



# The Church of England **ROCHESTER**

Annual Report and Accounts 2017





*The Trustees, who are also directors for the purposes of company law, present their trustees' report together with the financial statements and auditor's report for the charitable company – the Rochester Diocesan Society and Board of Finance Limited (RDSBF) (also known as Rochester Diocese) for the year ended 31 December 2017.*

*The financial statements comply with current statutory requirements, the Charities Act 2011, The Statement of Recommended Practice for Charities 2015 (SORP 2015) and the Companies Act 2006.*

#### Registered & Principal

**Office:** Diocesan Office  
St Nicholas Church  
Boley Hill  
Rochester Kent ME1 1SL

#### Members of the Bishop's Council (Directors and Trustees):

*The Lord Bishop of Rochester (Chairman)*  
- The Rt Rev James Langstaff  
*The Bishop of Tonbridge*  
- Vacant  
*The Chair of the Board of Finance*  
- Canon Judith Armitt

#### Ex-officio:

*The Archdeacon of Bromley & Bexley*  
- The Ven Dr Paul Wright  
*The Archdeacon of Rochester*  
- The Ven Simon Burton- Jones  
*The Archdeacon of Tonbridge*  
- The Ven Julie Conalty (from 24/9/17)  
- The Ven Clive Mansell (retired 31/7/17)  
*The Dean of Rochester Cathedral*  
- The Very Rev Dr Philip Hesketh  
*The Chair of the House of Laity*  
- Mr Philip French  
*The Chair of the House of Clergy*  
- The Rev Canon Alyson Davie  
*The Chair of the Board of Education*  
- Dr Jeff Blyth (from 25/5/17)

#### Elected – House of Clergy:

- The Rev Canon Mark Barker  
- The Rev Jay Colwill  
- The Rev Dylan Turner

#### Elected – House of Laity:

- Miss Christine Bostock  
- Mr Guy Gallico  
- Mr Gordon Hunt  
- Mr Jeremy King  
- Mrs Sarah Poole  
- Mrs Lela Weavers

#### Senior Staff:

*Diocesan Secretary (and Company Secretary)*  
- Mr Geoff Marsh  
*Director of Strategy & Implementation*  
- Mr Matthew Girt  
*Director of Finance*  
- The Rev Richard Williams (from 19/6/17)  
*Diocesan Surveyor*  
- Mr Mark Trevett  
*Director of Formation and Ministry*  
- The Rev Canon Chris Dench  
*Director of Diocesan Board of Education*  
- Mr Alex Tear (to 18/8/17)  
- Mr John Constanti (Interim from 21/7/17)  
*Bishop's Chaplain*  
- The Rev Lindsay Llewellyn-MacDuff

#### Advisors:

**Auditors:**  
haysmacintyre  
10 Queen Street Place, London EC4R 1AG  
**Registrar:**  
Winckworth Sherwood  
Minerva House, 5 Montague Close, London SE1 9BB  
**Bankers:**  
Barclays Bank Plc, Medway Towns Branch, 40/46 High Street, Maidstone ME14 1SS  
**Property Adviser and Glebe Agent:**  
Savills  
23 Kings Hill Avenue, Kings Hill, West Malling  
Kent ME19 4UA  
**Investment Advisers:**  
Sarasin and Partners LLP  
100 St Paul's Churchyard, London EC4M 8BU  
Eden Tree Investment Management Limited  
24 Monument St, London EC3R 8AJ  
**Insurers:**  
Ecclesiastical  
Beaufort House, Brunswick Road, Gloucester GL1 1JZ

## Trustees Report

### Strategic Report

- **Message from the Bishop and the Chair of Board of Finance ..... 4 - 5**
- **Financial Overview ..... 6 - 7**
  - o Where our income came from
  - o Where the money is spent
  - o Support costs for a parish church
- **Strategic Report and Operating Review ..... 8 - 11**
- **Financial Strategy ..... 12 - 15**
- **Mitigating Risk and Uncertainties ..... 16 - 19**
- **Financial Review ..... 20 - 23**
- **Governance and Management ..... 24 - 27**

**Statement of Trustees' Responsibilities ..... 28 - 29**

**Independent Auditor's Report ..... 30 - 31**

**Financial Statements ..... 32 - 66**

- o Statement of Financial Activities
- o Balance Sheet
- o Cash Flow Statement
- o Notes to the Financial Statements



4

message

# MESSAGE FROM THE BISHOP AND THE CHAIR OF BOARD OF FINANCE

This has been an exciting year as we launched Called Together, the new vision and strategic framework for the Diocese. God calls us each by name and makes us His own and He also calls us together into a common endeavour of worship and of prayer, of proclamation and of service and to join with Him in transforming the lives of individuals and communities; showing forth His character in acts and attitudes of grace and generosity.

The Diocese is on a journey of change and transition, one in which we are all playing a part. Whilst it is important to have a direction of travel and a vision for which to aim, the journey is equally important. If we only focus on the final destination we will lose that sense of travelling together and of discovering God travelling with us.

It is vital that our finances are sound and well managed and that we are able to implement all that we believe God is calling us to do. During the year we implemented a new Financial Strategy with five-year financial projections. We acknowledge it will take longer to get to a balanced budget than we had hoped and we are now aiming that this will be achieved in 2020. Certainly, the building blocks are coming together to help us achieve this.

There are signs of improvement and the deficit for 2017 is better than forecast in the middle of the year, although we did not achieve the break-even position we had planned for at the start. In addition to the unrestricted general fund, the trustees have been focused on our capital, on cash management, our investment policy and the approach to liquidity and in all of these positive achievements were made in the year.

Through our chaplaincies, schools, parishes and

worshipping communities, we are coming together in response to God's immense love for us, as we seek to be God's people living and telling the story of Jesus. Your generosity ensures we continue to be a presence in every community of Rochester Diocese. We would also like to express our appreciation and thanks to our ordained clergy and the many volunteers who give their time freely in so many ways across the Diocese and in addition extend our particular thanks to the hardworking staff in the Diocesan office under the leadership of the Diocesan Secretary.

In each place where we are, in village, town, suburban or urban setting; in workplace, school, college, hospital or other place of human activity; in all of these and other settings across south-east London, Medway and West Kent, we are called together to enhance and steward our resources for the work of God, to enrich with Christian value and character the places where we are, to grow in numbers and in spiritual vigour disciples who will be both faithful and fruitful.

As we say to those who are ordained – and it can apply equally to all of us – “You cannot bear the weight of this calling in your own strength, but only by the grace and power of God. Pray therefore that your heart may daily be enlarged and your understanding of the Scriptures enlightened. Pray earnestly for the gift of the Holy Spirit.”

The next twelve months will be one of transition as we continue to implement Called Together. It is going to be busy, challenging and exciting – and let us pray that it may be fruitful in every way.

*Warmest greetings in Christ,*

+ James Roffen:

The Rt Rev James Langstaff  
Bishop of Rochester

*Judith Armitt*

Canon Judith Armitt  
Chair of Rochester Diocesan Society and Board of Finance

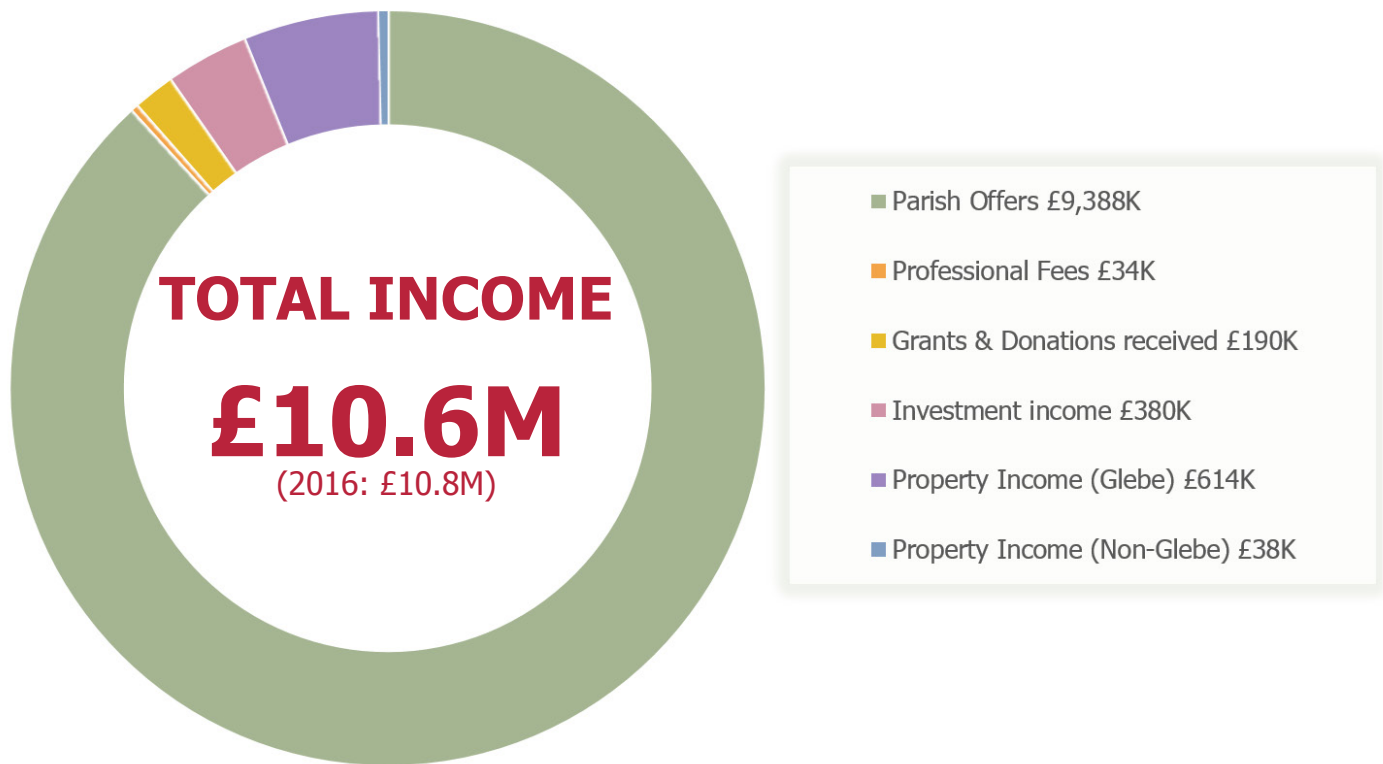


# FINANCIAL OVERVIEW

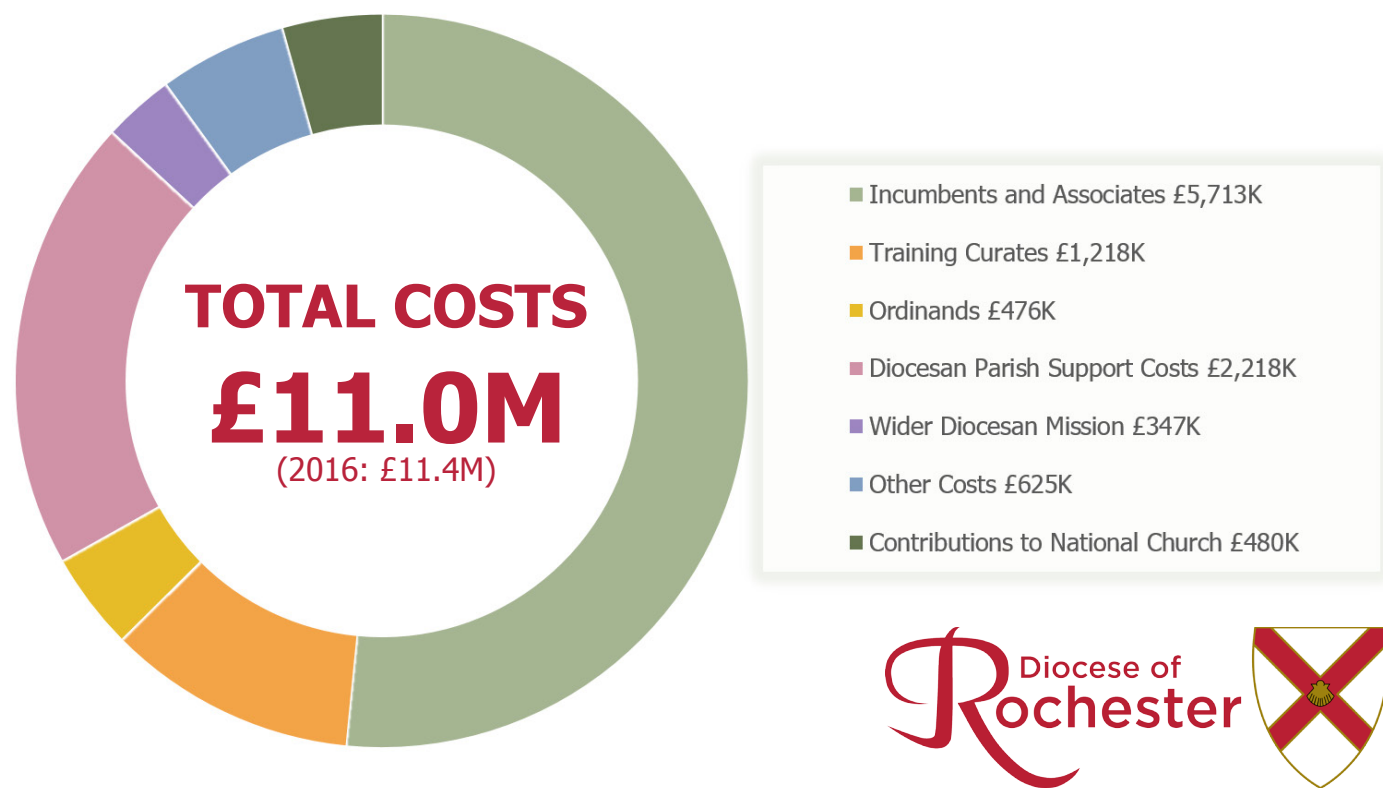
The Operating Result\* was a deficit for the year of £0.43M, which compares to the published adjusted deficit last year of £0.56M. This is an encouraging step in the right direction of the plan to reduce the deficit and reach break-even by 2020.

\*Movement on the Unrestricted General Fund

## WHERE OUR MONEY CAME FROM



## WHERE THE MONEY IS SPENT



# SUPPORT COSTS FOR A PARISH

The Diocese of Rochester is reliant principally on payments of Parish Offer, which represent 86% of total income.

### Cost of a Full-time Incumbent

Current Stipend (from April 2018)	£26,201
National Insurance (9.5%)	£2,489
Pension (25.9%)*	£6,786
Parsonage Upkeep	£4,532
Cost of Full-time Incumbent	£40,008

\*Excluding pension deficit payments at 11.9%

### Diocesan Parish Support Costs

	Budget 2018
Clergy Removals and Resettlements	£162K
Support Clergy and Office	£182K
Formation and Ministry	£248K
Other Ministry Costs	£90K
Strategy & Implementation	£64K
Safeguarding	£179K
Communications	£115K
Legal & Secretariat	£147K
Finance & Stewardship	£245K
IT	£154K
DAC	£114K
Other Office Costs	£50K
Diocesan Parish Support Services (excluding clergy property)	£1,750K
Number of Parishes in the Diocese	216

### Average Contribution required to cover costs of Future Ministry, Wider Diocesan Mission and National Church of England

	Budget 2018
Curates	£1,176K
Ordinands	£610K
Wider Diocesan Mission	£419K
Contributions to National Church	£486K
Total	£2,691K

### Net Average Contribution required to support parishes unable to cover fully the cost of a Full-time Incumbent and Diocesan Parish Support Costs

	Based on Parish returns in 2016
Support to parishes unable to cover fully the cost of a Full-time Incumbent and Essential Diocesan Services	£1,523K

### Average Contribution required from parishes

£40K

+

£8K



£48K

+

£13K

+

£7K



£68K





# called together



## STRATEGIC AND OPERATING REVIEW

In November 2017, we launched 'Called Together', a new vision and Diocesan strategy. This followed a period of extensive consultation and discernment.

This strategy provides a framework that will help shape our mission and ministry over the next five years. It aims to grow the Kingdom of God in the Diocese, strengthen parishes and improve the way ministers are assigned

to their work. This sits in the context of the Church of England's national Renewal and Reform programme.

Called Together encompasses three core themes: 'Growing Disciples'; 'Enriching our Communities'; and 'Resourcing Mission and Ministry' as shown in the diagram opposite. These themes break down into 12 interwoven work-streams:

Growing Disciples	Enriching our Communities	Resourcing our Mission and Ministry
Growth	Community Initiatives	Resilient Growing Churches
Discipleship	New and Re-Missioned Places	Administration and Support – 'Making it Easier'
Prayer	Working with Schools	Planning for Growth
Children & Young People	Supporting Chaplaincy	Project Initiation Support

Implementation began immediately, following the launch in November 2017. All streams of work will be monitored and evaluated throughout to check progress and allow learning. Progress will be communicated frequently and widely through all current channels of communication and some new ones.

### Mission and Community Engagement

There are a range of initiatives for mission and community engagement across our Diocese which all fall within one of the strands of the 'Called Together' framework:

- **Growth** is a key emphasis for us; this encompasses growth in numbers of disciples, growth in depth of discipleship and spirituality, and growth in numbers of worshipping communities. This aspiration to grow is reflected in the more detailed planning within a number of work-streams. One such will lead to a renewing of resources to enable local mission and evangelism.

