

# Derby Diocesan Board of Finance Ltd Annual Report & Financial Statements 2014





# Annual Report and Financial Statements

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For the year ended 31st December 2014

The trustees, who are also the directors for the purpose of company law, present their combined Trustees' Report and Directors' Report, together with the audited Financial Statements, for the year ended 31st December 2014.

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# Introduction from the Bishop of Derby

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The Rt Revd Dr Alastair Redfern, The Bishop of Derby



I am delighted to commend this year's Annual Report. It highlights the many blessings we receive, the opportunities for the Gospel which are unfolding and the challenges to be more faithful and more committed to the witness God would have us make in our communities.

I am very grateful to all who are contributing and I ask for your continuing prayers that in organising our life together as a Diocese we may be enlightened by the Risen Christ, and confident of navigating the path He would have us follow.

## Foreword

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From the Diocesan Secretary, Maureen Cole and Executive Chair, Mark Titterton



This Annual Report gives a glimpse of some of the many activities in which the people of the Diocese of Derby get involved as part of their faithful Christian witness in their local communities and beyond.

Our Diocesan Vision was launched during 2014, and as we continue on our journey of transition we are focused on becoming a growing, healthy, learning and outward facing diocese.



We have been working hard to get our finances into a healthier position and are pleased to report that we have made significant strides towards our goal. There is still much to do, but we are on the way! We are thankful to all parishes for their commitment to meeting their common fund payments for 2014, which showed an overall increase in cash paid compared to last year.

We are developing our plans for future growth and are discerning where we should invest our resources for mission so that we become a diocese that is truly flourishing. Our prayer is that as Disciples of Christ we are open to the Holy Spirit in order that we may discern where God is leading us.

Many thanks to every parish in the diocese for their ongoing support and please remember that everyone working at the Parish Support Office are there to support your local ministry.

# Strategic Report: Achievements & Performance

## 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.

Over the last year we have been reviewing our mission and ministry with a view to a future of real growth under God, rather than managing decline. A new vision and strategy for the diocese was created during 2014. This is giving us clarity of focus and we are putting plans in place to be a growing, learning, healthy and outward facing diocese. The 2014 plan was set against the new vision and priorities. Plans, budgets and resources were reviewed to ensure that they fit with the strategy.

In 2014 we identified that Church House is “The Parish Support Office for the Diocese”. The Diocesan team aim to provide increased support for the local church communities.

### **Investment in Information Technology**

A new IT platform was put in place which will enable the Bishop’s Office, the Archdeacon of Chesterfield’s Office and Church House to work more collaboratively. An admin review is underway with appropriate training support to ensure that our processes are cost effective and efficient.

### **Finance**

In order to be a growing, learning and outward facing diocese, steps have been taken to ensure that our finances are healthy and that our strategy for finance will support future plans for mission and ministry.

### **Diocesan finances support the following key activities:**

- Mission and ministry in parishes (including all clergy training, housing, stipends, pension and all other expenditure supporting parish - based ministry)
- Contributing to National Church Institutions
- Supporting our Church Schools and Youth and Children’s Ministry by providing grants to the Diocesan Board of Education
- Mission to the poor and marginalised
- Releasing funds for local mission

### **During 2014 we:**

- Enhanced the finance team in order to manage our finances more effectively and to make the most of our assets.
- Introduced a three-year budget and forecast process which will enable us to plan more effectively.
- Transferred financial management of the Diocesan Board of Education to the Diocesan Board of Finance to bring in-house the completion of statutory accounts, improve financial management reporting and share expertise.
- Carried out a major review of financial investments seeking the advice of our investment managers, resulting in improved income generation without increasing financial risk.
- Established new financial processes and procedures including new accounting software facilitating BACS payments, management accounts reporting and improvements in the provision of financial management information.

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- Carried out modelling and analysis work for the Common Fund Review Group.
  - Launched a quarterly mailing and improved resources available to PCC Treasurers.
  - Improved financial presentation material for the Diocesan Board of Finance, Diocesan Synod and the Diocesan Finance Forums.



Derby Church House



Diocesan Children's Adviser, Sara Brown's presentation (with Pecky!) on how we attract children and young families into church was a highlight for Bishop's Council

"I can't believe I'm saying this, but I actually enjoy Deanery Synod meetings and look forward to them!"

A genuine quote from Hope parish about the new Peak Deanery Synod meetings



Seven Deacons were ordained at Derby Cathedral at Petertide

We recognise that if the Diocese is to grow and flourish there is a need to develop changing patterns of ministry deployment including stipendiary clergy, non-stipendiary clergy and lay ministry. New forms of ministry such as Pioneer and Fresh Expressions are a key part of our growth strategy. Whilst continuing to ensure there is the appropriate provision of stipendiary clergy across the Diocese, we are developing a deployment strategy that supports our plans to be a growing and flourishing diocese.

### **During 2014 we:**

- Continued to develop our Mission Action Planning and through this identify ways of serving our local communities as we seek to share in God's mission.
- Progressed our vision of Developing Deaneries and encouraging parishes to look collaboratively at the resourcing of mission and ministry. Under the leadership of the Archdeacon of Chesterfield, consultation around shaping bigger deaneries was initiated in the north west of the diocese. A pilot deanery, to be known as the Peak Deanery, was established through the amalgamation of three existing deaneries. Presentations and further consultation with the remaining deaneries took place throughout the autumn. The pilot deanery synod has experienced a sense of renewal and gave positive feedback from their meetings.
- Initiated the development of a new deployment strategy to consider how we deploy clergy and lay ministry which enables our Diocese to flourish and grow. This also included the introduction of a new Mission Audit plus statistical review.
- Embedded the new governance structure and the Bishop's Council (who are also the trustees) reviewed a number of the challenges we face. A key highlight was the presentation given by the Children's and Families Adviser and the Messy Church Portfolio Holder who presented the issues facing our churches in attracting children and young families.
- Seven Deacons were ordained at Petertide 2014 and six priests.

### **Our aim is to ensure that we:**

- Invest in the "Grow Younger Agenda" – reaching out to children and young families.
- Ensure that we provide ministry to areas of deprivation, the poor and the marginalised.
- Invest in new forms of ministry such as Pioneer Ministry and Fresh Expressions, exploring new opportunities and resourcing those that currently exist, including the growing number of Messy Churches.





Clergy conference at The Hayes, Swanwick, November 2014

## During 2014:

- The Annual Clergy Conference explored the theme of 'People of Prayer' and included contributions from the Bishop of Chelmsford, the Dean of Birmingham and the Dean of Jerusalem.
- The Diocese offered a full programme of training for curates and their Training Priests.
- Other learning events included a study day on World War I; Harvest for Mission; and a session for preachers on Mark's Gospel.
- Around 50 people representing 20 parishes gathered over three days to learn and put into practice the latest thinking and techniques in growing healthy churches at the Restoring Hope Conference.
- In the autumn we ran two well-attended and well-received days on rural mission, having identified this as an area needing further support. The days focused on creating mission opportunities in existing ministry, rather than increasing the burden on already hard-pressed clergy and congregations, and giving space to share good practice and ideas.
- To support the programme of training workshops and conferences for mission, The Church Growth Officers have developed and launched a revision to the successful Mission Action Planning (MAP) process. This includes an enhanced set of web pages with an increased range of resources and tools, a new event called the MAP Church Health Check, and a team of MAP Guides who will facilitate parishes as they develop and implement their MAP.
- The Cathedral hosted seminars on a wide range of subjects, including Christian – Muslim relations; Fresh Expressions of Church; Food banks and mission; the situation in the Middle East; and three seminars on the subject of same-sex marriage.
- Synergy was a funding and resourcing event in September, bringing together an eclectic mix of local, regional and national resourcing bodies to encourage parishes to think about how they could make greater community use of their buildings and develop partnership projects with other churches and beyond. With delegates attending from over 40 parishes across the Diocese, there were excellent opportunities throughout the day for networking. Videos of presentations from the Heritage Lottery Fund, Cinnamon Network, National Churches Trust, Plunckett Foundation, Foundation Derbyshire and Derbyshire VCI Consortium were made available on our website.
- Training took place with Churchwardens looking at their role, responsibilities and vocation.



Synergy event, St Barnabas Centre, September 2014

# Outward Facing

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Bishop Humphrey visits a Chesterfield foodbank



Bishop Alastair in the House of Lords

Our focus this year has reflected these times of austerity, and we have worked with our networks to support people around us who may be experiencing financial stress, mental ill health, domestic abuse and other groups that may be excluded from communities. This work will be something we encourage in each parish through Mission Action Planning as the process hits its next cycle in 2015.

## During 2014:

- We provided support to the Board of Education as they set up the new multi-academy trust (MAT) to enable the Diocese to support all schools choosing to convert to academy status, including those that require the Diocese to act as an approved sponsor. Two schools joined the MAT during 2014.
- The growth in food banks continued. The Diocese worked with Derbyshire County Council to initiate a project that provided grant funding to a number of food banks.
- Diocesan Synod looked at credit unions and how we might encourage involvement and partnership with projects around the county. This was supported further with a workshop at the Clergy Conference run by Church Urban Fund.
- The Diocesan Mental Health Steering Group worked with three other dioceses to organise a conference, 'Churches Mind!' The group also organised an inclusive quiet day which will be repeated in other parts of the Diocese.
- A toolkit to help tackle Domestic Abuse was published and distributed as a guide to clergy at Clergy Conference.
- In his role as a member of the House of Lords, Bishop Alastair was part of the Joint Parliamentary Scrutiny Committee for the draft Modern Slavery Bill. He is lead spokesman for modern slavery and represented the Church of England at the Vatican in November and the Santa Marta Conference in December. From his work it became clear that community partnerships were crucial to tackling modern slavery. In response to the successful cross agency introductions, Bishop Alastair will represent the Diocese on the Derby Human Trafficking Strategy Group to develop a multi-agency response to modern slavery across the county.

# Highlights from 2014

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Human Trafficking Summit,  
St Peter's Derby, June 2014

## Derby Human Trafficking Summit, June 2014

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The first national human trafficking summit was held at St Peter's in the City and was attended by over 80 different organisations. The purpose was to raise awareness about the issue and also allow agencies to meet with clergy to support victims of slavery in Derbyshire. The keynote speaker, Kevin Hyland, has recently been appointed as Anti-Slavery Commissioner by the Home Office. The Summit has been selected as a model of best practice for cross agency awareness raising and is being replicated by the Diocese of Truro In March 2015. From the Summit the need for victim support has become apparent. The Bishop is working with Derbyshire Police to develop a partnership to support their work. A research group has been established to conduct a feasibility study into this initiative.



Launch of the book  
'Sacrifice Remembered'

## World War One Centenary

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A wide ranging strategy for the commemoration of the outbreak of war was devised. Beginning with several highly successful and extremely well-attended resource and teaching days the Diocese was very well placed to be at the heart of community commemorations. The web-based resources encouraged churches to be actively involved in the commemorations and nearly every parish in the Diocese offered space for their local community to remember in unique ways. Thousands of poppies were planted and many outreach events took place. Rededication of war graves, brilliant displays, emotional visits to the battlefields and so much more made this year very special indeed. Many churches reported that they were able to actively engage people with the gospel as a result of the training – many reported that the giving away of replica WW1 Service Bibles had been an outstanding achievement.



