

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2020

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Message from Bishop Christopher

It impossible to express the full extent of my appreciation for the depth and breadth of the work that has been carried out across this Diocese in what has been the most extraordinary year. I extend my thanks to everyone and, in particular, to Simon Danks, who picked up the reins of the Diocesan Board of Finance as our new Chair in May; to the members of the Bishop's Council and Trustees of the Board of Finance; to staff, clergy, Readers and the many volunteers, who support the work of the DBF through their service to and membership on boards and committees; and to all those who serve the wider church in the Diocese, as church officers and volunteers. Because of you, empowered by the grace of God, we have been able – in the midst of adversity – to live out our Mission Purpose of worshipping God, making new disciples and transforming communities.

In recent months I have had in my mind and on my heart three words – recovery, renewal and resurrection - that I feel speak to the place in which we find ourselves and the road we are called to follow as Christians. This report sets out much that needs to precede this journey in faith, in examples of the re-alignment and re-imagining of our work and ministries, over the last 12 months or so.

In this year, which has seen such loss and suffering, I find it quite amazing that so much has been achieved. The stories of just some of this activity are set out in the following pages. These stories illustrate how through your re-adjustment and re-imagining, especially the remarkable movement to delivering much of Church life online and the wonderful examples of reaching out through Christian social action to our communities in their need, that not only has the journey to recovery been started but also the experience of renewal is well under way.

There is much more to be done, and the journey forward will not be without its challenges, but we have much to look forward to, and with our faith rooted in the Resurrection of Christ, we thank God for all that is still to come.

