



Diocese of Bristol

The Bristol Diocesan Board of Finance Limited
Annual Report & Financial Statements
for the year ended 31st December 2018

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The Bristol Diocesan Board of Finance Limited | Reg. in England: Charity 248502, Company 156243

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The Bristol Diocesan Board of Finance Limited
Annual Report of the Directors
for the year ended 31st December 2018

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31st December 2018.

The Trustees and Directors are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- A Directors' Report of a charitable company;
- A Strategic Report under the Companies Act 2006; and
- A Trustees' Annual Report under the Charities Act 2011.

The Financial Statements have been prepared in accordance with statutory requirements prevailing at 31st December 2018, with the requirements of the Charity's governing document, its Memorandum and Articles of Association, and with the Charities Statement of Recommended Practice (FRS102). Where possible, the guidance issued in the Diocesan Annual Report and Financial Statements Guide by the Diocesan Secretaries' Liaison Group has been followed.

LEGAL OBJECTS

The primary objective of the Bristol Diocesan Board of Finance ("the DBF") is to promote and assist the work and purposes of the Church of England in the Diocese of Bristol.

The DBF has the following statutory responsibilities:

- The management of glebe property and investments to generate income to support the cost of stipends arising from the Endowments and Glebe Measure 1976;
- The repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- The management of investments and the custodian of assets relating to church schools under the Diocesan Boards of Education Measure 1991; and
- The custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Churchwardens and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Council (Powers) Measure 1956.

STRATEGIC AIMS

Throughout the Diocese of Bristol, the Church of England is making a significant difference to Christian witness in our communities through its ministers, parishes and church schools. The vision of the Diocese of Bristol is "Creating connections: connecting with God, connecting with each other and connecting with our communities".

Since 2016, the Diocese of Bristol has collectively pursued the priorities of making disciples, growing leaders and engaging younger generations. These have been agreed to focus parish and diocesan plans and activity.

In the same year, the Diocesan Synod adopted a Strategic Plan for 2016-20. This has three objectives – resourcing and multiplying effective mission; optimising ministry and leadership; enhancing financial resources – and several quantitative goals that reflect the objectives and priorities.

These are supported by six strategic initiatives, a small number of choices that focus on priorities and achieve goals. A visual summary of the Strategic Plan is given on page 7.

The diocesan contribution to the vision and priorities is led by the Bishop of Bristol and her Staff Team and expressed through the work of the DBF and the Diocesan Support Services under the oversight of its Board of Directors.

The DBF takes a lead in:

- Expressing the vision of the Diocese through its leadership and communicating ways in which that vision is being embodied throughout the Diocese;

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- Strengthening relationships throughout the Diocese by connecting people, parishes and schools, sharing good practice and resources;
- Empowering people by recruiting, developing and deploying ministers, leaders and staff in parishes, chaplaincies, schools and the Diocesan Support Services;
- Maximising resources by stewarding the income, expenditure and assets of the DBF effectively; and
- Developing structures to support this work including those for governance, communication and management.

OBJECTIVES FOR THE YEAR

The following objectives were set for the year ended 31st December 2018.

1. Ensure good recruitment and effective leadership transitions, increasing diversity and quality.
2. Reinitiate strategic initiatives and ensure effective oversight, management and reporting as part of the 2016-20 Strategic Plan.
3. Implement internal projects to increase DBF effectiveness.

The Directors believe that all the above shows that the DBF delivers public benefit by working with ministers, parishes and schools to be a Christian witness at the centre of their communities.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Achievements against objectives

Leadership change

Following meetings of the Crown Nominations Commission in February and March 2018, Very Revd Vivienne Faull was announced as the 57th Bishop of Bristol on 15th May 2018 when she visited a range of parishes, schools and projects across the Diocese. She expressed her excitement at being “at the heart of this great, multicultural diocese” and her desire to “lead a diocese that continues its pioneering courage and shows the love of God of everybody, whoever they are”.

Her election was confirmed on 25th June, she was consecrated at St Paul’s Cathedral on 3rd July and she was enthroned at a service of welcome at Bristol Cathedral on 20th October. Bishop Viv was Dean of York at the time of her election and had previously been Dean, formerly Provost, of Leicester.

The Archbishop’s Charge to the Bishop encouraged her to give particular attention to broadening and deepening discipleship; drawing all into a sense of shared mission and ministry; reaching out to children and young people, to Black, Asian and Minority Ethnic communities; the safeguarding of children and vulnerable adults; and building on connections with community and civic leaders, especially in the city of Bristol as a voice for the excluded and marginalised.

Ven Christine Froude retired as Archdeacon of Malmesbury on 30th September 2018 after over seven years in post. The Bishop’s Council had already decided to appoint a full-time archdeacon for each of the Diocese’s two archdeaconries. To enable Bishop Viv to oversee recruitment to these posts and interim arrangements to be put in place, Mrs Froude relinquished the post of Acting Archdeacon of Bristol on 1st June 2018 to Ven Michael Johnson. Ven Graham Archer was seconded as Acting Archdeacon of Malmesbury on 17th November 2018. Revd Christopher Bryan was appointed Archdeacon of Malmesbury in November and will be installed in 7th May 2019. Revd Neil Warwick will take up the post of Archdeacon of Bristol in the summer and will be installed in September 2019.

Mr John Swainston announced his retirement as Diocesan Director of Education (DDE) and Chief Executive Officer of the Diocese of Bristol Academies Trust (DBAT). The decision was made no longer to part-second the DDE to DBAT and Ms Liz Townend was appointed as Director of Education with effect from 1st March 2019.

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Revd Canon Derek Chedzey, Head of Ministry Development and Diocesan Canon, was appointed Archdeacon of Hereford and installed on 9th September 2018. An appointment process is underway for the Director of Ministry Development.

Elections were held for a new triennium of the Diocesan Synod. The first meeting was held on 17th November in 2018 in Swindon, Bishop Viv's first as President. Mr Bruce Finnamore was elected as Chair of the House of Laity and Revd Canon Raymond Adams was re-elected as Chair of the House of Clergy. Elections to Bishop's Council were also held resulting in four new elected members.

Strategic initiatives

1. 'Making disciples in your parish'

The 'Making disciples in your parish' resource was launched formally at the diocesan Connected conference in April 2018. It offers six ways for churches to create connections and make disciples which can be put into their parish's context and tradition.

These have been highlighted through diocesan communications and resources and parishes are asked to share examples of how they do this. Diocesan Support Services have promoted resources to equip parishes such as a new Diocesan Cycle of Prayer and Messy Church. They have also developed new resources such as "Journey of Invitation", "Your SHAPE for God's Service" and a Messy Church Self Review Toolkit.

By way of example in terms of parish activity:

- Two thirds of parishes took part in Thy Kingdom Come (*A foundation of prayer*);
- A third of parishes rated their culture of invitation as good or better, double the level in 2016 (*Creating a culture of invitation*);
- Four out of five parishes held a Messy Church or similar expression (*Creative, family-focused expressions of church*);
- A third of parishes ran an evangelistic course (*Opportunities for people to explore the Christian faith*);
- Nine out of 10 parishes had small groups of which three out of 10 attendees were members, up from 2 out of 10 in 2017 (*Small groups for whole-life discipleship*); and
- 50% of parishes rated the support they gave to help people identify, develop and use their gifts positively (up from 40% in 2017) (*Developing the gifts of God's people*).

2. Growing vocations

The Diocese is committed to increasing the number, quality and diversity of new ministers and leaders. It has the specific goal of 50% more ordinands between 2015 and 2020, from an average of seven (2013-15) to an average of 11.

Supported by a Vocations Team led by Revd Chris North, 14 candidates were sponsored for ordination during 2018. Eight were Incumbent Status, six were under 39 and two were from BAME backgrounds.

Eight candidates entered into the Formation year for Licensed Lay Ministry in 2018. Five people were licensed and admitted as Licensed Lay Ministers in September 2018.

3. Mission Areas and Resourcing Churches

During 2018, the Mission Areas and Resourcing Churches programme was fully initiated.

Mission Areas provide new ways of churches working together to resource mission and ministry to fulfil the diocesan vision and priorities. The areas in Avonside and Yate & Fromeside became established and agreed Mission Area plans. These were expressed through missional communities and streams that include prayer, social justice, evangelism and youth.

The work to date and learning was shared at the Diocesan Synod in November 2018. Revd Canon Mat Ineson, Lead Incumbent of Avonside, concluded, "As our churches work together across boundaries, we are starting to see the social, cultural and spiritual transformation of their communities, through the power of the Holy Spirit."

North Wiltshire Mission Area continued to develop using Thrive. Revd Oliver Ross was appointed Vicar of Malmesbury & Upper Avon Group and will take over as Lead Incumbent from Revd Christopher Bryan after Easter 2019.

During 2018, two Resourcing churches were founded, both as new Bishop's Mission Orders. A resourcing church exists to reach new people, aims to help evangelise the place in which it is set and transform society. Its distinctive vocation is the deliberate resourcing of mission beyond its own congregation and location. It aims to grow and give away disciples and leaders by planting or strengthening other churches, developing ministers and providing other resources for mission.

St Nicholas, Bristol launched on 27th September, reopening a church, vested in the DBF, that had been closed for over 65 years. After a period of refurbishment, the church is now meeting permanently in this building. St Nicholas, Bristol is led by Revd Toby Flint.

The Pattern Church in Swindon launched on 29th November in the Pattern Store, a historic railway building that the DBF purchased in 2018. The Pattern Church is led by Revd Joel Sales and has subsequently met in a temporary venue while building plans and works progress.

All the projects in the Mission Areas and Resourcing Churches Programme are in receipt of Strategic Development Funding from the Archbishops' Council over a six year period. A grant was awarded for the Swindon Resourcing Church in June 2018. This is helping fund clergy, curates, initial staffing and consultancy, capital refurbishment of the resourcing churches and management.

4. Church schools and education

There are 70 Church Schools in the Diocese of Bristol supported by the Diocese's Education Team.

The Education Team has been led by the Diocesan Director of Education and CEO of the Diocese of Bristol Academies Trust (DBAT), the Diocese's separately incorporated MAT and consists of both DBF employees and DBAT employees. This arrangement ceases in 2019. DBAT continued to develop, in particular preparing for the opening of the Deanery CE Academy, Swindon in September 2019.

At the end of 2018, 93% of Church Schools had Good or Outstanding Ofsted judgements and 98% Good or Outstanding SIAMS Church of England inspections (94% and 98%, 2017).

5. Encouraging generosity and Parish Share

The Diocese's Giving & Resources Adviser continued to lead the support of generosity and stewardship in parishes, including 85 individual parish engagements. The Parish Giving Scheme was fully launched in the Diocese, with 33% parishes and 655 givers registered at the end of 2018. Giving levels of those registered are the highest of any Diocese in the Church of England. The Diocese of Bristol started piloting Journey of Generosity resource and held seven Giving to God workshops. In addition, organised and hosted Bidding for success day with over 100 attendees published in the Diocesan Funding Guide.

The levels of Parish Share giving overall did not meet the amount committed of £5,415,000. £5,386,000 was given with 85% parishes meeting their commitment, 5% exceeding it and 10% giving less than they pledged.

Parish Share given therefore represented 95% of the overall budgeted figure of £5,681,000. Further details are given under Financial performance below

6. Financial plan and asset management

The DBF agreed a Financial Plan for 2017-2020 in May 2018 which was adopted by Diocesan Synod in June 2018. The Financial Plan brings together the six strategic initiatives of the 2016-20 Financial Plan with four operational plans related to main activities, explaining their interdependence, identifying specific work and long term implications.

The DBF continued to work towards realising surplus land and property assets in order to purchase housing for additional clergy, purchase the Pattern Store and fund the refurbishment of St Nicholas, Bristol. Further details are given under Significant Property Transactions below.

Diocesan Support Services

The Diocesan Support Services team provide support to ministers, parishes and schools and manage the central function of DBF. In their work, staff and volunteers seek to express vision, strengthen relationships, empower people, maximise resources and develop structures across the Diocese.

At the beginning of 2018, a cost neutral restructure took place in the area of Finance and Operations. Mr Matthew Hall was appointed Deputy Diocesan Secretary (Finance and Operations).

Staffing levels of central, paid DBF employees averaged at 31 full time equivalents (30, 2017) with a vacancy rate of 3% (4%, 2017). The growth in staffing related to the appointment of a Strategic Programme Manager, funded by a grant from the Archbishops' Council.

The Diocesan Support Services offer a range of one-to-one support, sharing of best practice, facilitation and training. In 2018, 288 training events (233, 2017) were offered with 4,593 participants (4,267, 2017), a 7.5% increase in reach. Average rating by users of the training remained at 8.75 out of 10.

Parochial ministry

At the end of 2018, 201 clergy were licensed across the Diocese of Bristol's 165 parishes, 106 benefices, four Bishop's Mission Orders and Bristol Cathedral (181, 2017). Of these clergy, 115 (105) were stipendiary and 86 (76) self-supporting ministers (SSMs). 29 (27) of the total were undertaking a training curacy. There were 18 (12) additional Anglican clergy licensed to institutions as chaplains, 135 (150) clergy holding the Bishop's Permission to Officiate and 180 (181) Licensed Lay Ministers (LLMs).

Overall deployment levels for incumbent posts increased by 4% but vacancy rates rose slightly to 9% of total (7.5%, 2017). During 2018, 13 incumbent status posts were filled, six benefices became vacant and, at the end of 2018, six benefices were vacant (6% of total posts).

Safeguarding

Following the development of the Safeguarding team in 2016 and 2017 and the independent audit of the Diocese's safeguarding arrangements in February 2017, safeguarding provision remained stable in 2018, working to the agreed Safeguarding Improvement Plan.

1,639 people received training (1,455, 2017), 1,058 DBS applications (976, 2016) were recorded and 23 new cases were recorded.

The Safeguarding Annual Report is published on the Diocesan website.

Social action activity

A one off question related to social action activity undertaken by parishes led to a fuller picture of the social and community engagement and service offered by churches in the Diocese of Bristol.

Churches are involved in 500 social action projects and run 200 projects. Nine out of 10 churches are involved in one or more form of social action and more than half run at least one project.

In line with national trends, toddler groups are the most common form of community action that churches run (one in four) and foodbanks the most common form of community action that churches support (two out of three). Overall, the Diocese of Bristol's engagement in this area is above the national average.

FUTURE PLANS

In all that is done in the Diocese, we seek to inhabit that vision and pay particular attention to our own discipleship, seeking to be led in the way of holiness and expressing the fruit of the Spirit.