- **Youth and Children's work** has been re-affirmed as a clear emphasis in our life. Already over 40 paid youth and children's workers are in post across the Diocese; we aspire to see the number expanded, especially in places where local funding may not be available. We are launching a new £500K fund to support local initiatives.

- **Schools work** is another clear emphasis for us. Especially through our network of Church of England multi-academy trusts, we have plans to open new

Church of England Schools; one recently opened -Bishop Chavasse, Church of England Primary School in South Tonbridge - and two more are at the planning stage. We also desire to build on the excellent local links with the wide range of schools in our communities.

- **New and re-missioned places** receive considerable attention because of the demographic changes in our area. Through Bishop's Mission Orders and other approaches, we are actively engaged with:

- o Developing vision and plans for Christian presence within the Ebbsfleet City development – a very significant initiative to serve a new community of 40,000 residents;

- o Seeking opportunities for Church of England schools to serve areas of new housing, and potentially host congregational life as well;

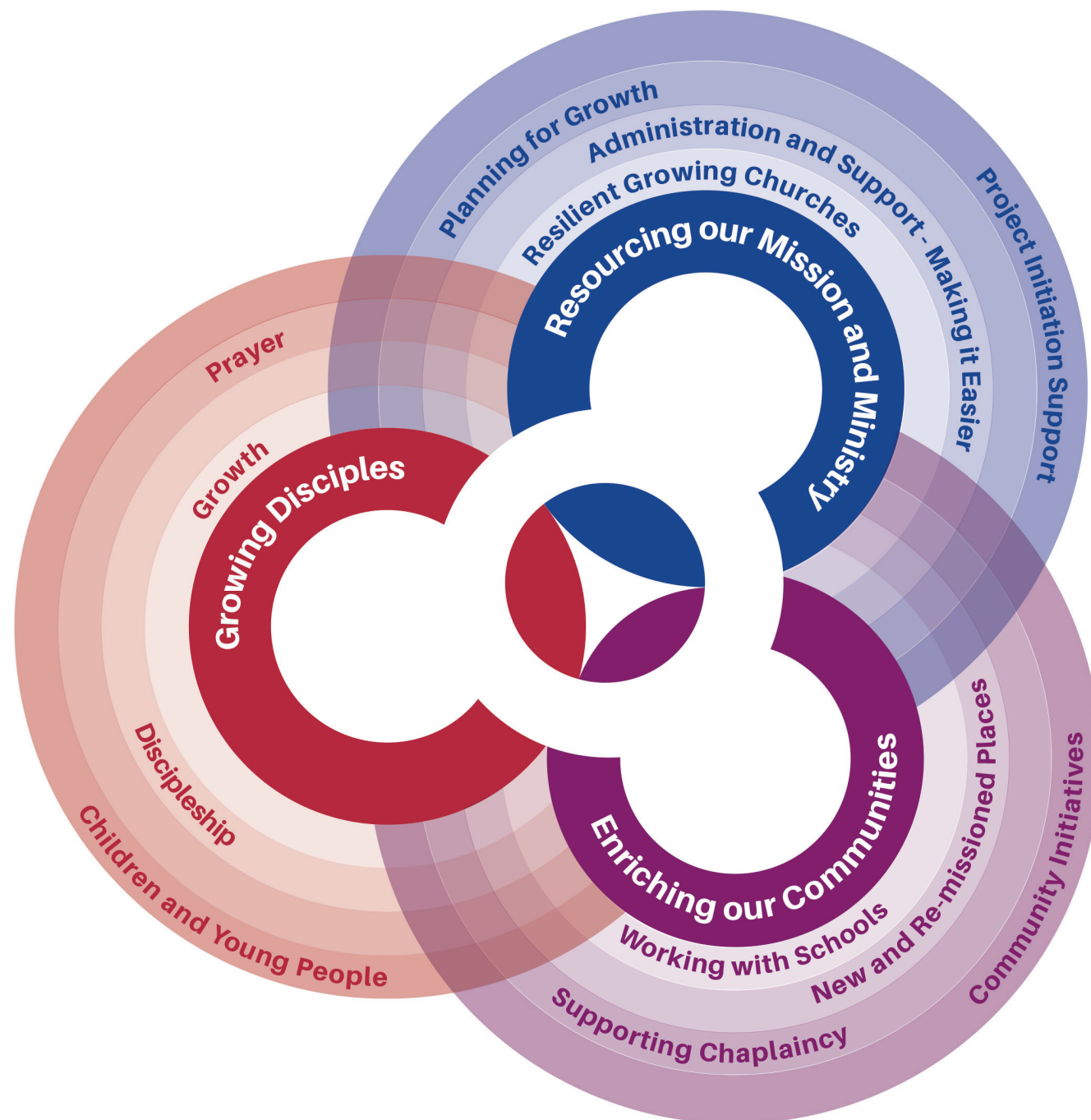
- o Working with the local churches to establish a new expression of Christian presence to serve a new population at Gillingham Pier;

- o Planning a new church building/centre for King's Hill, a housing development with 10,000 people where we already have a priest and congregation;

- o Renewing Christian presence in Chatham Town Centre, including re-opening a closed church building and developing a new partnership with Church Army; and

- o Developing patterns of interim ministry as an approach to the renewal of congregational life and





mission where a new approach is needed.

- **Prayer** must undergird all we seek to be and to do. We engage actively with 'Thy Kingdom Come'. The spirituality network within the Diocese is vibrant, with many seeking and offering spiritual direction and accompaniment. We treasure within our diocese a number of communities/places/opportunities of prayer and quiet, including Malling Abbey, the St Benedict's Centre, Burrswood and the Companions of Christ. Bishops court is also used regularly as a place for quiet days and similar gatherings.

- **Community enrichment** is already a very clear emphasis in our common life. In different ways according to need and opportunity, we have focussed work around such areas as:

- o Hope 2018: we are promoting this as a framework for local initiatives;

- o Homelessness and poverty: winter shelters, foodbanks and other initiatives;

- o Debt and credit: we have been part of the Archbishop's national initiative;

- o Dementia care: in partnership with the Bible Reading Fellowship – 'Gift of years', we have a specialist project officer, and a growing network of Anna Chaplains and Anna Friends;

- o Fostering and Adoption: in partnership with the Home for Good charity, we have a project and a worker seeking to work with our churches to grow vocations to fostering and adoption; and

- o Modern slavery: we plan a significant focus on this in 2018.

- **Formation and Discipleship** has been a very clear focus for us for a number of years. Our vocations work for ordained and lay ministry and service is well-developed, as are our patterns for training and sustaining ordained ministers and licensed lay ministers; our Licensed Lay Ministry programme is broadly based, including a range of ministries. Further development of shorter programmes around elements of non-authorised ministry and especially discipleship in the world is needed. The recent development of the St Benedict's Centre as a place of formation in partnership with Malling Abbey and St Augustine's College of Theology will contribute significantly to this.

- **Chaplaincy** is affirmed within our Diocese as a focal ministry, ordained and lay, remunerated volunteer. In partnership with others, we support chaplaincy in a range of settings and see this expanding.

A full review of the Diocesan activities in the year is published in the document entitled 'Diocesan Annual Review'.

### Developing a New Ministry Strategy

A Deployment Review was initiated in September 2016 and a methodology for underpinning clergy deployment was recommended. A Deployment Review Tool has been developed with 10 indicators and this was launched in the Autumn of 2017. This is used to guide our decisions and help us to re-shape deployment according to present-day needs, opportunities and possibilities. It

brings some objectivity to this process.

Archdeaconry Mission and Pastoral Working Groups have been established, which include in their terms of reference the consideration of current patterns of ministerial deployment, locally and nationally. They have now been operating for around two years and are increasingly important in shaping the local expression of the church's missionary and pastoral presence in our communities.

The Deployment Tool is now being applied across the 17 deaneries. The process of review involves input from deaneries and Archdeacons. Several pastoral re-organizations are currently being considered and this work will continue.

### Support from Church Commissioners

The Diocese has benefited from significant grant funding from the Church Commissioners' recently set up Strategic Development Fund and in connection with major development projects, such as Ebbsfleet Garden City. The Diocese will also be seeking substantial grant funding in connection with our emerging strategic framework.





# FINANCIAL STRATEGY

## Underpinning Called Together

The Council implemented a new Financial Strategy in February 2018. The purpose of this financial strategy is to underpin Called Together and enable it to come to fruition. This entails two principal risks. First, we make plans that we cannot afford and end up in financial difficulty. Second, we limit our ambition and fail to address the underlying issues of general church decline. Neither of these would be satisfactory. Our aim is to address the underlying issues that face the Diocese and provide a platform for growth, and all the while ensure we have the funds necessary to achieve this.

One of the key challenges facing the Diocese is strengthening its financial resilience going forward. Our strategic plans are built on foundations of being affordable and sustainable over the next five years. Financial projections, including cash-flow, have been modelled and flexed based on a number of scenarios to ensure that a range of eventualities are assessed and the appropriate management action taken.

## Achieving a Balanced Budget

The RDSBF aims to keep the day to day income and expenditure of the Unrestricted General Fund in balance, while using designated and restricted funds for the purposes for which they are held, and in particular to fund capital and growth initiatives. It is planned that a balanced budget will be achieved within three years, by the end of 2020, although there are significant challenges ahead if we are to achieve this.

The Council annually considers, evaluates and records the major areas of risk to which the RDSBF is exposed, assessing the likelihood and impact of those risks crystallising, together with measures in place to manage and mitigate such risks (see 'Mitigating Risks and Uncertainties' below).

There are a number of factors which can impact on the RDSBF's ability to meet its objectives. Most important is the collection of the Parish Pledged Offers, with parishes responding with a realistic level of voluntary contribution. The level of Pledged Offers and any significant shortfall in collection will have implications for the mission objectives and deployment of the Diocese. For 2019, whilst retaining the voluntary nature of parish Pledged Offers, it is proposed that we publish 'Indicative Offers' for each parish. The 'Indicative Offer' will enable parishes to assess a fair share for its Pledged Offer based on the overall funding requirement of the Diocese for mission and ministry. It is also proposed to introduce a working system of appropriate follow up and support.

A new system of support for parishes in respect of stewardship was proposed in the Autumn of 2017, with emphasis on financial stewardship and using national

tools supporting parishes in their income-raising activity. The rolling out of this is a key objective of 2018.

As part of the conversations with parish representatives, we encourage parishes to undertake a 'health check' to ensure that they are making the most of their resources: people, property and money. The approach makes it much more obvious where ministry is being supported and where support is coming from. The Diocese will provide practical assistance as well as encouragement as necessary.

A plan for improved communication of finances is envisaged to seek to ensure that church members, parishes and deaneries are better informed concerning the financial management of the Diocese.

## Reserves Policy

Sufficient reserves are held to finance working capital requirements (principally stipends, salaries and associated pension commitments and property costs) not matched by simultaneous receipt of income.

The Council adopted a new reserves policy in 2016, in line with recommendations of the Charity Commission of England and Wales, which is to hold a balance of readily realisable assets in the General Fund equivalent to 3 months' unrestricted expenditure as based on the actual figures for the previous year. At 31 December 2017, the amount required under this policy totalled £2.8M (2016: £3.0M).

The Council considers that it is important to carry additional reserves to cover unforeseen eventualities and the possibility of future operating deficits before the intended breakeven position is reached.

## Liquidity Policy

The Council is aware of the need to maintain sufficient liquid assets for ongoing requirements. A Liquidity Policy is in operation seeking to ensure the provision of sufficient cash resources to cover commitments for ongoing working capital and obligations on funds held on behalf of parishes in respect of church repairs (in the 'Church Repairs Fund') and for deposits by parishes (in the 'Diocesan Loans Fund').

In arriving at the minimum amount required for liquidity purposes, account has been taken of the Council's ongoing plans for effective income raising, the budgeting process and cost control. Most income is now received in a steady stream throughout the year and monthly management accounts are produced and performance against budget is monitored regularly and frequently.

The overall need is for liquid reserves (defined as monies either on current account or on bank deposits of up to seven days' notice) of currently £2.75M. These monies



will usually be held on the Board's current account with its clearing banker (currently Barclays), but equally may be placed with other financial institutions that meet the criteria laid down in the Cash Deposits Policy.

The five-year financial plan will place heightened emphasis on cash requirements and liquidity of assets and, as a consequence, the Council will keep its Liquidity Policy under review.

### Investment Policy

The investment portfolio is currently invested by the Board in order to:

- Generate income to fulfil the strategic objectives and commitments of the Diocese;
- Provide funding for the capital programme in the medium to long term; and
- Preserve and grow the capital funds for future generations of the church.

As is the case for all charities with historic endowment, the RDSBF is vulnerable to changes in the value and return upon its properties and stock market-based investments.

The RDSBF's investment policy is to hold all restricted and endowed investments in funds which are managed to generate a positive total return when compared with relevant benchmarks, taking no more than a medium level of risk. Investments are invested predominantly with Sarasin or Eden Tree on a balanced mandate taking a moderate level of risk and subject to a composite benchmark. Both Sarasin and Eden Tree have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco.

The Council regularly reviews its investment policy and receives periodic guidance from the Investment Committee. The Council recently commissioned an independent review of its investment policy and management of investment funds, which recommended that the existing fund managers be retained. The overarching investment objective is to seek the maximum return over the long-term, taking into account both income and capital appreciation, with minimum risk to the real value of assets.

Targets are set for the strategic allocation of assets between different classes of investment with an appropriate balance to be struck between returns and risks in accordance with the Investment Policy approved by the Council. Following the review in relation to non-property investments, the Council has agreed to seek an appropriate minimum return of at least CPI plus 3%, whilst at least maintaining the capital value of its non-property investments in real terms.

The Council recently confirmed its policy of rebalancing its direct property investments and to invest the proceeds in the form of investment funds instead, with the overall weighting towards property being reduced over time. The Council will continue to consider direct investment in holdings of land for development or strategic purposes. All the while the Diocese is aware of the need to maintain income levels as it seeks to achieve a balanced budget.

### Grant making policy

The Memorandum of Association of the RDSBF explicitly permits the RDSBF to make grants in pursuance of its objects, and the nature of grants made in 2017 is indicated in note 8.

The Diocese has launched a new £500K fund to support local initiatives in connection with mission to Children & Young People (funded by a £250K grant from the Colyer-Fergusson Charitable Trust; a £125K grant from Trust for London; and £125K from the Hollywood Manor Fund). Other grants are made by Rochester Church Urban Fund, Partnership funds and from the Poverty & Hope Appeal.

Grants from these funds are awarded by separate committees and for specific purposes as detailed below:

- The Rochester Church Urban Fund makes grants in support of projects in urban priority areas within the Diocese.
- The Diocese makes grants to assist in the partnerships with our Link Dioceses of Mwapwa and Kondoa in Tanzania, Harare in Zimbabwe, and to promote links with the Estonian Lutheran Diocese of Estonia. The Diocesan Partnership Officer is the Rev Canon David Kitley and the fund is administered by Mr Mike Fawcett.
- The Poverty and Hope Appeal makes grants to bring relief and aid to the world's poor. The fund is administered by Mr David Cooper.

### Budgetary Control and Cash Monitoring

There is a system of financial monitoring in place which ensures members of the Council and the Finance Committee are able to be kept abreast of the latest position on income and expenditure normally within three weeks of the end of each month. The system for budgetary control is being improved through the introduction of departmental dashboards.

A cash-flow movement statement is produced each month as part of the management accounts. There is also a monthly cash flow forecast for the rest of the year. In addition, five-year financial projections are provided on a rolling basis which show projected movements on the Unrestricted General Fund and there are also cash flow projections on an annual basis.

The annual budget is approved by Diocesan Synod in mid-October. Thereafter, parishes are informed of the change and the overall requirement in Pledged Offers. The Budget is prepared for all funds including a detailed operational budget for the Unrestricted General Fund. In addition to the Revenue budget, a Capital Budget is now produced each year.

### Parish Finances

Each parish faces significant challenges as the financial regulatory environment imposes ever more stringent requirements upon PCC's. The Finance Team in Diocesan Office supports parishes in terms of compliance with the Charity Commission and Accounting Standards in Charity Accounting.

Parishes need to become increasingly aware of financial diligence in their affairs and to demonstrate to the

congregation that they are giving due value for money. Stewardship training and support is provided to help parishes to raise income levels. Church finances would be transformed if the level of giving by church members were raised from its present level of 3.2% of personal income to the national aspiration of 5%.

Parishes are also encouraged to take advantage of the various central purchasing schemes run by the national church. Currently take up in the Diocese is low and every effort is being made to promote this scheme.

### Property

There are three types of property that the RDSBF owns: Glebe investments (historic land and buildings), Clergy Houses and RDSBF owned corporate property held for operational purposes.

The RDSBF will consider the disposal of property for the following reasons:

- To replace unsuitable parsonages;
- To accommodate the changing geographical deployment of clergy within the Diocese; and
- To realise the development potential in some properties, thereby releasing funds to invest in our mission.

The Council continues to identify significant opportunities for maximizing the disposal value of any redundant land and property in its ownership.

The Council commits very significant capital reserves to the purchase of housing for clergy and very often when ministry is reorganized locally there is a requirement to buy a new property before the old property has been sold. The Diocese also has responsibility for housing its training curates (currently 24) at any one time. The Clergy Houses Committee oversees the upkeep of clergy houses.

In its role as the Diocesan Parsonages Board and the housing provider, RDSBF is responsible for the provision, management, maintenance and improvement of approximately 230 houses, principally for the benefit of clergy. During the year £513K was spent (including insurance) on the care of parsonages and other properties under the Repair of Benefice Buildings Measure 1972. This includes quinquennial building surveys and arranging for repair or improvement by contract or by order and supervising and administering such works of repair or improvement. Also, as part of the Church Repair Fund (CRF), we are responsible for the quinquennial building surveys of RDSBF of clergy houses.