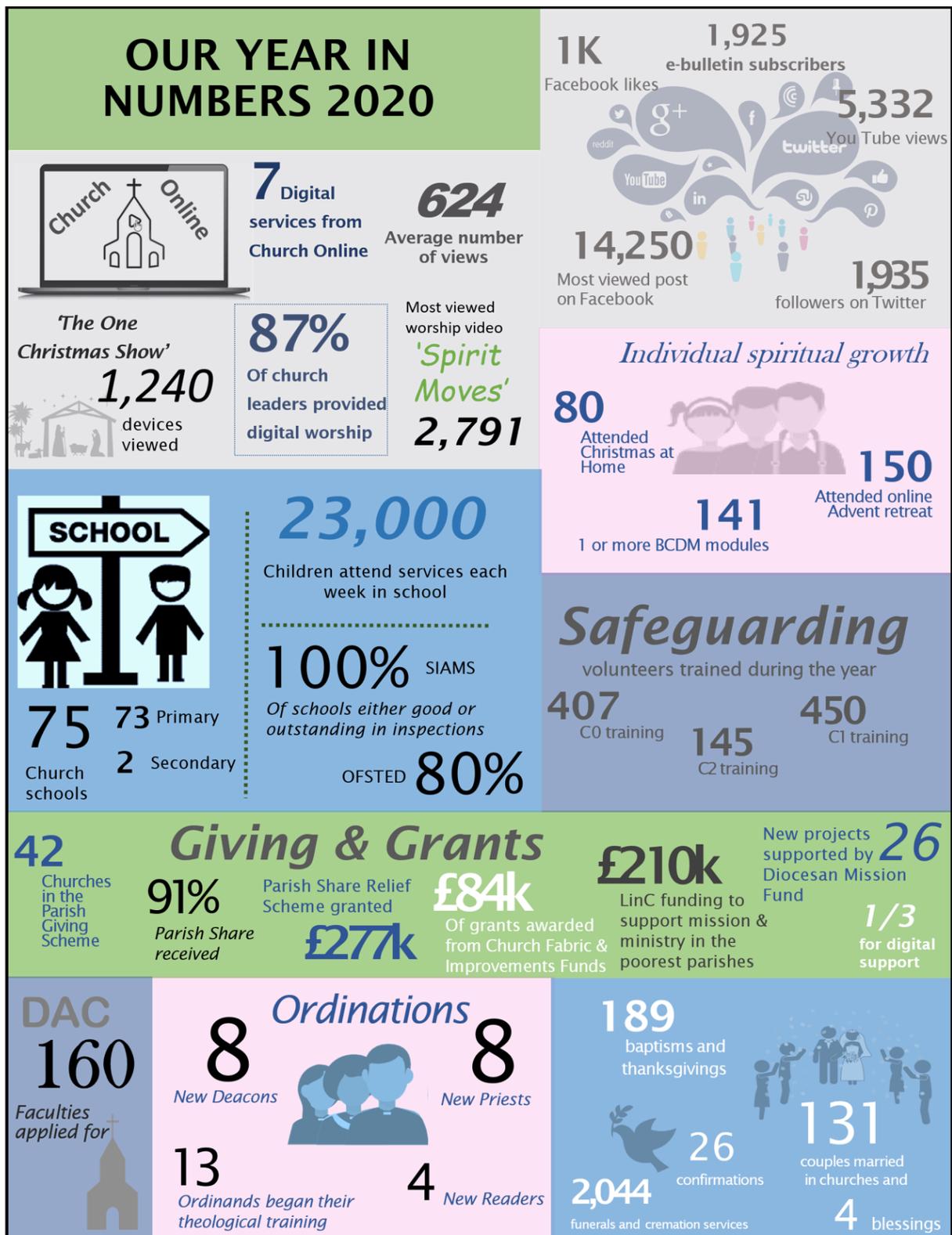


**The Rt Revd Dr Christopher Cocksworth,
Bishop of Coventry**

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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For the year ended 31 December 2020



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Chair's Report

It gives me great pleasure to write this, my first report as Chair of the Coventry Diocesan Board of Finance, having picked up the reins from Peter Rogers in June 2020. Peter Rogers stepped into the role at the beginning of the year on an interim basis. Little did he know when he took on the task that he would be called upon to steer the DBF through such a challenging few months as the effects of the Covid-19 pandemic and first national lockdown took hold. Thank you Peter for getting us off to a good start.

Covid 19 has continued to have an impact on the DBF throughout the year requiring us to rethink how we support the parishes and communities we serve, and our plan for the future. However thanks to the continuing careful stewardship of our resources and the work of our Glebe and Investment Sub Committee there has been a minimal adverse impact on our property income and investments. Our investments with CCLA have performed well and income on Glebe property, although down on the budget, has held up well with reduced income largely due to our provision for bad debt on our commercial portfolio. Parish Share income however has been harder hit as a result of long periods when church buildings have had to be closed. The DBF responded quickly to concerns from PCCs that they may not be able to meet the pledged parish share offers made in 2019, by establishing a Parish Share Relief Scheme funded from our historic unapplied return. Parish Share Relief has been taken up by 29 Parishes.

Income from Parish Share however is down on 2019. Those parishes that have weathered the storm of Covid-19 most successfully are those who have larger numbers of planned givers and those who are members of the Parish Giving Scheme. The pandemic has seen an increase in the number of parishes signing up for the Parish Giving Scheme with 42 churches now members and more applying to join. I am hugely grateful to the work of our PCCs and their treasurers for promoting this scheme and helping to strengthen our financial base.

Despite these challenges during 2020 we have made significant progress on the development of our Church Growth Strategy, which aims to enable the establishment of 150 new worshipping communities by 2030. A consultation exercise on the emerging proposals for a diocesan wide network on Mission Hub Churches and the establishment of a number of urban Church Plants in some of our poorest communities, was run during the spring and early summer. This resulted in a successful stage 1 bid application being submitted in October to the Church Commissioners' Strategic Development Fund for the urban Church Plant element of the strategy. Archdeacon Barry Dugmore is now working with his Mission and Discipleship team to work up a final stage 2 bid, which will be submitted in May 2021.

Work on supporting the development of Deanery plans, which will include clergy deployment strategies, has continued during lockdown with the majority of deaneries now engaging in conversation with the Archdeacon's and Church Buildings Team. Planning our needs for future ministry and identifying where our planned 150 new worshipping communities will be most successful to build the Kingdom of God across the Diocese has never been more important as we reach out to communities, many of which have been severely affected by the economic, social and spiritual effects of the pandemic.



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The pandemic and successive periods of lockdown has resulted in long periods during which many of our church buildings have been closed. This however has not meant that Church has been closed. From early in the first lockdown a huge effort has gone in to helping churches spread the Gospel message through on-line means. The Healthy Churches team, supported by Serving Christ team colleagues and others, have developed on-line resources to support Church On-line. Further supported by Diocesan Mission Fund grants, in particular the £500 mustard seeds grants, churches large and small have equipped themselves to reach, not only regular members of their congregations, but a much wider section of the community who would not normally engage with conventional worship. The Church Improvement Fund has also continued to make grants during 2020 with £44,000 awarded.

