,527)	833,954
St Peter's Churchyard Loan Fund	406,770	5,414	-	17,819	-	430,003
Church Growth	491,160	-	(20,046)	-	-	471,114
Total designated funds	15,774,192	1,545,113	(1,020,991)	398,004	(1,047,834)	15,648,484

Corporate Properties - represents property transferred at no cost and gains less losses on the sale of corporate houses. The fund is designated for use to finance corporate property.

Parsonages - amounts transferred from unrestricted funds set aside for purposes of the Parsonages Committee.

Canon Ross Legacy - earmarked for expenditure on specific structural projects to support parish initiatives

Ordinands' Support - transfers from unrestricted funds made available for ordination candidates' support grants.

Watts Legacy - available for general purposes and designated for general income support.

Morley Fund - proceeds from the sale of Morley Retreat House set aside with a proportion of annual income to be made available for the Spirituality Group.

St Peter's Churchyard Loan Fund - sales proceeds designated for use to provide interest free loans of up to £10,000 to Parochial Church Councils.

Church Growth - amount set aside for seed-corn funding of strategic church growth projects.

29. Restricted income funds

	As at 1 January 2019	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2019
	£	£	£	£	£	£
Diocesan Pastoral Account	2,991,978	69,503	(281,310)	5,549	978,238	3,763,958
Local Mission Fund	23,445	-	-	-	-	23,445
Capital Resources	568,687	26,929	(26,929)	12,840	-	581,527
Milligan Pension Fund	574,431	17,658	(7,000)	92,804	-	677,893
Bishop Allen Legacy	374,055	13,101	(13,101)	68,760	-	442,815
Stafford Legacy (Church Trust Fund)	374,252	69,953	(69,953)	61,647	-	435,899
Poorer Clergy Fund	287,387	10,062	(10,062)	53,754	-	341,141
Benham Legacy	194,383	6,769	(6,769)	35,498	-	229,881
Faith in Action	79,275	2,420	-	12,929	-	94,624
Board of Readers	1,614	6,535	-	-	-	8,149
Clemson Legacy	-	46,996	(46,996)	-	-	-
Stipends Trusts	-	9,352	(9,352)	-	-	-
Restructure Funding	-	154,219	(154,219)	-	-	-
Total restricted income funds	5,469,507	433,497	(625,691)	343,781	978,238	6,599,332

Diocesan Pastoral Account - represents the proceeds of redundant churches and parsonages which have not yet been applied to the purposes permitted by the Pastoral Measure 1983. Parsonage house improvements are funded from the sale proceeds of redundant parsonage houses through the Diocesan Pastoral Account.

Local Mission Fund - Parish Mission Funding made available by the Archbishops' Council for "the additional provision for the cure of souls in parishes where such assistance is most required, in such a manner as shall be conducive to the efficiency of the Established Church" set aside for mission development.

Capital Resources - proceeds of sale from two former parsonage houses available for property expenditure.

Milligan Pension Fund - for clergy pensions and retired clergy.

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29. Restricted income funds (continued)

Bishop Allen Legacy - for clergy welfare, ordination training, new halls and church repair.

Stafford Legacy (Church Trust Fund) - 10% of the permanent endowment income made available to a specific parish with the balance available for such charitable purposes as the Board in its absolute discretion shall decide.

Poorer Clergy Fund - available for stipend support.

Benham Legacy - available for clergy pension contribution support.

Faith in Action - historic balance of funds specifically available for 'social responsibility' purposes.

Board of Readers - historic balance of funds available for Readers and Reader Training.

Clemson Legacy - funds are for 'the maintenance of services' and are used to support the costs of stipendiary clergy.

Stipends Trusts - funds are made up of a number of historic trusts, the income of which is used to augment clergy stipends.