Diocesan Youth Pilgrimage

**“Hope is in all minds,  
Hope is in all hearts,  
Hope is in all people.”**

Jack Banks, age 11

Taken from his poem 'I hope  
for hope' featured in  
'Sacrifice Remembered'

*'Sacrifice Remembered – reflections on 100 years of war by the people of Derbyshire'* is a collection of reflections, personal stories poetry and pictures submitted from people all over the Diocese including schools. The book was designed by Aleáanna Luethi-Garrecht, a graphic designer, who tragically died at the end of the project. The book was launched at Derby Cathedral in November with the Chelsea Pensioners, contributors to the book and Derbyshire armed forces cadets.

A Diocesan Youth Pilgrimage to Northern France and Belgium took place in October. A group of young people from around the Diocese visited World War One battle sites and memorials.



Business Innovation Centre launch at St Peter's, Derby

## St Peter's Business Innovation Centre

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In February, St Peter's in the City opened a new Business Innovation Centre. The idea of the Centre is a creative and pioneering way to use the church space and provide workspace and practical support for business start ups.

To achieve this, St Peter's has developed partnerships with YMCA Derby, Cathedral Innovation Centre, Derby University Business School and Young Enterprise. Initially the church provided three desks for disadvantaged young people who were also supported by a mentorship scheme. A further five desks are available for a wider clientele for a low rent. The church has been encouraged by the variety of clients that have used the Centre, which includes the charitable sector, IT, Home Energy, Crafts and Event Planning.



Sixth form students take part in the Parliament Week event at Derby Cathedral

## Parliament Week Event for Sixth-Form Students

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As part of his House of Lords role, Bishop Alastair participates in a parliamentary outreach programme every year, which is held at Derby Cathedral. The 2014 theme was democracy and young people. He held a mock General Election with over 11 schools participating from across the Diocese. The event has been supported by local politicians, Quad, Derby University, Derby Open Centre, and nationally by Feminista UK, the Mothers' Union and the British Youth Council.



Bishop Alastair visits the Friendship Centre at St Paul's Cathedral, Calcutta.

## Continued Focus on World Mission

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### **Derby Diocese links to the Church of North India (CNI)**

The Diocese continued to build links with the Church of North India (CNI) through the Derbyshire Churches - CNI Partnership. As Chair, Bishop Humphrey represented the Partnership at the 15th Triennial Synod of the Church of North India, held in Nainital in NE India in October. Bishop Humphrey writes: "Sharing the life of this Church and building on the network of friendships and connections that has been established over the 40 and more years of our Partnership was, as ever, an inspirational and humbling experience".

### **Bishop Alastair preaches at St Paul's celebration**

Bishop Alastair visited Calcutta in December for a special service to mark the 200th Anniversary of the Diocese, and to take part in a ceremony to break the ground for a new Friendship centre

# Celebration

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The Bishop's Badge service at Derby Cathedral.

**“Rosanne and her team are dedicated to what they do and put days of hard work into preparing wonderful meals that provide comfort to all those who attend”**



Volunteers at Derby Night Shelter Project

## The Bishop's Badge

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- 129 people received a Bishop's Badge which recognises their distinguished service to the church and the community. The Cathedral service where these awards are presented is a special annual event in the life of the Diocese where we can thank God for the significant work and dedication exhibited by people in our parishes. This year saw the introduction of two new awards.

Best Project Award went to:

- Messy Church for Baptism Families, St Peter's Littleover
- Derby Churches Night Shelter, Churches Together in Derby
- Monday Munchers, St Helen's Darley
- Shine After School Club, St Leonard's Shirland
- St Peter's Wednesday Luncheon Club, St Peter's Chellaston

Certificate of Excellence went to

- WW1 Service of Commemoration, St Helen's Darley
- Deanery Youth Project, Whitwell with Steetley
- Restoration of Saxon Arch and Tympanum, Ault Hucknall
- ACE Mentoring Youth Project, Ashbourne Churches Together
- Parish Life in a Vacancy – All Saints Sawley

### St Peter's Wednesday Lunch Club - Chellaston

The lunch club was started in 2013 by a retired member of the congregation who wanted to reach out to the lonely and provide a safe place for people to meet and chat over a meal.

Rosanne Moreno gathered a team of volunteers and with a start-up grant from the church opened the club in October. The club now welcomes up to 72 people each week. Friendships have been made and many regulars now meet socially.

### Derby Night Shelter

Derby Churches Night Shelter started in winter 2013 in response to a severe cut in funding for provision for the homeless. Working together to meet the urgent need for safe overnight accommodation, seven church venues in or near the city centre open one night per week from December to March.



Derby Diocese celebrate the 20th Anniversary of the Ordination of Women.

## Vocations

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- We have seen a healthy increase in the number of people exploring their vocation for ordination training and lay ministry. Our Young Vocations Champion has a brief to encourage vocations in age group 16-25 years. The Vocations Team are currently working with about 20 people who are meeting with a vocations adviser exploring their vocation to lay or ordained ministry.
- There are twenty eight people across the Diocese enrolled on the Journey in Faith Course. Three people were licensed as Readers in July 2014. Three people commenced Reader Training in September 2014.

## 20th Anniversary of Ordination of Women

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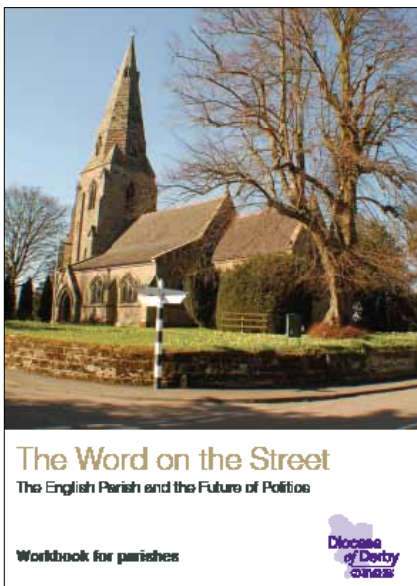
- We joined in with the celebrations to mark to 20th anniversary of the ordination of women with representatives attending the service at St Paul's Cathedral and also the service in Derby Cathedral.

# Plans for the future

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Our priorities for 2015 and beyond include:

- Continued work on 'Developing our Deaneries' with a view to identifying the new deanery structure by the end of 2015 which will support local mission.
- Further develop partnerships to eradicate Slavery: hosting a multi-agency training day in January to consider victim support, awareness raising and collaboration. The Modern Slavery Bill will hopefully be passed before the General Election with Bishop Alastair being lead spokesman in the House of Lords. During the year the Derby Diocese Human Trafficking Summit will be replicated in another diocese and the Bishop of Derby will host an event for the national church to raise awareness of the issue.
- Further develop our strategic plans for church growth with a view to identifying key opportunities for investment.
- Appointment of the Director of Mission and Ministry with a focus on developing a new School of Formation.
- Continue to develop the strategic deployment plan for clergy and lay ministry that fits our vision and strategy.
- Continue to support the Board of Education as they develop their multi-academy trust and look for further mission opportunities with schools, children and young people.
- Continue to develop our vocations strategy to further encourage and enable a sustained increase in vocations including lay, SSM and ordained ministry and Pioneer ministry.
- Re-engage our parishes with the Mission Action Plan process with a particular focus on identifying ways of serving our local communities as we seek to share in God's mission.
- Recruit a Parish resource officer with a view to developing appropriate support for our parishes and raise awareness of the issues parish share, as we move towards a common fund.
- Hold a Festival of Preaching over Pentecost weekend with John Bell as guest speaker at an event on the Saturday and every deanery being encouraged to hold an event on the Sunday afternoon / evening - an opportunity to celebrate the gift of preaching.



Bishop Alastair's new book and supporting workbook will help parishes ahead of the General Election.

- Complete the financial review for the DBF by introducing Management Reports and a full Monitoring Process.
- Develop a property strategy which covers our assets including church buildings, parsonages and glebe. The strategy will fit with our overall vision and consider how to make the most of these assets both financially and also for mission.
- Further investment in Church House so that it becomes the Parish Support Office which can provide increased support for our local church communities.
- Complete the Common Fund Review with consultations to ensure that everyone in parishes has an opportunity to help shape our future process.
- Continue to investigate further opportunities for the Parish Support Office to work more efficiently and effectively, maximising the use of the new technology and more collaborative working.
- Review and refine the governance structures where required.
- Launch 'The Word on the Street' - Bishop Alastair has written a new book and produced a work booklet for parishes to reflect on the political landscape ahead of the General Election.



## 2014 Achievements and Performance

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Financial plans in the 2014 budget set out to:

- achieve budget by using reserves of £459,772
- set an increase in Common Fund of 1.94%
- maintain the same number of stipendiary and advisers' posts
- continue to fund Pioneer Ministry
- provide for an increase in stipends and salaries and
- continue to allocate funding to the Local Mission fund

## Financial Review

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### **Overall financial position**

Incoming resources before revaluation adjustments totalled £8.7million (2013 - £8.9million) and resources expended amounted to £8.7million (2013 - £9.1million). The Statement of Financial Activities (SOFA) for the year shows a breakeven position before net gains and losses on the sale and revaluation of investment assets (2013 – outgoing resources, £0.2million). After the addition of net unrealised gains on investment assets of £2.1million (2013 - £3.3million) and deduction of actuarial losses on the defined benefit pension scheme of £78,000 (2013 – actuarial gain of £35,000), the net increase in funds amounted to £2.0million (2013 – £3.1million). During the year, total fund balances increased from £69million to £71million and there was an overall net cash outflow of £4.4million (2013 – cash inflow £0.5million).

### **Performance against Budget**

The annual budget is presented to Diocesan Synod for approval and sets out the framework for our financial decision-making. The 2014 budget plan was for a deficit with a transfer from the reserves of £459,772.

*(the budget in the tables overleaf has been revised to include the Parsonages budget and to show stipend costs gross).*

## MANAGEMENT ACCOUNTS 2014 (Including Parsonages)

	Budget (revised)	Actual	Difference
	£	£	£
<b>INCOME</b>			
Common Fund	4,473,862	4,489,298	15,436
Contributions from Church Commissioners	1,565,385	1,565,385	-
Net returns on investments	1,283,400	1,332,752	49,352
Parochial fees, chaplaincy income	415,000	432,745	17,745
Allchurches Trust Ltd	130,000	133,230	3,230
All other income	3,000	3,499	499
	<b>7,870,647</b>	<b>7,956,909</b>	<b>86,262</b>

The 2014 budget plan was for overall total Common Fund based on the old parish share formula to be increased by 1.94% over the 2013 figure. The Board of Finance received 90% of share due for the year (2013 – 91%). The Board is taking steps to support parishes through the provision of treasurer training, stewardship events and advice.

A total of £1.6million came from the National Church Institutions for stipend support, indicating the Board of Finance's dependence on this valuable source of income.

Returns on investments performed better than the budget plan primarily because of the review of investments during the year.

Parochial fee income was better than the budget plan following the changes in the level of the Statutory fees set by General Synod.

