

Chester Diocesan Board of Finance



Annual Report and Financial Statements 2015

Cover Photo:
Quilted wall hanging by Joanne Ridley

Chester Diocesan Board of Finance

Annual Report and Financial Statements 2015

Company limited by guarantee registered in England (no 7826)
Registered charity (no 248968)

Bankers:

National Westminster Bank plc
33 Eastgate Street
Chester
CH1 1LG

Charity Bank
182 High Street
Tonbridge
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TN9 1BE

Investment managers:

CCLA Investment Management Limited
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London
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Auditors:

BDO LLP
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Solicitors:

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Chester Diocesan Board of Finance
Annual Report and Financial Statements 2015
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Chester Diocesan Board of Finance is the financial executive of the Church of England in the Diocese of Chester. It is a company limited by guarantee registered in England (no 7826) and is a registered charity (no 248968)

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Report of the trustees, incorporating the Strategic Report

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Membership of the Board

(The trustees of the charity and the directors of the charitable company are the same.)

Trustees/Directors served for the full year, except where shown.

President: The Rt Revd Dr Peter R Forster Bishop of Chester

Chairman: Canon Elizabeth Renshaw MBE until 13th November 2015; continued as trustee/director
Mr Ian Scott-Dunn from 14th November 2015

Trustees/Directors:

| | |
|--|----------------------------|
| The Rt Revd Keith Sinclair | Bishop of Birkenhead |
| The Rt Revd Elizabeth J H Lane | Bishop of Stockport |
| The Ven Dr Michael R Gilbertson | Archdeacon of Chester |
| The Ven Ian G Bishop | Archdeacon of Macclesfield |
| The Very Revd Professor Gordon McPhate | Dean of Chester |
| Canon Dr John P Mason | Chairman, House of Laity |
| The Revd Dr Robert S Munro | Chairman, House of Clergy |

The Revd Canon Elaine Chegwin Hall
The Revd Simon Drew from 1st December 2015
The Revd Canon David R Felix
The Revd Alison J Fulford from 1st December 2015
The Revd Simon R Gales
The Revd Andrew Q Greenhough
The Revd Julian R Heaton
The Revd Edward W Lautenbach until 31st October 2015
The Revd Dr David J Page from 1st December 2015
The Revd Michael L Ridley
The Revd Alexandra Sanders from 1st December 2015
The Revd Carol S Seddon from 1st December 2015
The Revd Michael I A Smith
The Revd Canon Prof Roger A Yates until 30th November 2015
The Revd Canon Michael W Walters until 30th November 2015

Dr J Graham Campbell
Mrs Rosalind I Campbell until 30th November 2015
Dr Alan Downen
Mr Paul Edwards until 30th November 2015
Mr John J C Freeman
Miss Fiona Goode
Mrs Jenny Kidd from 1st December 2015
Mr V John Legg
Mrs Melanie A McCombe until 30th November 2015
Mr David Marriott
Mr Richard Neale until 30th November 2015
Mr Ian Roberts
Mr John R Scrivener from 1st Dec 2015

Secretary:

Mr George Colville

Throughout this document, "DBF" refers to Chester Diocesan Board of Finance, the subject of this annual report and accounts.

Chairman's Statement

We will tell to the coming generation the glorious deeds of the Lord, and his might, and the wonders that He has done. (Psalm 78:4)

I am pleased to present my first Annual Statement as Chairman of the Chester Diocesan Board of Finance and to be able to report that in its 144th year (2015) it is in good shape to continue to serve our mission purpose of "maintaining and promoting the spiritual teachings of the Church of England".

In reviewing the year, there have been many changes and including a world-changing event. I refer, of course, to the consecration of the new Bishop of Stockport - the Rt. Revd. Libby Lane on the 26th January at York Minster, followed by her installation at Chester Cathedral on the 8th March.



There have been many changes throughout the year, including those in Education where several long-serving staff members and officers left the Diocese; at Foxhill the Revd David Woodall took over as Warden from the Revd Taffy Davies. The Board thanks all those who have left the Diocese for the work they have done in promoting God's will.

I pay tribute to the work of George Colville (Diocesan Secretary) and his team at Church House, who provide the highest quality support to our parishes and beyond, as we recognise the particular stresses that they work under in this time of change.

Our financial performance in 2015 indicates that our normal day to day result for the year runs at about break-even (£51,000). Broadly, the shortfall in parish share contributions (below the budgeted shortfall) was matched by an underspend on vicarage repairs. The majority of activity outside day to day functions relates to the purchase, sale and replacement of vicarages, which is of necessity uneven in nature. Investments produced a gain of £70,000 (2014 £355,000). The majority of these investments are endowment funds whose primary function is to generate income for stipends, so maintenance of dividends is of more importance than end of year valuations. Due to changes in accounting legislation, agreed deficit funding contributions on defined benefit pension schemes are now included in the accounts and discussed further in the notes.

The Diocese is highly dependent on the receipts of Parish Share, which amounted to £10.6m in 2015. A large proportion of our expenditure, including payment of clergy stipends and costs of £9.2m, are paid for through this income. Currently, parishes are paying 92.5% of the total amount requested, that means income of £860,000 was not received by the Diocese in 2015. To mitigate this, the Diocese has no option but to annually budget for this shortfall, by inflating requests for parish share from all parishes. As a result, those parishes paying in full continue to compensate for shortfalls in those parishes that are not. In these financially turbulent times, it is understandable that some parishes are unable to pay their full Parish Share but I would ask those parishes not paying their full requested amount, who have reserves, to consider using those funds for the development of our mission in the wider context.

I thank all Board and Board Sub-committee members for their work. In particular, I wish to thank Canon Betty Renshaw for chairing the Board for the past 9 years. Betty oversaw a period in which we experienced the downturn in the world-wide economy, as it was rocked by the banking crisis; the introduction of the new Parish Share system; investment in the new Church House, whilst retaining excellent numbers of well-trained clergy.

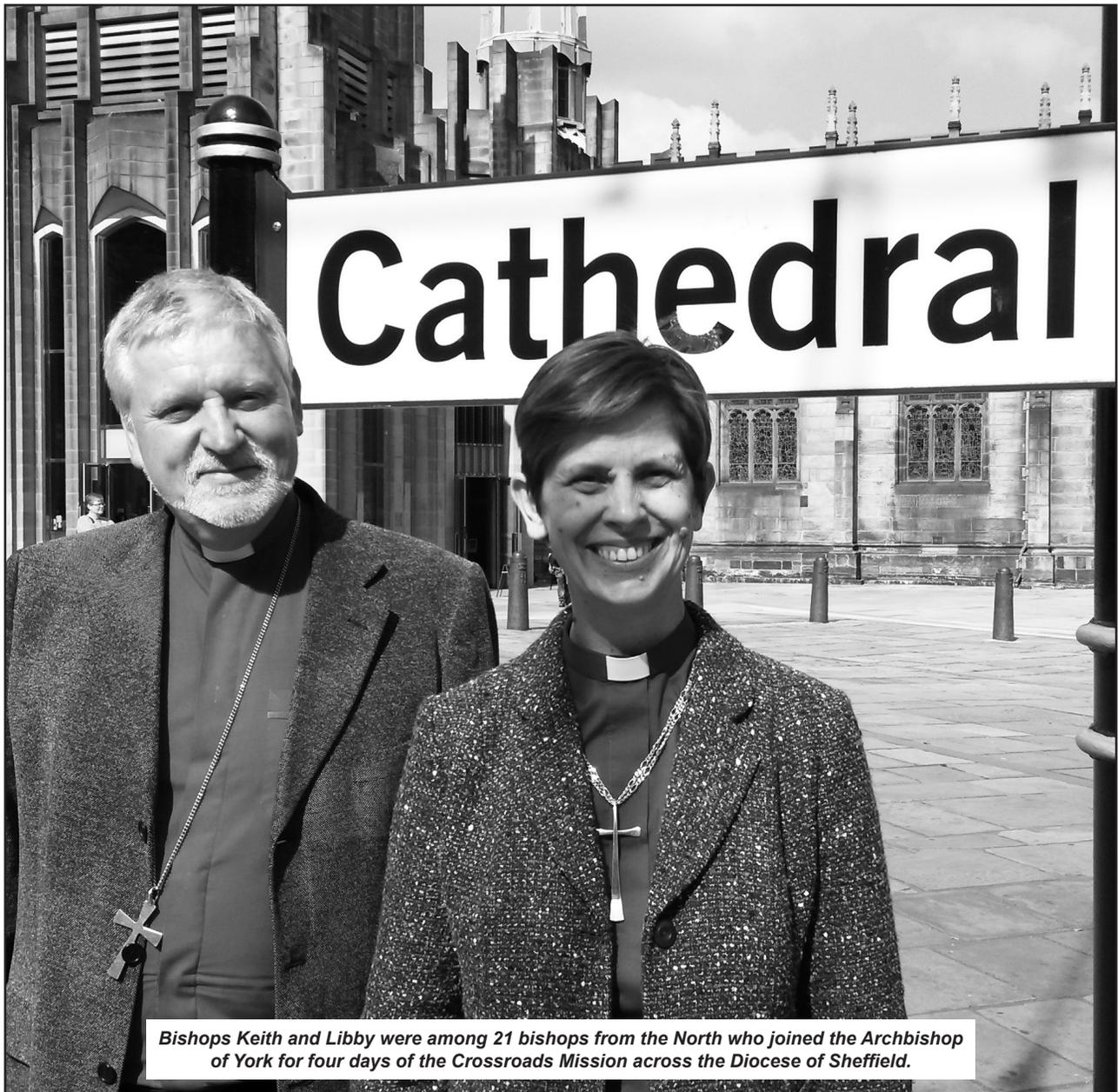
I would like to welcome all new members to the Board and look forward to working with you in the coming years.

Our priority is to use our resources wisely in the pursuit of growing God's kingdom throughout the Chester Diocese and beyond. We ask for your prayers and support in undertaking these challenges.

Ian N Scott-Dunn, Chair

Highlights of the year

- On 26 January the Rt Revd Libby Lane made history by becoming the Church of England's first woman bishop. The world's media was focussed on her for months afterwards, and she continues to receive many requests for interviews and invitations to speak at events.
- Bishop Libby was formally installed in her new role as Bishop of Stockport at Chester Cathedral on International Women's Day, 8 March. She has during the year taken on extra responsibilities, including roles with the Diocesan Board of Education and Foxhill.
- Bishops Keith and Libby were among the 21 bishops who joined the Archbishop of York for four days of mission across the Diocese of Sheffield. *The Crossroads Mission* involved visits to schools, community centres and cafés, plus evangelistic social events – some held in pubs. Further events are planned across northern dioceses, including ours.
- Two members of our diocesan Melanesian Link, Barbara Molyneux and Ruth Chesworth, went to the Solomon Islands in October to attend the Great Conference of the Melanesian Brotherhood – the first to be held since the neighbouring territories suffered from the effects of Cyclone Pam earlier in the year. The Church of Melanesia expressed gratitude to our diocese for the aid donations received.



Bishops Keith and Libby were among 21 bishops from the North who joined the Archbishop of York for four days of the Crossroads Mission across the Diocese of Sheffield.

Aims and Activities

Jesus said: 'You have not chosen me; I have chosen you. Go and bear fruit that will last.' (John 15.16)

God has given us a Christian framework for living which benefits the members of the churches in the Diocese and the wider public generally.

Ensuring our work delivers our aims

We review our work each year and consider outcomes and plans for the future. We take account of the Charity Commission's general guidance on public benefit when reviewing our purpose and in considering how planned activities will meet that aim.

The focus of our work

We provide facilities for public worship, pastoral care, and spiritual, moral and intellectual development; we promote Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

How our activities deliver public benefit

With further details provided below, our main activities aim to deliver public benefit in the following ways:

- **Clergy** - providing parish and other clergy in order to offer Christian services and spiritual oversight
- **Parochial Church Councils** – assisting PCCs to provide churches, sacred spaces and worship services
- **Parish Mission** – assisting parishes particularly through the Growth Action Planning (GAP) process
- **Education** - contributing to the spiritual and moral education of children and young people
- **Social Responsibility** - contributing to and assisting in social action in parishes and elsewhere
- **Training** - providing training and assistance in order that parishes have clergy and volunteers who are competent, in providing Christian services, such as visiting the sick, and comforting the bereaved
- **Grants** - making grants to enable the national church institutions to function and have a positive wider influence
- **Retreat and conference centre** - providing a retreat and conference centre for education, and spiritual and physical refreshment
- **World Mission** – in part through links with the Anglican Dioceses in Melanesia and Congo

Area of activity

The majority of the DBF's activity takes place in the Diocese of Chester, which roughly comprises Cheshire, the Wirral, and parts of Greater Manchester. Other Diocesan Boards of Finance perform a similar function in the rest of England.