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At diocesan level, a Strategic Plan for 2016-20 has been agreed to support the diocesan vision and priorities. It has a range of quantitative goals, three qualitative aims, and six strategic initiatives. In supporting that plan in 2019, at diocesan level, we will:

1. Take action in relation to Archbishop's Charge to the Bishop (June 2018) and Diocesan Peer Review (February 2019);
2. Review the current Diocesan Vision, Priorities and Strategic Plan;
3. Begin development of 2021-25 Strategic Plan;
4. Recruit and induct new members of the Bishop's Staff team and Director of Education.

The DBF continues to work towards the Strategic Plan for 2016-20, as summarised below:



STRATEGIC PLAN 2016-20

| | | | | |
|---|--|---|--|---|
| VISION Our vision as a diocese is: <i>Creating connections – with God, each other, our communities</i> | | | | |
| PRIORITIES <i>Making disciples Growing leaders Engaging younger generations</i> | | | | |
| EXPECTATIONS | | | | |
|  Increase weekly attendance by 1,800 people |  300 more baptisms and confirmations a year |  One in two church members part of a discipleship group |  Grow number of children in church schools | |
|  Increase number of ordinands by 50% |  A third more clergy taking part in leadership development |  Giving to parishes increasing by £1.4 million |  Parish Share increasing by £1 million |  Total diocesan income increasing by £1.6 million |
| WE WILL ACHIEVE THIS AT DIOCESAN LEVEL BY: | | | | |
| Resourcing and multiplying effective mission | | Optimising ministry and leadership | | Enhancing financial resources |
| FOCUSING ON THESE STRATEGIC CHOICES: | | | | |
| Helping parishes make disciples, grow leaders and engage younger generations by spreading six key practices. | | Growing Christian influence and the number of children in church schools by strengthening the Diocese of Bristol Academies Trust. | | Sharing and renewing mission and ministry by establishing mission areas around the Diocese. |
| Growing new leaders by resourcing recruitment and development programmes. | | Increasing financial resources available for mission by supporting parishes and establishing the new approach to Parish Share. | | Investing in strategic initiatives by realising surplus assets. |

FINANCIAL REVIEW

Financial Performance

In November 2017, Diocesan Synod approved DBF expenditure totalling £8,915,000 for 2018. The budget presented to Diocesan Synod showed expenditure outstripping income by £180,000. However, with £200,000 of this expenditure constituting improvement works to property and being funded by the Diocesan Stipends Fund (DSF) Capital Fund, this effectively meant that the DBF's operational budget was in surplus by £20,000.

This budget reflected a desired level of Parish Share (the financial contributions made by parishes to the DBF) for 2018 of £5,681,000. This represented a 4.7% increase in Parish Share compared to the overall amount received for 2017 and aimed to keep on track the aspiration of increasing Parish Share by £1 million by 2020.

By the end of 2018, parishes actually gave gifts of Parish Share totalling to £5,386,000 (2017: £5,428,000). This amount included gifts towards earlier years of £20,000 (2017: £23,000) and additional gifts from parishes of £20,000 (2017: £29,000) made above and beyond the original pledges made.

In terms of other income, fees from occasional office (weddings, funerals etc.) were lower than expected, reflecting a general decline in the number of services being conducted nationally. Investment income was also lower than budgeted and this was due to the need to sell investments in 2018, rather than buying more units, as planned. This had resulted from the decision to bring forward the purchase of the Pattern Store building in Swindon and was compounded by delays in selling surplus properties. Other income was largely on track, including grants from Strategic Development Fund (SDF), which significantly bolstered income this year, albeit off-set by corresponding expenditure, including £660,300 for capital refurbishment works on the two resourcing churches.

In terms of expenditure, the overall cost of parochial ministry was broadly on track, with a slight underspend on the DBF's most significant area of spending. Savings were evident in the overall cost of initial ministerial training, although much of that related to the knock on effect of delays in recruiting curates in 2017 and spending in this area is expected to grow significantly. Property costs remain a challenge and significantly more was spent in 2018 than planned. This was largely on quinquennial, interim and vacancy repairs and maintenance. The cost of the Diocesan Support Services was in line with budget, with additional central resources in support of the Diocese's strategic initiatives being funded externally.

The overall result for 2018 was an operational **deficit of £291,000** (2017 £37k deficit), after including funding from the Diocesan Stipends Fund (DSF) Capital Fund (**£277,000**) and other funds. A comparison between the agreed budget and the actual results, for each of the main budget headings, is shown in Table 1 (on page 9).

The income and expenditure from 'other funds' relates primarily to certain ancillary DBF funds, including the DBF Clergy Charities (known as the Clergy Society), the Educational Foundations funds and two Fresh Expressions. In 2018, the Clergy Society, which provides small welfare grants to clergy on a case-by-case basis, awarded in excess of 100 grants, amounting to £51,000 (2017: £48,000).

In 2018, the Educational Foundations funds awarded grants to the Diocese of Bristol Academies Trust (DBAT) amounting to **£288,000** (2017: £80,000) in support of DBAT's expanding operations and in particular the opening of the new Deanery secondary school in September 2019.

Within 'Other income' on the Statement of Financial Activities (SOFA; on page 20) is the net sale proceeds from the sale of four properties in 2018 which amounted to **£676,000**. "Other expenditure" disclosed in the SOFA (on page 20) includes **£252,000** of net pension adjustments (2017: £313,000). The various components of these pension adjustments are shown in note 10, as well as in the pension disclosures on pages 44 to 46.

Table 2 (on page 9) shows the reconciliation between the operating deficit of **£291,000** and the overall figure for total net income before investments gains of **£732,000** shown on the SOFA (on page 20). It details the various items of unbudgeted expenditure or income (along with the capital grants for the resourcing churches and DSF Capital contribution) that give rise to the difference between these two figures.

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| TABLE 1 – ACTUAL vs. BUDGET 2018 | BUDGET £000 | ACTUAL £000 | VARIANCE £000 | 2017 ACTUAL £000 |
|--|------------------------|------------------------|--------------------------|---------------------------------|
| INCOME | | | | |
| Parish Share | 5,681 | 5,386 | -295 | 5,428 |
| Local fee income (from weddings and funerals etc) | 340 | 296 | -44 | 306 |
| Grants (excluding £660k capital grants for SDF projects – See Table 2) | 1,522 | 1,612 | +90 | 1,385 |
| Investment income | 827 | 689 | -138 | 708 |
| Property income | 259 | 271 | +12 | 355 |
| Contribution to Diocesan Support Services | 106 | 106 | - | 108 |
| TOTAL INCOME | 8,735 | 8,360 | -375 | 8,290 |
| EXPENDITURE | | | | |
| Parochial establishment | 4,202 | 4,177 | +25 | 3,876 |
| Initial ministerial training | 1,265 | 1,110 | +155 | 1,002 |
| Property costs – 2017 includes £256k from DSF capital | 1,464 | 1,731 | -267 | 1,560 |
| Diocesan Support Services (staff) – incl. £24k SDF funded posts | 1,128 | 1,150 | -22 | 1,091 |
| Diocesan Support Services (non-staff) | 587 | 587 | 0 | 590 |
| National Church | 269 | 269 | 0 | 260 |
| TOTAL EXPENDITURE | 8,915 | 9,024 | -109 | 8,379 |
| NET INCOME BEFORE OTHER FUNDS | (180) | (664) | -484 | -89 |
| Income from ‘other funds’ | 283 | 333 | +50 | 254 |
| Expenditure from ‘other funds’ (excl. DBAT grants – See Table 2) | (283) | (237) | +46 | (202) |
| Funding from DSF Capital funds | 200 | 277 | +77 | - |
| NET INCOME / (DEFICIT) | 20 | -291 | -311 | -37 |

The ‘other funds’ detailed above relate to ancillary DBF funds, including the DBF Clergy Charities, which provides small welfare grants to clergy, the Educational Foundations funds and two Fresh Expressions.

| TABLE 2 – Reconciliation of deficit to SOFA | £000 |
|---|-------------|
| OVERALL OPERATING DEFICIT (as above) | -291 |
| <u>Exceptional items (that were not budgeted)</u> | |
| Capital grants (received from the National Church for the Resourcing churches) | +660 |
| Annual net actuarial pension scheme adjustments | +252 |
| Grant awarded to DBAT from Educational Foundations | -288 |
| Realised gains on sale of property & land (shown in ‘Other Income’ on the SOFA) | +676 |
| Funding from DSF Capital funds for improvements to housing | -277 |
| Total net income before other gains (per SOFA on Page 20) | 732 |

Significant Property Transactions

The DBF spent £277,000 (2017: £256,000) on necessary improvements to benefice houses in the year from the Diocesan Stipends Capital Fund. The Diocesan Stipends Capital Fund is available for providing and improving benefice and glebe properties and when invested provides income for clergy stipends. Four properties were sold and four properties were purchased during 2018. The purchases included two replacement parsonages, a house for Swindon Resourcing church clergy and a house for a clergy spouse. The sales included three surplus properties and a replaced parsonage, with the other replaced parsonage due to be sold in early 2019.

Balance sheet position

The Directors consider that the balance sheet together with details in note 26 show broadly that the restricted and endowment funds are held in an appropriate mix of investments and current assets given the purposes for which the funds are held.

While the net assets at the balance sheet date totalled £58,130,000 (2017: £57,440,000) it is worth highlighting that within this total are properties, mostly used for ministry, whose value amounted to £32,517,000 (2017: £28,717,000). 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 DBF.

Reserves policy

The reserves policy of the DBF applies to three distinct levels of its operations.

On one level, the policy is to ensure sufficient funds are available to maintain the smooth, ongoing operations of the DBF. The management of these reserves helps the DBF to ride out daily cash flow requirements, which can be quite substantial considering that the largest item of expenditure (clergy stipends) is paid monthly but the largest income source (Parish Share) tends to come in unevenly across the year overall.

On a second level, the policy is to maintain the minimum level of cash and liquid assets in order to permit the DBF to fulfil its immediate financial commitments and effect a smooth transition should a major change or disruption occur to its operations.

Finally, the policy is to maintain sufficient invested reserves, in order to minimise the call made on parishes to support the work of the Diocese. The annual cost of ministry and related support costs are not wholly covered by annual Parish Share receipts in the DBF budget and a significant factor in bridging this gap is the income generated by historic reserves. The DBF is willing to use its reserves to invest in future ministry and support the Diocese's strategic initiatives, with a view to these becoming self-sustaining over time.

The total of unrestricted funds (designated and undesignated) at 31st December 2018 amounted to £13,910,000 (as shown in note 25), of which £7,311,000 was held in marketable securities and £9,892,000 is tied up in tangible fixed assets (as shown in note 26 on page 40), which is sufficient to meet this policy. This figure is estimated to equate to at least three months of general fund expenditure and would amount to approximately £2,179,000. At 31st December 2018, net current liabilities were £199,000. Successive operating deficits over recent years and the recent purchase of various properties has reduced the DBF's liquid assets and the DBF will be opening a bank credit facility in early 2019 as a result. The DBF's cash flow continues to be monitored closely. The DBF has a number of other endowment and restricted funds which are represented by investments and fixed assets. The purpose of these funds is detailed in note 27 of the financial statements.

Grant making policy

The DBF made a grant of £268,000 (2017: £261,000) to the Archbishops' Council of the Church of England in 2018 as a contribution towards the costs of supporting the National Church Institutions, grants and contributions to other organisations and mission agencies' pension contributions; details of the amounts paid are shown in note 13. Bristol Diocesan Clergy Charities makes grants to diocesan clergy and their dependants, who are in conditions of need, hardship or distress; to advance the education of children of diocesan clergy; and to assist with the holiday expenses of clergy. Other grants made from time to time by the DBF are approved by the Directors in each year's budget.

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Loans policy

The DBF advances loans to parishes largely to facilitate fabric works in support of their overall mission and ministry. Interest-free loans of up to £10,000 (formerly £5,000) are made from DBF funds, with larger loans being obtained through the CBF Diocesan Loan Scheme, if available, or directly from the DBF's own funds, subject to availability and eligibility criteria. These are considered to be concessionary loans in accordance with Section 34 of FRS102.

Investment policy

The DBF has power to invest funds not immediately required for operational purposes in such concerns, securities or properties as it thinks fit. The Directors have resolved to invest such funds within the various CBF Funds, managed by CCLA Investment Management Limited, which also operates the ethical investment policy of the National Church Institutions. Investments are placed to achieve income and long-term capital growth. The Finance Committee monitors investment performance through quarterly reports from the Investment Advisers. The majority of investments are held as permanent endowments for the long-term and therefore the Directors' investment advisers continue to recommend no material change to the current investment strategy. A number of changes to the investment portfolio have taken place in the year, largely to invest the proceeds of various property sales. The investments held and their returns during the year are set out in the following table:

| | Funds at 31 st December 2018 £'000s | Proportion of portfolio | Income yield in year | Total Return* in year (gross) | Total Return in year of comparator |
|-------------------------|---|----------------------------|----------------------------|----------------------------------|--|
| CBF Investment Fund | 16,854 | 66.98% | 3.40% | +2.42% | -3.50% |
| CBF Global Equity Fund | 4,995 | 19.85% | 3.93% | +2.50% | -3.04% |
| CBF Property Fund | 2,588 | 10.28% | 5.31% | +8.49% | +7.43% |
| CBF Fixed Interest Fund | 725 | 2.89% | 4.12% | -0.28% | -0.47% |
| | 25,162 | 100.00% | | | |

*Capital and income

Connected charities

The Foundation of Saint Matthias (registered charity number 311696) is administered from the DBF's registered office by its Clerk to the Trustees, who is an employee of the DBF. The Foundation paid a fee for these services of £26,867 in 2018 (2017: £26,340). The Foundation made a grant to the DBF in 2018 of £50,000 towards the work of the Adviser to schools and the resource centre in the Diocese (2017: £50,000). Further grants of £6,000 (2017: £16,000) were received to fund the Diocese's Further Education work.

As noted above, the Diocese has established The Diocese of Bristol Academies Company (DoBAC) and The Diocese of Bristol Academies Trust (DBAT), both of which are administered from the DBF's registered office by employees of both the DBF and DBAT. DBAT contributed £129,499 to the DBF in 2018 in relation to costs incurred on their behalf (2017: £119,638).

Many of the Directors are involved with charitable bodies which are potentially beneficiaries to or from the DBF and a register is kept of these involvements. The Directors are mindful of their duties as Trustees of this charity and ensure that possible conflicting interests are declared and that all decisions are reached on a proper basis.