The majority of the operational property assets are held for the long-term use of the RDSBF, rather than for re-sale, and are carried in the accounts at their deemed cost in accordance with the provisions of FRS 102.

The Diocesan Surveyor manages and maintains an ordering system, a 10-year rolling repair programme, and monitors and controls the annual budget. The scope of the work includes all day to day and responsive and programmed repairs including Quinquennial works, and day-to-day repairs to (for example) roofs, windows, kitchens, bathrooms, and electrics and plumbing.

The Property Team keep a property database and advises on the retention and sale of each property as and when Archdeacons and Clergy Houses Committee have identified former ministry housing as being surplus to requirements. The Finance Committee approves proposals for the financing of any purchase of property. They will additionally consider, on the advice of the Archdeacons, whether rental of property is particularly appropriate in individual circumstances. This strategic approach to our property requirements needs to be worked in close association with the Archdeacons.

### Use of Information Technology

Steps have already been taken to improve Information Technology in the Diocesan Office and satellite offices. In relation to finance, steps have been made to simplify and automate the production of monthly Management Accounts.

The software used for the accounts is being upgraded to enable 'dashboards' to be accessible for Departmental Heads to monitor in real time expenditure against budget.

The Property Department has also implemented a new database management software for improving the process of making expenditure and monitoring the property estate, and linking payments with the accounts system.





# MITIGATION OF RISKS AND UNCERTAINTIES

## Bishop's Council Responsibility

The Council is responsible for ensuring that effective and adequate risk management and internal control systems are in place to manage the major risks to which the Diocese is exposed. It has a clear mechanism for obtaining assurance on the management of risks. It agrees the approach to risk including overseeing the process to identify and assess key risks and understanding how those risks are managed and mitigated.

The Council undertakes an annual risk analysis exercise. The analysis includes a consideration of the risk management framework and the key risks which could impact significantly on the RDSBF's operation and development.

## Risk Profile

There are ever-increasing ethical, legal and regulatory obligations being placed on all organisations, including charities. Developments in the charity sector as a whole have seen increased media, public and regulator interest in the operation of charities. We recognise the importance of having a thorough and resilient approach to managing compliance, both to those external requirements and to the internal policies and rules that we set.

The Diocese is focused on mitigating the risks it faces. We are committed to ensuring that all our practices are of the highest Christian and moral standards according to biblical principles. We are also committed to sustaining widespread Christian ministry in all the parishes of the Diocese now and for generations to come.

## Risk Management Framework

Risk is now managed effectively through an appropriate risk management framework. Such a framework is designed to support informed decision-making regarding the risks that affect our ability to achieve our mission objectives. The framework provides a consistent approach to identifying, assessing and dealing with the risks facing us to ensure that they do not exceed the level of risk we are willing to assume. The framework is designed to manage, rather than to eliminate, the risks to our objectives.

The processes in place regarding risk management and internal control need to include the following:

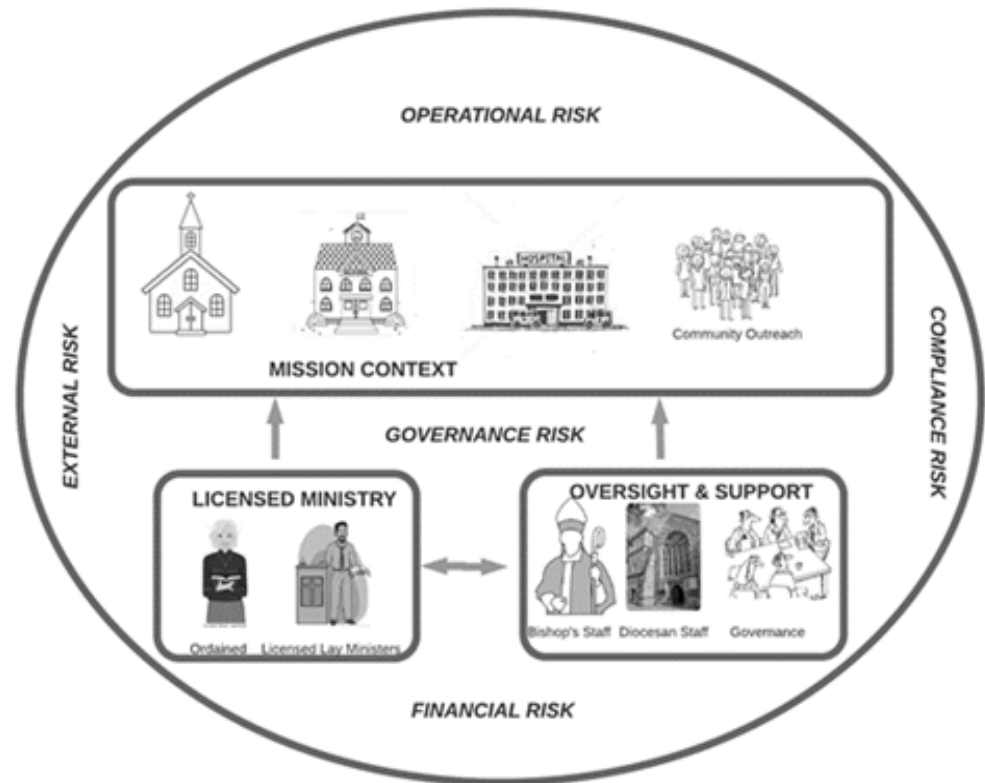
- A comprehensive risk management framework which meets the Charity Commission's requirements and follows the principles and guidelines of ISO 31000:2019 (The International Organization for Standardisation). This consists of five stages, from understanding the risk environment through risk identification, analysis and evaluation to risk treatment.
- The Council reviews a risk management report annually to assist it in ensuring that an effective process is in place. This report updates the Council on its responsibilities with regard to risk management and on the risk framework in place. The report identifies any matters where action or improvement is needed and makes recommendations on the steps to be taken.
- As well as a 'top-down' risk review by the Council, there is an ongoing 'bottom-up' review undertaken by individual functions and the risks identified through this process are documented through a Risk Register.
- The RDSBF operates systems of internal control that are designed to provide reasonable, but not absolute, assurance against material loss and that major risks are adequately managed. They include:
  - o Delegation of authority and segregation of duties;
  - o Ongoing review and assessment of pastoral and operational matters;
  - o An annual budget approved by the Board of Trustees; and
  - o Regular consideration of both financial results and other performance indicators.
- Relevant training is provided to employees where necessary and drawing upon the expertise of functional specialists, and professional advice where necessary, to support the process of identifying, evaluating and addressing risks.
- Formal project groups are established for programmes and major projects, such as strategic framework planning, to ensure that these are properly planned, managed and implemented.
- Processes are in place to investigate and report on any serious incidents including the implementation of required corrective actions.



Risk Assessment Model

A formal report on risk management is now considered by the Council annually.

To support the identification and evaluation of our key risks, we have developed a risk assessment model which incorporates our key activities of mission and ministry as shown in the diagram below:



The five key areas of risk considered are: 'Compliance', 'Financial', 'Governance', 'Operational' and 'External'.

Most corporate risk processes have traditionally scored key risks as to 'Likelihood' and 'Impact'. Taking the above factors into consideration, the Risk Register has considered risks within five key areas of risk and these are scored under the headings of Likelihood, Financial Impact, Reputational Impact and Risk Tolerance. The mitigation measures in place relating to the risks identified are then described, with any particular measures in the process of being implemented and the timing and the risk owner identified who is responsible for managing this risk.

Safeguarding

The Church of England Safeguarding Overview in 2017 states that 'Safeguarding is a Christian imperative and a responsibility that we all must undertake with thoughtfulness, commitment and care. The gospel affirms that every person is made in the image of God and that everybody is therefore valued and loved by God'.

The House of Bishops' safeguarding policy statement, 'Promoting a Safer Church' has six overarching policy commitments:

- Promoting a safer environment and culture;
- Safely recruiting and supporting all those with any responsibility related to children, young people and vulnerable adults within the church;
- Responding promptly to every safeguarding concern or allegation;
- Caring pastorally for victims/survivors of abuse and other affected persons;

- Caring pastorally for those who are the subject of concerns or allegations of abuse and other affected persons; and
- Responding to those that pose a present risk to others.

The Policy Statement is supported by more detailed Practice Guidance and Reference Documents which can be downloaded from: [www.churchofengland.org/clergy-office-holders/safeguarding-children-vulnerable-adults.aspx](http://www.churchofengland.org/clergy-office-holders/safeguarding-children-vulnerable-adults.aspx).

Financial Risks

The Institute of Risk Management conducted a survey of charities in 2017 to ascertain the key risks being faced. The three key risks identified were all financial; being Funding Sustainability, Financial Sustainability and Fundraising. Indeed, all risks may potentially have financial ramifications.

A new Finance Director was recruited in June 2017 and a Financial Strategy was adopted by Bishop's Council in February 2018. This sets out the approach to achieve a balanced budget, with regular financial planning and budgetary control. Other strategies adopted include a new system for Ministerial Deployment and consideration to providing new guidelines for Parish Pledged Offers through 'Indicative Offers'.

The principal risks relating to the income and expenditure of the Diocese are:

- Parish Pledged Offers significantly fall short of budgeted Parish Offers;
- Pledged Offers are not honoured due to budgetary pressure in parishes;

- Planned clergy deployment is not achieved;
- Insufficient funding to finance the new Strategic Framework and the implementation of Called Together.
- Increasing compliance costs at Diocesan level;
- Clergy and lay pension deficits may increase and need to be funded;
- Overrun on Project costs; and
- Unexpected property maintenance expenditure.

Information Security

The Council needs to fully appreciate the importance of defending its IT systems from malicious attacks to prevent unauthorised access and misuse. IT failure due to breach of data security or hardware/software malfunction may be mitigated through adequate security measures to protect unauthorised access to IT systems and safeguards against potential vulnerabilities in the IT network. Security measures are in place to protect unauthorised access to IT systems and to carry out ongoing tests for potential vulnerabilities in the IT network.

In addition, personal data should be protected in accordance with the General Data Protection Regulation (GDPR) (concerning data protection and privacy for all individuals within the European Union and which came into force in May 2018). GDPR policy and processes are being implemented for the Diocesan Office, including Diocesan staff training, and advice and training is being provided to parishes.

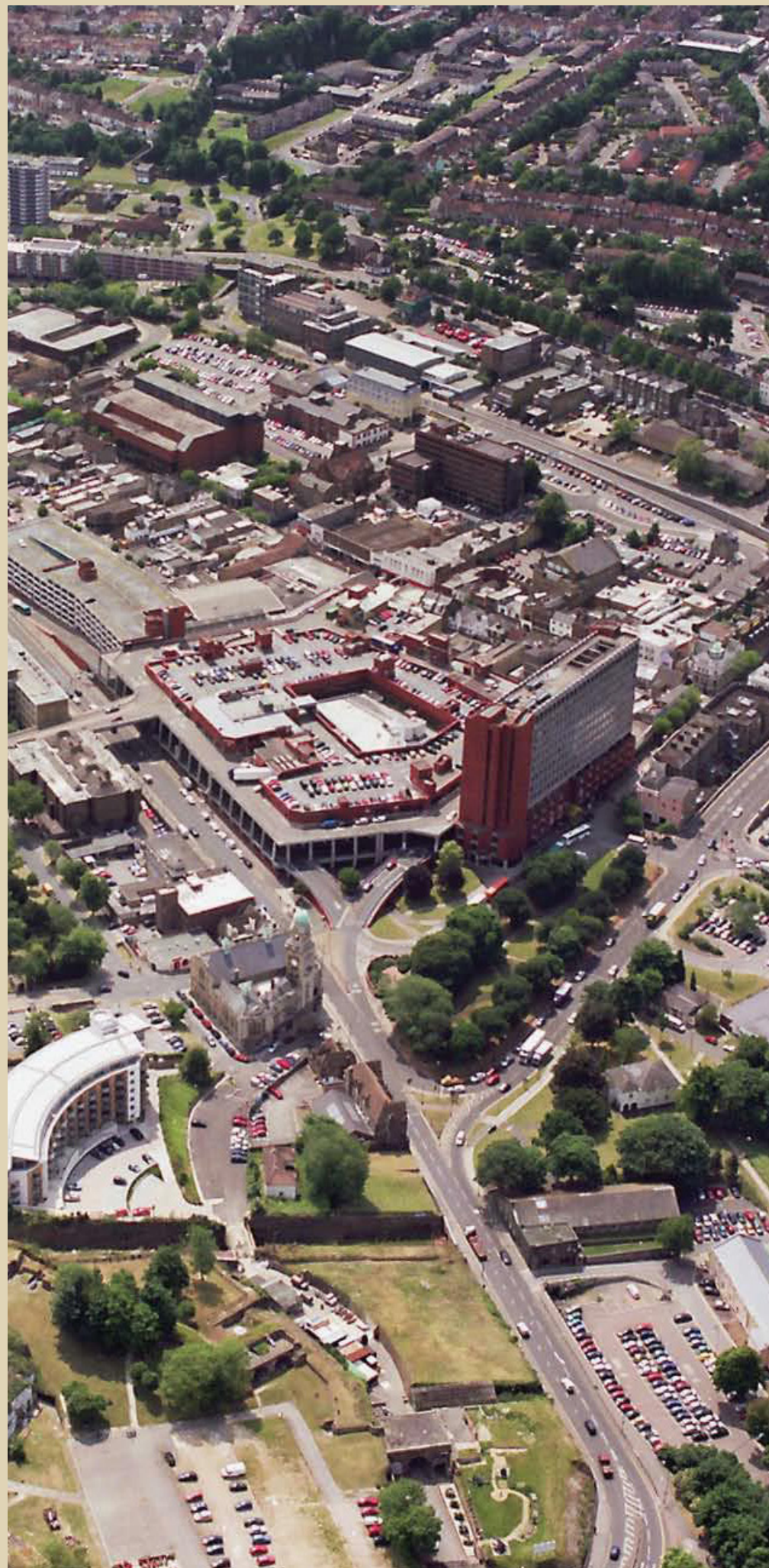
Principal Risks

The risks in the Risk Register are ranked using a 'traffic light' scheme (red/amber/green) based on a score reached by multiplying the score for 'Likelihood', the average of the 'Financial Impact' plus 'Reputational Impact' score, and the 'Risk Tolerance score. The key risks in red are identified as those which have a high likelihood and overall impact.

The risks which are currently assessed as scoring highest, and the outline mitigating strategies to address them, are as follows:

Risk Area	Mitigation Strategy
<ul style="list-style-type: none"><li>• <b>Non-recent cases of abuse of children or vulnerable adults in the Diocese resulting in a breach of trust and negative impact on the victims, impacting the church's reputation and potentially leading to litigation.</b></li></ul>	<ul style="list-style-type: none"><li>• Church of England policy, 'Promoting a Safer Church'. An appropriate response that especially respects the dignity of victims/survivors, involving transparency, humility and contrition. A Safeguarding Team employed by RDSBF. Communications strategies well-prepared and co-ordinated with Church House, Westminster &amp; Lambeth Palace. Insurance.</li></ul>
<ul style="list-style-type: none"><li>• <b>Current abuse of children or vulnerable adults in the Diocese resulting in a severe breach of trust and negative impact on the victims, impacting the church's reputation and potentially leading to litigation.</b></li></ul>	<ul style="list-style-type: none"><li>• An independently audited safeguarding programme, which is professionally run and independently audited, with satisfactory training and accreditation of all those engaged in ministry. Independent safeguarding panel. Communications strategies well-prepared and co-ordinated with Church House, Westminster &amp; Lambeth Palace. Insurance.</li></ul>
<ul style="list-style-type: none"><li>• <b>Parishes experiencing stagnant or declining membership, impacting the ability to conduct viable mission or growth initiatives at a local level and increasingly being unable to pay for ministry being provided and/or donate as generously as they would wish.</b></li></ul>	<ul style="list-style-type: none"><li>• Introduction of new Called Together in November 17. Effective monitoring of mission goals through Deanery Reviews, with assessment of the financial impact of the consequences. Supporting parishes by implementing local plans and providing support to reverse decline and building resilient and growing churches.</li></ul>
<ul style="list-style-type: none"><li>• <b>Nationally divisive issues leading to loss of clergy and/or congregations and finances and impacting the church's reputation.</b></li></ul>	<ul style="list-style-type: none"><li>• Strong episcopal leadership and professional support in handling difficult issues and sensitive negotiation with churches concerning the pastoral, operational and financial implications.</li></ul>
<ul style="list-style-type: none"><li>• <b>Inappropriate or insufficient deployment of stipendiary ministers.</b></li></ul>	<ul style="list-style-type: none"><li>• Archdeaconry Mission and Pastoral Working Groups. Implementation of the Ministerial Deployment Tool. Legal Process for Pastoral Reorganization.</li></ul>
<ul style="list-style-type: none"><li>• <b>Financial operating deficit leading to breakdown in trust with parishes and the inability to maintain support to legally committed ministry.</b></li></ul>	<ul style="list-style-type: none"><li>• New Financial Strategy approved in March 18 that sets out the approach to achieve a balanced budget, regular financial planning and budgetary control. Providing new guidelines for Parish Offers.</li></ul>
<ul style="list-style-type: none"><li>• <b>Information security, IT systems availability and performance, staff proficiency in using IT systems.</b></li></ul>	<ul style="list-style-type: none"><li>• In response to the increasing risk in this area, work to further improve our security measures to protect unauthorised access to IT systems and safeguards against potential vulnerabilities in the IT network.</li></ul>
<ul style="list-style-type: none"><li>• <b>Data protection including breach of confidentiality through sharing of personal data and lack of consent.</b></li></ul>	<ul style="list-style-type: none"><li>• General Data Protection Regulation policy and processes being implemented at Diocesan Office, including Diocesan staff training, and advice and training provided to parishes.</li></ul>





# 20 project - Chatham

## FINANCIAL REVIEW

### Operating Result

The Unrestricted General Fund shows an Operating deficit for the year of £0.43M (before transfers and pension revaluations), which compares to a budget of break-even and the published adjusted Operating deficit last year of £0.56M. After taking account of gains on investments, the Unrestricted General Fund showed a Net Income deficit of £70K (2016: surplus £1.1M).