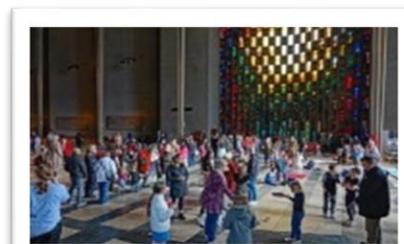
The DBF grant to Together for Change (£30,000), our joint venture with the Church Urban fund, has played an important role in helping to sustain the charity during a difficult year, which saw grant funding from CUF come to an end. Never has the work of TFC been more needed and welcome across our poorest and most disadvantaged communities. The grant helped ensure the core team has kept going, raising funds from a wide range of funding organisations enabling the work to support families in crisis, asylum seekers and refugees and the lonely and isolated elderly, continue.

The DBF has taken on the task of coordinating the Diocese's response to the Net Zero challenge, set by General Synod to reduce carbon emissions to net zero by 2030, by establishing a steering group to take the first steps. These include the calculation of the carbon footprint for the Diocese, promoting Green Journey to help PCCs improve their carbon footprint through completing energy audits and promoting the purchase of green energy and exploring potential opportunities for carbon reduction which parishes may want to pursue to support this diocesan wide effort. Despite a very challenging year for the DBF, the Diocese's six shared objectives have continued to shape our work throughout 2020.

My Chair's report has touched on just a few of the projects and initiatives we are engaged in. The following pages will provide further examples of what we are doing in mission, Church Health, clergy care, the support and development of laity, reconciliation, education and learning and community transformation, the successes we have made as well as our plans for the future. None of this however would be possible without the dedicated work of not only our clergy and paid staff at the DBF, but also the many volunteers; committee members, Readers, Licensed Lay workers, Churchwardens and PCC members. I wish to take this opportunity to thank you all.

With my grateful thanks

Simon Danks
Chair of Coventry Diocesan Board of Finance
17 May 2021



COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2020

The trustees, who are also directors for the purposes of company law, present their combined Trustees' Report and Directors' Report, together with the audited financial statements, for the year ended 31 December 2020. The Trustees' and Directors' Report is presented in sections as follows:

Section 1: Strategic Report - which includes a review of achievements and performance in the year

Section 2: Governance Report

Section 3: Trustees' and Directors' Report Approval

SECTION 1: STRATEGIC REPORT

1.1 OBJECTIVES AND ACTIVITIES

Coventry Diocesan Board of Finance Limited ("the DBF") aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Coventry and elsewhere. The mission purpose of the Diocese of Coventry is "worshipping God, making new disciples and transforming communities." With an emphasis on reconciliation, Bishop Christopher has described the working out of this statement across the Diocese as seeing:

"The reconciling love of God in Jesus Christ manifested in Christian Communities that worship God, make new disciples and transform the communities around them."

To achieve this and associated church growth, the Diocese has already agreed a strategy which focuses on the development of the 8 Essential Qualities (8EQ's), identified by Natural Church Development (NCD) principles, across all aspects of church and diocesan life. NCD have identified that where all of the 8EQ's are strong in churches and worshipping communities, they will become healthier, flourish, and grow. The Diocese reaches out to all the people of Warwickshire and Coventry in its Mission Purpose through a number of bodies and organisations, not just churches. Whole Diocese is therefore an integrated strategy for the Diocese which, while recognising the individual distinctiveness of each member of the diocesan family, has identified a number of priorities which will form the focus for the allocation of diocesan resources including, people, money and prayer.

The Bishop's Council has endorsed the six Shared Objectives:

- Making the gospel known throughout the Diocese so people become followers of Christ.
- Strengthening the health of churches and organisations across the Diocese in the 8 Essential Qualities identified by NCD.
- Enabling the well-being, development and flourishing of clergy and lay people across the Diocese.
- Equipping the whole Diocese for the work of reconciliation.
- Promoting the life-long Christian learning and education across the Diocese.
- Delivering positive community transformation.

In its work towards these objectives the Bishop's Council continues to endorse two priority themes for particular emphasis; engaging with people with Black, Asian and Minority Ethnic heritage (BAME) and a focus on children's and young people's spirituality and discipleship.

To fund these activities, the DBF raises most of its income by advising its funding need to Deaneries ("the Deanery Share"), which Deaneries in turn allocate to parishes ("the Parish Share"). The DBF also receives some investment and other income. The DBF seeks to maintain sound finances in order to be able to support mission and ministry in the Diocese both in the short and in the long term.

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Going Concern

The Covid-19 pandemic has had a significant impact, on the DBF's operations in 2020 with the diocesan staff moving to predominantly home working. The activities of the SDF funding projects Acceler8 and Serving Christ have been curtailed, but great courage and creativity has been shown by diocesan staff in seeking new ways to support clergy and laity as they further the diocesan mission.