Grants received

The DBF is thankful to the various grant-making bodies that have supported the work of the Diocese of Bristol during 2018. Significant grants were received by the DBF during the period, including nearly £1,245,000 from the Archbishops' Council; £176,000 from the Temple Ecclesiastical Charity; nearly £143,000 from Allchurches Trust; £136,500 from Bishop Monk's Horfield Trust and £60,000 from the Bristol Archdeaconry Charity.

Further details of grants and donations received in the year are shown in note 3.

Directors

None of the Directors have received any emoluments from the DBF in their capacity as Directors or for services to the DBF. However, included in clergy stipends are the emoluments and expense reimbursements of certain Directors who have been paid in respect of their duties as clergy. Note 14 to the accounts details transactions with the Directors during the year. As in previous years, the DBF has maintained insurance cover against losses arising from claims against it for wrongful acts committed by its Directors and officers.

Charitable contributions

Charitable contributions have been paid as normal expenditure in the pursuance of the DBF's objects. No political contributions have been made.

Taxation status

The DBF is a registered charity and, as such, is able to claim certain exemptions from Corporation Tax. No provision for tax is considered necessary.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors, through an Audit Committee, which normally meets twice a year, have continued the process of examining the major strategic and operational risks which the DBF faces. They hold and monitor a register of the significant risks, assessing the probability of occurrence and likely impact if they were to occur.

In 2018, the Audit Committee continued to use the framework for identifying and managing risk that was adopted in 2017. This framework requires the Directors to set their corporate attitude to risk in four areas (finance, reputation, engagement and operations) and has been designed to provide clarity about the operational and strategic risks facing the DBF.

The impact and likelihood of each risk have been scored and the top scoring risks above the appetite of the Directors are as follows, along with their mitigation strategies:

Income from Parish Share is insufficient to meet the financial commitments and the strategic plans of the Diocese

- Maintain current approach to Parish Share
- Monthly monitoring of receipts
- Encouragement of parishes to use monthly standing orders
- Improved intelligence relating to parish finances
- Active engagement with parishes (including seminars and face-to-face meetings)
- Development of support team
- Careful control of expenditure
- Ensure reserves policy takes account of this risk and makes an appropriate provision
- Development of continued parish engagement programme to build support for Diocesan Strategy
- Giving & Resources Adviser in post

Serious safeguarding case

- Ensure swift action taken if a situation does arise
- Ensure effective safeguarding provision is available, through the diocesan safeguarding adviser, training officers and caseworkers
- Ensure effective system of review of safeguarding cases and files
- Ensure safer recruitment, training, policies applied and audited at diocesan and parish level
- Ensure adequate insurance is in place
- Scrutiny is applied by the Risk Management Group (on DSSG)

Diocesan Support Services resourcing limit the capacity and capability to achieve the DBF's strategic objectives

- Maximising funding opportunities from national church

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for the year ended 31st December 2018

- Specialist recruitment into roles
- Effective succession planning

Significant, unbudgeted costs associated with bringing the Pattern Store building into use

- Programme Board oversight
- Scrutiny and challenge of cost from DBF officers
- Strategic programme manager liaising with all parties
- Escalation to Finance Committee

STRUCTURE AND GOVERNANCE

Organisational structure

The DBF is governed by its Memorandum and Articles of Association, but also has to work in accordance with the requirements of the Synodical Government Measure 1969, which is regularly updated by means of its Schedule 3 'Church Representation Rules'.

The Articles provide that the members of the Standing Committee (Bishop's Council) shall be the Directors. The Bishop's Council and Standing Committee are elected triennially by the houses of clergy and laity of the Diocesan Synod, in accordance with Church Representation Rules. Certain officers of the Diocese are *ex officio* members of the Bishop's Council and Standing Committee. The Chairman and Vice-Chairman of the Board are elected at the next General Meeting following the election of members. All members of the Diocesan Synod who are not DBF employees are entitled to be members of the company.

Following election, the Board of Directors are provided with information about their duties and responsibilities as Charity Trustees and Company Directors. This training last took place in February 2019 at the beginning of the Director's three year term.

Decision making structure

The Bishop's Council and Directors met four times in 2018. All business between Directors' meetings is dealt with by the Finance Committee, which met seven times in 2018. On behalf of the Directors, the Committee deals with such matters as the annual accounts, the receipt of Parish Share and the management of the DBF's corporate property, investments and its role as Diocesan Authority for Parochial Trusts. It also deals with matters relating to the work of the Parsonages Board and the Diocesan Board of Education. It makes suggestions to the Bishop's Council about the appropriate level of stipends for the clergy and it deals, usually through the Chairman and the Remuneration Committee, with staff remuneration and conditions of service.

The DBF, although a fully independent charity, is one of 42 dioceses in the Church of England, which itself is governed under the Synodical Government Measure 1969 by General Synod and the Archbishops' Council.

Remuneration of key management personnel

Emoluments of higher-paid employees are based on job evaluation and remuneration levels are scrutinised by the HR and Remuneration Committee, which in 2018 consisted of up to two Directors and two co-opted members with professional expertise. The HR and Remuneration Committee make recommendations to the Finance Committee and its terms of reference include remuneration and HR policy.

Public benefit

The Directors consider that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and in particular the Commission's guidance in *The Advancement of Religion for the Public Benefit*; the Directors believe they have had regard to the duty in their administration of the DBF.

The Directors believe that, by promoting the work of the Church of England in the Diocese of Bristol, the DBF helps to promote the whole mission of the Church (pastoral, evangelistic, social and

The Bristol Diocesan Board of Finance Limited
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ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

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

The Directors believe that this report, taken as a whole, provides evidence that the DBF's work in 2018 furthered its charitable purposes for the public benefit.

Constitution

The Bristol Diocesan Board of Finance Limited (the DBF) is a company limited by guarantee registered under the Companies Act, number 156243. It is also a registered charity, number 248502, registered in England and Wales.

The principal office and registered office of the charity is Diocesan Office, First Floor, Hillside House, 1500 Parkway North, Stoke Gifford, Bristol, BS34 8YU.

Directors and Trustees

The Directors of the Board of Finance are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Directors. This report constitutes the Trustees' report for charity law purposes and the Directors' report for Companies Act purposes.

Delegation of day to day delivery

The names of all those who were Directors on the date the report was approved are given on page 16 of this report, as are the names of any who served as Directors from the start of the financial year.

The name of the Diocesan Secretary (Chief Administrative Officer), to whom day to day management of the charity has been delegated, and the names and addresses of professional advisers are to be found on page 17.

Funds held by the DBF as trustee

In February 1998 the Charity Commissioners issued a scheme making the DBF the sole Trustee of the charity known as the Bristol Diocesan Clergy Charities. The accounts of this charity have been aggregated into these financial statements as they are administered by the DBF and held for specific purposes which are within the general purposes of the DBF.

By virtue of the Parochial Church Council (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, and certain Charity Commissioners schemes, the DBF is the Diocesan Authority over certain assets held on permanent trusts. These assets have not been aggregated in these financial statements, since the DBF does not control them. Separate financial statements have been prepared to account for the DBF's stewardship of these assets, and full trust accounts for each trust are the responsibility of the managing trustees in each case. Copies of the separate financial statements are available from the Secretary at the Registered Office of the DBF.

Funds held on behalf of schools

The Diocesan Board of Education (DBE) is incorporated within the DBF and receives contributions from governors of voluntary-aided church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The DBE administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the DBE and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet.

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for the year ended 31st December 2018

The amount included in creditors as at 31st December 2018 is £911,000 (2017: £903,000). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £397,000 and £477,000 respectively in 2018 (2017: £400,000 and £418,000).

TRUSTEES' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to Auditors

So far as the Directors are aware,

- a) there is no relevant audit information of which the charitable company's Auditors are unaware; and
- b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's Auditors are aware of that information.

Appointment of Auditors

A resolution to appoint auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

ADMINISTRATIVE DETAILS

Directors and Trustees

The following served as Directors and Trustees from 1st January 2018 to the date this report was approved (unless shown otherwise):

| | |
|-----------------------|--|
| <i>President:</i> | The Rt Rev Dr V F Faull, Bishop of Bristol * (from 25 th June 2018) |
| <i>Chairman:</i> | Canon A J S Lucas * |
| <i>Vice Chairman:</i> | Canon C W E R Buchan * |
| | The Rev Canon R W Adams |
| | The Ven G Archer *, Acting Archdeacon of Malmesbury (from 17 th November 2018) |
| | The Rev K M Campion-Spall |
| | Professor D N Clarke |
| | Mrs C Davison (from 1 st January 2019) |
| | Ms C Dursley (from 14 th January 2019) |
| | Mr B A Fynamore * |
| | The Ven C A Froude *, Archdeacon of Malmesbury & acting Archdeacon of Bristol * (to 30 th September 2018) |
| | Canon D C Froude (to 31 st December 2018) |
| | The Very Rev Dr D M Hoyle, Dean of Bristol |
| | The Rev Canon M D Ineson * (to 31 st December 2018) |
| | The Ven M Johnson*, Acting Archdeacon of Bristol (from 1 st June 2018) |
| | Canon N R Orman * |
| | The Rt Rev Dr L S Rayfield, Bishop of Swindon (acting Bishop of Bristol to 25 th June 2018) |
| | Canon P G Robottom * (to 31 st December 2018) |
| | Mr J Sunderland (from 14 th January 2019) |
| | The Rev T A Wigley * (from 1 st January 2019) |

* *Members of Finance Committee in 2018*

The Bristol Diocesan Board of Finance Limited
Annual Report of the Directors
for the year ended 31st December 2018 (cont)

Senior management and advisers

| | |
|--|-------------------------|
| Diocesan Secretary | Mr Oliver Home |
| Deputy Diocesan Secretary (Finance & Operations) | Mr Matthew Hall FCA |
| Head of Ministry Development (to Sept 2018) | Rev Canon Derek Chedzey |
| Acting Head of Ministry Development (from Sept 2018) | Rev Chris North |
| Head of Governance & Property | Mrs Sally Moody |
| Head of Parish & External Relations | Mr Chris Priddy |
| Director of Education | Mr John Swainston |

| | |
|---------------------|---|
| Company Secretary | Mr Oliver Home |
| Registered Office | 1500 Parkway North, Stoke Gifford, Bristol, BS34 8YU. |
| Auditors | Mazars LLP 90 Victoria Street Bristol, BS1 6DP. |
| Solicitors | Harris & Harris 14 Market Place, Wells, Somerset, BA5 2RE. |
| Bankers | National Westminster Bank plc 40 Queen's Road, Clifton, Bristol, BS8 1BF. |
| Insurers | Ecclesiastical Insurance Group Beaufort House, Brunswick Road, Gloucester, GL1 1JZ. |
| Investment Advisers | CCLA Investment Management Limited Senator House, 85 Queen Victoria Street, London, EC4V 4ET. |

This report, which incorporates the Strategic Report, was approved by the Directors of the Bristol Diocesan Board of Finance Limited on 24th May 2019 and signed on their behalf by

Andrew Lucas
Chairman

Independent Auditors' Report to the Members of The Bristol Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Bristol Diocesan Board of Finance Limited (the 'charity') for the year ended 31st December 2018 which comprise the Statement of Financial Activities, the Income and Expenditure account, the Balance Sheet, the Cash Flow Statement 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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.

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 charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent Auditors' Report to the Members of The Bristol Diocesan Board of Finance Limited

- the Strategic Report and the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' 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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 15 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

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

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

Use of the audit report

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:

Alistair Fraser (Senior Statutory Auditor)
for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditors
90 Victoria Street
Bristol
BS1 6DP

Date:

The Bristol Diocesan Board of Finance Limited
Statement of Financial Activities
for the year ended 31 December 2018

| | Note | Unrestricted | | Restricted | Endowment | 2018 | 2017 |
|--|------|--------------|--------------|--------------|---------------|---------------|---------------|
| | | Undesignated | Designated | Funds | Funds | Total | Total |
| | | Funds | Funds | | | Funds | Funds |
| | | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Income and endowments from | | | | | | | |
| Donations | 3 | | | | | | |
| Parish Share contributions | | 5,386 | - | - | - | 5,386 | 5,428 |
| National Church Institutions (NCIs) | | 373 | - | 872 | - | 1,245 | 494 |
| Other donations | | 636 | - | 241 | - | 877 | 662 |
| Charitable activities | 4 | 342 | - | - | - | 342 | 362 |
| Other activities | 5 | 442 | - | 4 | - | 446 | 471 |
| Investments | 6 | 349 | 180 | 527 | - | 1,056 | 1,128 |
| Gains on sale of assets | 7 | 314 | - | 0 | 362 | 676 | 1,759 |
| | | — | — | — | — | — | — |
| Total income | | 7,842 | 180 | 1,644 | 362 | 10,028 | 10,304 |
| | | — | — | — | — | — | — |
| Expenditure on | | | | | | | |
| Raising funds | 8 | 38 | 1 | 19 | - | 58 | 126 |
| Charitable activities | 9 | 8,190 | 127 | 811 | 277 | 9,405 | 8,452 |
| Other | 10 | (252) | 53 | 0 | 32 | (167) | (92) |
| | | — | — | — | — | — | — |
| Total expenditure | | 7,976 | 181 | 830 | 309 | 9,296 | 8,486 |
| | | — | — | — | — | — | — |
| Net income / (expenditure) before other gains | | (134) | (1) | 814 | 53 | 732 | 1,818 |
| Net gains / (losses) on investments | | (29) | (105) | (98) | 140 | (92) | 1,762 |
| | | — | — | — | — | — | — |
| Net income | | (163) | (106) | 716 | 193 | 640 | 3,580 |
| Transfers between funds | 15 | 298 | 660 | (958) | - | - | - |
| Actuarial gains on pension schemes | | 50 | - | - | - | 50 | (4) |
| | | — | — | — | — | — | — |
| Net movement in funds | | 185 | 554 | (242) | 193 | 690 | 3,576 |
| Funds brought forward | | 6,107 | 7,064 | 5,874 | 38,395 | 57,440 | 53,864 |
| | | — | — | — | — | — | — |
| Funds carried forward | 25 | 6,292 | 7,618 | 5,632 | 38,588 | 58,130 | 57,440 |
| | | — | — | — | — | — | — |

All activities relate to continuing activities.

The notes on pages 24 to 48 form part of these financial statements.

The Bristol Diocesan Board of Finance Limited
Income and Expenditure Account
for the year ended 31 December 2018

| | 2018 £,000 | 2017 £,000 |
|---------------------------------------|-----------------------------|-----------------------------|
| Total income | 9,666 | 8,545 |
| Total expenditure | (8,987) | (8,093) |
| Operating surplus for the year | <u>679</u> | <u>452</u> |
| Net (losses) / gains on investments | (232) | 835 |
| Net income for the year | <u>447</u> | <u>1,287</u> |

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment fund excluded to comply with company law. All income and expenditure is derived from continuing activities.