The Statement of Financial Activities (SOFA) however has an overall surplus for the year of £7.8M (2016: 2.8M), including the Operating deficit of £0.43M, and profits on sales of properties of £3.2M and gains in investments of £5.1M.

The overall surplus is after charging significant one-off items including:

Provisions for reinstatement works on properties	£63K
Costs of reinstatement of Glebe properties	£47K
	<u>£110K</u>

The main income of the Diocese is Parish Pledged Offers, the money given by parishes to the Diocese to fund mission and ministry and in particular the costs of clergy stipends, pensions, housing and training which are charged to the Unrestricted General Fund. Income from Parish Pledged Offers was £9,388K (2016: £9,374K) and represented 86% (2016: 82%) of the RDSBF's operating income.

The other main sources of income in the year were donations and property and investment income. Donations were lower at £690K (2016: £860K), and property rentals and investment income were down at £1,062K (2016: £1,223K).

### Expenditure

Total expenditure (including the one-off items noted above) was £11.7M (2016: £13.2M).

During the year, the RDSBF paid stipends and associated costs totalling £6,655K (2016: £6,818K) for incumbents, curates and other clergy.

A detailed breakdown of income and expenditure on the Unrestricted General Fund and a breakdown of the Support Costs for a Parish are set out on pages 4 and 5 of the Trustees' Report.

Contributions are made to the Archbishops' Council to cover a proportion of its central costs relating to the activities of the various national boards and councils, as well as the General Synod, and to cover a proportion of

the cost of national training for ministry (see note 6 to the financial statements).

### Balance Sheet

Net assets at the balance sheet date totalled £68.5M (2016: £60.6M). This includes properties which are mostly in use for ministry; the book value of which amounted to £47.5M as at 31 December 2017 (2016: £46.1M).

The Trustees consider the market value of these properties to be considerably in excess of the book value, and this market value is realised as and when a property disposal takes place. Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the RDSBF.

The cash and investment position (excluding investment properties) at 31 December 2017 stands at £18.3M (2016: £16.4M); being £1.9M in excess of the level at the start of the year. The increase has been largely due to a number of sales of property totalling £4.7M (2016: £4.1M), but deducting purchases of property and capital expenditure totalling £2.9M (2016: £4.6M).

### Unrestricted General Fund

The reserve balance on the Unrestricted General Fund was £3.2M at 31 December 2017 (2016: £5.3M), which is slightly greater than the requirement under the reserves policy, representing 3 months' expenditure.

### Designated funds

Following the profit on sale of properties of £699K and gains on investments of £165K and transfers of £1.0M to the Unrestricted General Fund, the balance of designated funds was £9.7M (2016: £7.7M).

### Restricted and endowment funds

The RDSBF holds and administers a large number of restricted and endowment funds. As at 31 December 2017 restricted funds totalled £35.8M (2016: £33.2M) and endowment funds totalled £19.9M (2016: £14.4M).

### Property Transactions

12 properties were sold during the year for a total of £4.8M, realising a total profit of £3.2M.

One board property was acquired, being 25 Shoesmith Lane, Kings Hill, West Malling ME19 4FF for the Bishop of Tonbridge, at a cost of £1.1M and funded from the proceeds of the sale of Bishop's Lodge in July 2016 for £2.7M. No new parsonages were acquired.



## Investment returns

Investments overall yielded 4.9% (2016: 2.2%).

Total return in 2017 was 28.4% (2016 10.7%).

The investments held and their return during the year is set out in the following table:

£K	At 31/12/17	% of Portfolio	Income Yield	Total Return
Glebe*	16,193	58.3%	6.0%	40.4%
Sarasin and Partners Alpha Fund	8,563	30.8%	3.1%	10.8%
Eden Tree Amity Balance Fund	659	2.4%	4.9%	9.5%
Eden Tree Amity Global Equity Fund	<u>2,362</u>	<u>8.5%</u>	<u>3.2%</u>	<u>15.3%</u>
	<u>27,777</u>	<u>100.0%</u>	<u>4.9%</u>	<u>28.4%</u>
* Includes increase in value of development land at Yalding of £2.5M (sold in March 2018 for £5.1M)				

The envisaged sale of development land in Yalding was made in March 2018 for £5.1M. At 31 December 2017, the development land at Yalding was valued at £2.5M, providing an unrealised gain of £2.5M.

Further details of financial trust assets, whose market value amounted to £3.8M at 31 December 2017 (2016: £3.5M), are available from the RDSBF on request, and are summarised on page 58.

## Pension Schemes (see note 22)

(i) Church of England Funded Pension Scheme – Clergy

Following the results of the 2015 valuation, the RBSBF's contribution rate increased to 39.9% from 38.2% of pensionable stipends from 1 January 2015 (of which 14.1% was in respect of the shortfall in the Scheme and 25.8% in respect of future benefits and the day-to-day expenses of running the Scheme).

In these financial statements, we have included as a liability the present value of the agreed deficit contributions towards the clergy pension scheme, which at 31 December 2017 was £4.53M (2016: £5.29M).

(ii) Staff Defined Benefit Pension Fund

The Staff Defined Benefit Pension Fund was closed to new members in 2007. During the year a consultation process commenced with staff members to explore the ongoing future of the scheme. No decisions have yet been made. The RDSBF currently contributes at a rate of 37.8% of pensionable salary.

(iii) Staff Defined Contribution Scheme

Since the Staff Defined Benefit Pension Fund closed to new members in 2007, the RDSBF operates a defined contribution pension scheme for lay staff which is currently managed by Scottish Widows. The RDSBF contributes at a rate of 5% of pensionable salary.

## Funds held as Custodian Trustee

The RDSBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the RDSBF does not control them, and they are segregated from the RDSBF's own assets by means of a separate accounting system.

## Budget and Outlook for 2018

The 2018 Budget for the Unrestricted General Fund that Diocesan Synod recommended in October 2017 is an operating deficit of £0.55M. In order for Synod to have confidence that the Budget will be achievable and to approve another deficit, four key actions were recognised:

i. Urgent action needs to be taken in refining the operation of the current Pledged Offer system. It was agreed to consider publishing 'Indicative Offers' per parish based on a fair allocation of the Diocesan burden of expenditure that falls to the parishes.

ii. Key interventions in relation to the Stewardship support offered to parishes.

iii. An overall net reduction of three stipendiary clergy posts from the end of June 2018 and of five in 2019 and 2020 respectively. This is considered achievable, but dependent on a number of factors including resignations and retirements.

iv. The Bishop's Council commitment to breaking even on the Unrestricted General Fund budget by the end of 2020. Projections indicate this will be possible, but this is predicated upon Pledged Offers increasing by 4% in 2018 and 2.5% in 2019 and 2020 respectively as well as the clergy reductions referred to above.

## Going Concern

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

## Charitable and political donations

No political contributions were made during the year. Charitable contributions have been made as part of the RDSBF's objectives, mainly to projects sponsored under parish initiatives.

## Taxation status

The RDSBF is a charity having been established under the Diocesan Boards of Finance Measure 1925 and, as such, is not liable to income tax or corporation tax.

## Merger with the Bishop of Rochester Fund for Mission

At their meeting held on 8 January 2014, the Trustees of the Bishop of Rochester Fund for Mission (BFM) resolved to consider making an application to the Charity Commission pursuant to section 12 of the Charities Act 2011 to link the Trust to the RDSBF for all purposes under the Act with the latter charity being the reporting charity. Bishops' Council at its meeting on 7/8 February 2014 resolved that the RDSBF would accept a transfer of trusteeship of the BFM to the RDSBF and that BFM would become linked to the RDSBF for all purposes under the Charities Act 2011 with the RDSBF as the accounting and reporting charity. This is anticipated during 2018.





24

# project - Ebbfleet

## GOVERNANCE, STRUCTURE AND MANAGEMENT

### The Rochester Diocesan Society and Board of Finance

The Rochester Diocesan Society and Board of Finance (RDSBF) is a company limited by guarantee (No. 140656) and a registered charity (No. 249339) governed by its Memorandum and Articles of Association.

The company's principal object is to promote, assist and advance the work of the Church of England within the Diocese of Rochester. It was established in its present form in 1915. Its registered and principal office is at Diocesan Office, St Nicholas Church, Boley Hill, Rochester Kent ME1 1SL.

### The RDSBF has the following statutory responsibilities:

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

### Principal Activities

The principal activity of the RDSBF is to serve and support the parishes and people within the Diocese of Rochester in their mission of proclaiming the Gospel of Jesus Christ.

The main role of the RDSBF is to identify and manage the financial aspects of the provision of ministry throughout the Diocese. This allows the RDSBF to provide appropriate personnel and financial resources to support both the nurturing of faith in new and existing Christians, and engagement with the community, as part of the Church's response to the mission of God for the people of the Diocese.

It does this operationally through the payment and housing of parish clergy and chaplains and supporting their ministry. Parishes are supported in their mission and ministry and statutory obligations. Ministry and associated costs, including property, account for the great majority of the RDSBF's expenditure. This is financed principally by the collection of voluntary income in the form of pledged (and voluntary) offers from the parishes supplemented by rental and investment income.

The RDSBF also acts as custodian trustee and as agent to other boards, committees and trusts within the Rochester Diocese.

The RDSBF seeks to achieve its strategic aims by equipping the Diocesan Synod, its Councils and Committees, deaneries, parishes, chaplaincies and schools (working closely with the Rochester Diocesan Board of Education) to further the mission and strategic priorities of the Diocese.

The RDSBF seeks to support the mission and growth of the church in Rochester Diocese in the years ahead.

### Decision Making Structure

Governance and policy of the RDSBF are the responsibility of the Trustees acting as the Board of Finance, who are also the directors of the company and trustees for the purpose of charity law.

The strategic priorities of the organisation are established by the Diocesan Synod (Synod) on the advice and recommendation of the Bishop's Council (Council) and the Bishop of Rochester (in respect of his responsibility for the provision of the cure of souls) and his senior staff, making up the Bishop's Leadership Team. To this end, significant time and effort is committed to communication between and with deaneries and PCCs, as well as with the Church nationally.

Synod is the statutory governing body of the Diocese, which is an elected body of lay and ordained individuals drawn from across the Diocese, with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop, Bishop's Council and the Bishop's Leadership Team. The membership of the Synod is co-extensive with that of membership of the RDSBF. Members of the Council, who are also Directors of the RDSBF and Trustees of the Charity, are also drawn from the Synod. The Synod membership is elected every three years, the last elections having been in September 2015. The Synod elects six of the Trustees of the Diocesan Board of Finance.

Whilst the RDSBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 1998, the RDSBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Corporate priorities and the overall financial strategy for the RDSBF are set by the Council and Synod. The day to delivery is delegated to executive staff under the leadership of the Diocesan Secretary.

The company meets once a year in general meeting to receive the annual report and financial statements and to appoint the auditors. Synod each year approves an annual budget, prepared and approved by the RDSBF.

The Trustees, meeting within the context of the Council and the Standing Committee of Synod, hold up to seven meetings during the year to formulate and coordinate policies on



mission, ministry and finance by:

- Initiating proposals for action by the Synod and advising it on matters of policy;

- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders;

- Acting as the Trustees of the RDSBF;

- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion;

- Advising the Bishop on any matters he may refer to the committee;

- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership;

- Carrying out such other functions as the Synod delegates to it; and

- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

## Charity Governance Code

The Council seeks to comply with the Charity Governance Code including the operational and financial implications.

## Public Benefit

The RDSBF takes account of the Charity Commission general guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim.

The Trustees believe that, by promoting the work of the Church of England in the Diocese of Rochester, the RDSBF helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care, and spiritual, moral and intellectual development, both for its adherents and for anyone who wishes to benefit from what the Church offers; and

- promoting Christian values, and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The RDSBF provides funds to support ministers of religion in the Diocese, the maintenance of many buildings including parsonages and churches, many of which form an important part of the historic fabric and architectural heritage of the area. The vast majority are available to the public at large and none is restricted to members of the Church of England.

## Authorised Activities and Authority Limits

The Council has approved the levels of Delegated Authority, which are set out in a policy document that has been produced to provide clarity about the resourcing, documents and financial transactions that require authorisation. These include, for example, legal documents, payment of expenses, procurement of goods and services.

The Diocesan Bishop takes the lead role in assessing the required level of parochial clergy and other ministerial appointments in the Diocese, taking advice from the Archdeacons, the Council and its sub-committees. The

Council accepts the primary financial responsibility for ensuring the funding is available for the stipend and pension and housing of clergy and training (pre and post ordination) as well as meeting additional associated costs.

In order to maintain its financial responsibilities as a charity, the RDSBF needs to assess the affordability of funding the level of ministerial posts requested by the Diocesan Bishop.

## Sub-committees

The Trustees have delegated specific responsibility to four sub-committees:-

(i) Finance Committee

Monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the RDSBF's responsibilities in relation to the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property).

Until the end of the reporting year, the members of the Finance Committee were the RDSBF Chair, the Bishop of Rochester, one Archdeacon, three lay members (one from each Archdeaconry elected by the House of Laity of the Diocesan Synod every three years), three licensed clergy (one from each Archdeaconry elected by the House of Clergy of the Diocesan Synod every three years) and up to three people appointed for their particular expertise by Bishop's Council on the nomination of the RDSBF Chair.

(ii) Clergy Houses Committee

The Clergy Houses Committee undertakes the RDSBF's responsibilities under the Parsonages Measures and the Repair of Benefice Building Measure 1972.

(iii) Investment Committee

The Investment Committee provides advice to Bishop's Council, the Finance Committee and the Diocesan Secretary on RDSBF's investments and funds available for investment. It also exercises, through the Investment Property Sub-Committee, the authority delegated to it in respect of the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

(iv) Human Resources Group (HR Group)

The HR Group provides advice to the Bishop's Council on employment matters and remuneration policy for staff including the key management personnel. The pay of the key management personnel, as detailed in note 7, and all staff are reviewed annually and normally increased in accordance with CPIH (consumer price inflation including owner-occupiers' housing costs) to reflect a cost of living adjustment.

## Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council and Standing Committee and are recruited through a mixture of ex-officio positions, elections and nominations. Elections take place every three years at the first meeting of the new Synod (itself elected every three years). The Trustees have power to co-opt a number of members according to their assessment of the needs of the RDSBF in terms of required skills and experience. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee, including a Code of Conduct for Trustees and Committee Members.

## Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the RDSBF in accordance with the policies framed by the Trustees. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act.

## Clergy Stipends

The clergy payroll is administered by the Church Commissioners and the RDSBF reimburses the costs, which form by far its largest financial commitment.

Parish clergy are not employed by the RDSBF, but the RDSBF does have responsibilities in respect of their engagement. In addition to paying their stipends and paying into their pension funds, it is responsible for housing and training clergy. Under new terms of service, called Common Tenure, introduced in 2011, clergy have greater clarity on their rights and obligations and have access to Employment Tribunals and other useful services. These apply to all new appointments and some of those in post prior to 2012; others chose to retain their freehold.

Rural and Area Deans and churchwardens of vacant parishes work closely together to maintain worship and other community activities, aided by other clergy, including retired and non-stipendiary ministers, and licensed lay ministers.

## Fundraising

The RDSBF provides parishes with guidance to encourage them to adhere to best practise in their fundraising activities. It drives one-off campaigns around specific and strategic fundraising needs and supports and enables strategic relationship management.

The RDSBF does not engage with any direct marketing activities, nor does it share or purchase any donor data with or from third parties. The RDSBF rarely engages with independent professional fundraisers and if so will always ensure there is an appropriate contract in place.

## Volunteers

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

Estimating the 'in-kind' value of volunteer time to the operations of the RDSBF is particularly difficult to measure in a meaningful way. It is for this reason that no estimate of the value of this time has been included in the financial statements.

## Other related parties

The following are related parties to the RDSBF:

- General Synod, Church Commissioners and Archbishops' Council. The RDSBF has to comply with Measures passed by the General Synod of the Church of England and also makes certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends and expenses of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

- The Church of England Pensions Board. The RDSBF pays retirement benefit contributions for stipendiary clergy and certain ordained employees. It also offers schemes to provide housing for clergy retirement.

- Parochial Church Councils. The RDSBF is required by Measure to be custodian trustee in relation to certain PCC property, but has no control over PCCs, which are independent registered or excepted charities. The accounts of PCCs and deaneries do not form part of these financial statements. PCCs are able to influence the decision making within the RDSBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

- The Dean and Chapter of Rochester Cathedral. Some diocesan events are held in the Cathedral, which is located adjacent to the Diocesan Office in Rochester, and the RDSBF rents car parking space and housing for Diocesan clergy from the Dean and Chapter and also provides some services to the Dean and Chapter. By virtue of office, the Dean is a member of the Bishop's Leadership Team.