Income distributions from equity investment funds have been unaffected, as the CCLA investment fund managers acted to maintain the investment return objectives of the funds. The Glebe committee worked pro-actively with our property managers to ensure where possible income from this portfolio was maintained, however there has been a fall in income as some tenants were impacted by the pandemic and leases were renegotiated. The temporary closure of church buildings and halls has had the biggest impact on the DBF through the reduction in payments of parish share. The continuing impact of church buildings being closed has led to most churches encouraging giving electronically, however those parishes where congregational giving is mainly cash in the plate are continuing to be impacted in the third lockdown. The Resourcing the Vision mentor in the Serving Christ team has supported over 50 parishes to set up of methods of electronic giving, and providing suggestions on what to communicate to congregations at this difficult time. Parishes have used their reserves in the past twelve months and careful monitoring of their financial health is ongoing and support is being provided to those parishes where we know funds are limited or exhausted.

In light of the financial impact that Covid-19 may continue to have on the Charity, the Trustees have carried out further financial modelling, based on reduction in Parish Share and Glebe investment returns. The Trustees are able to utilise unapplied Total Return if necessary to cover any potential shortfall of investment income in order to meet clergy costs. Parish Share would need to be reduced by more than 50% to not cover the support costs. Unlisted investments (as per note 12 can be liquidated to meet any working capital cash flow requirements).

Having regard to the above, the Trustees believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Public benefit

The trustees are confident that by promoting the work of the Church of England in the Diocese of Coventry the DBF helps to promote the whole mission of the Church of England - pastoral, evangelistic, social and ecumenical - both in the Diocese as a whole and in its individual parishes, and that in doing so 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 trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the DBF's aims and objectives and in planning future activities.

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1.2 PRINCIPAL RISKS

The DBF operates a comprehensive system of risk management, with a strategic risk register being reviewed three times a year by the leadership team and the Audit and Risk Committee. The trustees go through an annual process of horizon scanning to consider the strategic risks to the organisation, and following this the register is reviewed and updated to ensure there are no material omissions.

During the year the Audit and Risk Committee have considered the domino effect of risks, and the potential impact on the organisation of these risk. They have also looked at how risk velocity might be brought into the consideration of risk by the leadership team. At all times they have reflected on whether the risk approach is proportionate and whether the risk register closely links to the strategic objectives. The major risks identified by the DBF's trustees are;

The long-term sustainability of the organisation.

This risk reflects the potential impacts of parishes failing to pay their parish shares, of investment returns not being in line with the objectives of the Investment Policy and of failing to have an effective clergy deployment strategy, leading to the risk of not having the right ministers in the right places at the right times.

The approach to mitigating this risk has been on using deaneries to allocate Parish Shares so that local contexts and affordability can be taken into consideration. However, during the pandemic parish income has come under increasing pressure and the Bishops Council approved the release of a small proportion of historic unapplied total return to finance the Parish Share Relief to which parishes could apply for financial assistance. The award of relief followed a financial review of the Parish, has led to a renewed energy and focus in parishes to do more to promote generosity with those who would normally attend the church building and contribute via plate collections. Furthermore, it has been recognised by Diocesan Synod that the Parish Share system requires review and a working group, including clergy and laity from across the diocese, will bring the outcome of that review to Diocesan Synod in October 2021. As regards investment returns, the Investment Sub Committee (ISC) and the Glebe Committee meet regularly to review the performance of investment assets and ISC has carried out a review of the investment management agreement to ensure that organisational objectives that rely on investment funding can be achieved. To help ensure that clergy deployment meets the missional needs of the Diocese, the Archdeacons are working closely with Area Deans and deanery mission and pastoral committees to put deanery plans.

Political uncertainty and associated economic impacts

This risk reflects the effects of political decisions, notably those being driven by the pandemic and by Brexit, and their impacts that may lead to increasing levels of concern among parishes and DBF staff with consequential effects on morale and effectiveness.

To mitigate and monitor this risk, the Diocese has increased levels of communication with parishes' and diocesan staff. The Bishop of Coventry has led a planning group to focus on special needs arising from the pandemic, supported by working groups that focus on key areas of church life. Bishop Christopher has also sent video messages of encouragement and support to clergy and churchwardens throughout the pandemic to keep them updated on sources of financial help and support. In addition, the Bishop of Warwick and the Archdeacon Pastor have maintained regular contact with clergy. As regards DBF staff, the Diocesan Secretary has led regular communication with and by the leadership team to reassure and inform staff with a new weekly staff bulletin launched during the year.