The Allchurches Trust Ltd annual distribution amounted to £133,230 against a budget of £130,000 and the Board of Finance acknowledges with thanks the receipt of this grant.

## MANAGEMENT ACCOUNTS 2014 (Including Parsonages)

	Budget (revised)	Actual	Difference
	£	£	£
<b>EXPENDITURE</b>			
A. National Church work	414,983	414,983	-
B. Parochial clergy stipends & housing	5,892,595	5,894,898	(2,303)
C. Support and sector ministry	1,229,005	1,144,603	84,402
D. Resource management	781,336	711,030	70,306
E. Additions to financial resources & contingencies	12,500	6,588	5,912
	<b>8,330,419</b>	<b>8,172,102</b>	<b>158,317</b>

The differences in Section C "Support & sector ministry" and Section D "Resource management" arise largely due to vacancies in posts. Under Section D, the budget provision of £45,000 for replacement of office equipment was not required due to a change in accounting policy regarding capitalisation of purchases.

**MANAGEMENT ACCOUNTS 2014  
(Including Parsonages)**

	Budget (revised) £	Actual £	Difference £
TOTAL INCOME	7,870,847	7,858,909	88,282
TOTAL EXPENDITURE	<u>(8,330,419)</u>	<u>(8,172,102)</u>	158,317
<b>DEFICIT PER MANAGEMENT ACCOUNTS</b>	<b>(459,772)</b>	<b>(215,193)</b>	<b>244,579</b>

**MANAGEMENT ACCOUNTS RECONCILIATION TO STATUTORY ACCOUNTS**

	£
Deficit per Management Accounts 2014	(215,193)
Other unrestricted funds movement:	
Special Reserve fund	41,587
FRS 17 pension costs adjustments	(285)
Other designated fund movement (net)	85,379
Transfer of property from Benefice Houses Fund to Corporate Houses following Pastoral Schemes (2 houses)	208,000
Gains on investment assets	275,364
Actuarial loss on defined benefit pension scheme	(77,825)
<b>Net movement in unrestricted funds</b>	<b>527,577</b>

Per statement of financial activities on page 45 of the financial statements

# Review of the Statutory Accounts

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## Statement of financial activities (SOFA)

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Total unrestricted fund income amounted to £8.2million (2013 - £8.2million) with the largest part coming from common fund income. The Board of Finance places on record its appreciation to all those in deaneries and parishes that made this possible.

A total of £1.6million came from the National Church Institutions (2013 – £1.6million) underlining the fact that the Board of Finance is very much dependent on this source of income. Unrestricted fund expenditure amounted to £8.3 million (2013 - £8.6million) with £7.4million (2013 - £7.7million) meeting the cost of resourcing ministry and mission.

Total restricted income amounted to £380,000 (2013 - £430,000) and restricted fund expenditure amounted to £420,000 (2013 - £550,000). The Board of Finance endeavours to make use of the restricted income funds at its disposal in supporting planned budgeted expenditure where restrictions allow.

## Local Mission Fund

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The Local Mission Fund receives income from the Church Commissioners Parish Mission Funding which is given to dioceses for the specific purpose of enabling 'distinctive mission opportunities'.

A total of 33 grants were made to parishes and other organisations during 2014 and these amounted to £143,381.

The fund has a year-end balance of £216,300 (2013 - £218,000) and will be used to meet future grant awards totalling £197,100.

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## Tangible Assets - freehold houses

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The board sold 1 house during the year generating £260,000 (2013 – 4 houses sold, £850,000) and there were no houses purchased (2013 – 2 houses purchased costing £490,000).

## Investment performance

During the course of 2014 all the major regional indices made gains with the US by far the best performer. Gains were evenly spread between 'growth' and 'value' companies but large companies clearly outperformed smaller ones. The UK was a relatively weak performer despite an economic performance which outshone almost all other developed economies. This was largely due to the fact that good news was already being reflected in prices but also the high index weighting to resources including energy.

The value of the Board's financial investment assets increased by £1.2million in 2014 (2013 – increase in valuation of £2.7 million).

The table below summarises the value of investments held with each manager:

### Investments held with:

	2014		2013	
	£000	%	£000	%
<b>CCLA Investment Management Ltd</b>				
The CBF Church of England Investment Fund	24,473	62%	26,014	78%
The CBF Church of England Property Fund	6,901	17%	1,831	6%
The CBF Church of England Global Equity Income Fund	3,145	8%	-	-
	<u>34,519</u>		<u>27,845</u>	
<b>Smiths Gore (Glebe land agents)</b>	<u>5,296</u>	13%	<u>5,296</u>	16%
<b>Total fixed asset investments per balance sheet</b>	<u>39,815</u>		<u>33,141</u>	

## CCLA Investment Management Ltd

At the balance sheet 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 a new acquisition of CBF Church of England Global Equity income shares.

Their performance is shown in the table below:

### CCLA Investment Management Ltd CBF Church of England Funds

	2014		2013		Change	
	Basic value	Distribution	Basic value	Distribution	Basic value	Distribution
	p	p	p	p	%	%
<b>Global Equity income shares</b>	<b>156.28p</b>	<b>6.78p</b>	152.82p	6.65p	<b>+2.3%</b>	<b>+2.0%</b>
<b>Investment Fund income shares</b>	<b>1335.29p</b>	<b>50.71p</b>	1276.68p	49.72p	<b>+4.6%</b>	<b>+2.0%</b>
<b>Property Fund income shares</b>	<b>124.63p</b>	<b>7.83p</b>	110.86p	8.26p*	<b>+12.4%</b>	<b>N/A</b>

\* a change to the payment schedule in 2013 has distorted annual comparison.

The Fund Manager of the CBF Church of England Investment Fund comments as follows:

“Over the past 12 months the Investment Fund has again achieved a good real return, comfortably ahead of the comparator, the third year of solid gains and outperformance. A number of factors have supported this. Stock selection made an important contribution as the quality companies we favour again proved to be a strong source of return. At the asset level, where we had a low weighting to bonds, a sector which performed well, the alternative assets we bought in their stead, such as property and infrastructure, achieved similar returns whilst keeping volatility in check. We had an above average exposure to US equities which proved to be the best performing of the major markets. The lower yield available in that market being offset by other parts of the portfolio, allowing for an increase in the real value of the income distribution.”

In respect of the CBF Church of England Property Fund, the Fund Manager comments:

“Investment conditions have remained buoyant with buyer demand broadening away from London towards good quality assets in regional centres. The strongest momentum is now being achieved by offices, in the south east, and in the industrial sector”.

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In respect of the CBF Church of England Global Equity Income Fund, the Fund Manager comments:

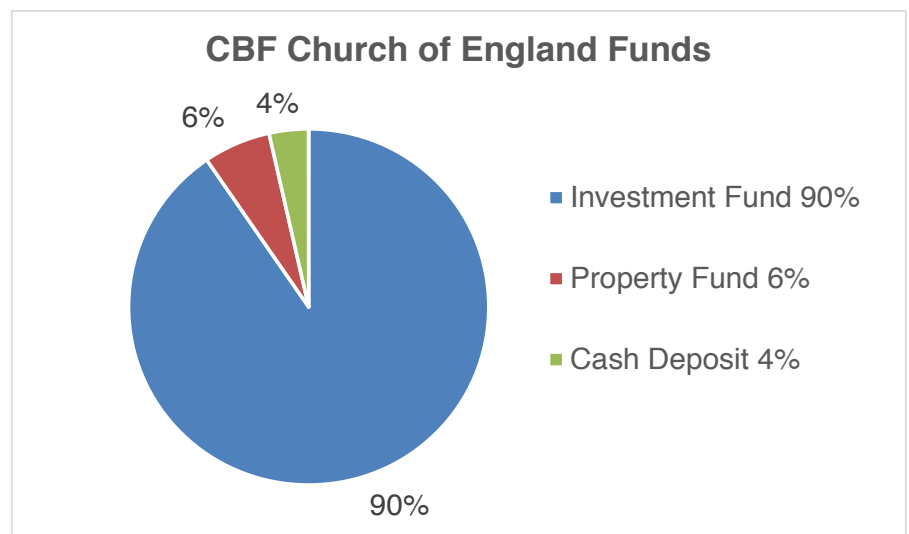
“The objective of the Fund is to pay to investors an income yield substantially above that on the global equity index, this means that the portfolio will differ significantly from a conventional structure. At present there is a relatively low allocation to the United States and Japan and a high exposure to Europe, and in particular the UK. At the stock level, the managers have sought companies with a high initial yield but which also have the capacity to grow income and earnings in the years ahead”.

## Financial Investment Review

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During 2014 a review of the Board of Finance's cash flow requirements identified a balance of cash held on deposit that was available for medium to longer-term investment. The Board consulted representatives of Archbishops' Council in examining the present investment policy and strategy which remained unchanged. After review of the financial investment portfolio with CCLA Investment Management Ltd an agreed timetable for purchase of investments was implemented during the summer. A further review of the portfolio with investment managers took place in November.

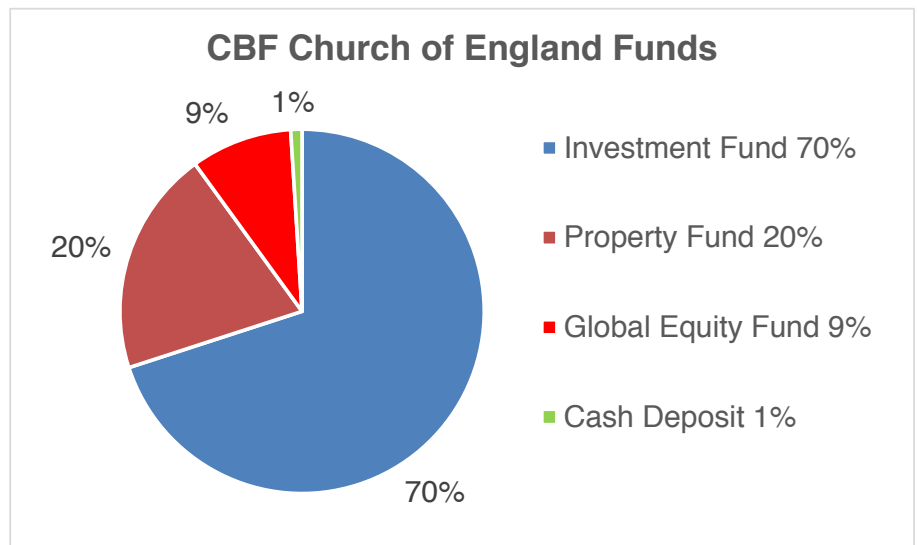
Prior to the November review, distribution of funds:



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Working with the current investment policy and strategy the investment managers advised the Board that a change in the distribution of funds, including investment in the CBF Church of England Global Equity Income Fund would improve the overall yield on the investment portfolio by 0.5% p.a. increasing investment income available to the Board of Finance in 2015.

New strategic target for the distribution of funds:



### Smiths Gore (glebe land agents)

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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 Smiths Gore, our glebe land agents, last year-end, 31st December 2013. Other small miscellaneous holdings were valued by Mr N Sherratt, Assistant Diocesan Secretary (Property), on the same date. The current valuation of the portfolio is £5.3 million (2013 – at director's valuation of £5.3million). There was one sale during the year generating £33,200 (2013 – 1 sale of land generated £210,000).