Who benefits from our services?

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.
- Training courses and retreats are offered at reduced or no cost where appropriate in order that ability to pay is not a bar.



St Michael's church in Newton, Chester celebrated its fiftieth anniversary with a community hog roast.

Strategic Report

Clergy

Provision of Clergy

Although the DBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. With approximately 231 trained stipendiary clergy including Archdeacons and clergy who occupy a house and receive a reduced stipend, 37 of whom are curates, this responsibility is by far the DBF's largest financial commitment. It can only be met if the parishes pay their Parish Share. Stipend and pension levels are set nationally with some slight regional flexibility.

The DBF could save money and make its operations easier by significantly reducing the number of clergy. But provision of clergy and paying for them is at the very heart of the DBF's purpose, "to maintain and promote the spiritual teaching of the Church of England". Reducing clergy numbers goes against these aims so there is no overall objective to reduce clergy numbers. In the same way, reducing the levels of training would be counter-productive.

Some clergy are not paid stipends. These include self-supporting ministers, ministers in secular employment, and retired clergy. They give wonderful service, but generally have less time to offer and in most cases cannot be asked to take charge of a parish.

Almost all clergy in the Diocese are paid under the terms of Common Tenure, with only a few retaining their freehold. All new posts are now appointed under Common Tenure.

Good clergy, well trained and with high morale, are vital to the DBF's aims and objectives at the heart of the DBF's purpose. We have to ensure that we can continue to raise the money to keep as many as possible in post, for the sake of the Church, the Gospel, and the people and communities of the Diocese.



Pictured after their ordination at Chester Cathedral on Sunday 5 July, 2015, are 13 new deacons

Clergy housing

Although parsonage houses (often called rectories or vicarages) are not owned by the charity, it does have responsibility for maintaining and insuring them. This involves dealing with repairs, carrying out a comprehensive programme of inspections, and undertaking major renovation works during vacancies. There is also a phased programme of improving the overall standard of housing within the constraints of available funding, using the Church Commissioners' "Green Guide" standard as an aspiration.

Significant financial transactions in the year included : The new build at Sutton St James reported on last year was started in January with the new Vicar taking up residence in August. The new build Vicarage in High Lane was also completed this year. The sales of the following Vicarages completed this year: Marthall, Micklehurst, Willaston, and Great Sutton. Replacement Vicarages were bought in Wistaston, Thornton Hough, and Church Lawton. An extension project was started at Bidston to create a larger study, a public private split, and increased family accommodation. In addition various other improvement projects were completed including replacement window schemes, new boilers, and refurbishment of bathrooms.

Chaplains

The DBF also supports chaplains who provide a strong Christian influence in local industry, farming, two prisons, Manchester Airport, schools, hospitals, hospices and Chester University.

Bishops and Archdeacons

Bishops are the chief pastors of the Diocese. They provide overall focus and lead the mission of the Diocese. Archdeacons have the role of pastoral care of the clergy and oversight of church buildings and vicarages. There are two in Chester Diocese.

The Ven Dr Michael Gilbertson, Archdeacon of Chester, and the Ven Ian Bishop, Archdeacon of Macclesfield, said 'God is continuing to do remarkable things across the diocese. It is a privilege to work alongside lay people and clergy who are ministering with such commitment to share the love of Christ with our communities. The Church faces challenges of course, but thanks to the encouragements we see in parishes each day, we are looking to the future with confidence.'



Assisting Parochial Church Councils

Unless the Lord builds the house, the builders labour in vain. Unless the Lord watches over the city, the guards stand watch in vain. (Psalm 127:1)

The DBF has, as ever, provided strong support to parishes in maintaining and developing their church buildings, interior fittings and churchyards. Notable schemes have included rebuilding the huge spire of New Brighton St James, finalisation of plans for a major redevelopment and extension of Upton Priory Church of the Resurrection, and new toilet facilities at Nantwich St Mary. The year saw the completion of a major new community building joined to Prestbury St Peter and this is already providing extensive and much-needed facilities to support church mission and growth.

Parish Mission

“Every day they continued to meet together in the temple courts. They broke bread in their homes and ate together with glad and sincere hearts, praising God and enjoying the favour of all the people. And the Lord added to their number daily those who were being saved.” (Acts 2:43-47)

The DBF aims to facilitate spiritual and numerical growth in all churches in the Diocese. The focus is on both quality and quantity; parishes are encouraged to do church well knowing that this will lead to growth. The DBF is also committed to re-imagining the shape of ministry across the Diocese to ensure there is a growing and sustainable Christian witness in every local community.

The Parish Development Team (PDT) has developed various size specific and context specific leadership programmes to help churches grow. The Larger Churches group (over 300 usual Sunday attendance) meets four times a year and helps the largest churches in our diocese explore issues such as staff recruitment, nurturing new group leaders and developing appropriate models of outreach and evangelism.. The Larger Eucharistically Focused Churches group has made a promising start looking at such topics as All Age Communion and the pastoral issues encountered when adapting worship styles to reach new people. The Lead Academy has been very well received; its model of including the core church leadership team in the training alongside the vicar has proved to be particularly valuable. Jesus Shaped People seeks to support churches in more socially deprived areas of the Diocese. This is a model of church growth that has worked well in other dioceses and is proving very popular with churches in our own diocese.

Chester Diocese now has over 100 Messy Church congregations; these ensure parishes reach out to younger families and support them as they explore forms of spirituality helpful to their family circumstances. The PDT has supported several parishes as they have developed new Messy congregations in the last year.

Part of the work of the PDT is to support parishes as they seek to encourage giving to the Church. This includes helping parishes to undertake a Parish Giving Initiative: a programme designed for your parish to help church members gain a deeper understanding of the principles of Christian giving.



The congregation of St Peter's church, Prestbury, near Macclesfield, held an opening event and services for their new building – an annexe to the old church.

Education

How, then, can they call on the one they have not believed in? And how can they believe in the one of whom they have not heard? And how can they hear without someone preaching to them? And how can anyone preach unless they are sent? As it is written: 'How beautiful are the feet of those who bring good news!' (Romans 10:14-15)

This has been a year of change for those supporting education across the Diocese: Chris Woodward, the Schools Assets Officer, retired in June after more than 26 years of faithful service to the Diocese; Sandra James, who had acted as Senior Secretary to the Department retired at the end of August also after more than 26 years of loyal service. Mark Montgomery, the Diocesan Youth Officer for nearly fourteen years, left at the end of September to take up a post as Missioner and Associate Priest in a parish in Rochester Diocese and David Bell, Adviser for Ministry among Children for ten years left at the end of December to undertake freelance work. These officers have been a tremendous support to all parishes and schools across the Diocese as they strive to bring the Gospel to our young people and will be greatly missed. At the end of December, the Bishop of Birkenhead ceased to be chair of the committee after over eight years. Happily, he will continue to work closely in supporting work amongst our children and young people. All members of the committee came to the end of their term of office at the year-end and were thanked for their service over their three year term. The committee agreed unanimously to seek to be reconstituted as a much smaller group and this proposal will come to Diocesan Synod and, if approved, the agreement of the Secretary of State for Education will then be sought.

The DBF's work continues in three main areas, although this will change from January 2016 with support for work with children and youth moving to a new department.

Children

The highlights in the year have included the third Big Bible Event with Chester Cathedral, the biggest and best year yet providing Messy activities and conversations at the Cheshire Show and some inspiring groups in training sessions with 'Skills and More' and the Church Colleges Certificate in Children's Ministry course.

The Diocesan Children's Committee has also had some changes in recent months. Heartfelt thanks go to Kirsty Montgomery, Catherine Preece and Eddie Scrase-Field, who have all moved out of the diocese. With fresh members added, the committee is now: Rev Cathy Helm (Chair); Philip Alston, Jackie Heaton, Cathryn Houghton and Angela Klabou.

Use of the resource library at Church House has grown, and out-of-hours resource sessions have continued, enhancing the regular support and advice given to individual parishes.

Employed workers have continued to be supported individually, through an informal network, a residential retreat and the annual worker and line-manager day. Employed workers, along with key volunteers, also provide key creativity and leadership in Diocesan activities.

Youth

Training for workers and parishes in working with young people continued and students graduated from across the North West Dioceses with the Church Colleges Certificate in Christian Youth Work.

The Blestival youth weekend was held in early May, on the theme, 'Don't buy the lies' about the major events of Christmas, Easter, Lent and Halloween. An important training session on 'Ministry with younger generations in a digital world' was held in Church House which looked at using the digital technology so familiar to many young people.

The Diocesan Youth Committee continues to function with the Rev Chris Slater as Chair.



Schools

The DBF works closely with and provides financial and other support to Chester Diocesan Board of Education (DBE) in its work with Church Schools in the Diocese. Together with the DBE the Board seeks to ensure that schools have high standards and are distinctively Christian.

- Staff and governors have been supported, particularly but not exclusively in supporting their Christian foundation. Pastoral care has been particularly important and the recruitment of appropriate senior staff continues to be a high priority.
- 99% of church schools in the Diocese have been assessed as outstanding or good in their denominational inspection and just under 90% have been judged outstanding or good in their Ofsted inspection.
- Many schools are considering applying for academy status and this is occupying officers who are needed to provide advice. Currently the agreement of the Diocesan Board of Education is required before any church school can become an academy. Acton Church of England School has been granted an academy order and is working with Calveley School to form a multi-academy trust. St Oswald's Worleston has an academy order and is seeking to form a multi-academy trust with Bunbury Aldersey Church of England School after it becomes federated. Chester Diocesan Academies Trust is being developed to enable it to support more schools.
- During the year, Mrs Adele Holt was appointed as School Assets Manager to support schools in their building work and provide other financial support. Bowdon Church of England School moved into its new and enlarged buildings and work began on the replacement building for Ellesmere Port Christ Church Church of England School. We are hopeful that Hartford Church of England High School will receive a major grant to provide for much needed building work. However, the reduction in grant generally available for capital work in schools is having an increasingly serious effect on our ability to provide necessary building work.
- Courses for teachers and governors have been well-received and the Church House venue has continued to prove popular. Successful training for Christian leaders in schools has again been provided in conjunction with colleagues from other dioceses culminating in a celebration service in Liverpool Cathedral. Working with colleagues from other dioceses we have offered a series of successful courses encouraging teachers to consider and prepare for leadership positions in our schools.
- A further activity pack to support teaching Religious Education by Jane Brooke was published, entitled 'Growing a Gift.' Schools which subscribe to the Family of Schools received termly support for their collective worship and exemplar lessons to assist in teaching Religious Education.
- With the reduction in the ability of Local Authorities to support schools, in some areas church schools are looking to the Diocese for increased support. Officers of the Department of Education question Diocesan officers if church schools are perceived not to have appropriate standards. We use a team of consultants to provide necessary support and in some schools this needs to be intensive.
- The annual Key Stage 2 Leavers' Services were again a great success, with two held in Chester Cathedral and one in Astbury church.
- Many of our schools, particularly in rural communities are very small and changes in the way schools are funded is causing many governors to have concerns about the viability of their school. Officers encourage schools to work in collaborative ways to try and overcome such difficulties.
- The Revd Sue Mayo is supporting parishes as they seek to work with their local schools and has provided a number of resources that can be accessed on the website chester.anglican.org

More details can be found in the DBE annual report.



Students from Bishop's Blue Coat High School performed at the leavers service in Chester Cathedral

Social Responsibility

"The King will reply, 'Truly I tell you, whatever you did for one of the least of these brothers and sisters of mine, you did for me. (Matthew 25:40)"

The DBF aims to resource and support parishes in mission, particularly their social action and outreach. Areas of work included: counselling and pastoral support; family life; urban mission and ministry; rural mission and ministry; environment; criminal justice; mental health; vulnerability and safeguarding; interfaith, minority ethnic Anglican concerns and two initiatives: Life Expectancy Wirral and Transforming Lives Together.

Highlights of 2015 include:

Mental Health - Service for World Mental Health Day. This service was held on the 12th October in Cheadle and was attended by 40 people. The service was followed by a question and answer session where a panel of experts on mental health answered questions with the aim to end the stigma of mental health. "A very special and moving service"

Criminal Justice - The diocesan Criminal Justice group arranged for the Community Rehabilitation Company to come and speak about the changes that had come from the privatisation of the criminal justice system. 20 people attended this morning presentation and feedback was very positive "Clear, coherent and honest speakers. An excellent snapshot of the probation world at the moment."