Failing to deliver strategic objectives

Failing to deliver strategic objectives and outcomes, could significantly impact church health and growth, leading to a lengthy clergy appointments process and a higher number of clergy vacancies.

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To mitigate this risk, there has always been a structure of governance for the management of strategic objectives and the projects that support them, with personal objectives set and reviewed twice yearly for individual members of staff, plus regular team meetings and progress reports. At the onset of Covid-19 Bishop Christopher also set up groups from the Core Staff to ensure that the impacts of the pandemic on wellbeing, prayer, mission and finances were being considered on a weekly basis.

Contravening the Data Protection Act

Failing to comply with The Data Protection Act could potentially lead to the loss of confidential information and, or, the accidental sharing of personal data, with potentially serious impacts on those to whom the data belongs, as well as legal, reputational and financial consequences for the Church.

Since this Act came into force in 2018, the DBF has put measures in place to minimise and manage this risk through ensuring that it has strong data management processes in place, backed by ensuring that staff understand and comply with its requirements. The potential for this risk to increase as a result of staff working from home as a result of the pandemic was recognised and additional measures were taken to alert staff to this and to the need for additional care and vigilance while working from home to ensure compliance.

Absence of Trustees, key staff and advisers

Failing to recruit and retain high quality Trustees, key staff and specialist advisers has the potential to cause significant disruption to governance and service delivery and also result in the loss of valuable organisational knowledge.

To mitigate this risk the DBF has processes in place to regularly review committee membership and terms of reference, to maintain up-to-date job descriptions, to anticipate retirements and departures, where possible and to undertake recruitment campaigns and the appointment of professional external advisers. The potential impacts of this risk also increased as a result of the pandemic, especially on a short-term basis, and key DBF staff put in place cover arrangements, both in and across their teams. Cover for clergy has also been an area of increased focus, managed by the Archdeacon Pastor.

Safeguarding

The Diocese regards protecting the health, well-being and human rights of individuals, especially, children, young people and vulnerable adults, as an absolute priority, given the potentially serious impacts that failing to do so can have on individuals.

To minimise and manage this risk, the Diocese has a rigorous and widely disseminated safeguarding policy and management process, backed by a safeguarding training strategy. The safeguarding dashboard has been provided free of charge to all parishes to aid them in the management of their own safeguarding requirements. Additional support has been provided to Parish Safeguarding Officers during the pandemic, to support them with risk management for new missional and other activities arising as a result of changes to the way in which parishes have had to adapt to new ways of worshiping and operating.

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1.3 ACHIEVEMENTS AND PERFORMANCE

Making the Gospel known so that people become followers of Christ

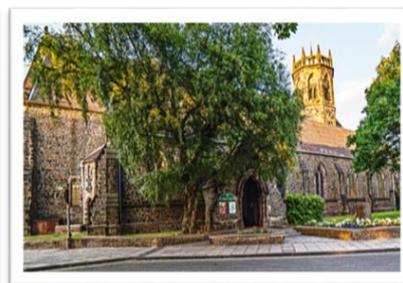
The Growth Strategy

During 2020 following consultation with parishes across the Diocese via online roadshow sessions, the Bishops Core staff presented to Bishop's Council and Diocesan Synod the plans that will form part of our reimagining of ministry renewal and resurrection, the Growth Strategy. These were approved and work to set up Resourcing Mission Hubs, City Church Plants and recruitment of clergy to vacant inner city parishes and laity to support the delivery of this strategy has commenced. Outcomes in relation to the delivery of this work are expected over the next five years, with an aspiration to grow 150 new worshipping communities. Existing parishes continued to play their part in this objective. The following two stories are examples of that happening in 2020.

St Mary's, Atherstone live streaming services with community reach

The team at St Mary's, Atherstone have been streaming their midweek and Sunday services on Facebook during the pandemic and achieved large number of views. Since the Covid-19 lockdown started in March, Reverend Michael Brandsma began to post words of encouragement on his own Facebook page, St Mary's, Atherstone's and the Atherstone community forum which has 14,000 members.

On Palm Sunday, Michael streamed his first service on Facebook to reach out to the congregation and community. Michael had never done anything like this before and whilst live streaming was daunting for him, the service went well. The church then streamed all of their Easter services and the viewing numbers kept growing.