### Equity (value-linked) loans

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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, the whole, or a proportionate part, of the net sale proceeds would go to the Church Commissioners. Total value-linked loans advanced at 31st December 2014 amounted to £328,000 for 6 loans (2013 - £328,000, 6 loans).



# Public Benefit

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The Directors of the Derby Diocesan Board of Finance (DBF) are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the DBF. The Directors believe that, by promoting the work of the Church of England in the Diocese of Derby, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

# Summary Information about the structure of the Church of England

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The Church of England is organised as two provinces, each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 43 in 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

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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

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pension's 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 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

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The cathedral church is legally constituted as a separate charity 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.

## The Diocese of Derby

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### **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; and
- provide for the financing of the Diocese.

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### **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; and
- 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.

### **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 he 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; and
- to carry out such functions as the Synod may delegate to it.

### **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.

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### **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 a Rural 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.

## **Structure, Governance and Management**

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The Diocese of Derby is one of 41 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 the Derby Diocesan Board of Finance Limited (the Board of Finance), a charitable trust company limited by guarantee.

The Diocese is arranged as two archdeaconries, Chesterfield covering the north part with seven deaneries and Derby the south with nine deaneries. In total there are some 255 parishes.

## **Diocesan Governance**

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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-option 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.

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## Company Status

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The company, Derby Diocesan Board of Finance Limited, was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 16th April 1928 as a charitable trust company limited by membership guarantees (No. 229700) and its governing documents are the Memorandum and Articles of Association. The Board of Finance is registered with the Charity Commission (No. 249767).

The objects, for which the Board of Finance 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.

Every member of Diocesan Synod is a member of the Board of Finance for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up. The members of Bishop's Council, the Standing Committee of Diocesan Synod, comprise the Board of Trustees of the Board of Finance – they are its Directors under company law.

## Decision-Making Structure

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Policy is decided by the Bishop's Council, and 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

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### **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 Deputy 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

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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**, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by the Board of Finance.

**Diocesan Mission and Pastoral Committee**, which is responsible for the task of recommending pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry.

**Diocesan Advisory Committee**, which 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**, which 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 six times each year, and will work closely with the Diocesan Secretary. The Business Committee will advise the Bishop's Council, in the discharge of the trustees' responsibilities for accounting policy, internal control, financial reporting and risk management. In addition it will provide strategic advice on the management of the Board of Finance'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.

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## Appointment of Trustees

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The trustees are the members of Bishop's Council and Directors of the company. Trustees are given induction training when first appointed and receive ongoing training, as appropriate. Trustees' responsibilities in relation to the preparation of the financial statements (pages 45 to 64).

The trustees, as Directors, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

## Trustees' Responsibilities

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Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with company law, as the company's Directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.



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

## Related Parties

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### **General Synod, Church Commissioners and Archbishops' Council**

The Board of Finance has 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 of Finance 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 of Finance and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

## Other Charities

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### **Derby Diocesan Board of Education**

The 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, the DBF provides significant resources to the DBE to facilitate the shared vision for mission and ministry with children and young people.

The Board of Finance co-operates with certain other charities

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in pursuit of its charitable objects and details of payments to these are to be found in note 16 to the financial statements.

## Pension Scheme

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The Board of Finance currently funds a closed defined benefit pension scheme for a former employee of the Board of Finance. For all other eligible employees the Board of Finance contributes to a defined contribution pension scheme nominated by the employee. Further details are contained in note 22 of the financial statements.

## Statutory Functions

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The Board of Finance has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. The trustees are custodian trustees in relation to PCC property.

## Grant-Making (Beneficiary-Selection)

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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 16 of the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the Board of Finance to support the furtherance of the Board of Finance's objects.

## Reserves Policy

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The Board of Finance has considerable responsibilities including the remuneration of 140 stipendiary clergy, the upkeep of nearly 200 houses and the employment of 36 full or part time staff. Most of the Board of Finance's income is voluntary and the Board of Finance has noted that two thirds of its voluntary income is from share and the balance made up of grant income from the Church Commissioners and income from investments and other sources.

To cover irregular share receipts the Board of Finance has a minimum free reserves target equivalent to unrestricted fund expenditure over three months, £2.2million, to be held for cash flow. This target level of reserves and policy will be reviewed

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annually at the same time that the annual budget and future forecast of income and expenditure are considered.

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. The Board also aims to keep share increases to a minimum and to continue with our Local Mission Fund. The overall aim of the Board must be long-term financial sustainability.

At 31st December 2014, the Board of Finance's general fund free reserves were £3.1million (see balance sheet on page 47 of the financial statements).

## Investment Policies and Strategy

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The Board of Finance'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 of Finance 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

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The current strategy, which is under review, 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 share. Financial investments are held with CCLA Investment Management Ltd (for the Church of England).

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## Glebe Investments

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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, Restricted and Endowment fund Investments

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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 of Finance's bankers National Westminster Bank.

## Going Concern

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After making enquiries the trustees are satisfied that the Board of Finance has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

# Risk Management

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## Policy

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

## Management

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During 2014 the process for identifying and monitoring risk was reviewed with new processes and procedures put in place to improve our risk management strategy. The Board of Finance has delegated the responsibility for identifying and monitoring risk to the Business Committee who report back to the trustees on a regular basis. The Business Committee review the risk register on a regular basis and report to the trustees. Risks are defined by the department heads with a report on the actions that are in place to manage and monitor these risks and procedures and controls which are in place to minimise any potential impact on the Board of Finance should any of the risks materialise.

## Governance and Strategic Risk

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The key risk is that of maintaining our reputation. We work to ensure that good communication plans and processes are in place and that appropriate public relations guidance is given to our senior staff. In addition we also work to ensure that we adhere to the statutory requirements of both the Companies and the Charities Acts. Our Memorandum and Articles of Association has recently been updated and we are regularly monitoring and reviewing our actions to ensure that our new governance structures are fully in place and are operating effectively.

## Operational

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Our key risk is the employment and retention of high calibre clergy and lay employees. During 2014 new plans were put in place to ensure that we are a diocese where people want to come and work and that all clergy and employees feel valued. We want to ensure that individuals have the opportunity to develop in order that they might achieve their full potential. Our new recruitment pack, and improved advertising are examples of what has been put in place.

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IT – a strategic overview was undertaken and we now have a new IT platform using Microsoft 365 and cloud technology which will enable collaborative working. We have also put a three year hardware replacement strategy in place.

## Financial

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Our key financial risk is the level of income received from each parish toward the Common Fund. In 2014 plans continued to raise awareness so that individual church members understand how their money is used and how vital it is to the continuing mission and ministry of the Diocese. Treasurers' training was put in place to support them to help improve the financial health of their parishes. In addition we are working with parishes that are not paying their share in full and encouraging them to attain full payment of share as quickly as possible. We carefully monitor our budgets and adjust accordingly.

Every effort is made by the Board of Finance to hold down increases in share, which is contributed by parishes towards the ministry and other costs of the Diocese. A large part of the costs are clergy stipends and pensions, staff salaries and building maintenance costs.

The Diocese of Derby is a less well-resourced diocese, financially, and is very much dependant on a proportionately larger share of voluntary income from the national church compared to more well-resourced dioceses, some of whom receive no such support. We are putting plans in place to make us less reliant on this funding, as the support from the national church may not continue in the same way for the future. We are reviewing our income streams to ensure that we are getting maximum income/ return from our assets whilst retaining a legacy for future generations.

# Reference and Administrative Detail

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For the year ended 31st December 2014

The Derby Diocesan Board of Finance Limited 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 the members of the Derby Diocesan Synod.

President:	The Bishop of Derby The Rt Revd Dr Alastair Redfern
Registered Office:	Church House, Full Street, Derby DE1 3DR Telephone: 01332 388650 Email: <a href="mailto:finance@derby.anglican.org">finance@derby.anglican.org</a> Website: <a href="http://www.derby.anglican.org">www.derby.anglican.org</a>

For a list of direct dial telephone extensions see the website or the Diocesan Directory.

## Bishop's Council & Standing Committee of Diocesan Synod

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

In accordance with the Companies Act 2006 and the statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005), the trustees (for the purpose of charity law) and directors (for the purpose of company law) during the year and as the date of signing were as follows:

### Ex-Officio

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The Right Reverend the Lord Bishop of Derby (Chair)  
The Right Reverend the Lord Bishop of Repton+  
The Venerable Archdeacon of Chesterfield  
The Venerable Archdeacon of Derby  
The Very Revd the Dean of Derby  
The Chair of the House of Clergy of the Diocesan Synod – The Revd P Davey  
The Chair of the House of Laity of the Diocesan Synod – Canon C McMullen  
The Executive Chair of the Board of Finance - Canon M Titterton  
The Chair of the Diocesan Mission and Pastoral Committee +  
The Chair of the Diocesan Board of Education +

+The Right Reverend the Lord Bishop of Repton  
(Until 31 March 2015)

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## Elected by the Derby Diocesan Synod

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Two clergy members from each Archdeaconry and nine lay members, at least three from each Archdeaconry.

## Clergy

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### **Chesterfield Archdeaconry (2)**

The Revd K Ball  
The Revd J Hudghton

### **Derby Archdeaconry (2)**

The Revd A Dring  
Vacancy

## Laity

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### **Chesterfield Archdeaconry (at least 3)**

Mr P Collard (General Synod)  
Mr J Cooper (Diocesan Treasurer)  
Canon DB Iliffe

### **Derby Archdeaconry (at least 3)**

Mrs M Goddard (General Synod)  
Mr K Jeffery  
Mr PF Vincent



# Principal Officers and Advisers

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Diocesan Secretary

Mrs M A Cole

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

Mrs N Waldron BA TEP

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## Bankers

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National Westminster Bank  
7 Market Place, Derby

## Investment Advisors

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CCLA Investment Management Ltd  
Senator House, 85 Queen Victoria Street  
London

## Solicitors

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Eddowes Waldron Solicitors  
12 St Peter's Churchyard, Derby

## Surveyors (to Parsonages Committee)

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Barlow and Associates Ltd  
7 Vernon Street, Derby

Sir William Baird and Partners  
St Michael's House, Queen Street, Derby

## Insurers

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Ecclesiastical Insurance Group,  
Gloucester

## Land Agents

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Smiths Gore  
2-3 Sherbrook House, Swan Mews, Lichfield

## Mineral Surveyors

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Coke Turner & Co  
The Millyard, Rowsley, Matlock

## Auditors

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Mazars LLP, Chartered Accountants & Registered Auditors  
58 The Ropewalk, Nottingham, NG1 5DW

# Personnel

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New Starter: Kat Alldread



New starter: Revd Jason Kennedy



New starter: Shakher Khaliq

It must be remembered that this report only deals with those who are employees of the Board of Finance and although there have been a number of changes within parochial clergy these are not detailed here.