Rural Ministry - The key note speaker of this event was the National Rural Officer Jill Hopkinson. She addressed a full room of people eager to know about 'Growing the rural church'

Modern Day Slavery - The Diocesan Family Life Officer arranged along with Frodsham Churches Together for the Rhema Theatre Company to perform their play called 'The It's not Fair' that deals with the issues of human trafficking. The event was attended by nearly 100 people including school groups who were shocked at how wide spread the issue of human trafficking is. "A fantastic performance, really got me thinking about slavery in this country and abroad."

Ministry Development

... that God may be glorified in all things through Jesus Christ.(1 Peter 4.11)

'The course has been spiritually holistic rather than merely intellectually instructive. I have loved reading a variety of thought provoking books and completing the assignments. I have also enjoyed the confidence this has given me to share some of these findings with others and challenge them to go deeper with God.' So wrote one of the thousand people who have now undertaken our Foundations for Ministry course. With its unique combination of vocational discernment, theological study and university accreditation, the course's continued popularity means its influence remains significant in many areas. It provides the first year of training for all prospective Pastoral Workers and Readers, as well as for many who go on to ordination training.

The long-standing partnership the Diocese has with the University of Chester was renewed in December. Awards provided through that partnership range from the Church Colleges' Certificate for the Foundations course through to a Postgraduate Diploma in Practical Theology. Those undergoing initial ordination training now use University of Durham awards. The DBF continues to work collaboratively with the Dioceses of Liverpool and Manchester via the part-time courses offered by the All Saints Centre for Mission and Ministry. Up to fifty per cent of our Ordinands train at All Saints, with the rest either following a residential pathway, or the contextual routes provided by St Mellitus NW and by St John's, Nottingham.

In the year under review thirteen ordained clergy, seven Readers and twelve Pastoral Workers were newly admitted to office. Of those currently in training, nine are prospective Pastoral Workers, nineteen are Reader candidates, and thirty-eight are Ordinands. Also provided is continuing practice-based learning in the early years of ministry, whether ordained or lay. The DBF also offers access to in-service learning for experienced ministers. As well as training opportunities offered internally through the work of Church House departments, ministers are supported in appropriate programmes offered by outside providers via an in-service grant scheme.

All departments of the DBF offer training in general Christian service, mission and discipleship to augment that provided in local churches. Services provided through the Committee for Ministry include Spiritual Direction and training in spiritual accompaniment; consultancy and coaching in ministry; leadership development; and the opportunities provided by the Arts and Faith Network. All is undergirded by the termly Cycle of Prayer published by the DBF with a distribution nearing 1400 copies per issue.

Although much of our activity is directed towards reflective contextual learning within the ongoing practice of ministry, formal courses remain a key component of what we do. A recent participant referring to those courses said, 'It has been a challenge academically, having never studied at this level before, but the experience has broadened and deepened my understanding, my faith and my appreciation of diversity.' That broadening and deepening of faith is at the heart of ministry development.

Grants

The DBF makes certain grants to support clergy and parishes in their work. A particular focus in recent years has been a concentration on projects which promote mission and development.

The Diocese of Chester is also a part of the wider Church of England. In this capacity the DBF contributes funds to the Central Church to enable them to provide functions that are better carried out at a national level. Examples include funding for theological training colleges, promoting the Church of England's place and views in wider society, and the provision of specialist advice and support.

Foxhill Spiritual Retreat and Conference Centre

'How lovely is your dwelling place, O Lord of hosts! My soul longs, indeed it faints for the courts of the Lord; my heart and my flesh sing for joy to the living God.' (Psalm 84 1-2)

This is what we want to be on the lips of people when they stay at Foxhill. Using the image of a well, we aim to provide a place of "Meeting, Refreshment and Encounter" for individuals and groups visiting Foxhill who can 'step back' into the space and place provided before returning to their places of ministry refreshed, ready to make a difference. The image of a well continues to be explored as a foundation on which to develop the future ministry at Foxhill.

A recent comment from a guest: *'Dear Rev Woodall, my friend Margaret and I wish to thank you and all the staff at Foxhill for a truly wonderful break. Everything was just perfect.'*

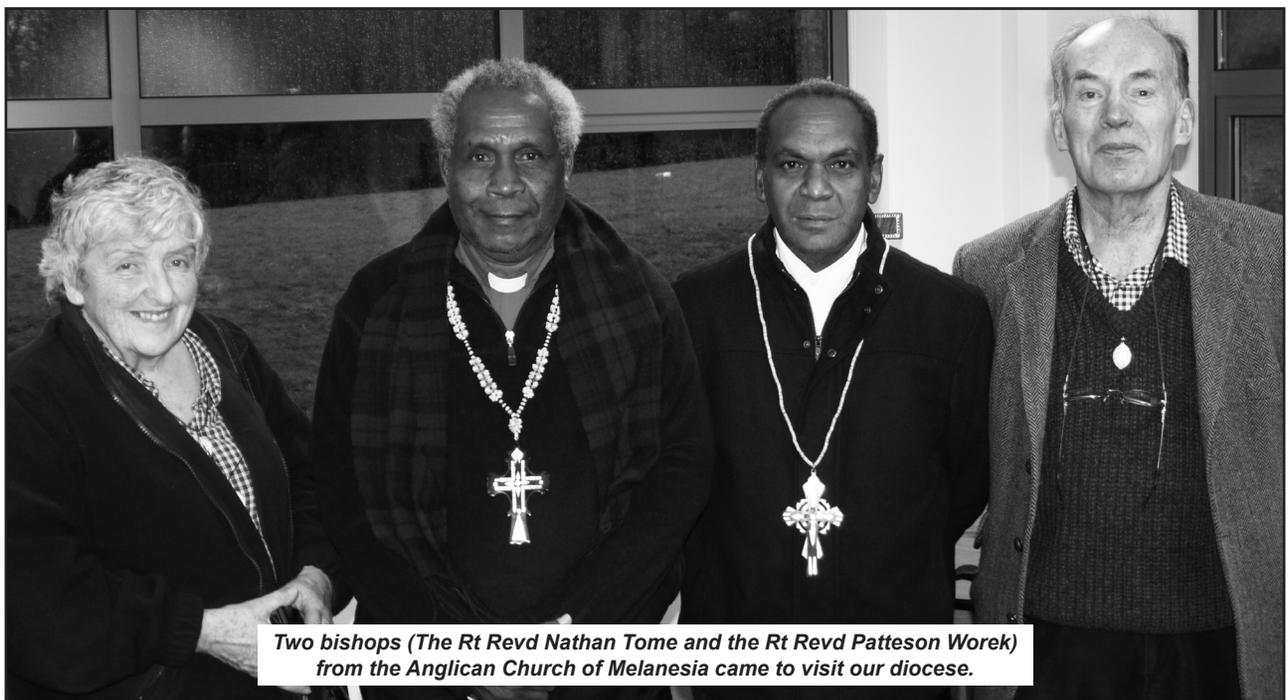
Foxhill is a place and space that is valued by many people and the staff work hard to create this place of peace and refreshment. Working with Bishop Libby, the Rev'd David Woodall as Warden hopes to develop Foxhill and meet the challenges that lie ahead including the formation of a Development Group; developing a Mission Action Plan; securing a stable core of Staff that allows Foxhill to function and deliver what is needed for the present and future as we minister to Chester Diocese and beyond.

World Mission

The Link with the Anglican Church of Melanesia (ACoM) was further strengthened in 2015.

- Four teachers from ACoM visited our Diocese and spent a day in seven Church schools strengthening existing links and making new links.
- Sister Veronica of the Sisters of the Church spent a few days in Chester Diocese.
- Both the Diocese and Companions of the Melanesian Brotherhood have assisted with funding for the people affected by Cyclone Pam in both Vanuatu and the Province of Temotu in the east of the Solomon Islands .
- Richard Sherratt, Curate at St Peter's Heswall visited the Anglican Church of Melanesia and had a busy programme visiting the Religious Communities and Kohimarima Theology College.
- Barbara Molyneux and Ruth Chesworth attended the Great Conference of the Melanesian Brotherhood, which takes place every four years, witnessing the election of new leaders for MBH and visiting the Sisters of Melanesia, the Sisters of the Church the SSF Community and the province of Temotu.

Much can be learned from our Brothers and Sisters in those islands.



Two bishops (The Rt Revd Nathan Tome and the Rt Revd Patteson Worek) from the Anglican Church of Melanesia came to visit our diocese.

Bishop of Stockport

Following the historic consecration of Libby Lane in January as the first woman bishop in the history of the Church of England, Chester Cathedral was packed in March to see her formally installed as Bishop of Stockport ...

Libby Lane was installed as the eighth Bishop of Stockport at Chester Cathedral on International Women's Day, Sunday 8 March 2015.

More than 1,900 people from across the historic county of Cheshire attended the installation, which was part of a service of choral evensong.

The occasion started with a procession and the choir singing the Introit, followed by the Bishop of Birkenhead, Keith Sinclair, welcoming Bishop Libby and inviting others to express their greetings.

The Bishop of Chester, Peter Forster, then invited the Dean of Chester, Gordon McPhate, to install Libby as the Bishop of Stockport.

Bishop Libby took her place in her stall and the Dean called for the blessing of God to rest upon her in all her duty and charge. She was presented with her pastoral staff and welcomed by the civic and faith communities from across the Diocese of Chester. During the service she preached on the theme of the confidence that humans have, knowing that they are loved by God.

Among the guests were: the chief executive officer of Stockport Metropolitan Borough Council; the mayors of Trafford, Tameside, Cheshire East, Stockport, and Chester boroughs; and the High Sheriffs and Lord Lieutenants of Cheshire and Greater Manchester.

Financial Review

Net income after investment gains amounted to £747k (2014 net income after investment gains £3,247k), and the surplus on normal day-to-day activities was £51k.

Contributions received from parishes increased marginally to £10.6m. The increase in parish share assessments continues to marginally outweigh the reductions due to (slowly) falling clergy numbers. The parish share collection rate declined a little to approximately 92.5%.

There were some sales and purchases of parsonage houses during the year. The Board has a policy of recycling funds raised from the sale of parsonage houses to fund new parsonage houses and improvements to existing houses, though at the current time surpluses on the sale and replacement of parsonages are also being used to support day to day activities. The most significant item of expenditure remained parochial clergy and archdeacons' stipends, national insurance, pension contributions and housing maintenance, amounting to £9.2m. Since 2007, parochial contributions have been requested under a parish share system based on number of allocated clergy and a socio-economic factor; this approach is intended to foster mission and growth.

The Statement of Financial Activities shows a gain in investment values. Property values gained a little; individual properties fluctuated reflecting local circumstances.

The total return on holdings in the CBF Investment Fund was 4.9% made up of a 1.0% gain in capital value and a 3.9% income return. The return on invested cash remained static at 0.5% for the whole year.

The majority of the DBF's investment assets are held by endowment funds, and are therefore not available for current expenditure. In the short term at least, this makes the income from those investments more important than their current capital value. This has limited the effect of the fluctuations in capital value on day-to-day operations. However the DBF is conscious that continuing adverse economic conditions may have an impact on parochial contributions, parochial fees, rates of return on cash, and the ability to buy and sell parsonages and other property.

The DBF continues to face challenging conditions, but a stable parish share collection rate and a sustained rise in fee income allow some optimism.

Transitional adjustments to Financial Statements

The accounts for the year ended 31 December 2015 are the first to be presented in accordance with the Statement of Recommended Practice for Charities (SORP 2015) and Financial Reporting Standard (FRS) 102. In particular, actuarial gains and losses on clergy and staff pension schemes are now disclosed in the accounts, and discussed further in the notes.