- The Rochester Diocesan Board of Education. The Principal Office is located at Diocesan Office. The Board of Education support and encourages churches and parishes across the Diocese of Rochester through the education of children and young people. The Bishop of Rochester is President of the Board of Education. The Ven. Clive Mansell, the former Archdeacon of Tonbridge served as Chair until 1 July 2017. Some clergy in the Diocese sit on the Board of Education.

- St Augustine's College of Theology (College) (located at 52 Swan Street, West Malling, Kent, ME19 6JX). The College is located on the Malling Abbey estate owned by the RDSBF and is a lessee. The Chair of the Board of Trustees is the Director of Formation and Ministry. Ordinands and Curates and Lay Workers from the Diocese are trained by the college.

- St Benedict's Centre (Centre) (located at 52 Swan Street, West Malling, Kent, ME19 6JX). The Centre is located on the Malling Abbey estate owned by the RDSBF and is a lessee. By virtue of Office, The Bishop of Rochester and the Diocesan Secretary are each a Trustee and Director. The Centre offers non-residential facilities for individuals or groups to go on retreat, study or meet.

- Emmaus Developments Limited, the trading subsidiary of St Mary & St John, Chatham. By virtue of Office the Diocesan Secretary is a Director and the company has its registered office at the Diocesan Office.

- A number of discretionary trust funds administered by employees of the RDSBF.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of transactions merits more detailed disclosure, this is given in note 15 to the financial statements.





# STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under company law the Trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the RDSBF and of the surplus or deficit of the RDSBF for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RDSBF and enable them to ensure that the financial statements comply with

United Kingdom Generally Accepted Accounting Practice. They are also responsible for safeguarding the assets of the RDSBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the RDSBF's website. Legislation in England/ Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

## Statement of Disclosure to the Auditors

So far as the Trustees are aware:

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

## Appointment of Auditors

The re-appointment of haysmacintyre as auditors to the RDSBF will be proposed at the Annual General Meeting.

In approving this Trustees' report, the Trustees are also approving the Strategic Report included on pages 4 - 27 within their capacity as company directors.

## BY ORDER OF THE TRUSTEES

Mr Geoff Marsh  
Diocesan Secretary

Canon Judith Armitt  
Chair of Rochester Diocesan Society and Board of Finance



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROCHESTER DIOCESAN SOCIETY AND BOARD OF FINANCE

30

## Opinion

We have audited the financial statements of the Rochester Diocesan and Society Board of Finance for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of the charitable company's net movement in funds, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United

Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability

to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Conclusions relating to going concern

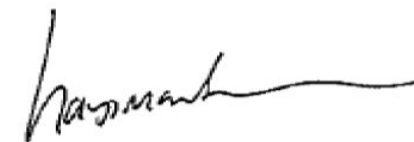
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

## Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and,



A Halsey (Senior Statutory Auditor)  
For and on behalf of haysmacintyre, Statutory Auditors

in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; 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.

10 Queen Street Place  
London  
EC4R 1AG

9 June 2018

*haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*



**STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended 31 December 2017

32

	Note	Unrestricted		Restricted	Endowment	Total	Total
		General	Designated	£'000	£'000	2017	2016
		£'000	£'000			£'000	£'000
<b>Income</b>							
Donations:							
- Parish Offers		9,388	-	-	-	9,388	9,374
- Other	2	190	-	500	-	690	860
Investment income	3	1,032	-	30	-	1,062	1,223
Charitable activities	4	34	-	-	-	34	35
<b>Total income</b>		<b>10,644</b>	<b>-</b>	<b>530</b>	<b>-</b>	<b>11,174</b>	<b>11,492</b>
<b>Expenditure</b>							
Raising funds	5	(303)	(2)	(5)	-	(310)	(222)
Charitable activities		(10,774)	(11)	(544)	(48)	(11,377)	(13,009)
<b>Total Expenditure</b>	6	<b>(11,077)</b>	<b>(13)</b>	<b>(549)</b>	<b>(48)</b>	<b>(11,687)</b>	<b>(13,231)</b>
<b>Operating (Deficit)/Surplus:</b>		<b>(433)</b>	<b>(13)</b>	<b>(19)</b>	<b>(48)</b>	<b>(513)</b>	<b>(1,739)</b>
Profit on sale of property		-	699	1,473	1,076	3,248	3,279
Gains on investments	10	363	165	825	3,718	5,071	1,298
<b>Net Income</b>		<b>(70)</b>	<b>851</b>	<b>2,279</b>	<b>4,746</b>	<b>7,806</b>	<b>2,838</b>
<b>Reserve Movements:</b>							
Net Income		(70)	851	2,279	4,746	7,806	2,838
Revaluation of pension scheme liabilities	22	112	-	-	-	112	(80)
Transfers between funds	19	(2,106)	1,071	271	764	-	-
<b>Net movement in funds</b>		<b>(2,064)</b>	<b>1,922</b>	<b>2,550</b>	<b>5,510</b>	<b>7,918</b>	<b>2,758</b>
Reserve balances at 1st January 2017		5,250	7,736	33,223	14,386	60,595	57,837
Reserve balances at 31st December 2017		<b>3,186</b>	<b>9,658</b>	<b>35,773</b>	<b>19,896</b>	<b>68,513</b>	<b>60,595</b>
		note 16		note 17	note 18		

All income and expenditure relates to continuing activities.

The Companies Act 2006 requires a separate income and expenditure account to be prepared to exclude transactions relating to Endowment Funds. No such income and expenditure account has been included in these statements as the relevant exclusions from this Statement of Financial Activities are all clearly shown above. These are: Endowment Fund income – Nil (2016 : Nil); Endowment Fund expenditure - £48k (2016 - £547k); Profit on Sale of Property - £1,076k (2016 : Nil); and Endowment Fund gains and losses on investments - £3,731k (2016 : £930k).

**BALANCE SHEET**  
For the year ended 31 December 2017

Rochester Diocesan Society and Board of Finance(The)				Company registration number 140656	
	Note	Total	Total		
		2017	2016		
		£'000	£'000		
<b>FIXED ASSETS</b>					
Tangible Assets	9	47,468	46,073		
Investments	10	27,777	24,706		
		<b>75,245</b>	<b>70,779</b>		
<b>CURRENT ASSETS</b>					
Debtors	11	1,332	1,553		
Short term deposits		3,161	2,456		
Cash at Bank		3,641	1,304		
		<b>8,134</b>	<b>5,313</b>		
<b>CREDITORS: Amounts falling due within one year</b>					
Bank Overdraft		91	23		
Creditors	12	9,846	9,737		
		<b>9,937</b>	<b>9,760</b>		
<b>NET CURRENT LIABILITIES</b>		<b>(1,803)</b>	<b>(4,447)</b>		
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>73,442</b>	<b>66,332</b>		
<b>CREDITORS: Amounts falling due after more than one year</b>	12				
Pensions Liability		4,556	5,364		
Other creditors		373	373		
		<b>68,513</b>	<b>60,595</b>		
<b>NET ASSETS</b>					
Unrestricted		12,844	12,986		
Restricted		35,773	33,223		
Endowment		19,896	14,386		
<b>FUNDS</b>	20	<b>68,513</b>	<b>60,595</b>		

The Cash Flow statement and the Notes form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 9 June 2018 and signed on behalf of the Board by:

Canon Judith Armit  
Chair of Rochester Diocesan Society and Board of Finance



**CASH FLOW STATEMENT**  
For the year ended 31 December 2017

34

	2017		2016	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>		(1,936)		(2,343)
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	1,062		1,223	
Proceeds from the sale of:				
Tangible fixed assets	4,738		4,137	
Fixed asset investments	2,000		-	
Purchase of:				
Tangible fixed assets	(2,890)		(4,630)	
Fixed asset investments	-		(1,000)	
<b>Net cash provided by investing activities</b>		4,910		(270)
<b>Change in cash and cash equivalents in the reporting period</b>		2,974		(2,613)
<b>Cash and cash equivalents at 1 January</b>		3,737		6,350
<b>Cash and cash equivalents at 31 December</b>		6,711		3,737
<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>				
<b>Net movement in funds for the year ended 31 December</b>		<b>7,918</b>		2,758
<b>Adjustments for:</b>				
Investment income		(1,062)		(1,223)
Depreciation		5		10
Gain on disposal of fixed assets		(3,248)		(3,279)
Unrealised gain on investments		(4,081)		(1,012)
Revaluation of investment property		(990)		(286)
Increase in creditors: falling due within one year		109		950
Decrease in debtors		221		394
Decrease in creditors: falling due after one year		(808)		(655)
<b>Net cash used in operating activities</b>		(1,936)		(2,343)
<b>Analysis of cash and cash equivalents</b>				
		£		£
Money on deposit less overdraft		3,161		2,456
Cash at Bank less overdraft		3,550		1,281
		6,711		3,737

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

1. **ACCOUNTING POLICIES**

**a) Accounting convention and basis of preparation**

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102). Following transition to FRS102 in 2015 all of the accounting policies have been aligned with the new accounting standard.

**b) Going concern**

The Trustees consider that there are no material uncertainties regarding the RDSBF's ability to continue as a going concern. Plans are being developed to bring the operating result back into balance within 5 years. The RDSBF has net assets of £68.5m (2016 : £60.6m) and the Trustees believe that there is sufficient liquidity in these assets to ensure that the charitable company can meet its obligations for the next 12 months and beyond.

**c) Income**

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

- i) Parish Offer** is recognised as income of the year in respect of which it is receivable.
- ii) Rent** receivable is recognised as income in the period with respect to which it relates.
- iii) Interest and dividends** are recognised as income when receivable.
- iv) Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) Parochial fees** that relate to the RDSBF are not recognised as diocesan income as parishes have been allowed to hold on to these and pass any amounts received as part of their parish offer.
- vi) Donations** other than grants are recognised when receivable or in the case of material legacies, when the conditions for recognition under the charities SORP have been met.

**d) Expenditure**

Expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i) Cost of raising funds** - relate to costs incurred in the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure** - analysed according to Diocese's main areas of activity.
- iii) Grants payable** - charged in the year when the grant is approved and conveyed to the recipient except those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the RDSBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) Support costs** - consist of central management, administration and governance costs. The amount of support costs spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff usage basis.
- v) Pension contributions** – pension schemes in which the RDSBF participates are described in Note 22. Pension costs are charged as resources expended and represent the RDSBF's contributions payable in respect of the accounting period in accordance with FRS102. Deficit funding for the pension schemes to which RDSBF participates and which are unpaid at this year-end, is accrued at current value in creditors, distinguished between contributions due within one year and after more than one year.
- vi) Short term employee benefits** - Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.
- vii) Employee termination benefits**  
Termination benefits are accounted for on an accrual basis and in line with FRS 102.
- viii) Tangible fixed assets and depreciation**  
Tangible fixed assets are shown in note 9 to the financial statements.

**Freehold properties**

The RDSBF measures all freehold property assets at historical cost as required by FRS102.

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case and because the expected residual value is not materially less than the carrying value. The RDSBF has a policy of regular structural inspection, repair and maintenance, which in the case of parsonage properties is in accordance with the Repair of Benefice Buildings



measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than the carrying value. Where the Trustees believe that the value of an asset might have been impaired, an annual impairment review is carried out in accordance with the requirements of FRS102, to ensure that the carrying value is not more than the recoverable amount.

**Properties subject to value linked loans**

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at their historical value.

**Investment properties**

Glebe properties which are held for investment purposes have been included at their fair value.

**Parsonage Houses**

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

**ix) Other tangible fixed assets**

Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives. All capital expenditure on computer and office equipment over £1k is capitalised and depreciated over 3 years.

**x) Project Costs**

Expenditure in relation to projects is capitalised where there is likelihood that the project will become an income bearing asset.

**e) Other accounting policies**

**i) Fixed asset investments** - included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

**ii) Realised gains/(losses) on sale of investments** - represent proceeds of sale less the appropriate proportion of the opening carrying value and are shown in the Statement of Financial Activities.

**iii) Leases** – The RDSBF has entered into operating lease agreements the rental for which is charged in full as expenditure in the year to which it relates.

**iv) Financial Instruments**

The RDSBF only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently carried at either amortised cost or fair value as noted below.

**v) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. At the end of each reporting period debtors are assessed for evidence of impairment. If an asset is impaired an impairment loss is recognised in the Statement of Financial Activities.

**vi) Cash**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity.

**vii) Creditors**

Basic financial liabilities, including trade and other payables and bank loans, are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at transaction price.

**f) Fund balances**

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

**i) Unrestricted funds** are the RDSBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the RDSBF.

There are two types of unrestricted funds:

- **General funds** which the RDSBF intends to use for the general purposes of the RDSBF.
- **Designated funds** set aside out of unrestricted funds by the RDSBF for a purpose specified by the Trustees.

**ii) Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

**iii) Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

**iv) "Special Trusts"** (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the RDSBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements.

**g) Judgments and Estimates**

In the application of the accounting policies, the Trustees are required to make judgments, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

**i) Significant judgments**

Valuation of liabilities arising from the charity's obligation to meet deficit reduction payments for its multi-employer defined benefit pension schemes:

These liabilities are revalued at each year end using discount rates which are reassessed annually.

**ii) Residual values of Freehold properties**

The Trustees consider that residual value of freehold properties is sufficiently high that depreciation would not be material.

**iii) Sources of estimation uncertainty**

In the view of the Trustees there are no sources of estimation uncertainty affecting assets or liabilities at the balance sheet date that are likely to result in a material adjustment to their carrying amounts in the next financial year.



## 2. OTHER DONATIONS

	Unrestricted		Restricted	Endowment	Total 2017	Total 2016
(Donations, Legacies and similar income)	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Trust for London (formerly City Parochial Foundation)	-	-	218	-	218	187
All Churches Trust - annual distribution	136	-	-	-	136	183
Mission Development Funding	-	-	-	-	-	134
Church Commissioner's contribution to New Housing Areas	-	-	-	-	-	69
Partnership Fund appeals and confirmations	-	-	91	-	91	123
Strategic Capacity Development Funding	-	-	-	-	-	59
Poverty & Hope Appeal	-	-	29	-	29	29
Diocesan Board of Finance element of Parochial Fees	18	-	-	-	18	26
Rochester Diocese Academy Trust - donation re office space	-	-	-	-	-	3
Licensing & induction - collections	11	-	-	-	11	9
Guaranteed annuities	16	-	-	-	16	19
RME Ordinands Grants	-	-	24	-	24	-
Colyer Fergusson re Ebbsfleet Youth Worker	-	-	25	-	25	-
Colyer Fergusson re Childrens and Young People's Fund	-	-	50	-	50	-
Church Commissioners re Chatham Town Centre	-	-	60	-	60	-
Church Commissioners re Children's Work	-	-	3	-	3	-
Readers' Fees	5	-	-	-	5	4
Church Commissioners re Horsmonden pastoral scheme	-	-	-	-	-	13
Other sundry items	4	-	-	-	4	1
Bishop's Trust Funds	-	-	-	-	-	1
	190	-	500	-	690	860

## 3. INVESTMENT INCOME

	Unrestricted		Restricted	Endowment	Total 2017	Total 2016
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Rents receivable	652	-	17	-	669	800
Dividends receivable	380	-	13	-	393	414
Interest on deposits receivable	-	-	-	-	-	9
	1,032	-	30	-	1,062	1,223

## 4. CHARITABLE ACTIVITIES

	Unrestricted		Restricted	Endowment	Total 2017	Total 2016
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Professional fees	34	-	-	-	34	35
	34	-	-	-	34	35

## 5. RAISING FUNDS

	Unrestricted		Restricted	Endowment	Total 2017	Total 2016
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Glebe management costs	91	-	-	-	91	71
Non glebe commissions	23	-	-	-	23	11
Cost of generating donations	189	2	5	-	196	140
	303	2	5	-	310	222

## 6. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Direct Costs £'000	Grants £'000	Allocated Support Costs £'000	Total 2017 £'000	Total 2016 £'000
<b>Raising funds</b>					
Glebe property advice and commission	114	-	-	114	81
Costs of generating donations	1	-	195	196	141
	115	-	195	310	222
<b>Charitable activities</b>					
<b>Bringing people to faith in Christ</b>					
Grants	-	-	-	-	19
Mission & Community Engagement (50%)	97	-	-	97	95
Formation & Ministry (50%)	170	-	-	170	160
Youth & Children	64	-	-	64	71
Allocated support costs	-	-	175	175	125
	331	-	175	506	470
<b>A priestly presence in every community</b>					
Stipend costs	6,655	-	-	6,655	6,818
Apprenticeship levy	17	-	-	17	-
Actuarial gains/losses on clergy pension scheme	74	-	-	74	151
Provision against old balance sheet items	-	-	-	-	337
Glebe reinstatement works	47	-	-	47	253
Provision for reinstatement works on properties	-	-	-	-	480
Grants	-	317	-	317	328
Parsonage maintenance & improvements	398	-	-	398	699
Clergy conference	67	-	-	67	-
Ministry houses - housing costs	77	-	-	77	247
Curate and Associate Clergy Housing Costs	175	-	-	175	165
National Church - training for ministry	381	-	-	381	357
Formation & Ministry (50%)	170	-	-	170	160
Stewardship, Legal, Accounts Advisors & other	96	-	-	96	240
Diocesan appointments	393	-	-	393	411
Kings Hill - New church project	30	-	-	30	20
St Mary's Abbey	-	-	-	-	2
Allocated support costs	-	-	695	695	496
	8,580	317	695	9,592	11,164
<b>Engagement with the community</b>					
Grants	-	433	-	433	222
Mission & Community Engagement (50%)	97	-	-	97	95
Communications	14	-	-	14	104
Faculty & inspection fees	58	-	-	58	48
Diocesan committees	13	-	-	13	10
National Church grant/allocation	353	-	-	353	467
Partnership Dioceses & Church Urban Fund	7	-	-	7	33
Kendall House Review	1	-	-	1	162
Allocated support costs	-	-	303	303	234
	543	433	303	1,279	1,375
<b>Total Expenditure</b>	9,569	750	1,368	11,687	13,231
	note 8				

Support costs comprise administration and governance costs which includes the audit fee of £18k (2016 : £23k).