Within the Board of Finance there have been the following changes: Five members of the team left during 2014, the Director of Mission and Ministry, The Revd Canon Andy Broom, who left in October to become Archdeacon of East Riding in York Diocese; Sally Cartwright and Amy Rees left in the first half of the year to spend more time with their young families. We also said goodbye to Matthew Thomas, temporary Finance Assistant, and Ian Price, Pastoral Secretary, who has started a new role.

We were able to welcome the following new members to the Parish Support Office: David Meredith joined us as Director of Finance, having been seconded for three days per week from Southwell and Nottingham Diocese since November 2013; Shakher Khaliq joined as Finance Officer and the Revd Jason Kennedy joined as Church Growth Officer for Derby Archdeaconry. In our administration team, Kat Alldread joined as the Parish Support Office Manager and Personal Assistant for the Diocesan Secretary and Carolyn Baker joined the Mission and Ministry Team to replace Sally and Amy. Although not new, Jo Armstrong became full-time, and Lizzie Walker transferred from the DBE to DBF as part-time Finance Officer.

The quality and commitment of all those who work within the Diocesan Board of Finance is critical to the success of the Diocese, and we need to ensure that we maintain a balance between external recruitment with support and development of existing staff. The contribution of staff in Parish Support Office roles is acknowledged and celebrated. We wish to place on record our grateful thanks to all employees for their dedicated service and commitment, particularly in this last year of significant change. We also wish all of those who have left us over the last year every best wish for the future.

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

Signed on behalf of the trustees.

Mrs Maureen Cole  
Diocesan Secretary  
13th April 2015

# Independent Auditors' Report to the members of Derby Diocesan Board of Finance Ltd

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We have audited the financial statements of Derby Diocesan Board of Finance Ltd for the year ended 31st December 2014 which comprise the Statement of Financial Activities, the Summary Income and Expenditure account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors  
As explained more fully in the Trustees' Responsibilities Statement on pages 32 and 33, the trustees (who are also the directors of the charity 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity's members, as a body. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st December 2014 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.

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**Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report, which incorporates the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



I Holder (Senior Statutory Auditor)

**for and on behalf of Mazars LLP**

Chartered Accountants and Statutory Auditors

58 The Ropewalk, Nottingham, NG1 5DW

*14 April 2015*

# Statement of Financial Activities -

for the year ending 31st December 2014

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2014 £	Total funds 2013 £
<b>Increasing resources</b>						
<b>Increasing resources from generating funds</b>						
<b>Voluntary income</b>						
Governance Fund	2	4,488,288	-	-	4,488,288	4,451,277
Archbishops' Council	3	1,585,385	141,478	-	1,726,863	1,708,855
Other	4	141,542	14,188	-	155,730	138,488
Activities for generating funds	5	188,028	-	-	188,028	208,281
Investment income	8	1,184,774	224,285	-	1,409,059	1,358,822
<b>Increasing resources from charitable activities</b>						
Statutory fees, chaplaincy income & other contributions	7	587,837	1,888	588	600,313	738,788
Other increasing resources	9	-	-	153,188	153,188	308,287
<b>Total increasing resources</b>		<b>8,196,817</b>	<b>391,814</b>	<b>153,782</b>	<b>8,742,413</b>	<b>8,902,128</b>
<b>Resources expended</b>						
<b>Costs of generating funds</b>						
Investment management costs	9	83,852	-	-	83,852	74,818
<b>Charitable activities</b>						
Contributions to Archbishops' Council	10	414,882	-	-	414,882	417,228
Recurring ministry and mission	11	7,385,218	288,852	-	7,674,070	8,014,882
Board of Education & Diocesan projects	12	340,004	153,088	-	493,092	578,258
Governance costs	13	31,032	-	-	31,032	28,852
Other resources expended	14	-	-	-	-	42,222
<b>Total resources expended</b>		<b>8,204,946</b>	<b>442,940</b>	<b>-</b>	<b>8,647,886</b>	<b>9,144,136</b>
<b>Net increasing/(decreasing) resources before transfers</b>		<b>(78,029)</b>	<b>(41,126)</b>	<b>153,782</b>	<b>27,389</b>	<b>(241,938)</b>
Good transfers between funds	17	208,008	228,188	(438,196)	-	-
<b>Net increasing/(decreasing) resources before other recognised gains and losses</b>		<b>129,979</b>	<b>187,062</b>	<b>(284,414)</b>	<b>27,389</b>	<b>(241,938)</b>
<b>Other recognised gains/(losses)</b>						
Gains on investment assets		278,284	184,148	1,438,778	2,001,210	2,275,782
Actuarial (loss)/gain on defined benefit pension scheme	22	(77,885)	-	-	(77,885)	34,822
<b>Net increasing in funds</b>	18	<b>201,094</b>	<b>371,210</b>	<b>1,438,778</b>	<b>2,018,525</b>	<b>2,068,666</b>
<b>Reconciliation of funds</b>						
Total funds at 1st January 2014		<b>14,243,138</b>	<b>3,813,287</b>	<b>50,878,277</b>	<b>68,934,702</b>	<b>65,788,222</b>
<b>Total funds at 31st December 2014</b>		<b>14,444,232</b>	<b>4,184,497</b>	<b>52,317,055</b>	<b>70,945,784</b>	<b>68,338,242</b>

Income & expenditure all relates to continuing operations.

The notes on pages 49 to 64 form part of these accounts

# Summary Income and Expenditure Account and Statement of Total Recognised Gains and Losses

for the year ending 31st December 2014

## SUMMARY INCOME AND EXPENDITURE ACCOUNT

	2014 £	2013 £
Gross income (less encumbrance)	8,888,471	8,814,829
Gross expenditure (less encumbrance)	(8,887,827)	(8,144,189)
Net expenditure for (the year before investment assets) disposed	(100,440)	(638,369)
Encumbrance fund transfer	488,188	642,287
Net income for the year	598,788	2,881

Detailed analysis of the income, expenditure, gains and losses on investment assets and movements in funds is provided in the Statement of Financial Activities on page 48 and in notes 2 to 16.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2014 £	2013 £
Net surplus for the financial year	598,788	2,881
Actuarial (losses)/gains on the defined benefit pension scheme	(77,888)	34,822
Net gains on other assets	3,087,311	3,275,789
Less gains on encumbrance funds	(1,888,779)	(2,880,089)
Total recognised gain for the year	709,532	433,517

Detailed analysis of actuarial gains/(losses) on the defined benefit pension scheme is provided in note 22.

The notes on pages 49 to 64 form part of these accounts

# Balance Sheet

as at 31st December 2014

Company number 229700

	Note	2014		2013	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	24	30,881,702		28,782,898	
Investments	25	<u>28,218,122</u>		<u>22,142,858</u>	
			<b>78,899,824</b>		<b>62,024,357</b>
<b>Current Assets</b>					
Debtors	26	341,004		284,448	
Cash at bank and in hand		<u>1,124,827</u>		<u>5,481,075</u>	
		<u>1,465,831</u>		<u>5,765,523</u>	
<b>Creditors</b>					
Amounts falling due within one year	27	<u>(482,282)</u>		<u>(222,252)</u>	
<b>Net Current Assets</b>			<u><b>883,549</b></u>		<u><b>5,483,271</b></u>
<b>Total Assets less Current Liabilities</b>			<b>71,882,406</b>		<b>67,507,628</b>
Creditors due after more than one year	27		<u>(222,000)</u>		<u>(222,000)</u>
<b>Net Assets Excluding Pension Liability</b>			<u><b>71,660,406</b></u>		<u><b>67,285,628</b></u>
Defined benefit pension scheme liability	28		<u>(281,272)</u>		<u>(222,222)</u>
<b>Net Assets including Pension Liability</b>			<u><b>71,379,134</b></u>		<u><b>67,063,406</b></u>
<b>The Funds of the Charity</b>					
Endowment Funds	22		<u>62,282,482</u>		<u>62,078,277</u>
Respected Income Funds	23		<u>2,222,714</u>		<u>2,812,827</u>
Unrespected Income Funds					
General Fund		<u>2,122,727</u>		<u>2,670,667</u>	
Designated Funds	24	<u>11,722,280</u>		<u>11,225,223</u>	
		<u>14,844,907</u>		<u>14,495,890</u>	
Defined benefit pension scheme liability	22	<u>(281,272)</u>		<u>(222,222)</u>	
			<u>14,563,635</u>		<u>14,273,668</u>
<b>Total Charity Funds</b>			<u><b>71,379,134</b></u>		<u><b>67,063,406</b></u>

Approved by the Board of Directors on 12th April 2015 (and signed on its behalf):

Bishop of Derby



Director

Mark Titterton

Director

The notes on pages 49 to 64 form part of these accounts

# Cash Flow Statement

for the year ending 31st December 2014

	Note	2014	2013
		£	£
Net outgoing resources before transfers	a)	(1,411,909)	(1,890,334)
<b>Returns on investments and servicing of finance</b>			
Interest paid		21,388	28,818
Returns on investments		1,418,888	1,358,832
<b>Capital expenditure and financial investments</b>			
<b>Purchases of fixed assets</b>			
Tangible assets		(87,905)	(488,725)
Intangible assets		(12,485,967)	-
		(13,488,872)	(488,725)
<b>Disposal of fixed assets</b>			
Tangible assets		881,188	847,545
Intangible assets		7,908,815	492,824
		8,089,811	1,311,289
<b>Financing</b>			
Increase/(decrease) in other debt, due after more than one year		-	-
Increase/(decrease) in cash during year	b)	(4,398,215)	538,887

## Notes to the Cash Flow Statement

### a) Reconciliation of net outgoing resources to net cash outflow from operating activities

	2014	2013
	£	£
Net outgoing resources before transfers	(1,411,909)	(1,890,334)
Depreciation	8,841	-
	(1,418,888)	(1,890,334)
FRS 17 pension estimate adjustment	388	(8,318)
Interest paid	(21,388)	(28,818)
Returns on investments	1,418,888	1,358,832
(increase) in debtors	(16,884)	(14,488)
Increase in creditors, current liabilities	188,888	288,415
Net outgoing resources before transfers	(1,411,909)	(1,890,334)

### b) Analysis of change in net funds (cash)

	As at 1st Jan 2014	Cash flows	As at 31st Dec 2014
	£	£	£
Cash at bank and in hand	5,481,875	(4,398,215)	1,083,660

The notes on pages 49 to 64 form part of these accounts.



# Notes to the Financial Statements

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as at 31st December 2014

## 1. Accounting policies

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### **Basis of accounting**

The financial statements are prepared on the historical cost and accruals bases of accounting, modified by the investments, which are included at market value. The financial statements are also prepared in accordance with the Companies Act 2006, applicable Accounting Standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" published in March 2005, as interpreted by the Diocesan Annual Report and Financial Statements Guide.

A summary of the material accounting policies and estimation techniques adopted follows.

To comply with Financial Reporting Standard 5 "Reporting the Substance of Transactions" the funds consolidated into the balance sheet include the benefice houses fund, the stipends fund capital account and the diocesan pastoral account.

### **Fund accounting**

Fund balances are split between unrestricted (accumulated, working capital, special reserve and designated funds), restricted and endowment funds.

**Unrestricted funds** are freely available for any purpose within the company's objects, at the discretion of the Board.