Plans for future periods

The Board's future plans are currently focussed on:

Responding to the challenges facing the Church of England as a result of decades of declining church attendance by:

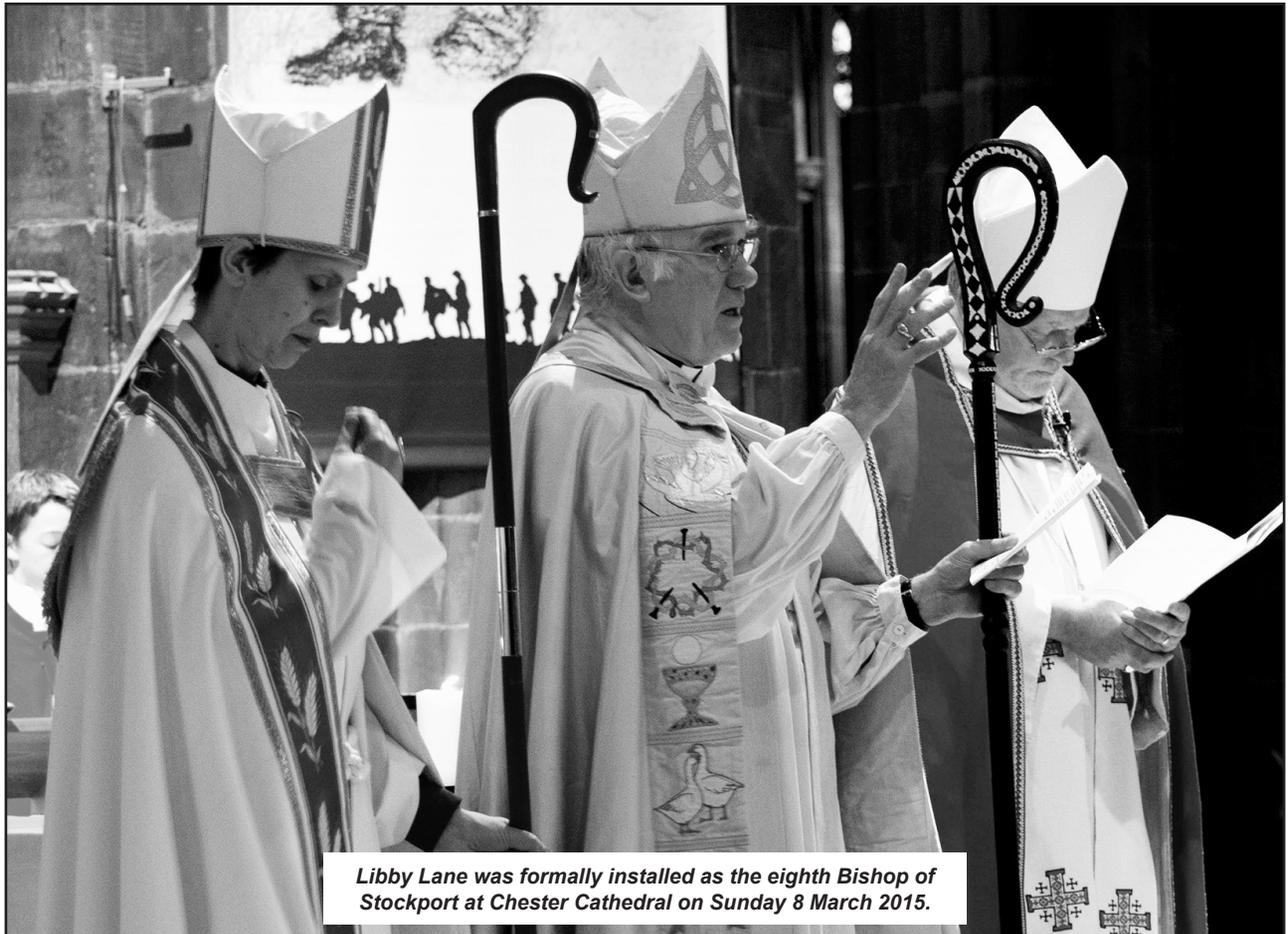
- promoting spiritual and numerical growth;
- contributing to the common good;
- reimagining ministry

Other specific plans for the future related to particular activities have been set out in the previous sections.

Risk Management

The Board has undertaken an exercise to identify the major risks which impact on the work of the Diocese. A risk register has been prepared and the Board keeps this under development and continuing review.

The main risks relate to our ability to continue to fund increasing stipends, housing, salary and pensions costs if voluntary contributions from parishes fail to come in. Other risks are in the areas of key staff, reputation, and exposure to the consequences of decisions undertaken by separate but related church entities.



Libby Lane was formally installed as the eighth Bishop of Stockport at Chester Cathedral on Sunday 8 March 2015.

Background Information

The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out the spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend (similar to a salary) and parsonage house. 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. A diocese is the main administrative and pastoral area of the Church of England and contains two or more archdeaconries under the leadership of the Diocesan Bishop. A province covers the area of a number of dioceses under the oversight of its Archbishop.

Parochial Church Councils

The parochial church council (PCC) is the elected governing body of a parish. It is made up of the incumbent (who is the chairman) plus any other clergy licensed to the Benefice, the churchwardens, and a number of elected members plus members of Deanery, Diocesan and General Synods. All parishes have Deanery Synod representatives, and a smaller number have Diocesan or General Synod representatives.

PCCs are independent charities, though all but the largest are currently excepted from registration with the Charity Commission. Their accounts can be obtained by contacting the relevant PCC treasurer and do not form part of these accounts.

The Charities Act 2011 requires that PCCs with income of over £100,000 register with the Charity Commission.

Deanery Synods

Deanery Synods have two houses: laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy of the deanery.

The role of a Deanery Synod is to consider matters concerning the Church of England; to bring together the views of the parishes of the deanery; to effect decisions made by the Diocesan Synod; to act as a channel of communication to express the views of the parish to Diocesan Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod.

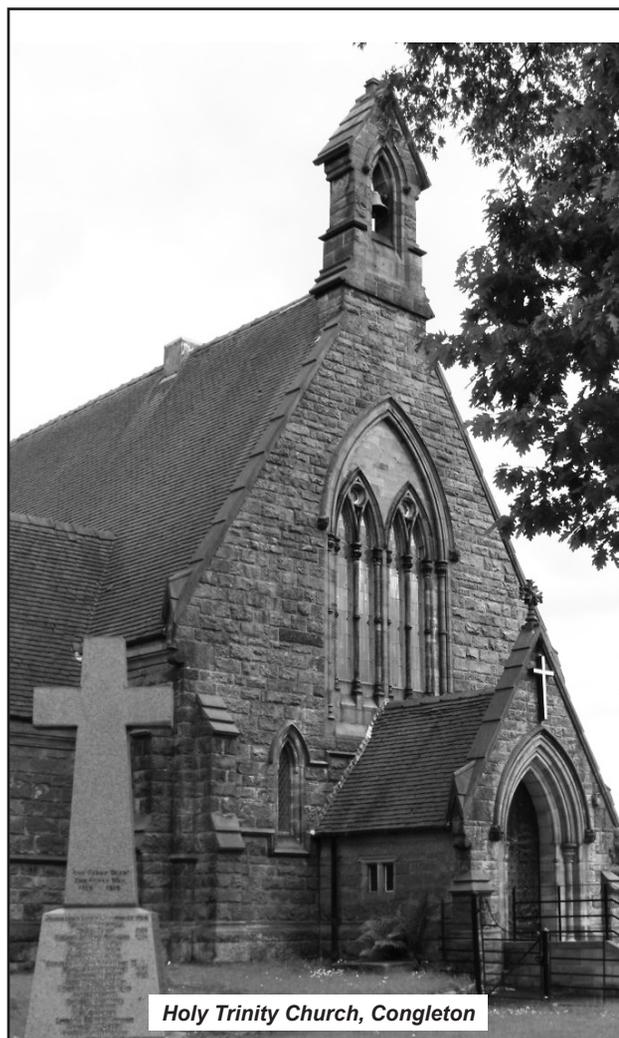
Deanery Synods generally do not have significant financial transactions.

Diocesan Synod

The Diocesan Synod is the statutory governing body of a diocese. It is elected with representation from all parts of the Diocese and roughly equal numbers of clergy and lay people, who meet together in Synod with the Bishops and Archdeacons. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter of religious or public interest; to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod, and to refer matters to General Synod; and to make provision for the financing of the diocese, in its capacity as the Diocesan Board of Finance.

The financial affairs of the Diocese are conducted through two registered charities:

- Chester Diocesan Board of Finance (Registered charity number 248968)
- Chester Diocesan Board of Education (Registered charity number 525790)



Holy Trinity Church, Congleton

General Synod

The General Synod is the legislative and deliberative body of the Church of England at national level. It makes decisions on doctrinal formulae, services and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The Synod contains three groups, or houses, of members: the Houses of Bishops, Clergy and Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York. The Convocations are older than Parliament and before their powers were vested in the General Synod they were responsible for making decisions on doctrinal formulae, services and relations with other Churches.

Elections for new clergy and lay members take place every five years and took place in 2015.

Reporting to General Synod, but not subordinate to it, is the Archbishops' Council, which is the Church of England's policy discussion forum.

Independent of the Archbishops' Council, but co-operating closely with it, the Church Commissioners manage the historic assets of the Church of England, spending a significant part of their income on pensions for the parochial clergy, and providing selective financial support to Dioceses.

The financial transactions of General Synod, the Church Commissioners, and the Archbishops' Council do not form part of these accounts.

Chester Cathedral

Chester Cathedral is a separate charity. Copies of its accounts can be obtained from The Cathedral Office, 12 Abbey Square, Chester CH1 2HU.

Bishops

The costs of Episcopal administration (Diocesan and Suffragan Bishops) are met by the Church Commissioners.



Pictured after their ordination at Chester Cathedral on Saturday 20 June 2015 are 20 new priests to serve our diocese

The Diocese of Chester

The Diocese of Chester was created in 1541, following the dissolution of the Abbeys under Henry VIII, and assumed roughly its present dimensions in 1880. It covers an area of 1025 square miles, approximately the old Victorian County of Chester, including parts which subsequently became absorbed into Merseyside and Greater Manchester. The Rivers Mersey and Tame approximately delineate the boundary with Liverpool and Manchester. There are areas of dense urban population, mainly in the north, stretching from Birkenhead to East Manchester. There are prosperous suburban regions of West and South Wirral, Chester and south of Manchester, with a mainly rural heartland, bounded by the Derbyshire Pennines and the Welsh Border. The overall population is around 1.6 million.

The Diocese is divided into two archdeaconries: Chester covering the western half and Macclesfield the eastern, each with nine deaneries. There are 273 parishes, about 100 of which can be described as rural. Compared with many dioceses, there are few teams, and few multi-parish benefices. There are approximately 231 stipendiary clergy. The ministry of Readers and Pastoral Workers is important, with over 400 licensed. The role of self-supporting ministers is increasing, with over 80 in post at present.

Roughly speaking, the Archdeaconry of Macclesfield covers that part of the diocese to the east of the M6, plus the area around Crewe and Nantwich. The Archdeaconry of Chester covers the rest of the diocese to the west of the M6. Each archdeaconry has a broad mix of urban and rural parishes. The Archdeacon of Chester lives in Chester, and the Archdeacon of Macclesfield lives in Congleton. Both now work from Church House, Daresbury.

Diocesan Synod

The Synod met on three occasions during 2015, on 14 March, 13 June and 14 November. At the March meeting Synod discussed reports on the work of the Committee for Ministry, the Committee for Social Responsibility, the Committee for Education and Foxhill Retreat and Conference Centre. The Synod received a report on the November 2014 and February 2015 Sessions of General Synod and there was a presentation on the work of the General Synod Task Groups. At the June meeting Synod received the Annual Report and Financial Statements for the year ended 31 December 2014 and a report from the Cathedral. Bishop Peter gave a Presidential address. The November Synod elected Mr Ian Scott-Dunn as Chair of the DBF, approved the 2016 budget, received a report on the recent Shared Conversations, and there was a discussion about future plans and strategy for the Diocese.

Bishop's Council

In accordance with 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 of policy;
- to advise the President 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 it is not in session;
- to appoint members of committees or nominate members for election to committees, subject to the directions of the Synod;
- to carry out such other functions as the Synod may delegate to it.

In practice, Bishop's Council undertakes actions in all of the above areas, details of which are reported to Diocesan Synod on a regular basis.

The members of Bishop's Council are also the trustees and the members of the Board of Directors of the Diocesan Board of Finance, and are therefore responsible for ensuring that the activities of the DBF are conducted in accordance with Charity and Company Law. The Finance and Scrutiny Committee deals with all financial transactions of the DBF except for the:

- approval of the annual report and accounts;
- approval of new policy and material changes in policy;
- approval of significant non-budgeted expenditure.
- Major capital expenditure
- Staff remuneration

The Human Resources Committee and the Staffing Review Committee oversee matters relating to clergy and lay conditions of service, staffing levels, and other matters.

Bishop's Council receives detailed and regular reports on the activities of the various committees on the discharge of its responsibilities.

As employer of the staff responsible for the administrative work of the Diocese, the Board of the DBF records its sincere appreciation of the commitment and hard work of all concerned.

Bishop's Council is also now the Diocesan Mission and Pastoral Committee.

Subject to financial limits certain day-to-day decisions have been delegated to senior employees.

Diocesan Mission and Pastoral Committee

Each diocese has a statutory diocesan mission and pastoral committee (DMPC) appointed under section 2 of the Mission and Pastoral Measure 2011. The functions of the DMPC are as set out in section 3 of the Measure. The DMPC is also consulted about proposals for making a Bishop's Mission Order. DMPCs were originally appointed under the Dioceses, Pastoral and Mission Measure 2007 to replace former diocesan pastoral committees and diocesan redundant churches uses committees.