Restructure Funding - funds received from Church Commissioners to fund Parish Support strategic resilience programmes

30. Endowment funds

	As at 1 January 2019	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2019
	£	£	£	£	£	£
<u>Expendable endowment</u>						
Benefice Houses	20,459,697	481,712	-	-	(262,431)	20,678,978
Stipends Fund Capital (Glebe funds)	32,463,561	244,520	1,379,000	4,099,873	352,000	38,538,954
<u>Permanent endowment funds</u>						
Stafford Legacy (Church Trust Fund)	1,828,990	-	-	339,774	-	2,168,764
Clemson Legacy Fund	1,342,259	-	-	251,071	-	1,593,330
Parsonages	357,723	-	-	66,913	-	424,636
Stipends Trusts	267,109	-	-	49,963	-	317,072
Partington Legacy	96,855	-	-	18,022	-	114,877
	56,816,194	726,232	1,379,000	4,825,616	89,569	63,836,611

Benefice Houses - represents the value of parsonage houses at the balance sheet date. These houses are used to provide accommodation for ministers. The Board is not free to dispose of the houses except in accordance with appropriate measures.

Stipends Fund Capital (Glebe funds) - represents the proceeds of the sale of glebe, parsonages transferred by Pastoral Scheme and gifts to the fund. The fund 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.

Stafford Legacy (Church Trust Fund) - capital to be held as permanent endowment with income at the discretion of the Board.

Clemson Legacy fund - funds are for 'the maintenance of services' and income is used to support the costs of stipendiary clergy.

Parsonages - represents permanent endowment of the Parsonages Committee with income used to finance the repair and maintenance of parsonage houses.

Stipends Trusts - historic permanent endowment trusts with income for stipends.

Partington Legacy - funds are for 'general religious purposes' and annual income is mandated directly to unrestricted funds.

Comparative Fund Notes for the prior year are shown in Note 34

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31. Funds held as custodian trustee on behalf of others

The Board holds investments on behalf of Parochial Church Councils (PCCs) and others as custodian trustee. Each year an annual statement of financial investments held by the Board in its capacity as custodian trustee is made available to PCCs. The market value of investments held on behalf of PCCs and others is £2.6million (2018 - market value £2.2million), and all such investments are held separately from those of the Board. Historic cost figures are not available.

Financial investments held by the Board, in its capacity as custodian trustee, are broken down as follows:

	2019	2018
	£	£
CCLA Investment Management Ltd		
<u>Central Board of Finance of the Church of England Funds:</u>		
Investment fund income shares	1,788,632	1,514,842
Investment fund accumulation shares	534,089	436,297
Fixed Interest Securities Fund income shares	83,607	81,454
Deposit Fund	85,132	88,099
<u>COIF Charities Funds:</u>		
Investment fund income shares	98,874	83,876
Investment fund accumulation shares	41,568	32,759
Other common investment fund holdings (2018 restated)	1,407	1,373
	<u>2,633,309</u>	<u>2,238,700</u>

32. Related party transactions & controlling parties

Diocesan governance is by Diocesan Synod, elected from both clergy and laity under the leadership of the Diocesan Bishop, who is appointed by the Church of England nationally.

The Board pays an annual grant to the Derby Diocesan Board of Education for salary and operating costs (see Note 12). The Rt Revd L Lane (from 11 February 2019), The Revd P Davey, The Venerable Archdeacon of Chesterfield, and Canon J Cooper, were directors of both companies.

Canon M Titterton, Executive Chairman and director of the Board, is also a member of Derby Cathedral Chapter (see Note 12).

The Board was owed the following amounts from related parties as at 31 December 2019:

Derby Cathedral £31,800 (2018 £nil)

Derby Diocesan Board of Education £8,924 (2018 £nil)

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33. Prior year comparative Statement of Financial Activities for 2018 (restated)