**Designated funds** are those funds set aside by the Board for a specific purpose over whose use and purpose the Board has discretion.

**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 charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Fund Capital (glebe funds) and Benefice Houses), there are 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.

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### **Incoming resources**

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

Share contributions are included on a receipts basis except that contributions received shortly after the financial year-end explicitly relating to the period under review are included as debtors.

The Stipends Fund Capital (glebe) 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.

### **Resources expended**

All expenditure is accounted for on the accruals basis. In respect of housing maintenance, the policy is only to provide for work started or completed before the year-end.

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 attached are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as contingent liabilities, but not accrued as expenditure.

Where costs cannot be directly attributed to particular headings they have been allocated or apportioned to activities on a basis consistent with use of the resources. Central support costs are apportioned on the basis of the estimated usage of resources at Church House. The apportionment in 2014 can be summarised as follows:

Resourcing ministry and mission 95.0%  
Diocesan projects 1.5%  
Governance 3.5%

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## **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, stipends fund capital account (glebe) 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. Deemed cost values have been calculated with reference to the midpoint of the applicable council tax band as determined in 1996.

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).

No provision for depreciation is provided in respect of freehold houses. All such houses are subject to a quinquennial survey and each house 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.

### **Benefice houses**

The Board has followed the requirements of Financial Reporting Standard No 5, in its accounting treatment for benefice houses (parsonages). FRS 5 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 declared redundant, in the meantime legal title is vested in the incumbent. The Directors therefore consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at their historic or deemed cost (on the same basis as noted above).

### **Depreciation of 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

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the total residual value is not less than the amount stated in the financial statements. Accordingly, any depreciation would be immaterial.

Computer hardware and software, office equipment, furniture & fittings have been written off to date.

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 following rates, (% p.a. on cost): -

Computer hardware and software	33%	straight line
Furniture & fittings	10%	straight line
Other office equipment	20%	straight line

Items costing less than £1,000 are not capitalised.

#### **Valuation of investment securities**

Investment securities have been valued at their market value by the directors using the market prices reported for the year-end by CCLA Investment Management Ltd as at 31st December 2014. The CBF Church of England Investment Fund income shares were valued at 1335.29p per share (2013 – 1267.78p per share).

#### **Investment property**

Glebe agricultural land was valued as at 31st December 2013 by Smiths Gore, Chartered Surveyors, who manage the portfolio. For allotments and other miscellaneous holdings a valuation is provided by the Assistant Secretary (Property) (an employee of the Derby Diocesan Board of Finance Limited) on an annual basis. Receipts from mineral royalties are treated as a gain on asset disposal. In 2014 the amount recorded as a realised gain was £475,102 (2013 – gain of £243,750).

#### **Gains and losses on fixed assets**

Realised gains and losses on non-investment properties are included within net incoming resources for the year. Unrealised gains and losses on investment properties are included as part of other recognised gains and losses together with both realised and unrealised gains and losses on investment assets.

#### **Finance and operating leases**

Operating lease rentals are charged to the Statement of Financial Activities when they are paid.

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2014	Total funds 2013
	£	£	£	£	£
<b>2. Common Fund</b>					
Greatfield Archdeaconry	2,081,448	-	-	2,081,448	2,081,530
Dunby Archdeaconry	2,269,888	-	-	2,269,888	2,281,781
	<u>4,451,336</u>	<u>-</u>	<u>-</u>	<u>4,451,336</u>	<u>4,363,311</u>
In respect of previous years	38,242	-	-	38,242	88,138
	<u>4,489,578</u>	<u>-</u>	<u>-</u>	<u>4,489,578</u>	<u>4,451,449</u>
Total Common Fund receipts represent 90.2% of the allocation (2013 - 91.5%)					
<b>3. Voluntary income from Archbishop's Council</b>					
Selective allocation	1,585,285	-	-	1,585,285	1,585,285
Parish Mission Fund	-	141,470	-	141,470	141,470
	<u>1,585,285</u>	<u>141,470</u>	<u>-</u>	<u>1,726,755</u>	<u>1,726,755</u>
<b>4. Other voluntary income</b>					
Abelchurch Trust distribution	133,228	-	-	133,228	129,838
Grants	8,212	14,180	-	22,392	12,830
	<u>141,440</u>	<u>14,180</u>	<u>-</u>	<u>155,620</u>	<u>142,668</u>
<b>5. Income from activities for generating funds</b>					
Rental income	185,842	-	-	185,842	205,544
Sale of publications	2,878	-	-	2,878	2,837
	<u>188,720</u>	<u>-</u>	<u>-</u>	<u>188,720</u>	<u>208,381</u>
<b>6. Investment income</b>					
Dividends receivable					
Central Board of Finance Investment Funds	951,282	183,857	-	1,135,139	1,228,211
Central Board of Finance Property Funds	78,258	58,810	-	137,068	148,182
Interest on cash deposits					
Central Board of Finance Deposit Funds	11,888	8,228	-	20,116	28,032
National Westminster Bank	478	-	-	478	232
Rents receivable (glaze land and buildings)	153,578	-	-	153,578	155,155
	<u>1,194,474</u>	<u>250,895</u>	<u>-</u>	<u>1,445,369</u>	<u>1,560,812</u>
<b>7. Incoming resources from charitable activities</b>					
Statutory fees and chaplaincy income	432,745	-	-	432,745	438,133
Contributions to senior minister and other chaplaincy posts	8,443	-	-	8,443	12,838
Church Commissioners	21,584	-	-	21,584	21,035
Other contributions and income	135,145	1,880	508	137,533	208,819
	<u>607,917</u>	<u>1,880</u>	<u>508</u>	<u>610,305</u>	<u>680,825</u>
<b>8. Other incoming resources</b>					
Gain on disposal of:					
Property	-	-	158,188	158,188	208,237
	<u>-</u>	<u>-</u>	<u>158,188</u>	<u>158,188</u>	<u>208,237</u>
<b>Total incoming resources</b>	<b>8,184,887</b>	<b>281,814</b>	<b>188,702</b>	<b>8,755,403</b>	<b>8,882,182</b>

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2014	Total funds 2013
	£	£	£	£	£
<b>9. Investment management costs</b>					
Global fund agents' fees and other expenses	53,491	-	-	53,491	41,038
Other agents' commissions and expenditure	27,221	-	-	27,221	32,032
	<b>80,712</b>	<b>-</b>	<b>-</b>	<b>80,712</b>	<b>74,070</b>
<b>10. Contributions to Archbishop's Council</b>					
Training for ministry	180,025	-	-	180,025	170,035
National Church responsibilities	185,491	-	-	185,491	172,035
Retired clergy housing costs (C-15 Fund)	55,228	-	-	55,228	58,039
Pooling of ordained candidates' costs	13,449	-	-	13,449	8,227
	<b>414,193</b>	<b>-</b>	<b>-</b>	<b>414,193</b>	<b>417,336</b>
<b>11. Expenditure on resourcing ministry &amp; mission</b>					
<b>Episcopal ministry</b>					
Bishops, bishops' and national insurance	3,824,747	17,218	-	3,841,965	3,741,039
Pension contributions	1,204,244	-	-	1,204,244	1,225,292
Housing costs	928,782	208,000	-	1,136,782	1,002,019
Removal, replacement and other expenses	79,224	42,150	-	121,374	118,045
	<b>6,036,997</b>	<b>267,366</b>	<b>-</b>	<b>6,304,363</b>	<b>6,186,395</b>
<b>Support for ministry</b>	<b>1,581,111</b>	<b>287</b>	<b>-</b>	<b>1,581,408</b>	<b>1,818,259</b>
	<b>7,618,108</b>	<b>268,653</b>	<b>-</b>	<b>7,886,761</b>	<b>8,004,654</b>
<b>12. Expenditure on Board of Education &amp; Diocesan projects</b>					
Diocesan Board of Education	318,591	-	-	318,591	274,154
Daily Cathedral	15,882	-	-	15,882	15,450
Church of North India Partnership	758	-	-	758	758
Clergy Widows & Orphans	-	7,000	-	7,000	5,000
Diocesan projects	8,871	143,282	-	152,153	182,209
Parishes	-	5,784	-	5,784	88,693
	<b>343,002</b>	<b>156,066</b>	<b>-</b>	<b>499,068</b>	<b>678,356</b>
<b>13. Governance costs</b>					
Audit fees	12,888	-	-	12,888	12,888
Diocesan Synod & preparation of statutory returns etc.	18,182	-	-	18,182	15,750
	<b>31,070</b>	<b>-</b>	<b>-</b>	<b>31,070</b>	<b>28,638</b>
<b>14. Other resources expended</b>					
Loss on sale of fixed assets	-	-	-	-	42,222
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,222</b>
<b>Total resources expended</b>	<b>8,964,948</b>	<b>424,919</b>	<b>-</b>	<b>9,389,867</b>	<b>9,144,155</b>

## 16. Analysis of resources expended (including allocation of support costs)

	Activities undertaken directly	Grant funding of activities	Support costs	Total 2014
	£	£	£	£
Investment management costs	83,862	-	-	83,862
Contributions to Archbishop's Council	-	414,883	-	414,883
Funding ministry and mission	7,233,000	-	435,184	7,668,184
Board of Education & Diocesan projects	-	489,219	8,771	497,990
Governance costs	15,000	-	18,832	33,832
	<b>7,331,862</b>	<b>904,102</b>	<b>453,967</b>	<b>8,689,931</b>

## 16. Analysis of grants

	Grants to parishes	Grants to other organisations	Total Grants 2014	Total Grants 2013
	£	£	£	£
<b>Unrestricted fund</b>				
Duchy Diocesan Board of Education	-	318,501	318,501	274,154
Duchy Cathedral Chapter	-	15,882	15,882	15,450
Church of North India Partnership	-	760	760	760
<b>Restricted income funds</b>				
Local Mission Fund	121,879	22,208	144,087	182,200
Clarey Wickes & Ophoes	-	7,000	7,000	5,000
Stuffed Legacy (Church Trust Fund)	5,784	-	5,784	88,532
	<b>127,663</b>	<b>29,208</b>	<b>156,871</b>	<b>375,282</b>

Diocesan departments also made payments in the course of their work to 38 individuals, totalling £182,344 (2013 - 41 individuals, totalling £188,418), in respect of removals, resettlement & first appointment grants to ministers and ordination candidates' financial support.