After Easter, the church began to stream all of their various styles of regular worship on Facebook. These were led by Michael, the church's Reader, John Stock, along with various congregation members also participating. They live streamed to both St Mary's Facebook page and to the Atherstone and Hinterland Forum Facebook page, using two mobile phones. The services have been seen by thousands of people, with the mid-week viewings total an average of 1400 to 1600 views and Sunday viewing average approximately 1300 to as many as 2000 on two occasions. As an indication of reach, the Reader, John, walked into the chemist and a shopper unknown to him responded, 'I have just been watching you on Facebook!' In terms of next steps, the church aims to engage and interact with the viewers on a more personal basis. They are looking at various way to do this and hope that further creative connections will draw out viewers to respond to further ministry.

Adventure with God, at home online holiday club from Growing Faith

'Adventuring with God at Home' is an online holiday club created by the Growing Faith team. Due to the pandemic, the team realised that many churches would not be able to run their normal holiday clubs and that creating something virtual can be a huge amount of work. Therefore, the team created Adventuring with God at Home, for churches and families alike to connect together in the absence of a physical holiday

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club. The initiative ran over five sessions and included activities around a Biblical story, with a song and prayer. There was also suggested reflective questions and ideas to continue the adventure outdoors.

Children and families were encouraged to use their imagination and go on an adventure with God at home, such as to set sail on a cruise, hike to the mountains and enjoy a picnic in the park. There had been three Growing faith workshops during 2020, with 160 different people attending across them. The team also put on a Christmas workshop which had 60 people attending and 80 accessing the resource pack that came out of it including 30 people from different Dioceses and or denominations.



Increasing disciples in 20s - 30s age range within the churches of the Diocese

2020 was the final full year of the Acceler8 Project. Many of the events, groups, services and training weren't able to go ahead as planned. But despite this different pieces of work were lead and much learnt throughout the year as a whole team. As lockdown began the 20s-30s Development Leaders quickly took on some additional responsibilities within their churches and helped to move services, groups and activities online. The team used social media in new ways, took on some of the responsibility for communications across churches, began filming and editing weekly videos and supported the streaming, filming and broadcasting of online services. Moving services online has been a key feature of the year and young adults have been involved in various aspects of this including preaching, leading prayers and readings (including in Punjabi), leading sung worship and taking responsibility for the smooth running of the technical aspects of online church. In January and February in-person group activities were led, including leading a weekend away for students. This went well, was appreciated by those who attended and turned out to be well-timed for students who, shortly after this, mostly left campus and returned home for lockdown. Two sessions of The Collective were run, a missional café group delivered in collaboration with the Serving Christ Team. Regular 20s-30s Meet Ups in Coventry and Nuneaton, bringing young adults from different churches together for a social gathering were also held.

Throughout the year several 20s-30s Development Leaders moved on to different roles and it's been encouraging to see what they have moved on to do and how being part of Acceler8 has supported that in happening. Ian finished in his role in September as he began training for ordination and is now based at St Matthew & St Oswald's Rugby whilst he studies at St Mellitus College. Throughout the year Luke began to lead a new worshipping community where he lives as part of his role with the Warwick Team of Churches. Luke is now employed by the team to continue this work and extending the life of the church beyond the building. Jonny and Jen got married in February 2020 and together moved to Cornwall in the summer as Jonny began a new role as a Pioneer Minister in St Austell. The Acceler8 project has provided each of the Development Leaders with experience and the opportunity to lead in churches and it's encouraging to see these team members broadening their ministry beyond working with young adults. This has been an unexpected outcome of the project.

The team also provided in-person support when the national restrictions allowed. Small groups of 6 young adults were able to meet together during the summer months and one-on-one walks also took place. The young adults at St Paul's Foleshill, under the direction of Neil, helped to run some of the outreach projects at the church including the Food Share deliveries and running the Community Café on Saturday mornings. Becks was also able to provide practical, face to face, support to the young adults at Urban Hope in a number of different ways throughout the year. As the end of the Acceler8 project approaches reflecting on 2020 as our final full year thanks is given to God for His faithfulness through the changes and challenges of the year. Amongst our original project aims are 'to see an increased energy in the Diocese from 20s-30s and churches beginning to attract 20s-30s into their mission and ministry'.

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Strengthening the health of churches and organisations across the Diocese in the 8 Essential Qualities identified by Natural Church Development

This shared objective supports the aim for churches across the Diocese to grow in quality, with hope and expectation supported by NCD statistics that this will lead to numerical growth. During 2020 the long awaited appointment of the Ebbsfleet Healthy Churches Mentor, a role funded by the Strategic Development Fund, has happened. He has been active with a number of parishes across England as well as supporting parishes in Coventry Diocese. The following story outlines some of the work with St Oswald's, Tile Hill, and located 4 miles west of Coventry city centre.