The Bristol Diocesan Board of Finance Limited
Balance Sheet
as at 31 December 2018

| | Note | 2018 £,000 | 2017 £,000 |
|--|-------|---------------|---------------|
| FIXED ASSETS | | | |
| Tangible assets | 16-18 | 32,563 | 28,780 |
| Investments | 19 | 28,351 | 29,935 |
| | | <u>60,914</u> | <u>58,715</u> |
| CURRENT ASSETS | | | |
| Debtors | 20-21 | 1,659 | 1,613 |
| Cash on deposit | 22 | 1,143 | 2,375 |
| Cash at bank and in hand | 22 | 840 | 346 |
| | | <u>3,642</u> | <u>4,334</u> |
| CREDITORS: amounts falling due within one year | 23 | (2,434) | (1,184) |
| NET CURRENT ASSETS | | <u>1,208</u> | <u>3,150</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>62,122</u> | <u>61,865</u> |
| CREDITORS: amounts falling due after more than one year | 24 | (3,992) | (4,425) |
| NET ASSETS | 26 | <u>58,130</u> | <u>57,440</u> |
| FUNDS | 25 | | |
| Endowment funds | | 12,007 | 11,953 |
| Endowment funds revaluation reserve | | 26,581 | 26,441 |
| | | <u>38,588</u> | <u>38,395</u> |
| Restricted funds | | 4,004 | 4,148 |
| Restricted funds revaluation reserve | | 1,628 | 1,726 |
| | | <u>5,632</u> | <u>5,874</u> |
| Unrestricted funds | | 12,267 | 11,696 |
| Revaluation reserve | | 4,172 | 4,306 |
| Unrestricted funds excluding pension liability | | <u>16,439</u> | <u>16,002</u> |
| Pension reserve | 31 | (2,529) | (2,831) |
| | | <u>13,910</u> | <u>13,171</u> |
| TOTAL FUNDS | | <u>58,130</u> | <u>57,440</u> |

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved and authorised for issue by the Directors of the Bristol Diocesan Board of Finance Limited on 24th May 2019 and signed on their behalf by

Andrew Lucas
Chairman

The Bristol Diocesan Board of Finance Limited
Cash flow statement
for the year ended 31st December 2018

| | £,000 | 2018 £,000 | £,000 | 2017 £,000 |
|--|-------------------|-----------------------|-------------------|-----------------------|
| Net cash inflow / (outflow) from operating activities | | (93) | | (945) |
| Cash flows from investing activities | | | | |
| Dividends, interest and rent from investments | 1,056 | | 1,128 | |
| Proceeds from the sale of: | | | | |
| Tangible fixed assets | 1,367 | | 754 | |
| Fixed asset investments | 1,492 | | 1,675 | |
| Purchase of: | | | | |
| Tangible fixed assets for the use of the DBF | (4,492) | | (2,188) | |
| Fixed asset investments | - | | - | |
| | <u> </u> | | <u> </u> | |
| Net cash provided by / (used in) investing activities | | (577) | | 1,369 |
| Cash flows from financing activities | | | | |
| Loans repaid by the DBF | (68) | | (29) | |
| New loans received by the DBF | - | | - | |
| | <u> </u> | | <u> </u> | |
| Net cash provided by / (used in) financing activities | | (68) | | (29) |
| | | <u> </u> | | <u> </u> |
| Change in cash and cash equivalents in the period | | (738) | | 395 |
| Cash and cash equivalents at 1st January | | 2,721 | | 2,326 |
| | | <u> </u> | | <u> </u> |
| Cash and cash equivalents at 31st December | | 1,983 | | 2,721 |
| | | <u> </u> | | <u> </u> |
| | | <u> </u> | | <u> </u> |
| Reconciliation of net movements in funds to net cash flow from operating activities | | | | |
| Net movement in funds for the year ended 31st December | | 732 | | 1,818 |
| Adjustments for: | | | | |
| Depreciation charges | | 17 | | 22 |
| Dividends, interest and rent from investments | | (1,056) | | (1,128) |
| (Profit) on sale of functional assets | | (676) | | (146) |
| (Profit) on sale of fixed asset investments | | - | | (1,635) |
| (Increase) / decrease in debtors | | (46) | | 135 |
| (Decrease) / increase in creditors (excl. loans) | | 936 | | (11) |
| | | <u> </u> | | <u> </u> |
| Net cash provided by / (used in) operating activities | | (93) | | (945) |
| | | <u> </u> | | <u> </u> |
| Analysis of cash and cash equivalents | | | | |
| Cash in hand | | 840 | | 346 |
| Notice deposits (less than 3 months) | | 1,143 | | 2,375 |
| | | <u> </u> | | <u> </u> |
| | | 1,983 | | 2,721 |
| | | <u> </u> | | <u> </u> |

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
for the year ended 31st December 2018

BACKGROUND INFORMATION

These financial statements comprising the Statement of Financial Activities, Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 35 constitute the individual financial statements of The Bristol Diocesan Board of Finance Limited for the financial year ended 31st December 2018.

The Bristol Diocesan Board of Finance Limited is a private company limited by guarantee, incorporated in England & Wales. The address of its registered office is Diocesan Office, First Floor, Hillside House, 1500 Parkway North, Stoke Gifford, Bristol, BS34 8YU, which is also the principal place of business. The principal activities of the entity are described in the legal objects section on page 2 of the Annual Report of the Directors.

The financial statements have been presented in Pound Sterling as this is functional currency of the DBF and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The Bristol Diocesan Board of Finance Limited meets the definition of a public benefit entity under FRS 102.

GOING CONCERN

The directors have reviewed the anticipated performance for a period of at least twelve months from the date of approval of the financial statements and concluded that there is no material uncertainty regarding the DBF's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties held as investment properties, which are included at their fair value as determined under the applicable valuation method as detailed in c)iii, 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).

a) Income

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

i) Parish Share

The principal source of income of the DBF is Parish Share, and amounts undertaken to be paid by parishes for the year, but not received by the year-end, are only accrued if received on or before the 31st January 2019.

ii) Rent

Rent receivable is recognised as income in the period to which it relates.

iii) Interest and dividends

The amounts shown in the accounts in respect of interest represent the income received in the year and no account has been taken of accrued interest. Dividends from investments reported in these financial statements are recognised when they become receivable.

iv) Grants and donations

Income from grants and donations is recognised on receipt, except where it relates specifically to expenditure to be incurred at a future date, in which case the income is deferred in the balance sheet.

v) Parochial fees

Income due to the DBF in respect of parochial fees is recognised as income of the year to which they relate.

vi) Gains on disposal of fixed assets for the DBF's own use

Gains on the disposal of non-investment assets are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

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vii) Diocesan Stipends Fund (DSF) income

The Stipends Fund Capital account is governed by the Diocesan Stipends' Measure 1953, as amended, and the use of the income restricted for clergy stipends. However, the income is fully expended within the year of receipt and legal restrictions, therefore, are satisfied. This income is included in the restricted column on the Statement of Financial Activities and as a transfer to the unrestricted fund, where the related expenditure is shown.

b) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

i) Costs of raising funds

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii) Charitable expenditure

Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.

iii) Grants payable

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure where the conditions attaching are fulfilled.

iv) Support costs

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v) Pension contributions

Current DBF staff are members of a defined contribution scheme and clergy are members of the Church of England Funded Pensions Scheme (see note 32). The pension costs charged as resources expended represent the DBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which DBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The DBF operates a defined benefit pension scheme, now closed to new members. The amounts charged to the SOFA are the current service costs and gains and losses on settlement and curtailments. They are included as part of other expenditure in the SOFA. Past service costs are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs in other expenditure. Actuarial gains and losses are recognised immediately at the bottom of the SOFA.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company, in a separate trustee-administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent current and term to the scheme liabilities. The actuarial valuation is obtained at least triennially and is updated at each balance sheet date.

c) Tangible fixed assets and depreciation

i) Freehold properties

Freehold properties have been valued using the mid-point of the applicable council tax band, adjusted to 1st January 1993 by an appropriate index, or cost where known. Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The DBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties generally occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Redundant churches have been valued at £1,000, reflecting the uncertainty of whether they will be sold by the DBF.

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
for the year ended 31st December 2018

ii) Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are valued at cost, with the corresponding value of the related loan at the balance sheet date shown within creditors.

iii) Investment properties

Glebe land has been valued at market value, using an appropriate value per acre, based on recent professional valuations. Other glebe properties are valued at market value, based on available third-party property valuation data.

iv) Parsonage houses

The DBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The DBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at the mid-point of the applicable council tax band, adjusted to 1st January 1993 by an appropriate index, or cost where known.

v) Refurbishment costs and office equipment

Refurbishment costs are capitalised and depreciated over ten years using the straight-line method. Office equipment and furniture is capitalised and depreciated over three years using the straight-line method. Grants made for capital expenditure on church and other buildings not in the DBF's ownership are written off in the year the grant is made.

d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

| | | |
|-----------------------|--------------------|---------------------|
| Fixtures and fittings | 10% -33% per annum | straight line basis |
| IT equipment | 33% per annum | straight line basis |

e) Other accounting policies

i) Fixed asset investments

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

ii) Leases

The DBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the lease term.

iii) Financial instruments

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

f) Fund balances

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

i) Unrestricted funds

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the DBF and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

The Bristol Diocesan Board of Finance Limited

Notes to the Accounts

for the year ended 31st December 2018

Long-term liabilities in respect of defined benefit pension scheme deficits are shown in a specific undesignated pension reserve fund. This is a deviation from the recommendations of the Diocesan Annual Report and Financial Statements Guide (5th Edition).

ii) Restricted funds

Restricted funds are funds which have been raised by the DBF for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

iii) Endowment funds

Permanent endowment funds are a particular type of restricted fund which must be held permanently and the capital of the fund maintained. Expendable endowment funds are similar to permanent endowments except that there is power of discretion to convert endowed funds into income to be expended.

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Benefice houses recognition

Benefice houses are legally vested in the incumbent of the benefice. However the DBF has recognised these properties as functional assets of the DBF on the basis that the DBF carries both obligations in terms of maintenance and improvement and object related benefits of ownership.

Depreciation of freehold properties

The DBF does not depreciate its freehold properties as it judges any depreciation charge to be immaterial on the basis of the long life of the asset and high residual value on the basis of the DBF policy of regular maintenance. The DBF carries out periodic impairment reviews to ensure that properties are not being carried at values exceeding their fair value.

Revaluation of investment properties

The entity carries its investment property at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The entity engaged independent valuation specialists to determine fair value at 31st December 2015 and has considered market movements since this date. The valuer used a valuation technique based on a value per acre of agricultural land and the market value for residential properties. The determined fair value of the investment property is most sensitive to the estimated value per acre of the particular land asset in question.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other pension related provision are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates and for the clergy pension scheme assumptions have been made about the number of future clergy in post.

Discount rate

Further details are given in note 32.

Small values

Values which are £Nil are shown as - ; those below £500 are shown as 0.

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
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2. MOVEMENT IN FUNDS FOR THE YEAR

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | £,000 | £,000 |
| The net income for the year is stated after charging: | | |
| Auditors' remuneration | 18 | 18 |
| Auditors' non-audit remuneration | 13 | - |
| Depreciation | 17 | 22 |
| Operating lease charges – plant and equipment | 2 | 3 |
| Operating lease charges – land and buildings | 109 | 109 |
| Interest payable on loans wholly repayable: within one year | 11 | - |
| Interest payable on loans wholly repayable: not within five years | 20 | 19 |
| | <u> </u> | <u> </u> |

3. DONATIONS

Parish Contributions

The majority of donations are collected from parishes of the diocese through the parish share system.

| | Unrestricted Funds | | Restricted | Endowment | Total funds | Total funds |
|--------------------------------|---------------------------|-------------------|-------------------|------------------|--------------------|--------------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Pledges received from parishes | 5,415 | - | - | - | 5,415 | 5,419 |
| Shortfall in contributions | (69) | - | - | - | (69) | (43) |
| | <u>5,346</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,346</u> | <u>5,376</u> |
| Extra contributions | 20 | - | - | - | 20 | 29 |
| | <u>5,366</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,366</u> | <u>5,405</u> |
| Receipts for previous years | 20 | - | - | - | 20 | 23 |
| | <u>5,386</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,386</u> | <u>5,428</u> |

National Church Institutions (NCIs)

| | Unrestricted Funds | | Restricted | Endowment | Total funds | Total funds |
|----------------------------------|---------------------------|-------------------|-------------------|------------------|--------------------|--------------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Lower Income Communities Funding | 366 | - | - | - | 366 | 355 |
| Strategic Development Funding | - | - | 811 | - | 811 | 50 |
| Strategic Capacity Funding | - | - | 35 | - | 35 | - |
| New housing areas | - | - | 26 | - | 26 | 59 |
| Mission Development Funding | - | - | - | - | - | 23 |
| CEMES | 6 | - | - | - | 6 | 6 |
| Church Commissioners annuities | 1 | - | - | - | 1 | 1 |
| | <u>373</u> | <u>-</u> | <u>872</u> | <u>-</u> | <u>1,245</u> | <u>494</u> |

Other donations

| | Unrestricted Funds | | Restricted | Endowment | Total funds | Total funds |
|-------------------------------|---------------------------|-------------------|-------------------|------------------|--------------------|--------------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Temple Ecclesiastical Charity | 156 | - | 20 | - | 176 | 170 |
| Allchurches Trust | 83 | - | 60 | - | 143 | 41 |
| Bishop Monk's Horfield Trust | 136 | - | - | - | 136 | 135 |
| Bristol Archdeaconry Charity | 61 | - | - | - | 61 | 60 |
| The Foundation of St Matthias | 50 | - | - | - | 50 | 50 |
| Marshall's Charity | 20 | - | - | - | 20 | 11 |
| Other donations | 3 | - | 94 | - | 97 | 36 |
| For strategic initiatives | - | - | 67 | - | 67 | - |
| For parochial ministry | 37 | - | - | - | 37 | 44 |
| For education work | 58 | - | - | - | 58 | 88 |
| For general purposes | 22 | - | - | - | 22 | 22 |
| Towards redundant churches | 10 | - | - | - | 10 | 5 |
| | <u>636</u> | <u>-</u> | <u>241</u> | <u>-</u> | <u>877</u> | <u>662</u> |

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
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4. CHARITABLE ACTIVITIES