## 17. Analysis of transfers between funds

	Unrestricted funds	Restricted funds	Endowment funds	Total 2014
	£	£	£	£
Transfer of percentage losses (2) to Board of Finance by Pastoral Subsidies	208,000	-	(208,000)	-
Transfer of percentage losses sale proceeds (1) to Diocesan Pastoral Account	-	281,100	(281,100)	-
	<b>208,000</b>	<b>281,100</b>	<b>(489,100)</b>	<b>-</b>

## 18. Operating deficit/surplus

	2014	2013
	£	£
<b>The operating deficit/surplus is arrived after charging:</b>		
Depreciation	8,341	-
Operating losses	4,880	4,880
Directors' and Officers' Liability (Indemnity) Insurance	4,880	2,442
Audit	13,800	12,800

## 19. Summary of fund movements

	As at 1st January 2014	Incoming resources	Outgoing resources	Transfers	Gains and losses	As at 31st December 2014
	£	£	£	£	£	£
<b>Endowment funds</b>						
<b>Expandable endowment</b>						
Benefice Homes	21,788,812	158,188	-	(488,188)	-	21,458,812
Episcopal Fund Capital (Globe funds)	58,184,888	-	-	-	1,451,888	59,636,776
<b>Restricted endowment funds</b>	<b>2,048,028</b>	<b>588</b>	<b>-</b>	<b>-</b>	<b>174,718</b>	<b>2,223,334</b>
	<b>60,979,728</b>	<b>158,776</b>	<b>-</b>	<b>(488,188)</b>	<b>1,626,606</b>	<b>62,156,326</b>
<b>Restricted income funds</b>						
Diocesan Pastoral Account	1,668,873	85,121	(887,179)	288,188	57,120	1,792,143
Local Mission Fund	218,173	141,478	(148,382)	-	-	210,869
Other restricted income funds	1,908,851	175,023	(72,377)	-	88,815	2,019,312
	<b>2,815,917</b>	<b>381,614</b>	<b>(488,938)</b>	<b>288,188</b>	<b>146,145</b>	<b>2,952,744</b>
<b>Unrestricted income funds</b>						
General Fund	2,070,557	8,985,021	(8,545,188)	(488,205)	145,550	2,159,735
Globe funds (net of agent fees)	-	927,018	(827,018)	-	-	-
<b>Designated funds</b>						
Corporate Properties fund	8,940,888	-	-	288,880	-	9,229,768
Parsonages	1,178,245	228,981	(887,447)	381,880	42,550	1,191,889
Other designated funds	1,278,882	85,828	(105,055)	134,885	87,254	1,391,889
	<b>14,488,015</b>	<b>9,183,857</b>	<b>(8,884,890)</b>	<b>288,880</b>	<b>275,304</b>	<b>14,877,117</b>
<b>Position reserves</b>	<b>(222,382)</b>	<b>-</b>	<b>(885)</b>	<b>-</b>	<b>(77,825)</b>	<b>(299,392)</b>
	<b>14,265,633</b>	<b>9,183,857</b>	<b>(8,884,893)</b>	<b>288,880</b>	<b>197,479</b>	<b>14,877,725</b>
<b>Total funds</b>	<b>62,224,943</b>	<b>9,788,173</b>	<b>(8,887,887)</b>	<b>-</b>	<b>1,970,886</b>	<b>73,156,114</b>

## 20. Ministerial staffing costs

The Board meets the staffing costs of both stipendiary clergy and licensed lay ministers serving in the diocese, 136.3 full time equivalent (fte) posts at 31st December 2014 (2013 - 137.6 fte posts).

The Board participates in the Church of England Funded Pensions Scheme which has approximately 8,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Board is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31st December 2012. This revealed a shortfall of £283m, with assets of £826m and a funding target of £1,109m, assessed using the following assumptions:



## 20. Ministerial staffing costs (continued)

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31st December 2012 to 2/3rds by 31st December 2020, with the balance in return-seeking assets; and
  - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- increase in pensionable salaries of 3.2% p.a. and
- post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowances made for improvements in mortality rates from 2003 in line with CMI core projections, with a long term annual rate of improvement of 1.0% for males and females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 8(b) of FRS 17 requires the Board to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2012 valuation, the Board's contribution rate will increase from 38.2% to 38.8% of pensionable salaries from 1st January 2013 (of which 14.1% will be in respect of the £289m shortfall in the Scheme and 23.6% in respect of accrual of future benefits and day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due as at 31st December 2013.

## 21. Directors' remuneration & expenses

None of the directors received any emoluments from the Board in respect of services performed as directors (2013 - £nil). During the year 8 directors claimed reimbursement for travel or out of pocket expenses totalling £1,532 (2013 - 14 directors claimed expenses totalling £218).

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by the Diocesan Synod towards the salaries, social security costs and pension contributions of the licensed clergy (with the exception of the Suffragan Bishop of Ripon) who are directors of the Board and provided houses, including the payment of council tax and maintenance costs, as part of clergy normal remuneration. In the case of the Suffragan Bishop of Ripon, the Board provided the housing and paid council tax and housing maintenance costs; salary and other expenses are payable by the Church Commissioners and not the Board.

## 22. Board of Finance staff remuneration

Staff remuneration during the year was as follows:

	2014	2013
	£	£
Salaries	780,478	649,821
Social security costs	67,908	68,815
Other pension contributions		
Church of England Funded Pensions Scheme		
2014 - 4 employees (2013 - 2 employees)	33,738	18,831
Defined benefit scheme, 2014 - 1 employee (2013 - 1 employee)	3,873	7,478
Defined contribution scheme, 2014 - 20 employees (2013 - 25 employees)	88,414	37,783
	<u>884,108</u>	<u>783,333</u>

## 22. Board of Finance staff remuneration (continued)

Average number of employees during the year:

	2014	2013
	£	£
Full-time	10.7	9.0
Part-time (full-time equivalent)	7.7	11.2
	<u>18.4</u>	<u>20.2</u>

The number of staff whose total remuneration (salary plus possible bonus plus excluding pension contributions) exceeded £80,000 during the year is as follows:

	2014	2013
	(Number)	(Number)
£80,001 - £700,000	1	1

The total amount of employer defined pension contributions paid on behalf of the employee in the table above was £6,944 (2013, 1 employee - £4,601).

### Funded defined benefit pension schemes

The Board operates a defined benefit pension scheme in respect of a former employee. The Board is required to follow Financial Reporting Standard (FRS) 17 'Retirement Benefits' in disclosing the financial position of the scheme.

The assets of the scheme are held separately from those of the Board of Finance, being invested with Engage Mutual Assurance Ltd. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and rates of increases in pensions. The Board expects to contribute £0,360 (2013 - £0,760) to the scheme during the year to 31st December 2015, all of which is in respect of defined benefit arrangements. The FRS 17 liability value excludes any allowance for deferred taxation, defined contribution arrangements or discretionary increases under the scheme.

The main financial assumptions are:

	December 2014 Basis	December 2013 Basis
Discount rate	2.6%	4.8%
Inflation assumption (RPI)	2.5%	3.8%
LPI 5.0% pension increases	2.9%	3.5%
LPI 2.5% pension increases	2.3%	2.4%
Revelation in debt interest	2.5%	3.8%
Salary increases	nil	nil

The mortality assumptions are based on 80% of the PC&AXI series tables with the long cohort projection subject to a minimum annual rate of improvement of 1.0% p.a. for males based on the member's year of birth.

Life expectancy at age 65:

	December 2014 Basis	December 2013 Basis
Males currently aged 65	20.3	22.1
Females currently aged 65	21.8	21.7
Males currently aged 60	26.8	28.4
Females currently aged 60	21.3	21.2

The assets in the Scheme are invested with Engage Mutual in deferred annuities and an endowment policy.

## 22. Board of Finance staff remuneration (continued)

### Defined benefit pension schemes (continued)

The overall expected return on assets assumption has been determined with reference to the underlying asset allocation on the assets held and the expected long term rate of return on those asset classes at the year end. The assets do not include any investment in the Board.

	2014	2013
Long term expected rate of return on the Scheme's assets, net of expenses less asset policies (£%)	3.00%	5.07%
	388,178	348,877

The actual return on the Scheme's assets net of expenses over the year to 31st December 2014 was £16,800 (2013 - £20,746).

### Amounts recognised in the balance sheet and Statement of Total Recognised Gains and Losses:

Period to 31st December:	2014	2013	2012	2011	2010
	£	£	£	£	£
Present value of defined benefit obligation	(170,484)	(573,368)	(589,938)	(470,533)	(407,483)
Fair value of assets	388,178	348,877	304,214	278,867	282,169
Deficit	(281,306)	(224,491)	(285,724)	(191,666)	(175,314)
Experience gains on Scheme liabilities	13,833	21,737	4,455	2,710	14,874
Changes in assumptions used to value Scheme liabilities	(83,346)	(939)	(59,359)	(54,577)	(33,134)
Experience adjustments on Scheme assets	(5,808)	14,125	(4,378)	8,410	(284)
Actuarial gains/(losses)	(75,321)	34,823	(59,282)	(11,337)	(18,544)

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

	2014	2013
	£	£
Current service (cost)	(171)	(3,417)
Interest (cost)	(28,378)	(32,382)
Expected return on assets	17,708	15,811
	(38,841)	(20,088)

### Reconciliation of assets and defined benefit obligations:

	£		£
Fair value of assets:		Defined benefit obligations:	
As at 1st January 2014	348,877	As at 1st January 2014	573,368
Expected return on assets	17,708	Current service cost	171
Employer contributions	8,572	Interest cost	28,378
Benefits paid	(171)	Benefits paid	(171)
Actuarial loss on assets	(8,004)	Actuarial loss on defined benefit obligation	78,718
As at 31st December 2014	388,178	As at 31st December 2014	678,483

## 23. 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 of Finance pays an annual grant to the Derby Diocesan Board of Education to meet salary and operating costs (see Note 18 on page 66 of the Notes to the Accounts). The Rt Revd Dr A Radford, The Rt Revd H Southam and Canon D Mills, were directors of both companies.

Von C Wilson, director of the Board is also a director of Ecclesiastical Insurance Office plc. Amounts paid to Ecclesiastical Insurance Office plc for insurance during the year were £83,281 (2013 - £80,263).

Mr M Titton, Executive Chair and director of the Board, is also a member of Derby Cathedral Chapter (see Note 18 on page 66 of the Notes to the Accounts).

In respect of all related party transactions there were no outstanding balances at the year end (2013 - no balances outstanding).

## 24. Tangible fixed assets

	Freehold houses		Leasehold houses		Church House	Office Equipment	Total
	Parsonages	Globe	Corporate	Corporate			
	£	£	£	£			
<b>Cost or deemed cost</b>							
At 1st January 2014	21,782,812	322,000	7,435,825	302,478	822,782	-	30,245,897
Additions	-	-	-	-	-	27,805	27,805
Disposals	(104,000)	-	-	-	-	-	(104,000)
Transfers	(202,000)	-	202,000	-	-	-	-
At 31st December 2014	21,476,812	322,000	7,637,825	302,478	822,782	27,805	30,569,702
<b>Depreciation</b>							
At 1st January 2014	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	5,841	5,841
Disposals	-	-	-	-	-	-	-
At 31st December 2014	-	-	-	-	-	5,841	5,841
<b>Net book value</b>							
At 31st December 2014	21,476,812	322,000	7,637,825	302,478	822,782	21,964	30,563,861
Number of houses	146	5	28	1			180
At 31st December 2013	21,782,812	322,000	7,435,825	302,478	822,782	-	30,710,897
Number of houses	146	5	28	1			180

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 market value. The costs of revaluation are considered to outweigh the benefits to the reader of the accounts.

Church House includes the Diocesan Office and amounts capitalised shown at cost. There is no reliable market value, but a valuation of Church House would be greater than the historic cost.