In the Diocese of Chester the Bishop's Council is the DMPC. The day to day work of the DMPC is undertaken by two archidiaconal mission and pastoral committees to which the majority of the DMPC's powers have been delegated. The membership of the archidiaconal committees consists of the Suffragan Bishop, Archdeacon, Rural Deans and Lay Chairs (or other deanery synod nominees) of each archdeaconry plus three members appointed by Bishop's Council (of which one is an elected member of the Council).

During 2015, the relevant archidiaconal committees considered the suspension (or resuspension) of the patron's right of presentation to the benefices of: Chester, St. Peter; Crewe, All Saints and St. Paul with St. Peter; Crewe, St. Andrew with St. John the Baptist; Great Saughall, All Saints; Macclesfield St. Paul; Marbury, Tushingham and Whitewell; Moulton, St Stephen; Pott Shrigley, St. Christopher; Stalybridge, St. Paul; and Whaley Bridge

The Chester Archidiaconal Mission and Pastoral Committee made recommendations to the Bishop for a Pastoral Scheme for pastoral reorganisation in the benefice of: Chester, St. Peter with St John. The Committee also made recommendations to the Bishop for a Pastoral (Church Buildings) Scheme for benefices of Chester St. Paul; and Huntington, St. Luke. The Committee also agreed the Bishop's proposal, that he approve the church of St. Peter as suitable to be a parish church in the proposed new parish of Chester St. Peter.



A 'Too young to lead' event run by the vocations team at Chester Cathedral during October 2015

Diocesan Closed Churches Uses Committee

The Diocesan Closed Churches Uses Committee (DCCUC) established in accordance with the Pastoral Measure 1983, has had as its sole duty the task of finding suitable alternative uses for redundant church buildings in the Diocese. The responsibilities of the DCCUC were subsumed within those of the Mission and Pastoral Committee, though the closed churches work has been undertaken by a sub-committee.

Christ Church, Crewe The unlisted portion of the original church closed in 2014. The Diocese continues to explore a wider community use for the building and in the meantime the building remains closed.

St Luke's, Winnington The church closed in 2014 and was demolished in the year. The parish hope to build a replacement church subject to raising the necessary finance.

Custodian Trusteeship

The Board is Custodian Trustee for trust assets with a market value of approximately £5.6 million at 31 December 2015. Detailed Certificates of Holding were sent to Parishes and other managing trustees as at 31 December 2015. Most of these trusts are held on behalf of Parishes whose charitable purposes in the advancement of religion are parallel to those of the DBF. The assets of the trusts are held separately from those of the Board. The DBF is responsible for their safe custody, but has no right of access to such holdings for its own purposes. The funds are invested in accordance with the wishes of the managing trustees of the trusts and are mainly invested in charity deposits and investment funds.

The Board also acts as custodian trustee for land and property trusts for parishes and the University of Chester.



Richard Scott of St Thomas' church, Stockport, doing his fundraising sky-dive for The Christie Hospital, Manchester

Legal and Financial Information

The Chester Diocesan Board of Finance (DBF), founded in 1873, is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925.

It is a company limited by guarantee and governed by memorandum and articles of association.

Its principal activity is to maintain and promote the spiritual teaching of the Church of England in the Diocese of Chester, and it acts as the financial executive of the Diocesan Synod and as custodian trustee for parochial trusts, and other related organisations. There have been no significant changes in activity during the year.

As a registered charity, the DBF is not liable to Corporation Tax on its charitable activities.

The DBF has the following statutory responsibilities:-

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

Charitable donations have been made as part of the normal expenditure of the DBF in the exercise of its objectives. No political donations have been made.

The DBF continues to undertake significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board and Parochial Church Councils (PCCs) within the Diocese of Chester. None of these is a connected charity in the sense defined by charity law.

Trustee appointment and training

The Board of Directors is the same body as the Bishop's Council which is appointed as follows:-

Ex-officio members: the Bishop of the Diocese; other members of the House of Bishops, the Dean;

the chairs of the House of Clergy and Laity; the Archdeacons; and the Chair of the Diocesan Board of Finance who is elected by the members.

Appointed members: one member appointed by each of: the members of the DBF, the committee responsible for housing matters, and the Diocesan Advisory Committee for the Care of Churches.

Elected members: 5 clergy and 5 lay persons from each Archdeaconry elected by and from among the members of the appropriate House of that Archdeaconry.

Nominated members: not more than 2 persons nominated by the Bishop.

Co-opted members: not more than 2 persons co-opted by the Council.

A new Bishop's Council is constituted every 3 years, most recently in December 2015. The first meeting of the new council is a full day meeting and includes a training session on the duties and responsibilities of trustees and company directors, together with a description of the main activities of the charity.

Further training is provided as and when required.

Investment Policy

The Board's investment policy is to hold investments of relatively low risk and in accordance with the Church of England's ethical investment policy. Subject to this, funds are invested as follows:

- Income funds are invested so as to achieve the highest possible total return whilst maintaining short term liquidity.
- Endowment funds are invested so as to produce the highest possible reliable income, whilst maintaining capital growth of the endowment over the longer term.

In carrying out this policy the Board has decided primarily to invest in the funds of the Central Board of Finance of the Church of England.

The Board has also placed a deposit with Charity Bank in support of the work it does in making available loans to churches and other charities in the Diocese.

Reserves Policy

Unrestricted funds

For many years considerable attention has been

given by the Board of the Chester DBF to the preparation of long-term financial estimates. The major factors considered are the foreseeable decline in the number of stipendiary clergy available to the Diocese, the increased cost of the stipend, national insurance and pension contributions associated with employing even that reducing number, and the ending of support from the Church Commissioners. In order to cushion the blow that would otherwise have fallen on parishes, the Board has used accumulated reserves.

Free unrestricted reserves are at a low level representing approximately 1.8 months expenditure (£2 million). Due to the voluntary nature of the bulk of the Board's income, the Board believes this level of reserves is required to maintain cash flow. The Board intends to keep under close review the level of reserves required for cash flow purposes, particularly if there is any change in the timing or amount of expected parochial contributions.

Restricted funds

Details of the funds are shown in note 19.

Jane Hannah Graham and Canon White. Reserve levels are maintained so as to meet the need for loans for the church buildings specified in the Trusts. The Board believes the current level of funds is sufficient to meet the needs referred to in the trust documents. Pastoral account. The Board uses the pastoral account mainly to reinvest funds it receives from the sale of parsonage houses for the improvement of parsonage houses.

It is the Board's policy to spend the remaining restricted funds over the short term.

Grant making policy

The charity makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant-making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 6.

Auditors

In respect of each director at the date the directors' report is signed:

- So far as we are aware, there is no information needed by the Charity's auditors in connection with preparing their report (relevant audit information) of which they are unaware, and
- As the directors of the Charity 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 company's auditors are aware of that information.

BDO LLP were proposed and reappointed at the Annual General Meeting.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the requirements of 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.

This report was approved by the Board on 17th May 2016 and signed by order of the Board.

The Rt Revd Dr Peter R Forster
Bishop Of Chester

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESTER DIOCESAN BOARD OF FINANCE

We have audited the financial statements of Chester Diocesan Board of Finance for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet 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).

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report, incorporating 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.

Hamid Ghafoor (Senior statutory auditor)
for and on behalf of BDO (UK) LLP, Statutory auditor
Manchester, UK
Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Chester Diocesan Board of Finance
Statement of Financial Activities for the year ended 31 December 2015

| | Note | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2015 £'000 | Total 2014 £'000 |
|---|------|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------|
| Income and endowments from | | | | | | |
| Parochial contributions | | 10,610 | - | - | 10,610 | 10,497 |
| Grants and other donations | | 157 | 519 | - | 676 | 719 |
| Investment income | 3 | 46 | 258 | 112 | 416 | 437 |
| Rental income | | 60 | 129 | - | 189 | 151 |
| Income from charitable activities | | | | | | |
| Statutory fees, chaplaincy and other income | | - | 886 | - | 886 | 860 |
| Diocesan Retreat and Conference Centre | | 139 | - | - | 139 | 114 |
| Other income from operating activities | | 17 | 47 | - | 64 | 73 |
| Parsonage and redundant church sales/transfers | | - | 3,195 | - | 3,195 | 4,285 |
| Total Income | | 11,029 | 5,034 | 112 | 16,175 | 17,136 |
| Expenditure on raising funds | | | | | | |
| Cost of generating voluntary income | | 16 | - | - | 16 | 12 |
| Investment and Rental costs | | 24 | 65 | - | 89 | 113 |
| Charitable Activities | | | | | | |
| National church responsibility | | 409 | - | - | 409 | 409 |
| Funding of parochial clergy and archdeacons | | 8,108 | 1,184 | - | 9,292 | 9,378 |
| Parsonage purchases and major improvements | | - | 3,223 | - | 3,223 | 1,713 |
| Support to clergy and parishes | | 1,711 | 467 | - | 2,178 | 2,259 |
| Diocesan Retreat and Conference Centre | | 291 | - | - | 291 | 360 |
| Total Expenditure | 5 | 10,559 | 4,939 | - | 15,498 | 14,244 |
| Net gains/(losses) on investments | | 9 | 25 | 36 | 70 | 355 |
| Net income/(expenditure) | | 479 | 120 | 148 | 747 | 3,247 |
| Transfers between funds | 21 | 867 | (867) | - | - | - |
| Other recognised gains/(losses) | | | | | | |
| Gains/(losses) on revaluation of fixed assets | | 80 | 119 | 25 | 224 | 282 |
| Actuarial gains/(losses) on defined benefit pension schemes | | 204 | - | - | 204 | (218) |
| Net movement in funds | | 1,630 | (628) | 173 | 1,175 | 3,311 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 421 | 7,181 | 8,925 | 16,527 | 13,216 |
| Total funds carried forward | | 2,051 | 6,553 | 9,098 | 17,702 | 16,527 |

All activities are continuing.

Summary Income and expenditure account for the year ended 31 December 2015 (excluding endowment funds)

| | | |
|--------------------------|------------|--------------|
| Gross income | 16,063 | 16,999 |
| Total expenditure | (15,498) | (14,244) |
| Net income | 565 | 2,755 |

Chester Diocesan Board of Finance
Balance Sheet as at 31 December 2015

| | Note | 2015 £'000 | 2014 Restated £'000 |
|---|-------|---------------|---------------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 12,552 | 11,923 |
| Investments | 13 | 6,747 | 6,656 |
| | | <u>19,299</u> | <u>18,579</u> |
| Current assets | | | |
| Properties awaiting sale | 12 | 550 | 638 |
| Debtors | 14 | 922 | 1,110 |
| Cash at bank on deposit and in hand | 15 | 4,868 | 5,431 |
| | | <u>6,340</u> | <u>7,179</u> |
| Creditors: amounts falling due within one year | 16 | 580 | 811 |
| Net current assets | | <u>5,760</u> | <u>6,368</u> |
| Total assets less current liabilities | | 25,059 | 24,947 |
| Creditors: amounts falling due after more than one year | 17 | 963 | 1,263 |
| Net assets or liabilities excluding pension asset or liability | | <u>24,096</u> | <u>23,684</u> |
| Defined benefit pension scheme deficit | 22,23 | (6,394) | (7,157) |
| Total net assets | | <u>17,702</u> | <u>16,527</u> |
| Endowment funds | 18 | 9,098 | 8,925 |
| Restricted income funds | 19 | 6,553 | 7,181 |
| Unrestricted funds | | 8,445 | 7,578 |
| Pension reserve | 22,23 | (6,394) | (7,157) |
| Total unrestricted funds | | <u>2,051</u> | <u>421</u> |
| Total charity funds | | <u>17,702</u> | <u>16,527</u> |

The financial statements were approved by the Board of Directors on 17 May 2016 and signed on its behalf by

I Scott-Dunn

+Peter Cestr.