7. STAFF COSTS

	2017 £'000	2016 £'000
Ordained Diocesan Officials stipends	214	214
Other Lay Diocesan Personnel salaries	982	1,032
National Insurance	114	117
Life Insurance Policy	18	18
Pension Costs	309	324
- Lay Diocesan Personnel		
- Diocesan Clergy	62	65
	1,699	1,770
The average number of persons employed by the RDSBF during the year:		
	2017 Number	2016 Number
Administration and financial management	24	24
Training	8	8
Ministry and Unity	9	9
Diocesan Appointments	6	6
	47	47
The average number of persons employed by the RDSBF during the year based on full-time equivalents:		
	2017 Number	2016 Number
Administration and financial management	20	20
Training	6	6
Ministry and Unity	5	6
Diocesan Appointments	5	5
	36	37
The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:-		
	2017 Number	2016 Number
£60,000 - £70,000	1	3
£70,000 - £80,000	2	2

7. STAFF COSTS (continued)

Remuneration of Key Management Staff

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees for planning, directing and controlling the activities of the Diocese. During 2017 they were:

Diocesan Secretary	Mr Geoff Marsh
Director of Strategy and Implementation	Mr Matthew Girt
Finance Director	The Rev Richard Williams (joined 19 June 2017)
Director of Communication	Ms Lindy Mackenzie (left 31 May 2017)
Director of Formation and Ministry	The Rev Canon Chris Dench
Assistant Diocesan Secretary (Finance)	Mr Martyn Burt (left 30 April 2017)
Assistant Diocesan Secretary (Property)	Mr Mark Trevett

Remuneration, pensions, national insurance contributions and expenses for these 7 employees amounted to £458,914 (2016 : £534,174).

Trustees' Emoluments

No trustee received any remuneration for services as a Trustee. 7 Trustees received travelling and out of pocket expenses (2016 : 8), totalling £19,121 (2016 : 20,902) in respect of General Synod duties, duties as archdeacon or area/rural dean and other duties as Trustees.

The table below gives details of the Trustees who were in receipt of a stipend and/or housing provided by the RDSBF or the Church Commissioners\* during the year:

	Stipend	Housing
The Bishop of Rochester – The Right Revered James Langstaff	Yes*	Yes*
The Dean of Rochester Cathedral	Yes*	Yes*
The Archdeacon of Rochester – The Venerable Simon Burton-Jones	Yes	Yes
The Archdeacon of Bromley and Bexley – The Venerable Dr Paul Wright	Yes	Yes
The Archdeacon of Tonbridge – The Venerable Clive Mansell	Yes	Yes
The Archdeacon of Tonbridge – The Venerable Julie Conalty	Yes	Yes
The Chair of the House of Clergy – The Reverend Canon Alyson Davie	Yes	Yes
The Reverend Canon Mark Barker	Yes	Yes
The Reverend Jay Colwill	Yes	Yes
The Reverend Dylan Turner	Yes	Yes

The RDSBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy of the diocese, other than bishops and cathedral staff. The RDSBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

	2017 £'000	2016 £'000
<b>Parish Stipends, National Insurance &amp; Pension Costs</b>		
Parish Stipends	5,077	5,226
National Insurance	408	416
Pension Costs	1,244	1,327
	6,729	6,969
Number of Parish clergy in post as at 31 December (Full time equivalent)	197	197



8. ANALYSIS OF GRANTS MADE

	No.	Individuals £'000	Institutions £'000	Source	2017 £'000	2016 £'000
<b>From unrestricted funds:</b>						
Rochester Diocesan Board of Education	-	-	-	Diocesan Budget	-	19
Churches Together in Kent	1	-	5	Diocesan Budget	5	4
Ordinands in training	15	94	-	Diocesan Budget	94	147
Clergy training	62	21	-	Diocesan Budget	21	22
Clergy removal grants	25	45	-	Diocesan Budget	45	45
Clergy resettlement grants	46	59	-	Diocesan Budget	59	51
Clergy first appointment grants	32	55	-	Diocesan Budget	55	45
Clergy healthcare	30	8	-	Diocesan Budget	8	5
Kent Workplace Mission	1	-	4	Diocesan Budget	4	4
Other Grants under £1,000	-	-	-	Diocesan Budget	-	3
Archdeacon's discretionary grants	39	10	2	Archdeacons' Fund	11	12
Unity Church	-	-	-	Ministry & Mission Grants	-	10
<b>From restricted funds:</b>						
Erith St John PCC	1	-	200	Thames Gateway	200	-
Ministry Division Ordinand Block Grants	13	4	22	Ministry Division Fund	26	-
Overseas Partnership: Harare	-	-	-	Links Fund	-	12
Overseas Partnership: Tanzania	22	6	68	Links Fund	74	85
Overseas Partnership: Estonia	1	1	-	Links Fund	1	-
Beckenham St Michael	1	-	24	Pastoral Account	24	40
United Benefice of Hever	1	-	5	Pastoral Account	5	-
Christian Aid	1	-	12	Poverty & Hope Appeal	12	11
Church Mission Society	1	-	5	Poverty & Hope Appeal	5	5
Commonwork Land Trust	1	-	5	Poverty & Hope Appeal	5	5
United Society (formerly USPG)	1	-	5	Poverty & Hope Appeal	5	5
Overseas Partnership: Diocese of Kondo	1	-	5	Poverty & Hope Appeal	5	5
Gravesend St George PCC	1	-	4	Local Church Urban Fund	4	7
Erith & Thamesmead Cap Debt Centre	1	-	2	Local Church Urban Fund	2	-
Bexley St John the Evangelist	1	-	3	Trust for London	3	-
Falconwood PCC	1	-	3	Trust for London	3	-
Hayes PCC	1	-	2	Trust for London	2	-
Lamorbey Holy Redeemer PCC	4	-	21	Trust for London	21	-
Penge St John PCC	1	-	25	Trust for London	25	-
Sidcup St John PCC	1	-	10	Trust for London	10	-
Slade Green PCC	1	-	11	Trust for London	11	4
St Mary's Church House	3	-	1	Trust for London	1	-
Clergy grants	11	-	3	Trust for London	3	6
Other grants under £1,000	4	-	1	Trust for London	1	-
Bexleyheath St Peter PCC	-	-	-	Trust for London	-	5
Beckenham St John the Baptist	-	-	-	Trust for London	-	5
Anerley Team Ministry	-	-	-	Trust for London	-	3
Beckenham St James	-	-	-	Trust for London	-	2
Biggin Hill PCC	-	-	-	Trust for London	-	1
Erith Christ Church PCC	-	-	-	Trust for London	-	1
					750	569

9. TANGIBLE FIXED ASSETS

	Board Property		Equity Sharing Property		Benefice Property		Assets Held For Sale		Assets in course of construction	Computer & Phone Equipment	Total
	Land £'000	Buildings £'000	Land £'000	Buildings £'000	Land £'000	Buildings £'000	Land £'000	Buildings £'000	£'000	£'000	£'000
<b>Cost or valuation</b>											
Balance 1 January 2017	5,391	8,211	160	223	17,786	17,323	494	494	2,026	432	52,540
Additions	-	50	-	-	-	249	-	-	2,590	1	2,890
Disposals	(313)	(384)	-	-	-	-	(494)	(494)	-	-	(1,685)
Transfer	524	524	-	-	327	358	84	136	(1,953)	-	-
Balance 31 December 2017	5,602	8,401	160	223	18,113	17,930	84	136	2,663	433	53,745
<b>Depreciation</b>											
Balance 1 January 2017	-	1,382	-	67	-	4,492	-	103	-	425	6,469
Charge for the year	-	-	-	-	-	-	-	-	-	5	5
Disposals	-	(94)	-	-	-	-	-	(103)	-	-	(197)
Transfer	-	-	-	-	-	(41)	-	41	-	-	-
Balance 31 December 2017	-	1,288	-	67	-	4,451	-	41	-	430	6,277
<b>Net book values</b>											
At 31 December 2017	5,602	7,113	160	156	18,113	13,479	84	95	2,663	3	47,468
At 31 December 2016	5,391	6,829	160	156	17,786	12,831	494	391	2,026	7	46,073

Following the introduction of Financial Reporting Standard 15 “Tangible Fixed Assets”, all fixed asset land and buildings, excluding investment properties, were crystallised at their carrying value on 1 January 2000. The land proportion for each property was estimated and depreciation at 2% was applied to the remaining portion in respect of the building content. The land content was estimated to be between 40% and 51% of the carrying value as at 1 January 2000.

Depreciation is no longer provided on buildings as any provision would not be material due to the very long expected remaining useful economic life in each case and because their expected residual value is not materially less than their carrying value.

- (a) Freehold Land and Buildings  
The land and buildings are shown divided between Board Property, purchased from the Board’s own funds and Equity Sharing Property, which is purchased partially or wholly by a loan from the Church Commissioners. Although title to properties under the Equity Sharing Scheme rests with the Board, any profit or loss on sale is apportioned between the Board and Church Commissioners in proportion to the original funding.
- (b) Equity Sharing Properties  
Equity sharing properties are part owned by the Board and are included as fixed assets land and buildings. In each case there is a loan with the interest being paid by the parish for which the property is provided. On disposal the Board receives only its share of the equity.
- (c) Benefice Property  
Properties not owned by the Board but from which the Board derives the benefit and incurs the obligation of ownership are included in the accounts at historical cost or market value on 1st January 2000. The proceeds of any sales are available to the Board.



## 10. FIXED ASSET INVESTMENTS

	2017		2016	
	Cost £'000	Market Value £'000	Cost £'000	Market Value £'000
<b>Investments</b>				
Sarasin & Partners	6,551	8,563	7,749	9,435
Eden Tree Investment Management	2,157	3,021	2,530	3,225
<b>Investment Properties</b>		16,193		12,046
		<u>27,777</u>		<u>24,706</u>
		<b>£'000</b>		<b>£'000</b>
At 1 January		24,706		22,408
Additions		-		1,000
Disposals		(1,571)		-
Realised gains		(429)		-
Sale proceeds		<u>(2,000)</u>		<u>-</u>
Unrealised gains		5,071		1,298
At 31 December 2017		<u>27,777</u>		<u>24,706</u>

Net gains on investments shown in the Statement of Financial Activities comprise unrealised gains £5,071k (2016 : £1,298k) and realised gains £429k (2016 : Nil) as a result of disposals realising proceeds of £2m.

The investments held by Sarasin and Eden Tree can all be converted into cash within one month of application.

Investment properties include Glebe and other properties, the income from which is included in the Board accounts. Investment Properties were valued during 2017 by Timothy Cathcart MRICS and William Banham MRICS of Savills, on an open market valuation basis. The historical cost of these properties is not available.

## 11. DEBTORS

	2017		2016	
	Amounts falling due within one year £'000	Amounts due after more than one year £'000	Amounts falling due within one year £'000	Amounts due after more than one year £'000
Diocesan Parishes - Loans to parishes	137	227	183	463
Diocesan Parishes - Other amounts due	170	-	330	-
Sundry Debtors	775	23	540	37
	<u>1,082</u>	<u>250</u>	<u>1,053</u>	<u>500</u>

The loans to 7 parishes (2016 : 11) are generally unsecured, repayable over a period of five years with interest charged at 0% for loans from the Church Repair Fund and at various rates for loans from the Diocesan Loans Fund.

## 12. CREDITORS

	2017		2016	
	Amounts falling due within one year £'000	Amounts due after more than one year £'000	Amounts falling due within one year £'000	Amounts due after more than one year £'000
<b>Related Party Balances:</b>				
Amount due to Diocesan Board of Education	86	-	67	-
<b>Other Balances:</b>				
Amount due to Other Trust Funds	6	-	6	-
Equity Sharing Loans	-	373	-	373
Deposits - Diocesan Loans Fund (Parishes)	4,002	-	4,164	-
Deposits - Diocesan Loans Fund (Other)	33	-	41	-
Deposits - Church Repair Fund	4,295	-	4,275	-
Pension Scheme Liabilities	378	4,556	407	5,364
Sundry Creditors	1,046	-	777	-
	<u>9,846</u>	<u>4,929</u>	<u>9,737</u>	<u>5,737</u>

The Equity Sharing Loans are made by the Church Commissioners and are secured on property with interest charged at a commercial rate and repayable on the sale of the related property.

The parish deposits in the Church Repair Fund and Diocesan Loan Fund are repayable on demand and they are therefore classified as 'falling due within one year'. These deposits are placed in bank deposits and other assets. The likelihood of all parishes wishing to withdraw all of their funds at the same time is highly unlikely as Church Repair Fund deposits are generally intended to pay for repairs arising from quinquennial surveys.

## 13. MEMBERS' LIABILITY

The Board is a company limited by Guarantee. At 31 December 2017 there were 149 members who are liable to contribute £1 each in the event of the company being wound up.

## 14. OPERATING LEASES

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

	2017 £'000	2016 £'000
<b>Lease payments - other operating lease:</b>		
Not later than one year after the balance sheet date	11	9
In the second to fifth years after the balance sheet date	40	-
	<u>50</u>	<u>9</u>



15. RELATED PARTY TRANSACTIONS

During the year the following related party transactions took place:

<u>Related Party</u>	<u>Relationship</u>	<u>£'000</u>
Mrs Julia Burton-Jones	Wife of Archdeacon of Rochester	19
Professional fees in respect of work on Dementia Friendly Church Project.		
The outstanding balances with related parties at 31 December 2017 are included in note 12.		

16. DESIGNATED FUNDS

	<b>Balance at 1 January 2017 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Investment Movements £'000</b>	<b>Transfers £'000</b>	<b>Balance at 31 December 2017 £'000</b>
Central Church Funding	112	-	(13)	-	-	99
Property Fund	7,624	699	-	165	1,071	9,559
	<u>7,736</u>	<u>699</u>	<u>(13)</u>	<u>165</u>	<u>1,071</u>	<u>9,658</u>

**Central Church Funding**

These funds have been received from the Church Commissioners for designated purposes and so have been retained within a specific designated fund.

**Property Fund**

This fund has been set aside by the Trustees for the purpose of funding Board property acquisitions and development. A transfer of £1,071k was made from the Unrestricted General Fund to the Property Fund in respect of the purchase of the new Bishop of Tonbridge's house (see Financial Review in the Trustees' Report).

Full comparatives for the year to 31 December 2016 can be found in the 2016 Financial Statements which are publicly available from the Charity Commission.

17. RESTRICTED FUNDS

	<b>Balance at 1 January 2017 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Investment Movements £'000</b>	<b>Transfers £'000</b>	<b>Balance at 31 December 2017 £'000</b>
Poverty & Hope Appeal	26	29	(32)	-	-	23
Committee Amongst Deaf	23	-	-	-	-	23
Local Church Urban Fund	11	13	(5)	-	-	19
Pastoral Account	250	1,447	(88)	825	(650)	1,784
Pastoral Account re Sale of Beckenham St. Michael Hall	624	43	(24)	-	-	643
Trust for London (formerly City Parochial Foundation)	-	218	(91)	-	(54)	73
Benefice Property	30,617	-	-	-	975	31,592
Thames Gateway	7	-	-	-	-	7
Thames Gateway Capital Fund	657	-	(200)	-	-	457
Parsonage Building Fund	504	-	-	-	-	504
Church Extension Fund	486	-	-	-	-	486
Partnership Funds	18	91	(83)	-	-	26
Ministry Division RME Ordinand's Grant	-	24	(26)	-	-	(2)
Ebbsfleet Youth Worker	-	25	-	-	-	25
Children & Young People 500K Fund	-	50	-	-	-	50
Chatham Town Centre	-	60	-	-	-	60
Children & Young People Funds	-	3	-	-	-	3
	<u>33,223</u>	<u>2,003</u>	<u>(549)</u>	<u>825</u>	<u>271</u>	<u>35,773</u>

**Poverty and Hope Appeal**

Money raised by an annual appeal and passed on in grants to various missionary and relief agencies.

**Committee Amongst the Deaf**

Specific donations received for use by this committee.

**Local Church Urban Fund**

The income arising from the appeal capital is used to pay grants in support of specified projects in urban priority areas within the Diocese.

**Pastoral Account**

Capital monies received under the Pastoral Measures 1983 and is restricted thereby. The transfer of £650k relates to adjustments required with regard to the sale and purchase of parsonages (see Benefice Property below).

**Pastoral Account re Sale of Beckenham St. Michael Hall**

Capital monies received under the Pastoral Measure 1983 and is restricted thereby. This has been shown separately from the Pastoral Account because the aim is to use the funds for that specific parish.



17. RESTRICTED FUNDS (continued)

**Trust for London**

An annual allocation from the Foundation to use within the Archdeaconry of Bromley and Bexley. The transfer of £54k represents contributions to training, stipends, administration and the 2017 Clergy Conference.