## 25. Fixed asset investments

	2014	2013
	£	£
<b>Investments; securities within the United Kingdom (market value)</b>		
At 1st January 2014	27,244,000	25,128,772
Additions at cost	12,428,887	-
Disposals	(8,848,427)	-
Unrealised gains/(losses)	1,187,822	2,711,028
At 31st December 2014	31,912,282	27,849,799
<b>Investments; properties (market value)</b>		
At 1st January 2014	5,288,000	5,288,000
Additions at cost	-	-
Disposals	-	-
Unrealised gains	-	65,800
At 31st December 2014	5,288,000	5,353,800
<b>Total fixed assets; investments within the United Kingdom</b>	<b>37,200,282</b>	<b>33,203,599</b>

## 26. Fixed asset investments (continued)

	2014		2013	
	£ Cost	£ Market value	£ Cost	£ Market value
<b>Unlisted investment securities</b>				
<b>GCLA Central Board of Finance of the Church of England</b>				
Investment fund income shares	17,222,227	24,472,026	12,505,265	22,013,733
Global equity fund income shares	2,200,000	2,142,000	-	-
Property fund income shares	2,220,245	2,221,204	1,220,245	1,221,122
<b>Total investments, securities</b>	<b>21,642,472</b>	<b>26,835,230</b>	<b>13,725,510</b>	<b>23,234,855</b>
<b>Investments, properties comprise:</b>				
Global agricultural land		5,121,222		5,121,222
Other property		144,222		144,222
<b>Total investments, properties</b>		<b>5,265,444</b>		<b>5,265,444</b>

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

## 26. Debtors

	2014 £	2013 £
<b>Amounts due from PCCs (unsecured)</b>		
Guarantee Fund	122,004	117,274
Loans to parishes	1,722	22,122
Other debtors	22,222	102,222
Prepayments & accrued income	22,222	22,222
<b>Total debtors</b>	<b>148,170</b>	<b>163,838</b>
<b>Debtors comprise:</b>		
Amounts due within one year	122,004	122,004
Amounts due after more than one year	26,166	41,834
	<b>148,170</b>	<b>163,838</b>

## 27. Creditors

	2014 £	2013 £
<b>Amounts falling due within one year</b>		
Bank overdrafts	422,222	322,222
Accruals	22,222	22,222
	<b>444,444</b>	<b>344,444</b>
<b>Amounts falling due after more than one year</b>		
Value-linked loans for houses with the Church Commissioners (see note below)	222,000	222,000
	<b>222,000</b>	<b>222,000</b>

### Notes

Interest at the time of the advances is at the rate of 4% p.a. (3% per annum on loans advanced on or before 31st December 1992) rising annually by the increase in the Retail Prices Index. Repayment becomes due when a property is sold (or the occupant ceases to be a qualifying person). In the event of a sale of any of the houses purchased with value-linked loans, the whole, or a proportionate part, of the net sale proceeds would go to the Church Commissioners.

## 28. Contingent liabilities

The Board is party to a mortgage with Derbyshire County Council totalling £20,000 (2013 - £20,000).

## 29. Capital commitments

	2014	2013
	£	£
<b>Capital expenditure</b>		
<b>Contracted for but not provided for in the Financial Statements:</b>		
Purchase of computer hardware & software	-	2,197
Improvements to passenger buses	48,888	27,388
	<u>48,888</u>	<u>29,585</u>

## 30. Operating lease commitments

	2014	2013
	£	£
<b>As at 31st December the Board had annual commitments under non-cancellable operating leases as set out below:</b>		
<b>Operating leases which expire:</b>		
In 1 year	4,930	-
Between 2 - 5 years	-	4,930
	<u>4,930</u>	<u>4,930</u>

## 31. Summary of assets per fund

	Fixed assets		Current	Creditors	Net
	tangible	Investments	assets		assets
	£	£	£	£	£
<b>Endowments funds (see note 32)</b>					
<b>Expendable endowment funds</b>					
Benefice Houses	21,468,812	-	-	-	21,468,812
Bijouville Fund Capital (Clibo funds)	228,000	28,746,390	644,912	-	27,609,302
<b>Permanent endowment funds</b>	-	2,208,228	12,023	-	2,220,251
	<u>21,702,812</u>	<u>29,962,818</u>	<u>657,225</u>	<u>-</u>	<u>52,262,855</u>
<b>Rescripted Income funds (see note 33)</b>					
Dixons Pastoral Account	-	1,702,367	62,774	-	1,765,141
Local Mission Fund	-	-	212,221	-	212,221
Other restricted income funds	-	1,812,337	67,225	-	2,091,819
	<u>-</u>	<u>3,524,704</u>	<u>287,980</u>	<u>-</u>	<u>3,812,684</u>
<b>Unscripted Income funds</b>					
General Fund	22,064	2,280,615	144,111	(288,222)	2,358,568
<b>Designated funds (see note 34)</b>					
Corporate Proprietary fund	8,878,898	-	-	(328,222)	8,550,676
Parsonage	-	1,821,644	202,291	(162,222)	1,911,303
Other designated funds	-	1,852,291	102,274	-	2,007,565
	<u>8,878,898</u>	<u>3,674,535</u>	<u>304,565</u>	<u>(490,444)</u>	<u>4,367,554</u>
<b>Parsonage reserve</b>	-	-	-	(301,272)	(301,272)
	<u>8,878,898</u>	<u>3,674,535</u>	<u>304,565</u>	<u>(1,101,516)</u>	<u>3,674,535</u>
<b>Total funds</b>	<u>29,581,702</u>	<u>33,637,353</u>	<u>1,486,361</u>	<u>(1,101,516)</u>	<u>32,523,514</u>

## 32. Endowment funds

	As at 1st January 2014	Incoming resources	Resources expended	Transfers	Gains/ (losses)	As at 31st December 2014
	£	£	£	£	£	£
<b>Expendable endowment</b>						
Bertha House	21,782,812	158,188	-	(488,188)	-	21,452,812
Stipends Fund Capital (Globe funds)	28,184,539	-	-	-	1,451,033	29,635,572
<b>Permanent endowment funds</b>						
Stifford Legacy (Church Trust Fund)	1,428,089	-	-	-	88,458	1,516,547
Clareton Legacy Fund	1,822,776	-	-	-	58,114	1,880,890
Parsonages	280,040	-	-	-	14,954	294,994
Stipends Trusts	280,701	-	-	-	11,187	291,888
Parlington Legacy	75,841	508	-	-	4,028	80,377
	<b>32,379,307</b>	<b>158,702</b>	<b>-</b>	<b>(488,188)</b>	<b>1,589,772</b>	<b>32,529,593</b>

**Bertha House** - represents the value of passage 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 (Globe Funds)** - represents the proceeds of the sale of globe, parsonages transferred by Pastoral Salmons 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 Globe Monuments 1878 and the Church of England (Miscellaneous Provisions) Measure 1992.

**Stifford Legacy (Church Trust Fund)** - capital to be held as permanent endowment with income available up to 10% to a specific parish in the diocese and 90% at the discretion of the Board of Finance.

**Clareton 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 passage houses.

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

**Parlington Legacy** - funds are for "general religious purposes" and annual income is awarded directly to unvested funds.

## 33. Restricted income funds

	As at 1st January 2014	Incoming resources	Resources expended	Transfers	Gains/ (losses)	As at 31st December 2014
	£	£	£	£	£	£
Diocesan Pastoral Account	1,588,873	85,121	(207,170)	280,188	57,130	1,704,141
Local Mission Fund	218,173	141,470	(142,282)	-	-	216,361
Capital Resources	482,187	25,886	-	-	45,888	504,951
Miligan Pension Fund	284,776	14,788	(7,880)	-	19,284	291,668
Bishop Allen Legacy	280,883	5,784	-	-	13,981	290,648
Stifford Legacy (Church Trust Fund)	280,581	82,320	(5,784)	-	-	307,117
Poorer's Glory Fund	225,763	8,844	(8,283)	-	11,888	237,132
Bertha Legacy	148,584	5,883	-	-	7,322	161,789
Faith in Action	58,176	1,110	(287)	-	880	60,089
Board of Pensions	1,053	11	-	-	-	1,074
Clareton Legacy	-	42,150	(42,150)	-	-	-
Stipends Trusts	-	8,388	(8,283)	-	-	-
<b>Total restricted income funds</b>	<b>3,813,887</b>	<b>281,814</b>	<b>(422,282)</b>	<b>280,188</b>	<b>106,148</b>	<b>3,982,747</b>

### 33. Restricted income funds (continued)

**Dioceesan Pastoral Account** - represents the proceeds of redundant churches and parsonages which have not yet been applied to the purposes permitted by the Pastoral Measure 1968. Parsonage house improvements are funded from the sale proceeds of redundant parsonage houses through the Dioceesan Pastoral Account.

**Local Mission Fund** - Parish Mission Funding made available by the Archbishop's Council for "the additional provision for the care 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" and solely for mission development. Of the balance of £218,281 remaining, an amount of £167,081 has been committed to future projects.

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

**Miligan Parsonage Fund** - for clergy parsonage and vicarial clergy. An annual grant is paid to the Gregg Wilkes & Ophers Fund.

**Bishop Alan Legacy** - for clergy welfare, ordination training, new halls and church repair. The Bishop in consultation with the Board of Finance may decide to use the funds for any suitable purpose.

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

**Power Clergy Fund** - available for stipend support.

**Beaumont Legacy** - available for clergy parsonage contribution support.

**Parish in Action** - historic balance of funds specifically available for 'social responsibility' purposes. Annual income is transferred to Mission & Ministry.

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

**Orison Legacy** - funds set for "the maintenance of services" and are used to support the costs of stipendiary clergy.

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

### 34. Designated funds

	As at 1st January 2014	Incoming resources	Resources expended	Transfers	Gains/ (losses)	As at 31st December 2014
	£	£	£	£	£	£
Corporate Properties	8,340,898	-	-	200,000	-	8,540,898
Parsonage	1,178,846	288,991	(887,447)	281,800	42,620	1,124,810
Ordinands' Support	882,416	88,574	(108,521)	100,000	27,175	749,634
Wells Legacy	824,679	26,386	-	(26,285)	33,808	858,588
Morley Fund	661,689	11,960	(4,524)	-	28,341	697,466
Church Growth	-	-	-	60,000	-	60,000
<b>Total designated funds</b>	<b>11,688,528</b>	<b>384,931</b>	<b>(793,492)</b>	<b>704,925</b>	<b>104,944</b>	<b>11,732,936</b>

**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.

**Parsonage** - amounts transferred from unrestricted funds not solely for purposes of the Parsonage Guarantee.

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

**Wells Legacy** - available for general purposes and designated for general income support.

**Morley Fund** - proceeds from the sale of Morley Pottery House not solely with annual income to be made available for the Spirituality Group.

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

### 35. Funds held as custodian trustees on behalf of others

The Board of Finance holds investments on behalf of Parochial Church Councils (PCCs) and others as custodian trustees. Each year an annual statement of financial investments held by the Board of Finance in its capacity as custodian trustee is made available to PCCs. The market value of investments held on behalf of PCCs and others is £1.9million (2013 - market value £1.9million), and all such investments are held separately from those of the Board of Finance. Historic cost figures are not available.



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