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total funds 2018 | Total funds 2017 |
|------------------|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Statutory fees | 296 | - | - | - | 296 | 306 |
| SACRE and SIAMS | 30 | - | - | - | 30 | 23 |
| Schools work | 15 | - | - | - | 15 | 30 |
| Ministry courses | 1 | - | - | - | 1 | 3 |
| | <u>342</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>342</u> | <u>362</u> |

5. OTHER ACTIVITIES

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total funds 2018 | Total funds 2017 |
|-----------------------------------|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Property rental | 271 | - | - | - | 271 | 295 |
| Staff seconded to other charities | 117 | - | - | - | 117 | 125 |
| Property services to schools | - | - | 4 | - | 4 | 5 |
| Office space to related charities | 54 | - | - | - | 54 | 46 |
| Education SLAs | - | - | - | - | - | - |
| | <u>442</u> | <u>-</u> | <u>4</u> | <u>-</u> | <u>446</u> | <u>471</u> |

6. INVESTMENT INCOME

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total funds 2018 | Total funds 2017 |
|-----------------------------------|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Dividends and interest receivable | 346 | 155 | 527 | - | 1,028 | 1,099 |
| Rents receivable | 3 | 25 | - | - | 28 | 29 |
| Other | - | - | - | - | - | - |
| | <u>349</u> | <u>180</u> | <u>527</u> | <u>-</u> | <u>1,056</u> | <u>1,128</u> |

7. GAINS ON SALE OF ASSETS

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total funds 2018 | Total funds 2017 |
|-----------------------------|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Gains on sale of properties | 314 | - | - | 362 | 676 | 1,759 |
| Other sources | - | - | - | - | - | - |
| | <u>314</u> | <u>-</u> | <u>-</u> | <u>362</u> | <u>676</u> | <u>1,759</u> |

8. FUND RAISING COSTS

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total funds 2018 | Total funds 2017 |
|------------------------|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Parsonage rental costs | 38 | - | - | - | 38 | 106 |
| Glebe agent's fee | - | - | 12 | - | 12 | 13 |
| Other glebe costs | - | - | 7 | - | 7 | 5 |
| Other rental costs | - | 1 | - | - | 1 | 2 |
| | <u>38</u> | <u>1</u> | <u>19</u> | <u>-</u> | <u>58</u> | <u>126</u> |

The Bristol Diocesan Board of Finance Limited
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9. CHARITABLE ACTIVITIES

| | Unrestricted Funds | | Restricted | Endowment | Total funds | Total funds |
|--|--------------------|------------|------------|------------|--------------|--------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Contributions to Archbishops' Council | | | | | | |
| Training for Ministry | 219 | - | - | - | 219 | 213 |
| National Church Responsibilities | 174 | - | - | - | 174 | 170 |
| Grants and provisions | 19 | - | - | - | 19 | 19 |
| Support of mission agency pensions | 2 | - | - | - | 2 | 2 |
| CHARM | 73 | - | - | - | 73 | 70 |
| Pooling of ordinands maintenance | 12 | - | - | - | 12 | (24) |
| | <u>499</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>499</u> | <u>450</u> |
| Resourcing Ministry and Mission | | | | | | |
| Parish Ministry | | | | | | |
| Stipends, NI and pensions | 3,133 | - | - | - | 3,133 | 3,096 |
| Housing costs | 1,400 | - | - | 277 | 1,676 | 1,436 |
| Curate stipends, NI and pensions | 508 | - | - | - | 508 | 572 |
| Mission Area & Resourcing churches | 102 | - | 303 | - | 405 | 336 |
| Other parochial costs | 205 | 18 | 66 | - | 289 | 336 |
| Removal, resettlement and grants | 196 | - | 51 | - | 247 | 199 |
| Chaplaincy | 74 | - | - | - | 74 | 80 |
| Ecumenical support | 46 | - | 39 | - | 86 | 61 |
| Deanery | 48 | - | - | - | 48 | 38 |
| Support for parish ministry | 1,678 | 109 | 5 | - | 1,792 | 1,721 |
| | <u>7,390</u> | <u>127</u> | <u>464</u> | <u>277</u> | <u>8,258</u> | <u>7,539</u> |
| Expenditure on Education | | | | | | |
| Support for church schools | 301 | - | 347 | - | 648 | 463 |
| | <u>301</u> | <u>-</u> | <u>347</u> | <u>-</u> | <u>648</u> | <u>463</u> |
| | <u>8,190</u> | <u>127</u> | <u>811</u> | <u>277</u> | <u>9,405</u> | <u>8,452</u> |

10. OTHER EXPENDITURE

| | Unrestricted Funds | | Restricted | Endowment | Total funds | Total funds |
|-------------------------------------|--------------------|------------|------------|-----------|--------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Closed churches | - | 53 | - | - | 53 | 48 |
| Other churches | - | - | - | - | - | 36 |
| Bishop's Urban Fund | - | - | 0 | - | 0 | - |
| Other costs | - | - | - | 32 | 32 | 137 |
| <i>Pension scheme adjustments:</i> | | | | | | |
| Contributions paid (BDBF Staff RBS) | (77) | - | - | - | (77) | (70) |
| Interest cost (BDBF Staff RBS) | 31 | - | - | - | 31 | 26 |
| Contributions paid (Clergy scheme) | (304) | - | - | - | (304) | (346) |
| Remeasurement (Clergy scheme) | 67 | - | - | - | 67 | 40 |
| Interest cost (Clergy scheme) | 31 | - | - | - | 31 | 37 |
| | <u>(252)</u> | <u>53</u> | <u>0</u> | <u>32</u> | <u>(167)</u> | <u>(92)</u> |

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11. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

| | Activities Undertaken Directly £,000 | Grant Funding of Activities £,000 | Support Costs £,000 | Total Costs 2018 £,000 |
|-----------------------|---|--|------------------------------------|---------------------------------------|
| Fundraising costs | 58 | - | - | 58 |
| Charitable activities | | | | |
| Archbishops' Council | - | 499 | - | 499 |
| Ministry and Mission | 6,575 | 310 | 1,373 | 8,258 |
| Education | 360 | 288 | - | 648 |
| Other | (167) | - | - | (167) |
| | <u>6,826</u> | <u>1,097</u> | <u>1,373</u> | <u>9,296</u> |

12. ANALYSIS OF SUPPORT COSTS

| | Unrestricted Funds General £,000 | Designated £,000 | Restricted Funds £,000 | Endowment Funds £,000 | Total funds 2018 £,000 | Total funds 2017 £,000 |
|----------------------------------|---|-----------------------------|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| Diocesan Office functions | 339 | 109 | - | - | 448 | 441 |
| Finance and Information Services | 321 | - | - | - | 321 | 305 |
| Advisory services | 154 | - | - | - | 154 | 152 |
| Safeguarding | 129 | - | - | - | 129 | 122 |
| Communications | 65 | - | - | - | 65 | 69 |
| HR function | 54 | - | - | - | 55 | 52 |
| Parish and External Relations | 72 | - | - | - | 72 | 68 |
| Registrar and Chancellor | 42 | - | - | - | 42 | 30 |
| Archdeacon's Office | 34 | - | - | - | 34 | 32 |
| DAC | 16 | - | - | - | 16 | 28 |
| Governance and synodical costs | 7 | - | - | - | 7 | 12 |
| Central audit fees | 15 | - | - | - | 15 | 15 |
| Other professional services | 16 | - | - | - | 16 | 14 |
| | <u>1,264</u> | <u>109</u> | <u>-</u> | <u>-</u> | <u>1,373</u> | <u>1,340</u> |

13. ANALYSIS OF GRANTS MADE

| | Number | Individuals £,000 | Institutions £,000 | 2018 Total £,000 | 2017 Total £,000 |
|--|---------------|------------------------------|-------------------------------|---------------------------------|---------------------------------|
| From unrestricted funds for national church responsibilities: | | | | | |
| Training for Ministry (Vote 1) | 1 | - | 219 | 219 | 213 |
| Apportionment (Votes 2-5) | 4 | - | 268 | 268 | 261 |
| Pooling | 1 | - | 12 | 12 | (24) |
| From unrestricted funds for various purposes within parish ministry | | | | | |
| PCCs for lay appointments | 6 | - | 34 | 34 | 30 |
| Clergy (new appointments) | 6 | 15 | - | 15 | 10 |
| Clergy (resettlement) | 11 | 29 | - | 29 | 19 |
| Curates (on ordination) | 11 | 24 | - | 24 | 9 |
| Curates (resettlement) | 8 | 19 | - | 19 | 9 |
| Ordinands (family maintenance) | 35 | 131 | - | 131 | 82 |
| From unrestricted funds: | | | | | |
| Ecumenical bodies | 2 | - | 3 | 3 | 6 |
| University Chaplaincy | 1 | - | 4 | 4 | 4 |
| From restricted funds for various purposes within parish ministry | | | | | |
| Clergy support (Clergy Society) | 103 | 51 | - | 51 | 48 |
| From restricted funds for educational purposes | | | | | |
| DBAT (Educational Foundations) | 1 | - | 288 | 288 | 80 |
| | <u>190</u> | <u>269</u> | <u>828</u> | <u>1,097</u> | <u>747</u> |

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14. STAFF COSTS

| | 2018 | 2017 |
|---|--------------|--------------|
| | £,000 | £,000 |
| Employee costs during the year were as follows: | | |
| Wages and salaries | 1,367 | 1,343 |
| National Insurance contributions | 126 | 127 |
| Pension costs | 167 | 161 |
| | 1,660 | 1,631 |

| | 2018 | 2017 |
|--|-------------|-------------|
| The average number of persons employed by the group during the year: | | |
| Diocesan Secretary's Office | 3 | 2 |
| HR | 2 | 3 |
| Safeguarding | 3 | 3 |
| Education | 6 | 6 |
| Finance | 4 | 5 |
| Governance and Property | 5 | 6 |
| Ministry Development | 6 | 8 |
| Parish & External Relations | 6 | 8 |
| Archdeacon's Office | 1 | 1 |
| Parochial lay staff | 3 | 4 |
| Parochial clergy (not paid through Clergy Payroll) | 2 | 2 |
| Chaplaincy | 3 | 4 |
| Mission Areas | 3 | 1 |
| Strategic programme | 1 | 0 |
| | 48 | 53 |

| | 2018 | 2017 |
|---|-------------|-------------|
| The average number of persons employed by the group during the year based on full-time equivalents: | | |
| Diocesan Secretary's Office | 2.6 | 1.6 |
| HR | 1.4 | 1.3 |
| Safeguarding | 2.5 | 2.4 |
| Education | 4.0 | 3.7 |
| Finance | 3.0 | 3.4 |
| Governance and Property | 4.6 | 5.0 |
| Ministry Development | 5.2 | 6.0 |
| Parish & External Relations | 6.0 | 7.0 |
| Archdeacon's Office | 1.2 | 1.2 |
| Parochial lay staff | 2.4 | 3.4 |
| Parochial clergy (not paid through Clergy Payroll) | 1.5 | 1.8 |
| Chaplaincy | 2.9 | 3.4 |
| Mission Areas | 2.6 | 0.7 |
| Strategic programme | 0.3 | 0.0 |
| | 40.2 | 40.9 |

| | 2018 | 2017 |
|--|-------------|-------------|
| The number of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows: | | |
| £60,001 - £70,000 | 1 | 1 |
| | 1 | 1 |

Pension payments of £6,844 were made for this employee (2017: £6,693).

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
for the year ended 31st December 2018

14. STAFF COSTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2018, they were:

Diocesan Secretary and Company Secretary
 Deputy Diocesan Secretary (Finance & Operations)
 Head of Ministry Development
 Head of Governance and Property
 Head of Parish and External Relations
 Director of Education

Remuneration, pensions and expenses for these 6 employees amounted to £337,261 (2017: £322,998)

Directors' emoluments

None of the Directors have received any emoluments from the DBF in respect of services performed as a Director (2017: None).

The following table gives details of the Directors who were in receipt of a stipend and / or housing provided by the DBF during the year:

| | <i>Stipend</i> | <i>Housing</i> |
|----------------------------|----------------|----------------|
| The Rev Canon R W Adams | Yes | Yes |
| The Ven G Archer | No | Yes |
| The Rev K Campion-Spall | Yes | Yes |
| The Ven C A Froude | Yes | Yes |
| The Rev Canon M D Ineson | Yes | Yes |
| The Rt Rev Dr L S Rayfield | No | Yes |

The DBF is responsible for funding via the Church Commissioners the stipends of licenced stipendiary clergy in the Diocese, other than the bishops and cathedral staff. The DBF 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.

From time to time some of the directors may be related to clergy or lay staff working in the Diocese and in receipt of a stipend and housing or salary.

Travelling and other out of pocket expenses totalling £14,349 (2017 - £9,575) were paid to 6 (2017 - 4) of the Directors during the year, in respect of General Synod duties, duties as Archdeacon or Area Dean, and other diocesan duties. One Director was provided with a DBF car for use on duties as an Archdeacon - the cost of providing the car in 2018 amounted to £2,240 (2017 - £3,358).

Expenses totalling £290 were reimbursed to one Director (2017 - 1) in relation to clergy in-service training during 2018 (2017 - £415). These grants were paid to the individuals as clergy of the Diocese as part of the normal policy of the DBF. In addition, no Directors received any payments in respect of occasional offices in 2018 (2017 - £nil).

Professional indemnity insurance has been taken out to protect the Trustees. This is included in an insurance policy covering the Diocesan Office and staff, Diocesan Synod and the DBF's boards and committees, at a overall cost of £18,264 (2017 - £17,820).

Clergy costs

The DBF paid an average of 106 (2017: 104) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

| | 2018 £,000 | 2017 £,000 |
|-----------------------------------|-----------------------------|-----------------------------|
| Stipends | 2,726 | 2,576 |
| National Insurance contributions | 222 | 210 |
| Apprenticeship Levy | 12 | 9 |
| Pension costs – current year | 626 | 605 |
| Pension costs – deficit reduction | 342 | 331 |
| | 3,928 | 3,731 |

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £36,210 - £44,380 (2017 range £35,500 - £43,510). The annual rate of stipend, funded by the DBF, payable to Archdeacons in 2018 was in the range £35,387 - £36,754 (2017 range £34,693 - £36,033) and other DBF funded clergy who were Trustees were paid stipends in the range of £26,027 - £27,315 (2017 range £25,517 - £26,780). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2018 at £10,648 (2017 - £10,439).

During 2018, the Acting Archdeacon of Malmesbury was seconded from CPAS, which has been reimbursed £9,296 (2017 - £nil) for this arrangement.