**Benefice Property**

The fund value represents the capital value of parsonage houses less depreciation. The transfer of £975k relates to adjustments required in relation to parsonages in Keston and Bromley Common and the capitalisation of parsonage improvement projects.

**Thames Gateway**

Money given by Tonbridge Deanery towards specific projects in the Thames Gateway area.

**Diocesan Thames Gateway Capital**

Money initially collected through the parish share specifically to raise £1m over 10 years towards capital projects in the Thames Gateway area. Expenditure of £200k was made from the Social Mission Endowment fund in reimbursement of costs for the Erith St. John project.

**Parsonage Building Fund**

Money held by the RSDBF, under s5(3) of the Parsonages Measure 1938 (amended), from the sale of a parsonage or other parsonage land held in trust for the benefice concerned.

**Church Extension Fund**

Monies given under an appeal in 1956 for the purchase or improvement of churches, halls, parsonages, curate houses and other property. Currently represented by 4 houses in various parishes. 34 Ronaldstone Road was sold during the year.

**Partnership Funds**

This represents collections taken at Confirmation services and other income for the purpose of maintaining and developing partnerships with overseas link Dioceses.

**Ministry Division RME Ordinand's Grant**

Block grant received from the Archbishop's Council Ministry Division to fund ordinand training. This is currently in deficit but this will reverse when further grants are received from the Ministry Division.

**Ebsfleet Youth Worker**

Grants received from the Colyer-Fergusson Charitable Trust (£20k) and Swanscombe and Greenhithe Town Council (£5k) to be spent on the provision of a youth worker in Ebsfleet for the next 3 years.

**Children and Young People 500K Fund**

Fund established as part of the Called Together initiative. A grant of £50k was received from the Colyer-Fergusson Charitable Trust specifically for this purpose.

**Chatham Town Centre**

Grant received from the Church Commissioners to help fund redevelopment of Chatham Town Centre.

**Children and Young People Funds**

This represents 2 small grants specifically for the Children and Young People Projects, Angel Space and Listen to Learn.

Full comparatives for the year to 31 December 2016 can be found in the 2016 Financial Statements which are publicly available from the Charity Commission.

18. ENDOWMENT FUNDS

	Balance at 1 January 2017 £'000	Income £'000	Expenditure £'000	Investment Movements £'000	Transfers £'000	Balance at 31 December 2017 £'000
Stipends Capital Account	10,116	853	(47)	3,452	764	15,138
Training	1,164	-	-	84	-	1,248
Pensions & Retired Clergy	1,175	223	-	39	-	1,437
Buildings	63	-	-	6	-	69
Parsonages	538	-	-	39	-	577
Local Church Urban Fund	398	-	-	29	-	427
Social Mission	932	-	(1)	69	-	1,000
	14,386	1,076	(48)	3,718	764	19,896

**Stipends Capital Account**

Investments held under the Endowments and Glebe Measure. Income is credited to the Unrestricted General Fund and used for stipend purposes. The main movements in the year relate to the disposal of Glebe land and investment gains. The original liability for clergy pensions liabilities was funded by the Stipends Capital account, and the transfer in the year represents the reduction in clergy pension deficit contribution liabilities in the year.

**Training**

Mainly a legacy to provide a contribution towards the cost of training ordinands. Some small funds also for general training of clergy and readers. Income arising in the year has been applied to the General Fund to offset the full costs incurred.

**Pensions and Retired Clergy**

Legacies and the result of an appeal for the provision of housing for the retired clergy. Income from investments arising in the year has been applied to the General Fund to offset pension costs incurred.

**Buildings**

Comprises of two funds, the first to support the fabric of the Diocesan Office and the second to provide income for grants to PCC's. Income arising has been applied to the General Fund to offset the full costs incurred.

**Parsonages**

An endowment transferred from the Church Commissioners upon setting up of the Parsonage Scheme. Income arising has been applied to the General Fund to offset full costs incurred.

**Local Church Urban Fund**

The initial capital of £250k was raised by appeal. The income is used to pay grants in support of specified projects in urban priority areas within the Diocese.

**Social Mission**

Comprised of five funds, Kendall House, Oakhurst, Ravensbourne, Hollywood Manor and Council for Social Aid (formerly Rock Avenue). Income from the funds may be applied for the general purposes of social mission in the Diocese.



Full comparatives for the year to 31 December 2016 can be found in the 2016 Financial Statements which are publicly available from the Charity Commission.

19. TRANSFERS BETWEEN FUNDS

	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Transfer of funds to reduce the clergy pension deficit	(764)	-	-	764
Parsonage and ministry house additions	(1,404)	1,071	333	-
Transfer of budgeted items from General Fund to Restricted Fund	8	-	(8)	-
Transfers from Trust for London	54	-	(54)	-
	(2,106)	1,071	271	764

The transfers summarised above are described in notes 16-18.

20. NET ASSETS BETWEEN FUNDS

	Unrestricted	Designated	Restricted	Endowment	Total
Fixed assets	2,663	10,470	32,023	2,312	47,468
Investments	4,685	525	825	21,742	27,777
Current assets	5,127	(382)	2,925	373	8,043
Creditors	(9,289)	(179)	-	(378)	(9,846)
Creditors > 1 year	-	(776)	-	(4,153)	(4,929)
	3,186	9,658	35,773	19,896	68,513

21. ASSETS HELD AS CUSTODIAN TRUSTEE

	2017 £'000	2016 £'000
Investments (at cost)	852	844
Property	648	648
Cash at bank	496	698
	1,996	2,190

22. PENSION SCHEMES

a. Revaluation of Pension Scheme Liabilities

The revaluation shown in the Statement of Financial Activities comprises revaluations of both the clergy scheme and the lay scheme as follows:-

	2017 £'000	2016 £'000
Clergy Scheme (see note 21b below)	155	559
Lay Scheme (see note 21c below)	(43)	(639)
	112	(80)

b. The Church of England Funded Pension Scheme (for clergy)

RDSBF 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 Responsible Bodies.

Each participating Responsible Body 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 Responsible Bodies and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Financial Activities (SoFA) in the year are contributions payable towards benefits and expenses accrued in that year.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- ☐ An investment strategy of:
  - ☐ for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by December 2030; and
  - ☐ a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- ☐ Investment returns equivalent to 2.6% p.a. on gilts and 4.6% 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.;
- ☐ Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

22. PENSION SCHEMES (continued)

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2016 to December 2017	January 2018 to December 2025
Deficit recovery contributions	14.1%	11.9%

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

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

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

	2017 £’000	2016 £’000
Balance sheet liability at 1 January	5,294	<b>6,385</b>
Deficit contribution paid	(683)	<b>(683)</b>
Interest cost (recognised in SoFA)	74	<b>151</b>
	(609)	<b>(532)</b>
	(155)	<b>(559)</b>
Remaining change to the balance sheet liability* (recognised in SoFA)	(764)	<b>(1,091)</b>
Balance sheet liability at 31 December	4,530	<b>5,294</b>

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

This liability is a liability of the Stipends Capital Account (within Endowment Funds). Deficit contributions have been paid during the year by the General Fund. Interest costs have been incurred in the General Fund. The net of these two items together with the revaluation of liabilities shown above, is included in Transfers (note 19) to ensure that the deficit reduction is reflected in the Stipends Capital Account (note 18). The current year costs of providing pensions to Diocesan clergy are included within expenditure within the General Fund.

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:

22. PENSION SCHEMES (continued)

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

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

c. Defined Contribution Scheme (for lay personnel)

A defined contribution scheme is operated as described in note 1d. Amounts payable in the year to this scheme by the RDSBF amount to £23,272 (2016 £22,764) and the amount owed to the scheme at 31 December 2017 was £nil (2015 £nil).

d. Staff Defined Benefit Scheme (for lay personnel)

RDSBF (the Employer) operates a defined benefit pension arrangement called the Rochester Diocesan Staff Retirement Benefit Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for defined contribution schemes operated by the Employer. No allowance has been made for discretionary benefits.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Employer must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2015. The results of that valuation were updated to 31 December 2017 allowing for cashflows in and out of the Scheme and changes to assumptions over the period.

At 31 December 2017 the FRS102 valuation calculated a deficit in the Scheme of £404k. This compares to a deficit of £477k at the previous review date.



22. PENSION SCHEMES (continued)

Principal actuarial assumptions

	31 December 2017	31 December 2016
Discount rate	2.6% pa	2.8% pa
Inflation assumption (RPI)	3.6% pa	3.6% pa
Inflation assumption (CPI)	2.6% pa	2.6% pa
Increases in payment to Post 92 benefits in excess of GMP (RPI max 5%)	3.5% pa	3.5% pa
Revaluation in deferment (benefits in excess of GMP)	2.6% pa	2.6% pa
Salary Increases	3.6% pa	3.6% pa
Post retirement mortality assumption	95% of the S2PA with CMI_2014 projection and long-term improvement rates of 1.25% per annum	95% of the S2PA with CMI_2014 projection and long-term improvement rates of 1.25% per annum
Commutation	No allowance has been made for members to take tax free cash	No allowance has been made for members to take tax free cash

The current asset split is as follows:

Asset category	31 December 2017 £'000
Global Equities	3,464
Index Linked Gilts	2,112
Cash (incl bank account/net current assets)	430
With-profit deferred annuity policy	11
<b>Total Assets</b>	<b>6,017</b>

The actual return on the Scheme's assets (net of expenses) over the period to the Review Date was £454k.

The assets do not include any investment in the Employer.

22. PENSION SCHEMES (continued)

The following amounts at 31 December 2017 and 31 December 2016 were measured in accordance with the requirements of FRS102:

Amounts recognised in the Balance Sheet at 31 December 2017	Value at 31 December 2017 £'000	Value at 31 December 2016 £'000
Fair value of assets	6,017	5,352
Present value of funded obligations	(6,421)	(5,829)
<b>Surplus/(deficit) in scheme</b>	<b>(404)</b>	<b>(477)</b>
Impact of asset ceiling	-	-
<b>Net defined benefit liability</b>	<b>(404)</b>	<b>(477)</b>

Amounts recognised in the SOFA in the year	31 December 2017 £'000	31 December 2016 £'000
Current service cost	172	141
Administration costs	33	52
Interest on liabilities	162	154
Interest on assets	(153)	(166)
<b>Total charge to SOFA</b>	<b>214</b>	<b>181</b>

Remeasurements over the year	31 December 2017 £'000	31 December 2016 £'000
Loss/(gain) on assets in excess of interest	(301)	(1,024)
Experience losses/ (gains) on liabilities	-	-
Losses/ (gains) from changes to assumptions	344	1,829
Changes in effect of asset ceiling	-	(166)
<b>Total remeasurements</b>	<b>43</b>	<b>639</b>

## 22. PENSION SCHEMES (continued)

Change in value of assets	31 December 2017 £'000	31 December 2016 £'000
<b>Value of assets at start</b>	<b>5,352</b>	<b>4,141</b>
Interest on assets	153	<b>166</b>
Employer contributions	331	<b>343</b>
Contributions by Scheme participants	22	<b>24</b>
Benefits paid	(109)	<b>(294)</b>
Administration Costs	(33)	<b>(52)</b>
Change due to settlements	-	-
Return on plan assets less interest	301	<b>1,024</b>
<b>Value of assets at end</b>	<b>6,017</b>	<b>5,352</b>

Change in value of DB liabilities	31 December 2017 £'000	31 December 2016 £'000
<b>Value of liabilities at start</b>	<b>5,829</b>	<b>3,975</b>
Current service cost	172	<b>141</b>
Contributions by Scheme participants	22	<b>24</b>
Interest cost	162	<b>154</b>
Benefits paid	(109)	<b>(294)</b>
Experience (gain)/loss on defined benefit obligation	-	-
Changes to assumptions	344	<b>1,829</b>
<b>Value of liabilities at end</b>	<b>6,420</b>	<b>5,829</b>

## 22. PENSION SCHEMES (continued)

Projected Profit & Loss account for next year	31 December 2018 £'000
Current service cost	190
Admin expenses	33
Interest on liabilities	166
Interest on assets	(159)
<b>Total</b>	<b>230</b>

The above estimate is based on the assumptions adopted at the Review Date and assumes the following:

- Cashflows to and from the scheme are broadly unchanged from the current year's figures.
- There are no events that would give rise to a settlement/curtailment/past service cost.

## 23. STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unrestricted General £'000	Designated £'000	Restricted £'000	Endowment £'000	Total 2016 £'000	Total 2015 £'000
<b>Income</b>							
Donations:							
- Parish Offers		9,374	-	-	-	9,374	9,223
- Other	2	245	386	229	-	860	892
Investment income	3	1,202	4	17	-	1,223	1,208
Charitable activities	4	35	-	-	-	35	32
Other		-	-	-	-	-	60
<b>Total income</b>		<b>10,856</b>	<b>390</b>	<b>246</b>	<b>-</b>	<b>11,492</b>	<b>11,415</b>
<b>Expenditure</b>							
Raising funds	5	(200)	(14)	(8)	-	(222)	(189)
Charitable activities		(11,805)	(265)	(392)	(547)	(13,009)	(11,970)
<b>Total Expenditure</b>	6	<b>(12,005)</b>	<b>(279)</b>	<b>(400)</b>	<b>(547)</b>	<b>(13,231)</b>	<b>(12,159)</b>
<b>Operating (Deficit)/Surplus:</b>		<b>(1,149)</b>	<b>111</b>	<b>(154)</b>	<b>(547)</b>	<b>(1,739)</b>	<b>(744)</b>
Profit on sale of property		1,847	8	1,424	-	3,279	3,352
Gains on investments	10	342	26	-	930	1,298	1,175
<b>Net Income</b>		<b>1,040</b>	<b>145</b>	<b>1,270</b>	<b>383</b>	<b>2,838</b>	<b>3,783</b>
<b>Reserve Movements:</b>							
Net Income		1,040	145	1,270	383	2,838	3,783
Revaluation of pension scheme liabilities	22	(80)	-	-	-	(80)	598
Transfers between funds		3,922	(5,445)	649	874	-	-
<b>Net movement in funds</b>		<b>4,882</b>	<b>(5,300)</b>	<b>1,919</b>	<b>1,257</b>	<b>2,758</b>	<b>4,381</b>
Reserve balances at 1st January 2016		368	13,036	31,304	13,129	57,837	53,456
Reserve balances at 31st December 2016		<b>5,250</b>	<b>7,736</b>	<b>33,223</b>	<b>14,386</b>	<b>60,595</b>	<b>57,837</b>



**CUSTODIAN TRUSTEESHIP FUNDS – BALANCE SHEET**  
For the year ended 31 December 2017

58

This page does not form part of the audited financial statements

	2017		2016	
	Capital £'000	Revenue £'000	Capital £'000	Revenue £'000
Investments at cost (see below)	848	4	840	4
Freehold property	645	-	645	-
Freehold interest in leased properties	3	-	3	-
Cash				
National Savings Bank	11	1	11	1
CCLA Investment Management Ltd - Deposit Fund				
Miscellaneous	384	94	587	93
Barclays Bank - Current Account	-	6	-	6
	395	101	598	100
<b>Total Assets</b>	<b>1,891</b>	<b>105</b>	<b>2,086</b>	<b>104</b>
Representing				
Parochial Funds	1,859	100	2,055	100
Non-Parochial Funds	32	5	31	4
<b>Total Funds</b>	<b>1,891</b>	<b>105</b>	<b>2,086</b>	<b>104</b>
<b>INVESTMENTS NOTE</b>				
	2017		2016	
	Cost £'000	Market value £'000	Cost £'000	Market value £'000
<b>CAPITAL</b>				
Quoted Investments	5	129	5	130
Unlisted Investments				
<b>CCLA Investment Management Ltd</b>				
Investment Fund Income Shares				
212,704 (2016 212,186 shares)	653	3,487	645	3,191
Fixed Interest Fund Income Shares				
70,489 (2016 70,489 shares)	116	118	116	119
Global Equity				
25,919 (2016 25,919 shares)	30	48	30	45
Property Fund				
34,935 (2016 34,935 shares)	44	48	44	46
	843	3,701	835	3,401
	848	3,830	840	3,531
<b>REVENUE</b>				
Unlisted Investments				
<b>CCLA Investment Management Ltd</b>				
Investment Fund Income Shares				
2,312 (2016 2,312 shares)	4	38	4	35

**CHURCH REPAIR FUND BALANCES**  
For the year ended 31 December 2017

This page does not form part of the audited financial statements

	2017 £'000	2016 £'000		2017 £'000	2016 £'000
Deposits by Parishes			Use of Funds Deposited by		
with Diocese:			Parishes with Diocese:		
Parochial Funds	4,295	4,275	Parishes Loans	19	34
			Funds on Deposit	4,276	4,241
	4,295	4,275		4,295	4,275
<b>LOANS FUND BALANCES</b>					
As at 31 December					
	2017 £'000	2016 £'000		2017 £'000	2016 £'000
Deposits by Parishes			Use of Funds Deposited by		
with Diocese:			Parishes with Diocese:		
Parochial Funds	3,978	4,153	Parishes & Clergy - Loans	345	612
Other Sources	57	52	Other Loans	33	41
			Funds on Deposit	3,657	3,552
	4,035	4,205		4,035	4,205

The Church Repair Fund and Loans Fund have been consolidated in the Financial Statements of the Rochester Diocesan Society and Board of Finance.