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2018 £
Income and endowments from:				
Donations				
Common Fund	4,672,256	-	-	4,672,256
Archbishops' Council	1,478,592	192,243	-	1,670,835
Other donations	218,933	-	-	218,933
Charitable activities	589,353	-	-	589,353
Other activities	388,979	-	-	388,979
Investment income	1,450,109	262,530	-	1,712,639
Other incoming resources	828,659	-	463,739	1,292,398
Total income and endowments	9,626,881	454,773	463,739	10,545,393
Expenditure on:				
Raising funds	110,616	-	-	110,616
Charitable activities	8,605,034	474,831	-	9,079,865
Clergy Pension Scheme Movement	-	-	(72,000)	(72,000)
Other resources expended	-	-	140,000	140,000
Total expenditure	8,715,650	474,831	68,000	9,258,481
Net income/(expenditure) before investment gains and losses	911,231	(20,058)	395,739	1,286,912
Net gains on investments	(78,668)	11,002	(421,532)	(489,198)
Net income for the year	832,563	(9,056)	(25,793)	797,714
Transfers between funds	(1,509,981)	1,709,724	(199,743)	-
Other recognised gains/(losses)				
Net gains/(losses) on revaluation of fixed assets	-	-	-	-
Net movement in funds	(677,418)	1,700,668	(225,536)	797,714
Reconciliation of funds				
Total funds as at 1 January 2018	20,596,419	3,768,839	57,041,730	81,406,988
Total funds at 31 December 2018	19,919,001	5,469,507	56,816,194	82,204,702

DERBY DIOCESAN BOARD OF FINANCE LIMITED (THE)
NOTES TO THE ACCOUNTS
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34. Prior year comparative funds notes for 2018 (restated)

Summary of fund movements 2018

	As at 1 January 2018	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2018
	£	£	£	£	£	£
Unrestricted income funds						
General Fund	4,070,386	7,087,483	(6,787,873)	(26,732)	(198,455)	4,144,809
Glebe funds (net of agent fees)	-	1,096,456	(1,096,456)	-	-	-
Designated funds						
Corporate Properties fund	10,938,773	820,764	-	-	(1,161,981)	10,597,556
Parsonages	1,343,687	442,768	(579,980)	(18,812)	(50,000)	1,137,663
Other designated funds	4,243,572	179,410	(251,341)	(33,124)	(99,545)	4,038,973
Pension reserve	-	-	-	-	-	-
	20,596,418	9,626,881	(8,715,650)	(78,668)	(1,509,981)	19,919,001
Restricted income funds						
Diocesan Pastoral Account	1,293,689	65,881	(105,274)	27,960	1,709,724	2,991,978
Local Mission Fund	23,445	-	-	-	-	23,445
Other restricted income funds	2,451,707	388,892	(369,557)	(16,958)	-	2,454,084
	3,768,841	454,773	(474,831)	11,002	1,709,724	5,469,507
Endowment funds						
Expendable endowment						
Benefice Houses	20,890,282	257,159	(140,000)	-	(547,743)	20,459,697
Stipends Fund Capital (Glebe funds)	32,199,433	206,580	72,000	(362,453)	348,000	32,463,561
Permanent endowment funds	3,952,015	-	-	(59,079)	-	3,892,936
	57,041,730	463,739	(68,000)	(421,532)	(199,743)	56,816,194
Total funds	81,406,989	10,545,393	(9,258,481)	(489,198)	-	82,204,702

Comparative summary of assets per fund at 31 December 2018

	Fixed assets		Current	Creditors	Net
	tangible	investments	assets		assets
	£	£	£	£	£
Unrestricted income funds					
General Fund	25,788	4,107,361	141,435	(129,775)	4,144,809
Designated funds					
Corporate Properties fund	10,592,495	-	280,000	(274,939)	10,597,556
Parsonages	-	1,235,417	139,530	(237,284)	1,137,663
Other designated funds	-	2,186,520	1,852,452	-	4,038,973
	10,618,283	7,529,298	2,413,417	(641,998)	19,919,001
Restricted income funds					
Diocesan Pastoral Account	-	1,284,508	1,707,472	-	2,991,978
Local Mission Fund	-	-	23,445	-	23,445
Other restricted income funds	-	2,280,563	327,822	(154,301)	2,454,084
	-	3,565,071	2,058,739	(154,301)	5,469,507
Endowment funds					
Expendable endowment funds					
Benefice Houses	20,295,698	-	164,000	-	20,459,697
Stipends Fund Capital (Glebe funds)	248,000	33,735,815	1,055,744	(2,576,000)	32,463,561
Permanent endowment funds	-	3,879,913	13,023	-	3,892,936
	20,543,698	37,615,728	1,232,767	(2,576,000)	56,816,194
Total funds	31,161,981	48,710,097	5,704,923	(3,372,299)	82,204,702

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Designated funds (2018)