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
for the year ended 31st December 2018

15. ANALYSIS OF TRANSFERS BETWEEN FUNDS

| | Unrestricted Funds | | Restricted Funds | Endowment Funds |
|---|--------------------|---------------------|------------------|-----------------|
| | General £,000 | Designated £,000 | £,000 | £,000 |
| Use of income from Diocesan Stipends Fund to pay for stipends | 288 | - | (288) | - |
| Capital grants from SDF for Resourcing churches | - | 660 | (660) | - |
| Transfer from SDF funds to cover programme management costs in 2017 | 10 | - | (10) | - |
| | <u>298</u> | <u>660</u> | <u>(958)</u> | <u>-</u> |

16. TANGIBLE FIXED ASSETS – LAND AND BUILDINGS

| | £,000 | 2018 £,000 | £,000 | 2017 £,000 |
|---|---------------|----------------|---------------|----------------|
| Endowment funds | | | | |
| Benefice houses | | | | |
| As at 1 st January | 17,829 | | 17,710 | |
| Additions | 1,411 | | 729 | |
| Transfer to unrestricted fund | (220) | | - | |
| Less disposals | (128) | | (610) | |
| As at 31 st December | <u>18,892</u> | | <u>17,829</u> | |
| Glebe properties | | | | |
| As at 1 st January | 3,978 | | 3,978 | |
| Additions | - | | - | |
| Less disposals | (327) | | - | |
| As at 31 st December | <u>3,651</u> | | <u>3,978</u> | |
| Total properties held for permanent funds | | 22,543 | | 21,807 |
| Restricted funds | | | | |
| Other properties | | | | |
| As at 1 st January and 31 st December | <u>128</u> | | <u>128</u> | |
| Total properties held for restricted funds | | 128 | | 128 |
| Unrestricted funds | | | | |
| Other properties | | | | |
| As at 1 st January | 6,782 | | 5,331 | |
| Additions | 643 | | 1,451 | |
| Transfer from endowment fund | 220 | | - | |
| Less disposals | (236) | | - | |
| As at 31 st December | <u>7,409</u> | | <u>6,782</u> | |
| Resourcing churches | | | | |
| As at 1 st January | - | | - | |
| Additions | 2,437 | | - | |
| Less disposals | - | | - | |
| As at 31 st December | <u>2,437</u> | | <u>-</u> | |
| Total properties held for unrestricted funds | | 9,846 | | 6,782 |
| Total land and buildings | | <u>£32,517</u> | | <u>£28,717</u> |

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
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All of the properties in the balance sheet are freehold. Some properties have been purchased with the help of a value linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability thereby extinguished. The value of such properties included above amounts to £460,575 (2017 - £460,575). Of the total land and buildings at 31st December 2018, £15,991,896 is valued at cost (2017 - £15,077,066) and the remainder at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged to the income and expenditure account. The Directors consider that depreciation of the buildings element of these properties is therefore not appropriate.

17. TANGIBLE FIXED ASSETS – REFURBISHMENT COSTS

| | 2018 £,000 | 2017 £,000 |
|--|-----------------------------|-----------------------------|
| Cost as at 1 st January | 142 | 142 |
| Cost as at 31 st December | 142 | 142 |
| Provision for depreciation as at 1 st January | 85 | 71 |
| Depreciation charges in year | 14 | 14 |
| Provision for depreciation as at 31 st December | 99 | 85 |
| Net book value as at 31 st December | <u>£43</u> | <u>£57</u> |

Refurbishment costs represent the ingoing works at the Diocesan Office in Stoke Gifford.

18. TANGIBLE FIXED ASSETS – OFFICE EQUIPMENT

| | 2018 £,000 | 2017 £,000 |
|--|-----------------------------|-----------------------------|
| Cost as at 1 st January | 354 | 345 |
| Additions in the year | - | 9 |
| Less disposals | (192) | - |
| Cost as at 31 st December | 162 | 354 |
| Provision for depreciation as at 1 st January | 348 | 340 |
| Depreciation charges in year | 3 | 8 |
| Less disposals | (192) | - |
| Provision for depreciation as at 31 st December | 159 | 348 |
| Net book value as at 31 st December | <u>£3</u> | <u>£6</u> |

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
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19. FIXED ASSET INVESTMENTS

| | 2018 | 2017 |
|--|----------------|----------------|
| | £,000 | £,000 |
| Valuation | | |
| At 1 st January | 26,998 | 25,168 |
| Additions in the year | - | - |
| Disposals in the year | (1,223) | - |
| Unrealised investment (losses) / gains | (613) | 1,830 |
| | <hr/> | <hr/> |
| At 31 st December | 25,162 | 26,998 |
| | <hr/> | <hr/> |
| Investment Properties | | |
| At 1 st January | 2,937 | 3,047 |
| Additions in the year | - | - |
| Disposals in the year | - | (42) |
| Unrealised investment gains / (losses) | 252 | (68) |
| | <hr/> | <hr/> |
| At 31 st December | 3,189 | 2,937 |
| | <hr/> | <hr/> |
| Total Fixed Asset Investments | £28,351 | £29,935 |
| | <hr/> <hr/> | <hr/> <hr/> |

Investments comprise:

| | £,000 | 2018 | £,000 | 2017 |
|-------------------------------|--------------|----------------|--------------|----------------|
| | | £,000 | | £,000 |
| Endowment funds | | | | |
| CBF Investment Fund shares | 10,868 | | 10,403 | |
| CBF Property Fund shares | 1,988 | | 3,248 | |
| | <hr/> | 12,856 | <hr/> | 13,651 |
| Restricted funds | | | | |
| CBF Investment Fund shares | 2,092 | | 2,126 | |
| CBF Global Equity Fund shares | 1,817 | | 1,858 | |
| CBF Fixed Interest Fund | 725 | | 760 | |
| CBF Property Fund | 361 | | 352 | |
| Rent charge | 0 | | 0 | |
| | <hr/> | 4,995 | <hr/> | 5,096 |
| Unrestricted funds | | | | |
| CBF Investment Fund shares | 3,894 | | 4,586 | |
| CBF Global Equity Fund shares | 3,178 | | 3,250 | |
| CBF Property Fund shares | 239 | | 415 | |
| | <hr/> | 7,311 | <hr/> | 8,251 |
| Total investments | | £25,162 | | £26,998 |
| | | <hr/> <hr/> | | <hr/> <hr/> |

The historic cost of the investments held at 31st December 2018 was £13,604,000 (2017 - £14,827,000).

Investment Properties comprise:

| | 2018 | 2017 |
|-----------------------|--------------|--------------|
| | £,000 | £,000 |
| Glebe | | |
| Agricultural Land | 1,709 | 1,709 |
| Non-agricultural Land | 37 | 37 |
| Property | 245 | 225 |
| Other Property | 1,198 | 966 |
| | <hr/> | <hr/> |
| | £3,189 | £2,937 |
| | <hr/> <hr/> | <hr/> <hr/> |

The historical cost of the majority of investment properties is not known, but records are held of total additions of £7,000, of which £Nil were added in 2018 (£Nil – 2017).

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
for the year ended 31st December 2018

20. DEBTORS – LOANS

| | <i>2018</i> <i>Due in</i> <i>one year</i> <i>£,000</i> | <i>2018</i> <i>Due after</i> <i>one year</i> <i>£,000</i> | <i>2017</i> <i>Due in</i> <i>one year</i> <i>£,000</i> | <i>2017</i> <i>Due after</i> <i>one year</i> <i>£,000</i> |
|---|---|--|---|--|
| Parish buildings loans | 3 | 2 | 4 | 5 |
| PCC Alderton | - | - | - | 20 |
| PCC St John w St Andrew Park | - | 14 | - | 14 |
| PCC Penhill | - | 5 | 5 | 5 |
| PCC Shirehampton | - | - | 7 | 3 |
| PCC St Paul, Chippenham | 3 | - | 3 | 4 |
| PCC St Michael, Stoke Gifford | - | 375 | - | 375 |
| PCC St Michael, Stoke Gifford | 62 | 16 | 62 | 78 |
| PCC Redland | 25 | 150 | 25 | 200 |
| PCC Castle Combe | - | 49 | - | - |
| PCC Downend | - | 100 | - | - |
| Loans to CE VA school governors | - | - | - | - |
| Clergy Society loans | 4 | 7 | 2 | 15 |
| Other loans (incl. cycle to work schemes) | - | 0 | 2 | 0 |
| | <u>97</u> | <u>718</u> | <u>110</u> | <u>719</u> |
| Total loans made by the DBF | | <u>£815</u> | | <u>£829</u> |

21. DEBTORS – OTHER

| | <i>2018</i> <i>£,000</i> | <i>2017</i> <i>£,000</i> |
|--------------------------------|-----------------------------|-----------------------------|
| <i>All due within one year</i> | | |
| Trade debtors | 122 | 105 |
| Prepayments | 113 | 118 |
| Debtors for parish share | 85 | 154 |
| Other debtors | 524 | 407 |
| | <u>£844</u> | <u>£784</u> |
| Total debtors | <u>£844</u> | <u>£784</u> |

22. CASH AT BANK AND ON DEPOSIT

| | <i>2018</i> <i>£,000</i> | <i>2017</i> <i>£,000</i> |
|--|-----------------------------|-----------------------------|
| Cash on hand and at bank | 840 | 346 |
| Central Board of Finance Deposit Funds | 283 | 999 |
| Diocesan Pastoral Account held by the Church Commissioners | 4 | 4 |
| Diocesan Stipends Fund capital account at CBF | 0 | 0 |
| Educational Foundations deposit and cash | 780 | 1,291 |
| Bristol Diocesan Clergy Charities deposit and cash | 61 | 65 |
| Fresh Expressions deposit and cash | 15 | 16 |
| | <u>£1,983</u> | <u>£2,721</u> |
| Total cash at bank and on deposit | <u>£1,983</u> | <u>£2,721</u> |

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
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23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|---|---------------|---------------|
| | £,000 | £,000 |
| Trade creditors | 428 | 300 |
| Taxation and social security | 42 | 34 |
| Clergy Stipends Account | 726 | - |
| Other creditors | 799 | 468 |
| Loan repayments due within one year | | |
| Diocesan Loan Scheme loans | 73 | 10 |
| Value linked loans | - | - |
| Other loans | - | - |
| Pension scheme liabilities | | |
| Clergy pension scheme | 304 | 310 |
| Historic lay defined benefit scheme | 62 | 62 |
| | <hr/> | <hr/> |
| Total creditors falling due within one year | £2,434 | £1,184 |
| | <hr/> <hr/> | <hr/> <hr/> |

24. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 2018 | 2017 |
|--|---------------|---------------|
| | £,000 | £,000 |
| Other creditors | 956 | 962 |
| Loan repayments due after one year | | |
| Diocesan Loan Scheme loans | 525 | 657 |
| Value linked loans | 348 | 348 |
| Other loans | 0 | 0 |
| Pension scheme liabilities | | |
| Clergy pension scheme | 1,891 | 2,091 |
| Historic lay defined benefit scheme | 272 | 367 |
| | <hr/> | <hr/> |
| Total creditors falling due after one year | £3,992 | £4,425 |
| | <hr/> <hr/> | <hr/> <hr/> |

- (a) Loans from The Central Board of Finance's Diocesan Loan Scheme are for capital works on churches or parish properties, repayable over a maximum of 10 years from the date the loan is made, in annual instalments or at the end of the term. Remaining loan terms currently range up to 6 years. Although the DBF bears the repayment of these instalments, repayments to the DBF are in turn made by the parishes. The interest rate charged is declared monthly in arrears and is based on the average daily rate declared by the CBF Deposit Fund over the month, plus 0.55%. The aggregate amount of loans repayable in whole, or in part, after 5 years is £595,000.
- (b) The Church Commissioners' value linked loans for capital expenditure on clergy housing in parochial or diocesan ownership are of an equity nature. The appropriate equity share is repayable on the sale of the property concerned or when it ceases to be occupied by a member of the clergy or licensed lay worker, and interest is charged by the Commissioners at 4% per annum on the amount loaned initially, the rate rising annually by the increase in the Retail Prices Index. All value linked loans are currently due for repayment after 5 years.

The Bristol Diocesan Board of Finance Limited
Notes to the Accounts
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25. SUMMARY OF FUND MOVEMENTS