Chester Diocesan Board of Finance is a company limited by guarantee registered in England and Wales (no. 7826)

Chester Diocesan Board of Finance
Statement of Cash Flows for the year ended 31 December 2015

Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2015 | 2014 |
|--|----------------|---------------------------|
| | £'000 | Restated £'000 |
| Net income for the reporting period (as per the statement of financial activities) | 747 | 3,247 |
| Depreciation | 64 | 63 |
| (Gains) on investments | (70) | (355) |
| Dividends, interest and royalties from investments | (416) | (437) |
| Pension deficit contributions | (559) | (439) |
| Tangible fixed assets transferred in | (1,150) | (1,960) |
| Decrease in debtors | 188 | 532 |
| Decrease in creditors | (531) | (579) |
| Net cash provided by/(used in) operating activities | (1,727) | 72 |

Statement of Cash Flows

| | 2015 | 2014 |
|--|----------------|---------------------------|
| | £'000 | Restated £'000 |
| Net cash provided by/(used in) operating activities | (1,727) | 72 |

Cashflows from investing activities

| | | |
|--|--------------|------------|
| Dividends, interest and royalties from investments | 416 | 437 |
| Payments to acquire tangible fixed assets | (376) | - |
| Payments to acquire investments | (193) | (82) |
| Receipts from sale of tangible fixed assets | 1,145 | 314 |
| Receipts from sale of investments | 172 | - |
| | <u>1,164</u> | <u>669</u> |

(Decrease)/Increase in cash in the year

| | |
|--------------|------------|
| (563) | 741 |
|--------------|------------|

Reconciliation of net cash flow to movement in cash and cash equivalents

| | 2015 | 2014 |
|---|--------------|---------------------------|
| | £'000 | Restated £'000 |
| (Decrease)/Increase in cash in the year | (563) | 741 |
| Cash and cash equivalents at the beginning of the reporting period | 5,431 | 3,690 |
| Cash and cash equivalents at the end of the reporting period | 4,868 | 4,431 |

1. Accounting policies and format of accounts

Basis of Preparation

The financial statements have been prepared on the basis of historical cost with the exception of land and buildings included at fair value and investments at Act 2006 and applicable accounting standards (FRS102), together with any further requirements of the charity's governing document. This is the first year that the accounts have been prepared under FRS102; the most notable change is that deficits on the Church of England Funded Pensions Scheme for stipendiary clergy and the Church Workers Pension Fund are now shown on the balance sheet. Details about the pension schemes and the transition are shown in notes 22, 23 and 25.

Income

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the income can be quantified with reasonable accuracy. In respect of contributions from parishes there is no legal entitlement to income, but there is a high commitment by parishes to pay. They are therefore included on the same basis as above, where there is a reasonable prospect of receipt.

Expenditure

Expenditure is included on the accrual basis and has been classified under headings that aggregate all of the costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated to activities on a basis consistent with the use of the resources. Further information on the allocation of support costs and is shown in note 4.

Funds

The Statement of Financial Activities shows funds as follows:-

Unrestricted Funds

These are funds available for the general purposes of the Board. Part of the Board's unrestricted funds are designated, that is, set aside for specific purposes.

Restricted Funds

Where there is a specific restriction on the use of a fund, typically imposed by the donor, it is known as restricted. For example, a donation to the Committee for Social Responsibility would be added to the relevant restricted fund, and not to unrestricted, general funds. The Board's restricted funds are shown in note 19.

Endowment Funds

These funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant unrestricted or restricted fund. The Board's endowment funds are shown in note 18.

Fixed Assets

Freehold land and buildings held for the board's charitable purposes, and investments are stated at market value. Adjustments are made to market valuations whenever evidence suggests a material change in market value has occurred. Computers less than £5,000, and fixtures and office equipment less than £2,500, are not capitalised. Larger items are stated at cost less depreciation.

Depreciation

Depreciation is calculated so as to write off the cost of assets other than freehold property over their expected economic life. The charity's main office at Daresbury Park is included at cost and depreciated over 30 years. All other buildings are included at a regularly reviewed market value.

The following rates of depreciation are used:-

| | |
|------------------------------|------------------------|
| Office building | 3.3% of cost per annum |
| Computers | 25% of cost per annum |
| Other fixtures and equipment | 15% of cost per annum |

The amount of depreciation charged in the year is shown in note 12.

Parsonages

It is the policy of the board not to capitalise parsonage houses. However, parsonage houses are capitalised when the DBF can expect entitlement to the value of the property, for example once a replacement has been purchased, or if pastoral reorganisation is about to result in the transfer to the DBF. Parsonages are benefice properties. Benefice property is vested in the incumbent as an ecclesiastical corporation sole. The corporate property of an ecclesiastical corporation does not constitute a charity for the purposes of the Charities Act 2011, section 10(2)(a). Chester Diocesan Board of Finance has the financial liabilities of insurance, repair, and maintenance of benefice houses under the Repair of Benefice Buildings Measure 1972, but does not have discretion as to the use of the properties, which are the living accommodation of the incumbent.

A parsonage house can only be sold subject to agreement by a wide number of parties including the incumbent, and the patron of the benefice.

The first call on proceeds is towards a replacement parsonage house, but with agreement of the various parties surpluses may be transferred to the Diocesan Pastoral Account.

There were 210 parsonage houses in the Diocese insured at a value of £96 million at 31 December 2015. The SOFA and note 5 to these accounts show details of major parsonage sales, purchases and improvements.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2015

1. Accounting policies and format of accounts (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made judgements where appropriate. The judgement subject to greatest uncertainty is the estimation of arrears of parish share. This estimation is arrived at in consultation with those with some awareness of the financial position of the parishes - finance department staff, Archdeacons, and of course, parish treasurers. There is estimation uncertainty in other areas, such as outstanding clergy fees, and accruals of building works done. The uncertainty in these areas is considered to be significantly lower.

Investment property

Property is held by the DBF for its long term charitable use, or to protect another charitable asset. As a result, the DBF does not hold any investment property.

Taxation

No provision is made for taxation as the company is a charity entitled to the various exemptions afforded by the Corporation Taxes Act 2010.

Grant making policy

The DBF makes a variety of grants to clergy, their dependants, parishes and organisations as need arises and in furtherance of its charitable objects.

Applications are invited from those eligible under the terms of the various grant making funds. Applications are considered on their merits by the trustees. Further details of the funds can be found later in these accounts. Details of the amounts and number of grants are given in note 6.

Pension schemes

DBF staff are members of the Church Workers Pension Fund and clergy are members of the Church of England Funded Pensions Scheme. Contributions payable in respect of the accounting period are included in Expenditure in the Statement of Financial Activities; in addition contributions are made towards deficits as detailed in notes 22 and 23.

2. Auditors remuneration

The auditors remuneration for the year was as follows:-

| | 2015 | 2014 |
|-----------------|--------------|--------------|
| | £'000 | £'000 |
| Statutory audit | 12 | 10 |
| Other services | 2 | - |
| | <u>14</u> | <u>10</u> |

3. Investment Income

| | 2015 | 2014 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Investment and fixed interest funds | 259 | 253 |
| CBF deposits and bank interest | 27 | 30 |
| Other income including interest on loans to parishes and mining royalties | 130 | 154 |
| | <u>416</u> | <u>437</u> |

4. Allocation of Central services and support costs

The Diocesan Board of Finance allocates its support costs according to the percentages below, apart from some legal fees allocated to the area to which they relate.

| | Generating voluntary income | Parochial clergy and Archdeacons | Support to clergy and parishes | Retreat and Conference Centre | Total |
|-----------------------------------|--|---|---|--|--------------|
| | 2% | 20% | 75% | 3.0% | 100% |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Church house costs | 2 | 23 | 87 | 4 | 116 |
| Central services | 2 | 17 | 65 | 3 | 87 |
| Central staff costs | 10 | 101 | 375 | 15 | 501 |
| Legal, audit, depreciation | 2 | 16 | 70 | 2 | 90 |
| | <u>16</u> | <u>157</u> | <u>597</u> | <u>24</u> | <u>794</u> |

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2015

| 5. Expenditure | Note | Total 2015 £'000 | Total 2014 £'000 |
|--|-------------|---------------------------------|---------------------------------|
| Cost of generating voluntary income | | | |
| Central Services & support costs | | 16 | 12 |
| Investment and rental costs | | | |
| Rental costs | | 72 | 96 |
| Value linked loan interest paid | | 17 | 17 |
| | | 89 | 113 |
| Charitable Activities | | | |
| National church responsibility | | | |
| | | 409 | 409 |
| Funding of parochial clergy and archdeacons | | | |
| Parochial Clergy and Archdeacons stipends | | 7,551 | 7,643 |
| Maintenance of clergy housing | | 973 | 978 |
| National ministry training and ordinands grants | | 611 | 605 |
| Central Services & support costs | | 157 | 152 |
| | | 9,292 | 9,378 |
| Parsonage purchases and major improvements | | | |
| | | 3,223 | 1,713 |
| Support to clergy and parishes | | | |
| Mission and Ministry | | 457 | 492 |
| Archdeacons' support, DAC, Chaplains & Ecumenical | | 220 | 226 |
| Education | | 307 | 279 |
| Social Responsibility | | 224 | 222 |
| Parish Development | | 163 | 171 |
| Discretionary and one off items (EIG) | | 31 | 22 |
| Lay conference | | 6 | 18 |
| Grants to parishes, clergy and others | 6 | 173 | 295 |
| Central Services & support costs | | 597 | 534 |
| | | 2,178 | 2,259 |
| Diocesan Retreat and Conference Centre | | | |
| Diocesan Retreat and Conference Centre | | 267 | 329 |
| Central Services & support costs | | 24 | 31 |
| | | 291 | 360 |
| | | 15,498 | 14,244 |

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2015

| 6. Grants to parishes, clergy and others | 2015 | 2014 |
|--|---------------|--------------|
| | £'000 | £'000 |
| Grants to Parochial Church Councils | | |
| Parish Mission and Ministry Grants | | |
| Restore Crewe | 16 | 32 |
| Churches together in Cheshire (Agricultural Chaplaincy) | 5 | 5 |
| Runcom Mission | - | 2 |
| Dukinfield St Mark | 10 | 5 |
| Stalybridge Holy Trinity and Christ Church | 8 | - |
| Open Door Project Tranmere/Liscard | 5 | - |
| Sale West Community Urban Trust | 5 | - |
| Christ Church Chester | 2 | - |
| All Hallows Cheadle | 8 | - |
| Elworth | 5 | - |
| Partington & Carrington | 1 | - |
| Rock Ferry | 5 | - |
| Thornton le Moors with Ince & Elton | 8 | - |
| Life Expectancy project | - | 5 |
| Birkenhead Priory - clerical or lay assistanc | 19 | 47 |
| Thornton Hough - Fryer Legacy income | 4 | 4 |
| | <u>101</u> | <u>100</u> |
| Pastoral account grants | | |
| Chelford | 10 | - |
| Poulton St Luke | 8 | - |
| Church Lawton | 8 | - |
| Stockport St Thomas | 13 | - |
| Stockport St Peter | 7 | - |
| Bramhall | 10 | - |
| Wistaston | 20 | - |
| Guilden Sutton | - | 10 |
| Plemstall | - | 10 |
| Huntington | - | 15 |
| Moulton | - | 16 |
| Tattenhall | - | 17 |
| Great Saughall | - | 20 |
| Thurstaston | - | 12 |
| Henbury | - | 20 |
| Edgeley and Cheadle Heath | - | 18 |
| Less adjustments to grants previously accrued | (51) | - |
| | <u>25</u> | <u>138</u> |
| UPA Projects Fund | 9 | - |
| Grants to Individuals | No. of grants | |
| Lay training fund | 2 | 1 |
| Clergy Sustentation grants | 16 | 11 |
| Retired Clergy, widows and dependents fund grants | 88 | 26 |
| | <u>38</u> | <u>57</u> |
| Total grants | 173 | 295 |

7. Staff and Office holder costs and numbers

| Staff costs: | 2015 | 2014 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Wages & salaries | 1,503 | 1,436 |
| Social security costs | 128 | 123 |
| Pension costs | 212 | 138 |
| | 1,843 | 1,697 |

| Average staff numbers based on full time equivalents | 2015 | 2014 |
|---|---------------|---------------|
| | Number | Number |
| Cost of generating voluntary income | 0.5 | 0.5 |
| Funding of parochial clergy and archdeacons | 5.1 | 5.1 |
| Support to clergy and parishes | 26.1 | 28.1 |
| Diocesan Retreat and Conference Centre | 6.8 | 6.6 |
| Diocesan administration and central support | 8.0 | 8.0 |
| Governance Costs | 0.5 | 0.5 |
| | 47.0 | 48.8 |

| The number of staff whose salary excluding pension contributions amounted to more than £60,000 were as follows:- | 2015 | 2014 |
|--|-------------|-------------|
| £60,001 - £70,000 | 1 | 2 |
| £70,001 - £80,000 | 1 | - |

These employees accrued benefits in the Church of England Defined Benefits Pension Scheme

8. Office holders costs and numbers

In addition to those paid as employees of the DBF there are a large number of office holders. In the main these are clergy in parishes, but also include Archdeacons and a small number of diocesan sector posts. There was an average of 220 (2014 231) full time equivalent office holders during the year.

| | | |
|------------------------------|--------------|--------------|
| Clergy Stipends | 5,318 | 5,441 |
| Clergy National Insurance | 404 | 400 |
| Clergy Pension Contributions | 2,002 | 1,903 |
| Other clergy payments | 319 | 281 |
| | 8,043 | 8,025 |

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2015

9. Trustee remuneration and benefits

Bishops' Council, the charity trustee body, and the the board of directors of the charitable company, have the same membership. So every trustee is a director, and vice versa.