Father Gary recently commented on their progress in 2020 "it is remarkable what can happen when a small church that is in an interregnum has committed lay leaders who use their gifts and resources to hold people together and serve their parish." Duane Harwood the churchwarden said that 2020 had not been an easy year as they had been without a vicar for over two years. He recalled a meeting he attended with the Bishop of Ebbsfleet and Archdeacon Barry Dugmore where they learnt that there was the possibility of having another priest funded by the SDF. He remarked that hope began to rise. With a spring in their step, members of the church re-connected with their community despite the setback of three key members of the PCC stepping down in the summer.

The remaining leaders applied to the ESF (European Social Fund) for funding and were granted £17,000 to re-launch their job club and fund the foodbank. They appointed a project co-ordinator to run the job club and several volunteers from the church were trained by the Citizens Advice Bureau to support him.

In October, the church began to live-stream their worship services and were heartened by the number of devices that 'watched'. The church opened their doors to St Andy's, a church plant from St Andrew's Eastern Green, which has a different tradition to St Oswald's. The two churches worked well together on serving the community and worshipped together from time-to-time. When asked to sum up the year and his hopes for the future Duane replied, *"In 2020 we became an outward-looking church that adapted to the restrictions placed upon us by Covid-19. A new priest has recently been appointed who will be joining us in 2021 so we have much to look forward to not least continuing to connect with our parish and ensuring that we provide opportunities both for those who want to worship in our buildings and those who want to continue worshipping online. The future is exciting and we will not be seeking to return to pre-pandemic times!"*

This church is one of many which have improved their health during the difficulties which 2020 presented, by the support of Father Gary and the congregation's dedication and willingness to serve Christ.



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Enabling the wellbeing and flourishing of clergy and lay people across the Diocese

During 2020 the Clergy Wellbeing Group has continued to meet, and take the temperature of clergy wellbeing as the pandemic has unfolded. The Archdeacons worked with Area Deans to ensure that clergy concerns were heard and responded to. Early on in the pandemic, funeral services had to be curtailed in length and reduced in numbers attending. In addition, clergy were unable to offer the level of support through visits that they would normally offer to families dealing with bereavement. As a result clergy felt it was inappropriate to be charging the full funeral fee and the Archdeacon Pastor escalated this through to the Diocesan Finance Group, who approved the waiving of the DBF portion of the fees. Support through phone calls from the Bishop of Warwick, and the two Archdeacons alongside video messages from the Bishop of Coventry has been ongoing through the whole of 2020, and has provided a source of encouragement and support to clergy. At the end of the year the first session of a resilience training course was attended virtually by 24 clergy and it has been fed back that clergy have implemented some of the practical suggestions contained in the course. 20 of those 24 have booked into the next session in 2021.

In 2021 there is an expectation that lockdown will ease, and the Clergy Wellbeing Group are looking at ways to support clergy with mental health, to ensure that it is recognised by all in our parishes that it is OK to be not OK. The Wellbeing group are mindful that levels of exhaustion are high and are seeking to be attentive to the wellbeing of clergy and lay leaders as they make decisions about how to open up activities and worship in their buildings whilst maintaining some online presence. In addition to the resilience training, Reflective Practice groups are being explored as another offer to clergy. Two groups have already met under the leadership of one of the hospital chaplains and the plan is to train more leaders so that an increasing number of clergy can benefit from these groups which enable them to reflect upon their experience in a structured way.

Plans are being made to restart the Ministry Development Review scheme. For those on Common Tenure this is compulsory but chaplains and those with freehold are being encouraged to engage with this opportunity to reflect with a colleague. Every two years there is a Clergy Wellbeing survey and that is planned for later in 2021.

Equipping the whole Diocese for the work of reconciliation

Good progress was made through the Cathedral in 2020 against the strategic objective to equip the whole Diocese for the work of reconciliation. It was able to deliver online reconciliation training, with a very successful virtual international pilgrimage (usually a physical event over 3 days) for the Community of the Cross of Nails in October, and have supported the wider reconciliation community with a healthy social media presence.