| | Balance at 1 st January | Income | Expenditure | Transfers | Gains and Losses | Balance at 31 st December |
|---------------------------------------|---------------------------------------|--------------|----------------|--------------|---------------------|--|
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| ENDOWMENT FUNDS | | | | | | |
| Diocesan Stipends Fund Capital | 13,765 | 9 | (277) | - | (100) | 13,397 |
| Parsonage Building Fund | 20,504 | 353 | (32) | - | 55 | 20,880 |
| Clergy Pensions Trust | 19 | - | - | - | 0 | 19 |
| Diocesan Mission Trust | 220 | - | - | - | (3) | 217 |
| Diocesan Education Committee Trust | 15 | - | - | - | 0 | 15 |
| Diocesan Offices endowment | 250 | - | - | - | (4) | 246 |
| Parsonages Fund | 224 | - | - | - | (4) | 220 |
| 17 Oakfield Road, Clifton Trust | 966 | - | - | - | 232 | 1,198 |
| Schools Maintenance Fund capital | 328 | - | - | - | (5) | 323 |
| Younghusband legacy | 192 | - | - | - | (2) | 190 |
| Gummer legacy | 113 | - | - | - | (2) | 111 |
| Sir Francis Cowlin Trust | 1,484 | - | - | - | (22) | 1,462 |
| Bristol Diocese Clergy Holiday Trust | 315 | - | - | - | (5) | 310 |
| | <u>38,395</u> | <u>362</u> | <u>(309)</u> | <u>-</u> | <u>140</u> | <u>38,588</u> |
| RESTRICTED FUNDS | | | | | | |
| Diocesan Stipends Fund Income | - | 307 | (19) | (288) | - | - |
| Meridian Hall Reserve | 128 | - | - | - | - | 128 |
| Urban Fund Reserve | 5 | - | - | - | - | 5 |
| Educational Foundations Capital | 1,487 | - | - | - | (23) | 1,464 |
| Educational Foundations Income | 2,747 | 150 | (347) | - | (68) | 2,482 |
| Schools Maintenance Income Funds | 550 | 35 | - | - | 7 | 592 |
| Clergy Society Capital Funds | 615 | - | - | - | (12) | 603 |
| Clergy Society Accumulated Income | 194 | 26 | (34) | - | (1) | 185 |
| Clergy Society Holiday Trust Income | 52 | 12 | (17) | - | (1) | 46 |
| Uganda | 9 | 1 | - | - | - | 10 |
| Uganda (Deanery) | 7 | - | - | - | - | 7 |
| St Michael on the Mount Without | 33 | - | - | - | - | 33 |
| SMR Clergy | 23 | 20 | (19) | - | - | 24 |
| Fresh Expressions | 16 | 20 | (20) | - | - | 16 |
| New Housing Areas Fund | - | 26 | (26) | - | - | - |
| Creative Arts | - | 40 | (2) | - | - | 38 |
| Release Fund | 6 | - | (3) | - | - | 3 |
| Global Partnership / Uganda Trips | 2 | 33 | (39) | - | - | (4) |
| Strategic Development Funding (SDF) | - | 974 | (304) | (670) | - | - |
| | <u>5,874</u> | <u>1,644</u> | <u>(830)</u> | <u>(958)</u> | <u>(98)</u> | <u>5,632</u> |
| DESIGNATED FUNDS | | | | | | |
| Dame Violet Wills Legacy | 769 | - | - | - | (11) | 758 |
| Pastoral Reserve | 2,815 | 55 | (53) | 660 | (22) | 3,455 |
| Diocesan Office Rental Fund – Capital | 3,250 | - | - | - | (72) | 3,178 |
| Diocesan Office Rental Fund – Income | 5 | 125 | (109) | - | - | 21 |
| Mission Fund | 211 | - | (18) | - | - | 193 |
| Growth Fund | 24 | - | - | - | - | 24 |
| <i>Other Specific Reserves</i> | | | | | | |
| Tudor Cottage | (10) | - | (1) | - | - | (11) |
| DBE Hookmills Educational Foundation | 0 | 0 | - | - | - | 0 |
| | <u>7,064</u> | <u>180</u> | <u>(181)</u> | <u>660</u> | <u>(105)</u> | <u>7,618</u> |
| UNDESIGNATED FUNDS | | | | | | |
| H Gummer Gifts | 83 | - | - | - | (1) | 82 |
| H H Wills Bequest | 383 | - | - | - | (6) | 377 |
| St Nicholas Hall Trust | 410 | - | - | - | (6) | 404 |
| General Reserve | 8,062 | 7,842 | (8,228) | 298 | (16) | 7,958 |
| Pension Reserve | (2,831) | - | 252 | - | 50 | (2,529) |
| | <u>6,107</u> | <u>7,842</u> | <u>(7,976)</u> | <u>298</u> | <u>21</u> | <u>6,292</u> |

The Bristol Diocesan Board of Finance Limited
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26. SUMMARY OF ASSETS BY FUND

| | Fixed Assets Tangible £,000 | Investments £,000 | Current Assets £,000 | Creditors £,000 | Net Assets £,000 |
|---------------------------------------|-----------------------------------|----------------------|----------------------------|--------------------|---------------------|
| ENDOWMENT FUNDS | | | | | |
| Diocesan Stipends Fund Capital | 3,651 | 9,746 | - | - | 13,397 |
| Parsonage Building Fund | 18,892 | 1,988 | - | - | 20,880 |
| Clergy Pensions Trust | - | 19 | - | - | 19 |
| Diocesan Mission Trust | - | 217 | - | - | 217 |
| Diocesan Education Committee Trust | - | 15 | - | - | 15 |
| Diocesan Offices endowment | - | 246 | - | - | 246 |
| Parsonages Fund | - | 220 | - | - | 220 |
| 17 Oakfield Road, Clifton Trust | - | 1,198 | - | - | 1,198 |
| Schools Maintenance Fund capital | - | 323 | - | - | 323 |
| Younghusband legacy | - | 190 | - | - | 190 |
| Gummer legacy | - | 111 | - | - | 111 |
| Sir Francis Cowlin Trust | - | 1,462 | - | - | 1,462 |
| Bristol Diocese Clergy Holiday Trust | - | 310 | - | - | 310 |
| | 22,543 | 16,045 | - | - | 38,588 |
| RESTRICTED FUNDS | | | | | |
| Diocesan Stipends Fund Income | - | - | - | - | - |
| Meridian Hall Reserve | 128 | - | - | - | 128 |
| Urban Fund Reserve | - | - | 5 | - | 5 |
| Educational Foundations Capital | - | 1,125 | 339 | - | 1,464 |
| Educational Foundations Income | - | 2,635 | 758 | (911) | 2,482 |
| Schools Maintenance Income Funds | - | 483 | 109 | - | 592 |
| Clergy Society Capital Funds | - | 603 | - | - | 603 |
| Clergy Society Accumulated Income | - | 102 | 83 | (0) | 185 |
| Clergy Society Holiday Trust Income | - | 47 | (1) | - | 46 |
| Uganda | - | - | 10 | - | 10 |
| Uganda (Deanery) | - | - | 7 | - | 7 |
| St Michael on the Mount Without | - | - | 33 | - | 33 |
| SMR Clergy | - | - | 24 | - | 24 |
| Fresh Expressions | - | - | 16 | - | 16 |
| New Housing Areas Fund | - | - | - | - | - |
| Creative Arts | - | - | 38 | - | 38 |
| Release Fund | - | - | 3 | - | 3 |
| Global Partnership / Uganda Trips | - | - | (4) | - | (4) |
| Strategic Development Funding (SDF) | - | - | - | - | - |
| | 128 | 4,995 | 1,420 | (911) | 5,632 |
| DESIGNATED FUNDS | | | | | |
| Dame Violet Wills Legacy | - | 758 | - | - | 758 |
| Pastoral Reserve | 2,480 | 860 | 115 | - | 3,455 |
| Diocesan Office Rental Fund – Capital | - | 3,178 | - | - | 3,178 |
| Diocesan Office Rental Fund – Income | - | - | 21 | - | 21 |
| Mission Fund | - | - | 193 | - | 193 |
| Growth Fund | - | - | 24 | - | 24 |
| <i>Other Specific Reserves</i> | | | | | |
| Tudor Cottage | - | - | - | (11) | (11) |
| DBE Hookmills Educational Foundation | - | - | 0 | - | 0 |
| | 2,480 | 4,796 | 353 | (11) | 7,618 |
| UNDESIGNATED FUNDS | | | | | |
| H Gummer Gifts | - | 82 | - | - | 82 |
| H H Wills Bequest | - | 377 | - | - | 377 |
| St Nicholas Hall Trust | - | 404 | - | - | 404 |
| General Reserve | 7,412 | 1,652 | (199) | (907) | 7,958 |
| Pension Reserve | - | - | (366) | (2,163) | (2,529) |
| | 7,412 | 2,515 | (565) | (3,070) | 6,292 |
| | 32,563 | 28,351 | 1,208 | (3,992) | 58,130 |

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27. DESCRIPTION OF FUNDS

ENDOWMENT FUNDS

(a) **Diocesan Stipends Fund Capital**

This fund represents the value of glebe property and investments at the balance sheet date. The account is governed by the Diocesan Stipends Funds Measure 1953 as amended by the Endowments and Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure 1992. It represents the accumulated sale proceeds of glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The main function of the fund is to produce income for stipends, but it may also be used for other purposes including: acquiring glebe property, developing and protecting glebe amenities, discharging loans and levies on glebe, improving parsonage houses and discharging any loans made by the Church Commissioners under the Endowments and Glebe Measure 1976. The funds may be invested in any investments fund or deposit fund constituted under the Church Funds Investment Measure 1958 or in any investments in which the trustees may invest under the general power of investment in section 3 of the Trustee Act 2000.

(b) **Parsonage Building Fund**

Parsonage building funds represent resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the Diocese, and receives the sale proceeds of benefice houses surplus to requirements into its pastoral reserve.

(c) **Other permanent endowments**

| Fund | Income purpose |
|--------------------------------------|--|
| Clergy Pensions Trust | To defray the cost of clergy pensions |
| Diocesan Mission Trust | Towards social responsibility work in the Diocese |
| Diocesan Education Committee Trust | Towards the work of the Board of Education |
| Diocesan Offices endowment | Towards the maintenance of Diocesan Offices |
| Parsonages Fund | Towards the maintenance of parsonage houses in the Diocese |
| 17 Oakfield Road, Clifton Trust | Towards the augmentation of stipends and general ecclesiastical purposes in the parish of Christ Church, Clifton |
| Schools Maintenance Fund capital | Maintenance of CE voluntary aided schools in the Diocese |
| Younghusband legacy | Towards the augmentation of stipends |
| Gummer legacy | Towards the augmentation of stipends |
| Sir Francis Cowlin Trust | For the general purposes of the Bristol Diocesan Board of Finance |
| Bristol Diocese Clergy Holiday Trust | To assist with the holiday expenses of clergy |

RESTRICTED FUNDS

(a) **Diocesan Stipends Fund Income**

Subject to any charges imposed by scheme or order the fund shall be applied to: provide or augment stipends of incumbents, assistant curates and others engaged in the cure of souls in the Diocese; meet expenses incurred in making improvements to parsonage houses; pay class 1 National Insurance contributions in respect of ministers not employed under a contract of service; defray sequestrators' expenses.

(b) **Meridian Hall Reserve**

This reserve represents the properties known collectively as Meridian Hall which are held on trust for use as a hostel for overseas students.

(c) **Urban Fund Reserve**

This reserve was originally created by the receipt of donations for funding projects in urban areas of the Diocese, such as the projects originally supported by the Bishop of Bristol's Urban Fund and was augmented in 1995 by a donation of the residual funds of the Bishop of Bristol's Urban Fund. The reserve is held as cash on deposit.

(d) **Educational Foundations Capital Funds**

These funds result from the sale of redundant Church of England voluntary aided school property as directed by a Scheme under section 86(1) of the Education Act 1944, and subsequent orders made under section 2 of the Education Act 1973. They may be used for the provision, improvement or enlargement of Church of England voluntary aided schools in the Diocese of Bristol, and in the payment of any expenses incurred in the administration of the various foundations. In 2013, the constitution of these funds was amended to widen its scope to include academies and other Church of England schools in the Diocese.

(e) **Educational Foundations Income Funds**

These funds result from accumulations of income arising from Educational Foundations capital funds. They may be used for the same purposes as the capital funds above.

(f) **Schools Maintenance Income Funds**

These funds result from accumulations of income arising from the permanent endowment designated for maintenance of Church of England voluntary aided schools in the Diocese.

The Bristol Diocesan Board of Finance Limited

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(g) **Clergy Society Capital Funds**

These funds form the capital of the Bristol (Diocesan) Clergy Society and the Bristol Diocesan Sustentation Trust, both of which funds are part of the Bristol Diocesan Clergy Charities. They may be used for relieving diocesan clergy and their dependants who are in conditions of need, hardship or distress; and in advancing the education of children of diocesan clergy. The funds were substantially augmented in 2009, by the sale of a house, purchased in 1976 to provide accommodation for a retired clergyman, and no longer needed.

(h) **Clergy Society Accumulated Income Funds**

These funds result from accumulations of income arising from the Clergy Society capital funds. They may be used for the same purposes as the capital funds above.

(i) **Clergy Society Holiday Trust Accumulated Income Funds**

This trust originates in a gift of the late Horace Gummer in 1923, and its object is to assist with the holiday expenses of clergy, with preference being given to diocesan clergy; and, if the income cannot be applied as above, to relieve diocesan clergy and their dependants who are in conditions of need, hardship or distress.

(j) **Uganda Funds**

These funds are from a legacy, received in 2015, to be used to provide scholarship funds for theological or ordination training in Uganda for those who are engaged in or preparing for service in the ministry ordained or lay of the Church of Uganda with special consideration being given to candidates from the Dioceses of Bukel, Mbale or North Mbale.

(k) **Uganda (Deanery) Funds**

These funds are held on behalf of a number of deaneries in the Diocese to support their links with the Anglican church in Uganda.

(l) **St Michael on the Mount Without**

The church of St Michael was declared redundant a number of years ago. In 2007, funds under the control of the vicar and churchwardens were distributed to the Diocese, which has taken responsibility for the church. Following a large fire in 2016, renewed efforts have been made to seek a new use for this site and these funds may be used to facilitate that work.

(m) **SMR Clergy**

These funds help to defray the cost of the associate clergy at St Mary Redcliffe. The role is part-funded by the Temple Ecclesiastical Trust.

(n) **Fresh Expressions**

The Crossnet Network Church was established in 2004. It meets in a non-church setting and draws its members from a wide area. The Shine Pinehurst mission was established in 2011, in partnership with Swindon Youth for Christ, to run innovative youth work initiatives in the Pinehurst area of Swindon. The finances of both these entities are separately maintained; however at present they have no formal status and are therefore aggregated into these accounts.

(o) **New Housing Areas Fund**

In 2010 the Diocese was awarded a grant of £500,000 from the Church Commissioners to provide ministry in new housing areas throughout the Diocese. During the year these funds have been used to pay for home / school link workers in North Swindon, Emersons Green and the Cheswick Village area of North Bristol.

(p) **Release Fund**

Release is a leadership development programme that realises the potential of leaders – it releases their energy. The programme has been made possible by the receipt of funding from an anonymous donor.

(q) **Creative Arts Fund**

This fund was established by a generous donation in 2018, with the aim of creating a fund to support and invest in engagement with the creative arts by Anglican Churches in the Diocese of Bristol.

(r) **Global Partnership / Uganda Trips Fund**

This fund represents amounts collected and disbursed in relation to trips by parishes in the Diocese to linked churches in Uganda, and other related activities.

(s) **Strategic Development Funding**

This fund represent grants awarded by the Archbishops' Council, and associated expenditure, in relation the Diocese's strategic initiatives of establishing three Mission Areas in Avonside, Yate & Fromeside and North Wiltshire and two Resourcing churches at St Nicholas, Bristol and the Pattern Church in Swindon. This fund also includes strategic capacity funding awarded to the DBF to support these strategic initiatives.

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UNRESTRICTED FUNDS

(a) **Dame Violet Wills Legacy Fund**

This fund results from a general legacy to the DBF by the late Dame Violet Wills. The DBF has designated the fund's future use for children's and youth work, and the income arising from the capital sum is used for this purpose. The funds are invested principally in the CBF Investment Fund.

(b) **Pastoral Reserve**

The pastoral reserve results from past accumulations of general fund income, transfers and sales of property for the DBF's general use which the DBF has designated as a general building fund. It incorporates the Diocesan Pastoral Account which is governed by the Mission and Pastoral Measure 2011.

(c) **Diocesan Office Rental Fund – Capital**

This fund is used to produce income to pay the rental of the Diocesan Office in Stoke Gifford.