Trustee remuneration

No remuneration was paid to any of the directors (charity trustees) in their capacity as directors of the company. The following trustees were in receipt of a stipend and provided with housing during the year, funded by the DBF:-

The Ven Dr Michael R Gilbertson - Archdeacon of Chester
 The Ven Ian G Bishop - Archdeacon of Macclesfield
 The Revd Dr Robert S Munro - Chairman, House of Clergy
 The Revd Canon Elaine Chegwin Hall
 The Revd Simon Drew from 1st December 2015
 The Revd Canon David R Felix
 The Revd Alison J Fulford from 1st December 2015
 The Revd Simon R Gales
 The Revd Andrew Q Greenhough
 The Revd Julian R Heaton
 The Revd Edward W Lautenbach until 31st October 2015
 The Revd Dr David J Page from 1st December 2015
 The Revd Michael L Ridley
 The Revd Alexandra Sanders from 1st December 2015
 The Revd Carol S Seddon from 1st December 2015
 The Revd Michael I A Smith

The following trustees were in receipt of a stipend and provided with housing during the year, the stipend funded by the Church Commissioners and the housing funded by the DBF:-

The Rt Revd Keith Sinclair - Bishop of Birkenhead
 The Rt Revd Elizabeth J H Lane - Bishop of Stockport

The following trustee was in receipt of a stipend and provided with housing during the year, both funded by the Church Commissioners:-

The Rt Revd Dr Peter R Forster - Bishop of Chester

The following trustee was in receipt of a stipend and provided with housing during the year, both funded by the Chester Cathedral:-
 The Very Revd Professor Gordon McPhate - Dean of Chester

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £34,290 - £42,670 (2014 range £33,615 - £41,835). The stipend, funded by the DBF, paid to Archdeacons was £33,505 (2014 £32,848). The stipend, funded by Chester Cathedral, paid to the Dean of Chester was £35,028 (2014 £34,340). Other clergy who were trustees were paid in the range £24,171 - £25,853 (2014 range £23,726 – £25,377).

Trustee expenses

A total of £15,634 (2014 £20,913) was reimbursed to 11 (2014 17) directors during the year. Nearly all expenses reimbursed to directors are in respect of their charitable work for the Diocese. Amounts in respect of their duties as charity trustees are small.

10. Remuneration of key management personnel

The trustees have delegated much of the day to day running of the DBF to a number of key management personnel. Of these, the highest paid was George Colville, Diocesan Secretary, with remuneration of £71,085 (2014 £68,894). The remaining seven were paid a total of £307,382 (2014 £301,386). Of these seven, two are ordained, one of whom is provided with housing.

11. Related party transactions

| Chester Diocesan Board of Education | 2015 | 2014 |
|--|--------------|--------------|
| Chester Diocesan Board of Finance act as the administration arm of the Church of England in the Diocese of Chester | £'000 | £'000 |
| Contribution re joint employment contracts and other recharges to The Chester Diocesan Board of Education | 207 | 190 |

12. Tangible Fixed Assets

Of the balances shown here, £550,000 (2014 £636,078) has been reclassified under current assets as it represents property held for sale.

| | Office | Freehold Land and Buildings Board | Glebe | Fixtures and Office Equipment | Total 2015 | Total 2014 |
|---|--------------|-----------------------------------|--------------|-------------------------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or Valuation | | | | | | |
| Balance at 1 January 2015 | 1,436 | 6,841 | 4,249 | 115 | 12,641 | 10,713 |
| Additions | - | 1,526 | - | - | 1,526 | 1,960 |
| Disposals | - | (1,145) | - | - | (1,145) | (314) |
| Revaluations | - | 199 | 25 | - | 224 | 282 |
| Balance at 31 December 2015 | 1,436 | 7,421 | 4,274 | 115 | 13,246 | 12,641 |
| Accumulated Depreciation | | | | | | |
| Balance at 1 January 2015 | 57 | - | - | 23 | 80 | 17 |
| Charge for year | 47 | - | - | 17 | 64 | 63 |
| Balance at 31 December 2015 | 104 | - | - | 40 | 144 | 80 |
| Net Book Value at 1 January 2015 | 1,379 | 6,841 | 4,249 | 92 | 12,561 | 10,696 |
| Net Book Value at 31 December 2015 | 1,332 | 7,421 | 4,274 | 75 | 13,102 | 12,561 |
| Less properties awaiting sale | - | (550) | - | - | (550) | (638) |
| | 1,332 | 6,871 | 4,274 | 75 | 12,552 | 11,923 |

The DBF's office at Daresbury Park is shown at cost and depreciated over 30 years. Other DBF properties and certain Glebe properties are revalued annually by the Diocesan Surveyor, Mr P D F Gowrley MBEng MCIOB. The remaining Glebe Land and buildings were formally valued by Denton Clark & Co at 31 December 2008. These valuations are updated whenever evidence suggests a material change in valuation has taken place.

Included within Glebe properties is £2.1m relating to properties held solely for direct charitable purposes. The remainder is largely made up of properties held for long term charitable use, or to protect a charitable asset. They are rented out in a manner consistent with these objectives.

13. Investments

| | 2015 | 2014 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Market Value at 1 January 2015 | 6,656 | 6,219 |
| Disposals at market value | (172) | - |
| Acquisitions at cost | 193 | 82 |
| Net gains on revaluation at 31 December 2015 | 70 | 355 |
| Market Value at 31 December 2015 | 6,747 | 6,656 |

Investments at 31 December 2015 comprise

| | No of shares | 2015 Market Value | No of shares | 2014 Market Value |
|---|--------------|-------------------|--------------|-------------------|
| | | £'000 | | £'000 |
| CBF Investment Fund | 490,597 | 6,597 | 483,622 | 6,441 |
| CBF Fixed Interest Fund | 30,414 | 49 | 30,414 | 50 |
| CBF Property Fund | 67,190 | 91 | 37,023 | 80 |
| M & G Charifund | - | - | 5,906 | 85 |
| Churches' Mutual Credit Union Deferred £1 | 10,000 | 10 | - | - |
| | | 6,747 | | 6,656 |

The historical cost of the above investments at 31 December 2015 was £1,750,115 (2014 £1,649,398)

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2015

| 14. Debtors | 2015 | 2014 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Loans to parishes | 321 | 46 |
| Other debtors | 138 | 311 |
| Prepayments and accrued income | 185 | 469 |
| Other loans | 15 | 21 |
| Value linked loans to parishes (due after more than one year) | 263 | 263 |
| | 922 | 1,110 |

Debtors are valued at the undiscounted amount receivable.
 Included in Other loans are amounts totalling £8,239 (2014: £13,771) which are repayable after more than one year.
 Value linked loans to parishes have no fixed repayment date and are repayable to the Church Commissioners only on the disposal of the property against which security is held. As a result, the majority of these balances are likely to be repayable after more than one year.

| 15. Cash at bank, on deposit and in hand | 2015 | 2014 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Balances held by Church Commissioners | 1 | 59 |
| Cash in hand, at bank and on bank deposit | 2,043 | 630 |
| Charity Bank Deposit | 319 | 312 |
| CBF Deposit Fund | 2,505 | 4,430 |
| | 4,868 | 5,431 |

| 16. Creditors: amounts falling due within one year | 2015 | 2014 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Ordinary creditors | 255 | 346 |
| Taxation and other creditors | 35 | 36 |
| Sundry creditors and accruals | 290 | 429 |
| | 580 | 811 |

Creditors are valued at the undiscounted amount payable.

| 17. Creditors: amounts falling due after more than one year | 2015 | 2014 |
|--|--------------|--------------|
| | £'000 | £'000 |
| CCLA loan | 700 | 1,000 |
| Value linked loans for parishes | 263 | 263 |
| | 963 | 1,263 |

Creditors are valued at the undiscounted amount payable.

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2015

18. Endowment Funds

The endowment funds comprise capital funds, the income of which is credited to the relevant unrestricted or restricted fund:-

| | Balance | | (Expenditure) | Balance |
|--|------------------|------------------|-----------------------|--------------------|
| | 1 January | Incoming | gains/(losses) | 31 December |
| | 2015 | Resources | and transfers | 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Diocesan Conference Centre | 88 | - | 1 | 89 |
| Steel & William Fletcher Rogers Fund | 54 | - | - | 54 |
| Retired Clergy, Widows and Dependants Fund | 1,806 | - | 18 | 1,824 |
| Clergy Sustentation Fund | 114 | - | 1 | 115 |
| Birkenhead Curacy Fund | 109 | - | 1 | 110 |
| Glebe Land & Buildings | 4,249 | 112 | (87) | 4,274 |
| Diocesan Stipends Fund Capital Account | 2,505 | - | 127 | 2,632 |
| | <u>8,925</u> | <u>112</u> | <u>61</u> | <u>9,098</u> |

Permanent Endowment

| | |
|--|---|
| Diocesan Conference Centre | Held to produce income for the Foxhill Conference Centre |
| Steel & William Fletcher Rogers Fund | Making of grants for women and girls in need on the Wirral |
| Retired Clergy, Widows and Dependants Fund | Making of grants for relief in need of retired clergy, widows, spouses of the clergy, and in certain circumstances meeting the cost of clergy pension contributions |
| Clergy Sustentation Fund | Making of grants to members of the clergy in need of assistance. |
| Birkenhead Curacy Fund | Fund for clerical or lay assistance at Birkenhead Priory Parish |

Expendable endowment

| | |
|--|--|
| Glebe Land & Buildings | Representing the value of glebe property. Glebe rental income is used for funding stipends |
| Diocesan Stipends Fund Capital Account | The accounts are governed by the Diocesan Stipends Measure 1953 as amended by the Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure. The main function of the fund is to provide income for stipends; it can also be used for other purposes permitted by the Measures. |

Chester Diocesan Board of Finance
Notes to the accounts for the year ended 31 December 2015

19. Restricted Funds

The income funds of the Board of Finance include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:-

| | Balance 1 January 2015 | Incoming Resources | (Expenditure), Gains, (Losses) & Transfers | Balance 31 December 2015 |
|---|------------------------------|-----------------------|--|--------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Capital Reserve Stipends | 2,644 | 103 | (78) | 2,669 |
| Clergy Sustentation | 31 | 9 | (11) | 29 |
| UPA Projects | 25 | - | (9) | 16 |
| Canon White Trust | 16 | - | (12) | 4 |
| Jane Hannah Graham Trust | 328 | 2 | - | 330 |
| Retired Clergy Widows and Dependants | 555 | 82 | (26) | 611 |
| Steel & William Fletcher Rogers Fund - accrued income | 20 | 2 | - | 22 |
| Parish Mission and Ministry | 106 | 171 | (188) | 89 |
| Diocesan Pastoral Account | 3,223 | 3,211 | (3,874) | 2,560 |
| Birkenhead Curacy Fund | 70 | 6 | (19) | 57 |
| Foxhill Retreat Fund | 163 | 3 | - | 166 |
| Restricted Committee income* | - | 1,445 | (1,445) | - |
| | <u>7,181</u> | <u>5,034</u> | <u>(5,662)</u> | <u>6,553</u> |

*In all cases Committee expenditure exceeds restricted income, the balance being funded from unrestricted funds.

Details of the Restricted funds outstanding are as follows:

| | |
|--|--|
| Capital Reserve Stipends | Held to generate income for stipends. |
| Clergy Sustentation | The charity is endowed (see note 18) The income is for the making of grants to members of the clergy in need of assistance. |
| UPA Projects | Raised for projects in Urban Priority Areas. |
| Canon White Trust | Repair and restoration of churches in the Diocese. |
| Jane Hannah Graham Trust | The making of grants and loans for the provision, restoration and repair of churches and parsonage houses. |
| Retired Clergy Widow and Dependants | The charity is endowed (see note 18) Making of grants for relief in need of retired clergy, widows, spouses of the clergy. In certain circumstances meeting clergy pension contributions |
| The Steel and William Fletcher Rogers Fund | The charity is endowed (see note 18) Making of grants for women and girls in need on the Wirral |
| Parish Mission and Ministry | From Archbishops Council. Can be spent on parish mission and ministry activities, or stipends. |
| Diocesan Stipends Income Fund | Applied towards the payment of stipends |
| Birkenhead Curacy Fund | Fund for clerical or lay assistance at Birkenhead Priory Parish |
| Foxhill Retreat Fund | The fund arose from a donation from Chester Retreat House and is to be used to fund Retreats. |
| Diocesan Pastoral Account | The account is governed by the section 78 of the Pastoral Measure 1983. It must initially be used in meeting the costs incurred for the purposes of the measure, or in meeting the costs of disposing of or maintaining houses or churches vested in the DBF or Commissioners. If the DBF is satisfied the fund is not required or likely to be required for the above, it may be applied to other purposes of the diocese or any benefice or parish in the diocese. |

Chester Diocesan Board of Finance is also trustee to the Twemlow Trust. The trust is endowed and has a total value with accumulated income of £66,692. The trust arose to pay grants to Honorary Canons of Chester Cathedral with a wish that they preach at Balterley Memorial Chapel. Chester Diocesan Board of Finance has periodically transferred the majority of the accumulated income to Barthomley PCC.