	As at 1 January 2018	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2018
	£	£	£	£	£	£
Corporate Properties	10,938,773	820,764	-	-	(1,161,981)	10,597,556
Parsonages	1,343,687	442,768	(579,980)	(18,812)	(50,000)	1,137,663
Canon Ross Legacy	1,022,323	6,864	(24,630)	4,397	-	1,008,955
Ordinands' Support	767,994	116,621	(180,261)	(13,241)	(72,500)	618,613
Watts Legacy	820,999	27,488	(27,488)	(12,314)	-	808,685
Morley Fund	715,305	23,889	(2,051)	(10,515)	(21,838)	704,790
St Peter's Churchyard Loan Fund	403,673	4,548	-	(1,451)	-	406,770
Church Growth	513,278	-	(16,911)	-	(5,207)	491,160
Total designated funds	16,526,032	1,442,942	(831,321)	(51,936)	(1,311,526)	15,774,192

Restricted income funds (2018)

	As at 1 January 2018	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2018
	£	£	£	£	£	£
Diocesan Pastoral Account	1,293,689	65,881	(105,274)	27,960	1,709,724	2,991,978
Local Mission Fund	23,445	-	-	-	-	23,445
Capital Resources	559,154	26,513	(26,513)	9,533	-	568,687
Milligan Pension Fund	565,011	16,975	-	(7,555)	-	574,431
Bishop Allen Legacy	379,653	12,589	(12,589)	(5,598)	-	374,055
Stafford Legacy (Church Trust Fund)	379,271	67,238	(67,238)	(5,019)	-	374,252
Poorer Clergy Fund	291,763	9,768	(9,768)	(4,376)	-	287,387
Benham Legacy	197,273	6,503	(6,503)	(2,890)	-	194,383
Faith in Action	77,978	2,350	-	(1,053)	-	79,275
Board of Readers	1,604	10	-	-	-	1,614
Clemson Legacy	-	45,624	(45,624)	-	-	-
Stipends Trusts	-	9,079	(9,079)	-	-	-
Restructure Funding	-	192,243	(192,243)	-	-	-
Total restricted income funds	3,768,841	454,773	(474,831)	11,002	1,709,724	5,469,507

Endowment funds (2018)

	As at 1 January 2018	Income	Expenditure	Gains/ (losses)	Transfers	As at 31 December 2018
	£	£	£	£	£	£
<u>Expendable endowment</u>						
Benefice Houses	20,890,282	257,159	(140,000)	-	(547,743)	20,459,697
Stipends Fund Capital (Glebe funds)	32,199,433	206,580	72,000	(362,453)	348,000	32,463,561
<u>Permanent endowment funds</u>						
Stafford Legacy (Church Trust Fund)	1,856,650	-	-	(27,660)	-	1,828,990
Clemson Legacy Fund	1,362,698	-	-	(20,439)	-	1,342,259
Parsonages	363,169	-	-	(5,446)	-	357,723
Stipends Trusts	271,176	-	-	(4,067)	-	267,109
Partington Legacy	98,322	-	-	(1,467)	-	96,855
	57,041,730	463,739	(68,000)	(421,532)	(199,743)	56,816,194

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35. Prior Year Adjustment

The following adjustments have been made to the prior year comparative figures:

- Restructure funding and associated expenditure from the Church Commissioners has been treated as restricted (previously unrestricted)
- Clergy pension scheme adjustment included within SOFA expenditure rather than other recognised gains and losses
- Mineral royalty income included within SOFA income rather than other recognised gains and losses
- Income from Lichfield Trust has been released from creditors and recognised in income

The only adjustment which had an effect on overall net movement in funds and fund balances was the release of the Lichfield Trust income. A reconciliation between previously reported results and restated results is shown below.

	2018
	£
Net movement in funds as previously reported	789,819
Recognition of Lichfield Trust income	<u>7,895</u>
Net movement in funds as restated	<u><u>797,714</u></u>
	2018
	£
Total funds as at 31 December 2018 as previously reported	82,151,280
Recognition of Lichfield Trust income into prior years	45,527
Recognition of Lichfield Trust income into current year	<u>7,895</u>
Total funds as at 31 December 2018 as restated	<u><u>82,204,702</u></u>