(d) **Diocesan Office Rental Fund – Income**

This is accumulated income from the capital investment. The rent-free period at the start of the lease has been spread for accounting purposes over the life of the lease.

(e) **Mission Fund**

This reserve represents allocations received from the Church Commissioners since 2002 under the Parish Ministry and Mission scheme. This money is allocated by the DBF to parish mission initiatives and has been used in 2014 to support the transition costs of the introduction of the Diocesan Strategy for 2010-2015.

(k) **Growth Fund**

This reserve was also set aside from the General Fund surplus for 2005 and is being used to give grants to parishes, who wish to undertake new mission initiatives, but do not have sufficient funds to do so. Grants are being given over a limited period towards the employment costs of new positions, which can be shown to contribute to new mission initiatives within the parish.

(l) **Other Specific Reserves**

A small number of reserves have been established for specific purposes, these include two small funds in respect of Tudor Cottage and the DBE Hookmills Educational Foundations.

(m) **General Reserve**

The general reserve represents accumulations from past general fund surpluses. The reserves policy for this fund is described in the Directors' report.

(n) **Pension Reserve**

The pension reserve is the amount needed to make good the difference between the present value of the funds invested and the estimated liability in respect of two defined benefit schemes. The two schemes in question are the Church of England Funded Pension Scheme for stipendiary clergy and the Bristol Diocesan Board of Finance Limited Staff Retirement Benefit Scheme, for lay staff, which is closed to new members. Full details are given at note 32.

28. CAPITAL COMMITMENTS

At 31st December 2018, the DBF had authorised capital expenditure not contracted for of £Nil (2017 - £Nil). Commitments under contracts not yet completed and not accrued in the accounts amounted to £Nil (2017 - £657,000).

29. CONTINGENT LIABILITIES

An Employment Tribunal claim has been lodged during the financial year against the DBF and other parties. The DBF has disclaimed liability and is defending the action. Legal advice obtained indicates that it is unlikely that any significant liability will arise. The directors are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements.

30. OPERATING LEASES

The following total amounts due under operating leases are as follows:

| | 2018 | 2018 | 2017 | 2017 |
|--------------------------|-----------------------------|--------------|-----------------------------|--------------|
| | £,000 | £,000 | £,000 | £,000 |
| | <i>Land & Buildings</i> | <i>Other</i> | <i>Land & Buildings</i> | <i>Other</i> |
| Operating leases | | | | |
| Within one year | 109 | - | 109 | 2 |
| Within two to five years | 245 | - | 354 | - |
| After five years | - | - | - | - |

31. POST BALANCE SHEET EVENTS

There were no post balance sheet events at the balance sheet date.

The Bristol Diocesan Board of Finance Limited
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32. PENSIONS

Clergy pension scheme

The DBF participates in the Church of England Funded Pension Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the DBF and other 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 each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2018: £304,000, 2017: £346,000), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £206,000 for 2018 (2017: £269,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31st December 2015. A valuation at 31st December 2018 is currently under way, but the results of this are yet to be determined. 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 31st December 2019 and thereafter increasing linearly to 70% by 31st December 2030 (with the remainder in return-seeking assets); 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 return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.; and
- 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%.

Following the 31st December 2015 valuation, a recovery plan was put in place until 31st 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 repair contributions | 14.1% | 11.9% |

The deficit recovery contributions under the recovery plan in force as at 31st December 2016, 31st December 2017 and 31st December 2018 were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

| | 2018 | 2017 |
|---|-----------|-----------|
| Balance sheet liability at 1 st January | 2,401,000 | 2,670,000 |
| Deficit contribution paid | -304,000 | -346,000 |
| Interest cost (recognised in SoFA) | 31,000 | 37,000 |
| Remaining change to the balance sheet liability* (recognised in SoFA) | 67,000 | 40,000 |
| Balance sheet liability at 31 st December | 2,195,000 | 2,401,000 |

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

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

| | December 2018 | December 2017 | December 2016 |
|---------------------------------------|---------------|---------------|---------------|
| Discount rate | 2.1% pa | 1.4% pa | 1.5% pa |
| Price inflation | 3.1% pa | 3.0% pa | 3.1% pa |
| Increase to total pensionable payroll | 1.6% pa | 1.5% pa | 1.6% pa |

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

Defined Benefit Scheme

The DBF operates a defined benefit pension arrangement called the Bristol Diocesan Board of Finance Limited Staff Retirement Benefit Scheme (the Scheme), which is closed to new members. 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 deferred taxation, defined contribution arrangements or discretionary benefits under the Scheme.

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.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31st March 2017 and the results of that valuation were updated to 31 December 2018 allowing for cashflows in and out of the Scheme and changes to assumptions over the period. The next valuation of the Scheme is due as at 31st March 2020. In the event that the valuation reveals a larger deficit than expected the DBF may be required to increase contribution above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

Explanation of amounts in the financial statements:

Amounts recognised in the Balance Sheet at 31st December 2018

| | 2018 £,000 | 2017 £,000 |
|---|---------------|---------------|
| Fair value of assets | 254 | 195 |
| Present value of funded obligations | (588) | (625) |
| Net defined benefit liability at 31st December 2018 | (334) | (430) |

Amounts recognised in the Statement of Financial Activity over the year

| | 2018 £,000 | 2016 £,000 |
|-------------------------|---------------|---------------|
| Current service costs | - | - |
| Administration costs | 21 | 14 |
| Interest on liabilities | 16 | 17 |
| Interest on assets | (6) | (5) |
| Past service cost | - | - |
| Settlement cost | - | - |
| Total | 31 | 26 |

Remeasurements over the year

| | 2018 £,000 | 2017 £,000 |
|--|---------------|---------------|
| Loss / (gain) on scheme assets in excess of interest | 2 | - |
| Experience losses / (gains) on liabilities | - | (9) |
| Losses / (gains) from changes to demographic assumptions | (20) | (9) |
| Losses / (gains) from changes to financial assumptions | (32) | 22 |
| Total remeasurements | (50) | 4 |

The Bristol Diocesan Board of Finance Limited
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The change in the assets over the period was:

| | 2018 | 2017 |
|--|--------------|--------------|
| | £,000 | £,000 |
| Fair value of assets at the beginning of the period | 195 | 167 |
| Interest on assets | 6 | 5 |
| Employer contributions | 77 | 70 |
| Contributions by Scheme participants | - | - |
| Benefits paid | (1) | (33) |
| Administration Costs | (21) | (14) |
| Change due to settlements | - | - |
| Return on plan assets less interest | (2) | - |
| Fair value of assets at the end of the period | 254 | 195 |

The change in the Defined Benefit Obligations over the period was:

| | 2018 | 2017 |
|---|--------------|--------------|
| | £,000 | £,000 |
| Defined Benefit Obligations at the beginning of the period | 625 | 637 |
| Current service cost | - | - |
| Contributions by Scheme participants | - | - |
| Past service cost | - | - |
| Interest cost | 16 | 17 |
| Benefits paid | (1) | (33) |
| Change due to settlements | - | - |
| Experience (gain) / loss on defined benefit obligations | - | (9) |
| Changes to demographic assumptions | (20) | (9) |
| Changes to financial assumptions | (32) | 22 |
| Defined Benefit Obligations at the end of the period | 588 | 625 |

Assets

The Scheme's assets are mainly invested in One Family's Pension Accumulation Fund, together with a small with-profit deferred annuity policy.

The actual return on the Scheme's assets over the period to the Review Date was £4,000 (2017 = £5,000).

The assets do not include any investments in shares or property of the Employer.

Actuarial assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

| | 2018 | 2017 |
|--------------------------------------|---|---|
| Discount rate | 2.90% pa | 2.60% pa |
| Inflation assumption (RPI) | 3.60% pa | 3.60% pa |
| Inflation assumption (CPI) | 2.60% pa | 2.60% pa |
| RPI max 5% (LPI) pension increases | 3.50% pa | 3.50% pa |
| Revaluation in deferment (CPI) | 2.60% pa | 2.60% pa |
| Post retirement mortality assumption | <i>95% of S2PA with CMI 2016 projection and a long-term improvement of 1.50% pa</i> | <i>95% of S2PA with CMI 2014 projection and a long-term improvement of 1.50% pa</i> |
| Tax free cash | No allowance has been made for members to take tax free cash | No allowance has been made for members to take tax free cash |

Defined Contribution Scheme

The DBF operates a group personal pension plan (GPPP) for all new and existing employees of the Bristol Diocesan Board of Finance Ltd. As part of this scheme, the DBF contracts to pay specific contributions to an individual employee's pension fund, based on a percentage of their salary. The amount the employee will receive in the future as a pension will depend on the investment performance of the particular funds assets. The DBF has no other ongoing liability and the costs of providing the GPPP are charged to staff costs in the financial statements as the contributions payable. The total cost for the period was £107,856 (2017 - £109,194) and outstanding contributions as at 31 December 2018 amounted to £16,164 (2017 - £13,273).

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33. PRIOR YEAR COMPARATIVE SOFA

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total funds 2017 |
|--|--------------------|------------------|------------------|-----------------|------------------|
| | General £,000 | Designated £,000 | | | |
| Income and endowments from | | | | | |
| Donations | | | | | |
| Parish Share contributions | 5,428 | - | - | - | 5,428 |
| National Church institutions | 362 | 23 | 109 | - | 494 |
| Other donations | 607 | - | 55 | - | 662 |
| Charitable activities | 362 | - | - | - | 362 |
| Other activities | 466 | - | 5 | - | 471 |
| Investments | 371 | 173 | 584 | - | 1,128 |
| Other | - | - | - | 1,759 | 1,759 |
| Total income | 7,596 | 196 | 753 | 1,759 | 10,304 |
| Expenditure on | | | | | |
| Raising funds | 106 | 2 | 18 | - | 126 |
| Charitable activities | 7,702 | 145 | 349 | 256 | 8,452 |
| Other | (313) | 84 | 0 | 137 | (92) |
| Total expenditure | 7,495 | 231 | 367 | 393 | 8,486 |
| Net income / (expenditure) before other gains | 101 | (35) | 386 | 1,366 | 1,818 |
| Net gains on investments | 125 | 428 | 282 | 927 | 1,762 |
| Net income | 226 | 393 | 668 | 2,293 | 3,580 |
| Transfer between funds | 351 | - | (351) | - | - |
| Actuarial gains on pension schemes | (4) | - | - | - | (4) |
| Net movement in funds | 573 | 393 | 317 | 2,293 | 3,576 |
| Total funds as at 1st January 2017 | 5,534 | 6,571 | 5,557 | 36,102 | 53,864 |
| Total funds as at 31st December 2017 | 6,107 | 7,064 | 5,874 | 38,395 | 57,440 |

The Bristol Diocesan Board of Finance Limited

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34. RELATED PARTY TRANSACTIONS

The Foundation of Saint Matthias (registered charity number 311696) is administered from the DBF's registered office by its Clerk to the Trustees, who is an employee of the DBF. The Foundation paid a fee for these services of £26,867 in 2018 (2017 - £26,340). The Foundation made a grant to the DBF in 2018 of £50,000 towards the work of the Adviser to schools and education work in the Diocese (2017 - £50,000). A further grant of £6,000 (2017 - £16,000) was made to fund the work of a Further Education Development Officer.

The **Diocese of Bristol Academies Company** (DoBAC) and The **Diocese of Bristol Academies Trust** (DBAT) are separate legal entities from the DBF and both are administered from the DBF's registered office by employees of the DBF and DBAT. In 2018, DBAT paid £65,096 (2017 - £63,665) for the secondment of DBF staff as CEO and Deputy CEO and £64,403 as a contribution towards other services (2017 - £55,973), including office space of £53,315 (2017 - £46,317). As at 31st December 2018, £5,740 was owed to the DBF by DBAT (2017 - £33,113).

A member of the DBF Finance Team is seconded to **Bristol Cathedral, Bristol Cathedral Enterprises Ltd** and **Bristol Cathedral Trust**. The DBF received £17,192 in respect of this employee in 2018 (2017 - £29,085). Bristol Cathedral also reimbursed £352 to the DBF in respect of DBS checks. As at 31st December 2018, £nil was owed to the DBF by the three Cathedral entities (2017 - £7,343).

Trinity College (Bristol) Ltd is a theological education institution (TEI) that trains a number of ordinands sponsored by the Diocese of Bristol. It employs one of the DBF's directors and the spouse of another DBF director. In 2018, the DBF paid Trinity College (Bristol) Ltd the sum of £115,555 for ordinand training (2017 - £29,120), in addition to £2,550 for training an Ordained Local Minister (2017 - £2,550) and £635 for other services (2017 - £263).

CPAS (Church Pastoral Aid Society) is an Anglican evangelical mission agency working with churches, mainly in the UK and Republic of Ireland. It employs the Acting Archdeacon of Malmesbury, who was seconded from CPAS during 2018. In 2018, the DBF paid CPAS the sum of £9,296 in relation to that secondment and £24,332 for other services.

In February 1998 the Charity Commissioners issued a scheme making the DBF Trustee of the charity known as the Bristol Diocesan Clergy Charities, number 3127160. The accounts of the Bristol Diocesan Clergy Charities have been aggregated into these financial statements.

35. FUNDS HELD AS CUSTODIAN TRUSTEE

By virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, and certain Charity Commissioners' schemes, the DBF is the Diocesan authority over certain assets held on permanent trusts, where the managing trustees are parochial church councils or others.

These assets have not been consolidated in these financial statements, since the DBF does not control them.

Separate financial statements have been prepared to account for the DBF's stewardship of these assets, and full trust accounts for each trust are the responsibility of the managing trustees in each case. Copies of the separate financial statements are available from the Secretary at the Registered Office of the DBF.

The financial assets held in this way can be summarised as follows:

| | 2018 £,000 | 2017 £,000 |
|---------------------------------|---------------|---------------|
| Capital Assets | | |
| Equities | 17 | 16 |
| Other fixed-interest securities | 0 | 0 |
| Unit trust shares | 10,057 | 10,990 |
| CBF Deposit Fund | 1,783 | 1,644 |
| Virgin Money Charity Deposits | 154 | 161 |
| Trust capital loans | 105 | 109 |
| Cash at bank | 63 | 0 |
| Income Assets | | |
| Unit trust shares | 213 | 969 |
| CBF Deposit Fund | 722 | 385 |
| COIF Deposit Fund | 46 | 46 |
| Virgin Money Charity Deposits | 8 | 1 |
| Debtors | - | - |
| Creditors | (7) | (7) |
| Cash at bank | 2 | 1 |
| | <u>13,163</u> | <u>14,315</u> |