20. Analysis of net assets between funds

| | Tangible Fixed Assets | Investments | Net Current Assets | Long term Liabilities | 2015 Total Net Assets | 2014 Total Net Assets |
|---|-----------------------------|--------------|-----------------------|--------------------------|-----------------------------|-----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Unrestricted Funds | | | | | | |
| General Funds | 4,261 | 101 | 1,735 | 963 | 5,134 | 4,318 |
| Designated | | | | | | |
| EIG Reserve | - | - | 247 | - | 247 | 195 |
| Lay Training | - | - | 19 | - | 19 | 20 |
| Fryer Trust | - | 85 | - | - | 85 | 85 |
| Diocesan Conference Centre | 2,960 | - | - | - | 2,960 | 2,960 |
| Pension Reserve | - | - | - | 6,394 | (6,394) | (7,157) |
| Total Unrestricted Funds | 7,221 | 186 | 2,001 | 7,357 | 2,051 | 421 |
| Restricted Funds | | | | | | |
| Capital Reserve Stipends | - | 2,669 | - | - | 2,669 | 2,643 |
| Clergy Sustentation | - | - | 29 | - | 29 | 31 |
| UPA Projects | - | - | 16 | - | 16 | 25 |
| Canon White Trust | - | - | 5 | - | 5 | 17 |
| Jane Hannah Graham Trust | - | - | 330 | - | 330 | 328 |
| Clergy Widows and Dependants | 180 | - | 431 | - | 611 | 555 |
| Pastoral Account | 877 | - | 1,683 | - | 2,560 | 3,223 |
| Parish Mission and Ministry | - | - | 89 | - | 89 | 106 |
| Birkenhead Curacy Fund | - | 50 | 7 | - | 57 | 70 |
| Foxhill Retreat Fund | - | 72 | 93 | - | 165 | 163 |
| Steel & William Fletcher Rogers | - | - | 22 | - | 22 | 20 |
| Total Restricted Funds | 1,057 | 2,791 | 2,705 | - | 6,553 | 7,181 |
| Endowment Funds | | | | | | |
| Diocesan Conference Centre | - | 89 | - | - | 89 | 88 |
| Steel & William Fletcher Rogers | - | 54 | - | - | 54 | 54 |
| Retired Clergy, Widows | - | 1,824 | - | - | 1,824 | 1,806 |
| Clergy Sustentation Fund | - | 115 | - | - | 115 | 114 |
| Glebe Land & Buildings | 4,274 | - | - | - | 4,274 | 4,249 |
| Birkenhead Curacy Fund | - | 110 | - | - | 110 | 109 |
| Diocesan Stipends Fund Capital | - | 1,578 | 1,054 | - | 2,632 | 2,505 |
| Total Endowment Funds | 4,274 | 3,770 | 1,054 | - | 9,098 | 8,925 |
| Total Funds | 12,552 | 6,747 | 5,760 | 7,357 | 17,702 | 16,527 |
| Unrealised gains/losses included above | | | | | 2015 | 2014 |
| | | | | | £'000 | £'000 |
| On Investment Assets | | | | | 4,997 | 5,007 |
| On tangible fixed assets | | | | | | |

It has been impractical to ascertain the total unrealised gains on tangible fixed assets as some assets were gifted or transferred to the Board and no records remain of their value at the time of receipt.

21. Transfers between funds

Transfers were made from restricted to unrestricted funds as follows:-

| | |
|---|--------------|
| From the Pastoral Account | £'000 |
| Purchase of DBF corporate property | 376 |
| In respect of housing allowances | 70 |
| In respect of Loan repayments | 300 |
| | |
| From the Parish Mission and Ministry Fund | |
| Part funding of Growth Action Planning officer and additional curates | 121 |
| | |
| Total transfers | 867 |

22. Staff Pensions Schemes

Defined Benefit Scheme (DBS)

Chester DBF (DBS) participates in the Defined Benefits Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 18.1% of pensionable salary and expenses of £6,400 per year.

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

| | 2015 | 2014 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Balance sheet liability at 1 January | 47 | 105 |
| Deficit contribution paid | - | -64 |
| Interest cost (recognised in SoFA) | - | 1 |
| Remaining change to the balance sheet liability*(recognised in SoFA) | (47) | 5 |
| Balance sheet liability at 31 December | - | - |

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

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

| | December 2013 | December 2014 | December 2015 |
|---------------|------------------|------------------|------------------|
| Discount rate | 1.3% | 0.0% | 0.0% |

Pension Builder Scheme (PBS)

Chester DBF (PB Classic) participates in the Pension Builder Scheme section of Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

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

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

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

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

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable.

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

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

23. Clergy Pensions Scheme

Chester DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

* An investment strategy of:

* for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and

* a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;

* Investment returns of 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 stipends of 3.2% p.a.;

* Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males.

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Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

| % of pensionable stipends | 1 Jan 15 to 31 Dec 25 | 1 Jan 14 to 31 Dec 14 |
|---|-----------------------|-----------------------|
| Accrual of future service benefits (including expenses) | 25.8% | 25.8% |
| Deficit repair contributions | 14.1% | 12.4% |
| Total contribution rate | 39.9% | 38.2% |

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

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Balance sheet liability at 1 January | 7,110 | 7,273 |
| Deficit contribution paid | (714) | (620) |
| Interest cost (recognised in SoFA) | 155 | 244 |
| Remaining change to the balance sheet liability* (recognised in SoFA) | (157) | 213 |
| Balance sheet liability at 31 December | 6,394 | 7,110 |

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

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

| | December 2015 | December 2014 | December 2013 |
|---------------------------------------|---------------|---------------|---------------|
| Discount rate | 2.5% pa | 2.3% pa | 3.5% pa |
| Price inflation | 2.4% pa | 2.7% pa | 3.2% pa |
| Increase to total pensionable payroll | 0.9% pa | 1.2% pa | 1.7% pa |

24. Ongoing Diocesan Activity

The Diocesan finances comprise underlying ongoing activity that is budgeted for each year as well as other less predictable activities such as the purchase and sale of parsonage houses processed through the pastoral account.

The internal management accounts representing budgeted diocesan activity and the SOFA are reconciled as follows:-

| | Management Accounts £'000 | EIG Reserve £'000 | Pastoral Account £'000 | Other items & transfers £'000 | SOFA £'000 |
|-------------------------------|------------------------------|----------------------|---------------------------|----------------------------------|---------------|
| Income | 12,517 | 82 | 3,211 | 365 | 16,175 |
| Expenditure | 12,466 | 31 | 3,248 | (247) | 15,498 |
| Net Income/Expenditure | <u>51</u> | <u>51</u> | <u>(37)</u> | <u>612</u> | <u>677</u> |

(Income to the EIG Reserve and Pastoral Account are shown net of transfers to general funds included in Income in the management accounts)

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25. Transition to FRS102

This is the first year the DBF has presented its results under FRS 102 and SORP2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are a reconciliation of the surplus for the year and the reserves from the amounts previously stated in the 2014 financial statements following the change in accounting policies.

| Reconciliation of net movement in funds for the year ended 31 December 2014 as previously stated to that restated under FRS102 | Unrestricted 2014 | Restricted 2014 | Endowment 2014 | Total 2014 |
|---|------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Net movement in funds as previously reported | 848 | 1,936 | 306 | 3,090 |
| Defined benefit pension schemes - recognition of movement in valuation of agreed deficit recovery payments | | | | |
| Church of England Funded Pensions Scheme (Clergy) | 163 | - | - | 163 |
| Church Workers Pension Fund | 58 | - | - | 58 |
| Total adjustment to net movement in funds | 221 | - | - | 221 |
| Net movement in funds for the year under FRS102 | 1,069 | 1,936 | 306 | 3,311 |
| Reserves reconciliation - 1 January 2014 | | | | |
| As at 1 January 2014 - as previously reported | 6,730 | 5,245 | 8,619 | 20,594 |
| Defined benefit pension schemes - recognition of agreed deficit recovery payments | | | | |
| Church of England Funded Pensions Scheme (Clergy) | (7,273) | - | - | (7,273) |
| Church Workers Pension Fund | (105) | - | - | (105) |
| As at 1 January 2014 - restated | (648) | 5,245 | 8,619 | 13,216 |
| Reserves reconciliation - 31 December 2014 | | | | |
| As at 31 December 2014 - as previously reported | 7,578 | 7,181 | 8,925 | 23,684 |
| Defined benefit pension schemes - recognition of agreed deficit recovery payments | | | | |
| Church of England Funded Pensions Scheme (Clergy) | (7,110) | - | - | (7,110) |
| Church Workers Pension Fund | (47) | - | - | (47) |
| As at 31 December 2014 - restated | 421 | 7,181 | 8,925 | 16,527 |
| Effect of transition to FRS102 for the year ended 31 December 2014 | | As previously stated | Effect of transition | As restated under FRS102 |
| Total income | | 17,136 | - | 17,136 |
| Total expenditure | | (14,683) | 439 | (14,244) |
| Net gains/(losses) on investments | | 355 | - | 355 |
| Net income/expenditure | | 2,808 | 439 | 3,247 |
| Gains/losses on revaluation of fixed assets | | 282 | - | 282 |
| Actuarial gains/losses | | - | (218) | (218) |
| Net movement in funds | | 3,090 | 221 | 3,311 |

Under Section 28.11A of FRS102, agreed deficit recovery payments on defined benefit pension schemes (see notes 22, 23) are recognised as a liability. As a result, £439,000 of deficit recovery payments that were previously shown in Total expenditure are no longer shown in the Statement of Financial Activities, but are now a balance sheet movement. In addition, actuarial gains/losses previously not disclosed are now shown in the Statement of Financial Activities.

26. Prior year comparative Statement of Financial Activities restated

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2014 £'000 |
|---|--------------------------------|------------------------------|-----------------------------|------------------------|
| Income and endowments from | | | | |
| Parochial contributions | 10,497 | - | - | 10,497 |
| Grants and other donations | 169 | 550 | - | 719 |
| Investment income | 52 | 248 | 137 | 437 |
| Rental income | 57 | 94 | - | 151 |
| Income from charitable activities | | | | |
| Statutory fees, chaplaincy and other income | - | 860 | - | 860 |
| Diocesan Retreat and Conference Centre | 114 | - | - | 114 |
| Other income from operating activities | 21 | 52 | - | 73 |
| Parsonage and redundant church sales/transfers | 1,000 | 3,285 | - | 4,285 |
| Total Income | 11,910 | 5,089 | 137 | 17,136 |
| Expenditure on | | | | |
| Raising funds | | | | |
| Cost of generating voluntary income | 12 | - | - | 12 |
| Investment and Rental costs | 32 | 81 | - | 113 |
| Charitable Activities | | | | |
| National church responsibility | 409 | - | - | 409 |
| Funding of parochial clergy and archdeacons | 8,241 | 1,137 | - | 9,378 |
| Parsonage purchases and major improvements | - | 1,713 | - | 1,713 |
| Support to clergy and parishes | 1,664 | 595 | - | 2,259 |
| Diocesan Retreat and Conference Centre | 360 | - | - | 360 |
| Total Expenditure | 10,718 | 3,526 | - | 14,244 |
| Net gains/(losses) on investments | - | 152 | 204 | 355 |
| Net income/(expenditure) | 1,191 | 1,715 | 341 | 3,247 |
| Transfers between funds | (47) | 221 | (174) | - |
| Other recognised gains/(losses) | | | | |
| Gains/(losses) on revaluation of fixed assets | 143 | - | 139 | 282 |
| Actuarial gains/(losses) on defined benefit pension schemes | (218) | - | - | (218) |
| Net movement in funds | 1,069 | 1,936 | 306 | 3,311 |
| Reconciliation of funds: | | | | |
| Total funds brought forward | (648) | 5,245 | 8,619 | 13,216 |
| Total funds carried forward | 421 | 7,181 | 8,925 | 16,527 |