This page does not form part of the audited financial statements

	Parish Offer Received
<b>Beckenham Deanery</b>	
ANERLEY TEAM MINISTRY	66,900.00
BECKENHAM CHRIST CHURCH PCC	93,000.00
BECKENHAM HOLY TRINITY PCC	54,000.00
BECKENHAM ST BARNABAS PCC	55,400.00
BECKENHAM ST GEORGE PCC	85,000.00
BECKENHAM ST JAMES PCC	60,000.00
BECKENHAM ST JOHN THE BAPTIST PCC	116,220.00
BECKENHAM ST MICHAEL W ST AUGUSTINE PCC	71,529.00
BECKENHAM ST PAUL PCC	68,112.00
PENGE ST JOHN THE EVANGELIST PCC	39,923.75
SHORTLANDS PCC	74,700.00
<b>Total Beckenham Deanery</b>	<b>784,784.75</b>
<b>Bromley Deanery</b>	
BICKLEY PCC	54,000.00
BROMLEY CHRIST CHURCH PCC	80,319.00
BROMLEY COMMON HOLY TRINITY PCC	32,000.00
BROMLEY COMMON ST AUGUSTINE PCC	69,085.00
BROMLEY COMMON ST LUKE PCC	18,877.00
BROMLEY ST ANDREW PCC	27,661.00
BROMLEY ST JOHN THE EVANGELIST PCC	59,330.00
BROMLEY ST MARK PCC	60,674.00
BROMLEY ST MARY PCC	60,000.00
BROMLEY ST PETER & ST PAUL PCC	88,935.15
CHISLEHURST THE ANNUNCIATION PCC	60,000.00
CHISLEHURST CHRIST CHURCH PCC	79,323.00
CHISLEHURST ST NICHOLAS PCC	84,050.00
HAYES PCC	65,190.00
<b>Total Bromley Deanery</b>	<b>839,444.15</b>
<b>Erith Deanery</b>	
BARNEHURST PCC	45,570.00
BELVEDERE ALL SAINTS PCC	45,000.00
BELVEDERE ST AUGUSTINE PCC	33,000.00
BEXLEYHEATH CHRIST CHURCH PCC	67,572.00
BEXLEYHEATH ST PETER PCC	22,315.50
BOSTALL HEATH PCC	38,000.00
CRAYFORD PCC	75,132.00
ERITH CHRIST CHURCH PCC	42,000.00
ERITH ST JOHN THE BAPTIST PCC	38,200.00
FALCONWOOD PCC	50,430.00
NORTHUMBERLAND HEATH PCC	55,965.00
SLADE GREEN PCC	12,922.00
WELLING PCC	71,861.60
<b>Total Erith Deanery</b>	<b>597,968.10</b>

This page does not form part of the audited financial statements

<b>Orpington Deanery</b>	
BIGGIN HILL PCC	52,000.00
CHELSFIELD PCC	55,297.78
CRAY ST BARNABAS PCC	21,000.00
CRAY VALLEY	8,000.00
CROFTON PCC	74,312.50
CUDHAM PCC	23,985.00
DOWNE PCC	24,855.00
FARNBOROUGH PCC	120,393.00
GREEN STREET GREEN PCC	83,025.00
KESTON PCC	40,626.02
ORPINGTON ALL SAINTS PCC	72,000.00
ORPINGTON CHRIST CHURCH PCC	74,600.00
PETTS WOOD PCC	51,450.00
<b>Total Orpington Deanery</b>	<b>701,544.30</b>
<b>Sidcup Deanery</b>	
BEXLEY ST JOHN THE EVANGELIST PCC	48,096.00
BEXLEY ST MARY PCC	30,750.00
BLENDON PCC	45,013.45
FOOTSCRAY & NORTHCRAV PCC	7,650.00
JOYDENS WOOD PCC	46,062.00
LAMORBAY HOLY REDEEMER PCC	42,112.50
LAMORBAY HOLY TRINITY PCC	40,000.00
SIDCUP CHRIST CHURCH PCC	63,000.00
SIDCUP ST ANDREW PCC	47,084.00
SIDCUP ST JOHN THE EVANGELIST pcc	52,000.00
<b>Total Sidcup Deanery</b>	<b>421,767.95</b>
<b>Total Bromley &amp; Bexley Archdeaconry</b>	<b>3,345,509.25</b>



This page does not form part of the audited financial statements

<b>Cobham Deanery</b>		
ASH PCC	]	31,314.00
RIDLEY PCC	]	6,700.00
COBHAM PCC	]	21,408.00
LUDDSDOWNE & DODE PCC	]	16,162.20
FAWKHAM & HARTLEY PCC		54,000.00
ISTEAD RISE PCC		51,808.00
LONGFIELD PCC		28,187.50
MEOPHAM PCC		67,200.00
SOUTHFLEET PCC		47,000.00
<b>Total Cobham Deanery</b>		<b>323,779.70</b>
<b>Dartford Deanery</b>		
CROCKENHILL PCC		25,215.00
DARENTH PCC	]	20,473.32
HORTON KIRBY PCC	]	20,473.32
SUTTON-AT-HONE PCC	]	20,473.33
DARTFORD CHRIST CHURCH PCC		61,500.00
DARTFORD HOLY TRINITY PCC		2,050.00
DARTFORD ST ALBAN PCC		20,000.00
DARTFORD ST EDMUND KING & MARTYR PCC		240.00
STONE PCC		51,250.00
SWANLEY ST MARY THE VIRGIN PCC		30,084.81
SWANLEY ST PAUL & HEXTABLE ST PETER PCC		64,821.00
WILMINGTON PCC		57,330.00
<b>Total Dartford Deanery</b>		<b>373,910.78</b>
<b>Gillingham Deanery</b>		
GILLINGHAM HOLY TRINITY PCC		13,716.00
GILLINGHAM ST AUGUSTINE PCC		15,000.00
GILLINGHAM ST BARNABAS PCC		6,499.92
GILLINGHAM ST LUKE PCC		7,200.00
GILLINGHAM ST MARK PCC	]	56,000.00
GILLINGHAM ST MARY ISLAND DCC	]	14,000.00
GILLINGHAM ST MARY MAGDALENE PCC		6,000.00
RAINHAM PCC		91,000.00
SOUTH GILLINGHAM PCC		127,000.00
<b>Total Gillingham Deanery</b>		<b>336,415.92</b>

This page does not form part of the audited financial statements

<b>Gravesend Deanery</b>		
CHALK PCC		53,592.00
GRAVESEND HOLY FAMILY PCC	]	6,000.00
IFIELD PCC	]	12,300.00
GRAVESEND ST AIDAN PCC		21,525.00
GRAVESEND ST GEORGE PCC		55,435.00
GRAVESEND ST MARY PCC		27,017.04
GREENHITHE PCC		31,775.00
MILTON CHRIST CHURCH PCC		65,000.00
MILTON ST PETER & ST PAUL PCC		17,733.00
NORTHFLEET & ROSHERVILLE PCC		-
PERRY STREET PCC		13,666.68
SHORNE PCC		24,000.00
SWANSCOMBE PCC		18,967.00
<b>Total Gravesend Deanery</b>		<b>347,010.72</b>
<b>Rochester Deanery</b>		
BORSTAL PCC		14,349.96
CHATHAM ST MARY W ST JOHN PCC		3,300.00
CHATHAM ST PAUL W ALL SAINTS PCC		29,000.00
CHATHAM ST PHILIP & ST JAMES PCC		76,887.08
CHATHAM ST STEPHEN PCC		58,197.00
LUTON PCC		23,817.96
PRINCES PARK PCC		35,000.00
ROCHESTER ST JUSTUS PCC		60,000.00
ROCHESTER ST PETER W ST MARGARET PCC		42,000.00
SOUTH CHATHAM HOLY TRINITY PCC		70,000.00
<b>Total Rochester Deanery</b>		<b>412,552.00</b>
<b>Strood Deanery</b>		
CLIFFE-AT-HOO W COOLING PCC		42,880.00
CUXTON & HALLING PCC		29,000.00
FRINDSBURY W UPNOR & CHATTENDEN PCC		63,000.00
GRAIN PCC		4,900.00
HIGH HALSTOW W ALLHALLOWS & HOO ST MARY PCC		30,000.00
HIGHAM W MERSTON PCC		51,452.00
HOO ST WERBURGH PCC		36,000.00
STROOD ST FRANCIS PCC		26,400.00
STROOD ST NICHOLAS W ST MARY PCC		47,000.00
<b>Total Strood Deanery</b>		<b>330,632.00</b>
<b>Total Rochester Archdeaconry</b>		<b>2,124,301.12</b>

This page does not form part of the audited financial statements

<b>Malling Deanery</b>		
ADDINGTON PCC - BART GROUP	]	18,000.00
BIRLING PCC	]	9,846.00
RYARSH PCC	]	16,410.12
TROTTISCLIFFE PCC	]	13,069.00
AYLESFORD PCC		45,000.00
BARMING PCC		58,000.00
BURHAM & WOULDHAM PCC		18,450.00
COXHEATH PCC	]	14,667.00
EAST FARLEIGH PCC	]	13,422.00
HUNTON PCC	]	11,454.00
LINTON PCC	]	13,247.00
WEST FARLEIGH PCC	]	10,710.00
DITTON PCC		54,470.00
EAST MALLING PCC	]	51,335.60
TESTON PCC	]	600.00
WATERINGBURY PCC	]	8,616.00
LARKFIELD PCC		2,400.00
LEYBOURNE PCC		52,000.00
MEREWORTH PCC	]	18,120.00
WEST PECKHAM PCC	]	14,868.00
SNODLAND W LOWER BIRLING PCC		35,875.00
WEST MALLING PCC	]	45,000.00
KINGS HILL	]	3,000.00
OFFHAM PCC	]	15,450.00
<b>Total Malling Deanery</b>		<b>544,009.72</b>
<b>Paddock Wood</b>		
BRENCHLEY PCC		58,108.00
EAST PECKHAM PCC	]	35,000.00
NETTLESTEAD PCC	]	-
HADLOW PCC		60,000.00
HORSMONDEN PCC		36,447.30
LAMBERHURST PCC	]	31,770.00
MATFIELD PCC	]	22,000.00
PADDOCK WOOD PCC		60,000.00
PEMBURY PCC		58,220.00
TUDELEY PCC		45,000.00
YALDING PCC	]	36,772.00
COLLIER STREET PCC	]	9,600.00
<b>Total Paddock Wood Deanery</b>		<b>452,917.30</b>

This page does not form part of the audited financial statements

<b>Sevenoaks Deanery</b>		
BRASTED PCC		30,600.00
CHEVENING PCC		66,600.00
KIPPINGTON PCC		63,550.00
KNOCKHOLT PCC	]	20,000.00
HALSTEAD PCC	]	35,000.00
RIVERHEAD W DUNTON GREEN PCC		45,000.00
SEAL ST LAWRENCE PCC	]	19,079.00
UNDERRIVER PCC	]	17,500.00
SEAL ST PETER & ST PAUL PCC		45,250.00
SEVENOAKS ST JOHN THE BAPTIST PCC		42,460.00
SEVENOAKS ST LUKE PCC		60,000.00
SEVENOAKS ST NICHOLAS PCC		220,375.00
SUNDRIDGE W IDE HILL & TOYS HILL PCC		32,800.00
WEALD PCC		47,640.00
WESTERHAM PCC		57,500.00
<b>Total Sevenoaks Deanery</b>		<b>803,354.00</b>
<b>Shoreham Deanery</b>		
BOROUGH GREEN PCC		51,113.34
EYNSFORD PCC	]	-
FARNINGHAM PCC	]	-
LULLINGSTONE PCC	]	60,000.00
IGHTHAM PCC		59,450.00
KEMSING PCC	]	50,400.00
WOODLANDS PCC	]	-
KINGSDOWN W MAPPISCOMBE PCC		46,000.00
OTFORD PCC		61,248.96
PLATT PCC		34,725.00
PLAXTOL PCC	]	61,619.16
SHIPBOURNE PCC	]	-
SHOREHAM PCC		40,774.50
STANSTED W FAIRSEAT & VIGO PCC		51,250.00
WROTHAM PCC		31,260.00
<b>Total Shoreham Deanery</b>		<b>547,840.96</b>



**PARISH OFFER RECEIVED BY BENEFICE**  
**For the year ended 31 December 2017**

This page does not form part of the audited financial statements

<b>Tonbridge Deanery</b>	
CHIDDINGSTONE CAUSEWAY PCC	<b>21,132.50</b>
CHIDDINGSTONE PCC	<b>21,132.50</b>
CROCKHAM HILL PCC	<b>28,000.00</b>
EDENBRIDGE PCC	<b>60,000.00</b>
HEVER PCC	<b>18,060.38</b>
FOUR ELMS PCC	<b>13,439.69</b>
MARKBEECH PCC	<b>10,500.00</b>
HILDENBOROUGH PCC	<b>66,000.00</b>
LEIGH PCC	<b>51,990.00</b>
PENSHURST PCC	<b>40,500.00</b>
FORDCOMBE PCC	<b>15,060.00</b>
TONBRIDGE ST PETER & ST PAUL PCC	<b>150,675.00</b>
TONBRIDGE ST STEPHEN PCC	<b>96,000.00</b>
<b>Total Tonbridge Deanery</b>	<b>592,490.07</b>
<b>Tunbridge Wells Deanery</b>	
LANGTON GREEN PCC	<b>32,800.36</b>
RUSTHALL PCC	<b>60,310.00</b>
SOUTHBOROUGH TEAM MINISTRY PCC	<b>187,370.00</b>
SOUTHBOROUGH ST THOMAS PCC	<b>40,999.67</b>
SPELDHURST PCC	<b>68,400.00</b>
TUNBRIDGE WELLS HOLY TRINITY W CHRIST CHURCH PCC	<b>67,372.68</b>
TUNBRIDGE WELLS KING CHARLES THE MARTYR PCC	<b>71,145.00</b>
TUNBRIDGE WELLS ST BARNABAS PCC	<b>24,996.00</b>
TUNBRIDGE WELLS ST JAMES PCC	<b>75,000.00</b>
TUNBRIDGE WELLS ST JOHN PCC	<b>104,000.04</b>
TUNBRIDGE WELLS ST LUKE PCC	<b>52,560.00</b>
TUNBRIDGE WELLS ST MARK PCC	<b>59,000.00</b>
TUNBRIDGE WELLS ST PETER PCC	<b>60,144.00</b>
TUNBRIDGE WELLS ST PHILIP PCC	<b>48,000.00</b>
<b>Total Tunbridge Wells Deanery</b>	<b>952,097.75</b>
<b>Total Tonbridge Archdeaconry</b>	<b>3,892,709.80</b>
<b>Total All</b>	<b>9,362,520.17</b>
<b>Received</b>	<b>9,362,520</b>
<b>Housing in lieu of Parish Offer</b>	<b>25,700</b>
<b>Total per Statement of Financial Activities</b>	<b>9,388,220</b>

## The Diocese of Rochester

The Diocese of Rochester has existed in West Kent since 604. Since then the historic county of Kent has been shared between the two dioceses of Canterbury and Rochester. The Rochester part of Kent, however, changed significantly during the 19th and 20th centuries largely as a result of the expansion of London.

There are seventeen deaneries within the Diocese comprising three Archdeaconries. Five deaneries now lie within the Greater London Boroughs of Bromley and Bexley, including some 40% of the population of the Diocese - these deaneries make up the Archdeaconry of Bromley and Bexley. Three deaneries now lie within the Medway Unitary Authority, which is independent of Kent for most purposes; together with three other deaneries in north Kent, these make up the Archdeaconry of Rochester. Six further deaneries lie within south-west Kent around the towns of Tonbridge, Tunbridge Wells, Sevenoaks, Paddock Wood and West Malling - these make up the Archdeaconry of Tonbridge.

Across these communities, the Diocese serves a population of some 1.3million, which is likely to increase by 300,000 over the next 20+ years. We have 184 Full-time equivalent substantive stipendiary parochial posts, and 25 substantive self-supporting posts; at any time, we have around 24 stipendiary and 12 self-supporting curates in training. Other licensed clergy and lay ministers serve as Chaplains and in diocesan and cathedral roles. This population is also served by 90 Church of England schools, with significant local involvement also in community schools.

The communities of the Diocese are characterised by increasing diversity of varying kinds. We cover some of the most affluent areas in England, and also some of the most deprived wards in the South-East. With the expansion of London and adjoining communities, we are increasingly urban and suburban, yet still retain places which see themselves as rural. The Ebbsfleet Garden City development will have a new population of some 40,000 people – it is the biggest single housing development in England. Ethnic and religious diversity is a growing feature of our communities, and this is reflected in many of our congregations.

Our diocesan-level world church partnerships are an important element of who we are. We have very active relationships with the Dioceses of Mpwapa and Kondoia in Tanzania, the Diocese of Harare in Zimbabwe and with the Evangelical Lutheran Church of Estonia. These partnerships are expressed through parish and school links as well as at diocesan level.

## The Church of England

The Church of England is the established Church and Her Majesty The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. The Archbishops' Council has a coordinating role for work authorised by the Synod, and the Church Commissioners manage the historic assets of the Church of England. The Church of England Pension Board administers the pension schemes for clergy and lay workers.

Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese of Rochester is divided into deaneries, each with its own Synod and within each parish there is a parochial church council which shares responsibility for the mission of the church with the parish priest. Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables mutual support between dioceses.



The Diocese of Rochester. Registered Office: St Nicholas' Church, Boley Hill, Rochester, Kent, ME1 1SL. The Rochester Diocesan Society and Board of Finance is a company limited by guarantee. Registered in England No. 140656. Registered Charity No. 249339

This has been printed on Forest Stewardship Council sourced paper