The Cathedral has continued to take forward the development of the Together for Hope multi faith community, and have also agreed a governance document for the international Community of the Cross of Nails – a significant piece of collaborative work, made much easier because of international Zoom meetings. Partnerships with other parts of the world have continued to develop – although a number of planned cross presentations to grow the CCN numbers had to be cancelled, the Cathedral still managed to visit and

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welcome three new partner churches and Cathedrals, in Bergen (Norway), Demmin (Germany) and Southwark Cathedral.

The Coventry Litany of reconciliation has been prayed daily at 12 noon throughout the pandemic, shared on Zoom, and both this and morning and evening worship from the Cathedral have been widely accessed digitally throughout and beyond the Diocese.

There are now multiple reconciliation offerings both locally and nationally, and the Cathedral seeks to find its own unique contribution, alongside working closely with partners. Going forward, developing the relationship with the newly appointed Reconciliation Enabler will be fundamental to working with the Diocese.

In terms of establishing the Cathedral as a resource for reconciliation, welcome and worship, the regular online offering throughout Covid has been widely accessed and much appreciated across the Diocese.

The team have enjoyed being able to offer a daily rhythm of prayer including the diocesan and other prayer cycles and had been able to offer diocesan services for ordinations within Covid restrictions.

During the last year, the main lessons learnt were to identify that the Cathedral has a real role in offering a central resource in online material, and other spirituality resources offered through St Clare's in particular, have been valued.



Promoting lifelong Christian learning and education across the Diocese

The Diocesan Board of Education fulfils much of this shared objective, however we should not forget the part our clergy and parishes play in the spiritual development of both young and old. The following are a couple of examples of how this shared objective has been delivered in 2020.

Connecting with Schools during the pandemic

Over the last few years, the team at St Martin's, Finham, have worked hard to make good links with the schools in the parish (neither of which are church schools). Such is the success of the work that the team are welcomed into both Finham and Stivichall Primary Schools to do monthly assemblies and regular lessons as part of their RE and other curriculum subjects.



From March school visits were not possible, due to the pandemic, however the team made sure to sustain the good relationships they built up by using technology. During the height of lockdown the team recorded monthly assemblies on Zoom from three different locations and disseminated the assemblies to children at home through the schools' remote learning tools. From September, the St Martin's team have continued providing recorded assemblies and introduced live lessons over Microsoft Teams. During the lessons they have

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shared films, songs and stories. The children are able to talk to them and give feedback and responses from their classrooms in real time.

The Revd Abby Rhodes comments;

"It has been such a blessing for us to be able to continue this contact using technology and we've received great feedback from the schools who have appreciated that we have kept up our normal support of their activities, in spite of the need to restrict visitors to the school. It has taken a lot of planning but is completely worth it as we see our relationships with the schools grow and the opportunity to share the love of Jesus further into our community."

Amazing GRACE

Amazing GRACE is a new pilot learning community for clergy and recognised lay leaders. This commenced in July, hosted by the Race Equality Resource group. It was overseen by Bishop John, being part of the wider strategic work to further Race Equality across the life of the Diocese.



This is a learning community looked at topics including, the problem of racism, the experiences of those who experience racism, the privilege of those who do not and the ways racism undermines the mission and ministry of the church. The aims of the learning community is to be a supportive yet challenging space where participants can reflect on racism through engagement with Scripture, resources and stories, then work together to identify ways that we can act for race equality in our different contexts.

The participants meet virtually once a month from July 2020-February 2021, with each member encouraged to take action - big or small - then evaluate its progress and share learning with the community.

Bishop John says:

"These are profoundly uncomfortable times. We are being disturbed and we need to be disturbed. The Holy Spirit is the Spirit of truth. The truth is often uncomfortable but it is ultimately our friend. Those of us who are white need to see what many of us have – unwittingly perhaps – resisted seeing. We need to see both the reality and the extent of racism. More uncomfortably than this, we need to see that it is not simply the problem of other people but that we too are part of the problem."

Diocesan Schools Christingle Service and the community art trail

On 11th December 2020, the Diocesan Board of Education held a virtual Schools Christingle Service which was streamed into classrooms across the Diocese. A number of schools contributed prayers, readings and songs and the children had spent time before the service making Christingles. The video had over 1,200 views, with the whole service being viewed 375 times. If each view is a class of children that is 9,000 children taking part. Looking forward to 2021, working with the Growing Faith team the Diocesan Board of Education has produced resources for a community, 'Walking the Way of the Cross' art trail with images for each station of the cross contributed by children to be installed in communities, schools and churches during Holy Week. Each station is linked by QR code to a website with readings, reflections and discussion questions.

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Delivering positive community transformation

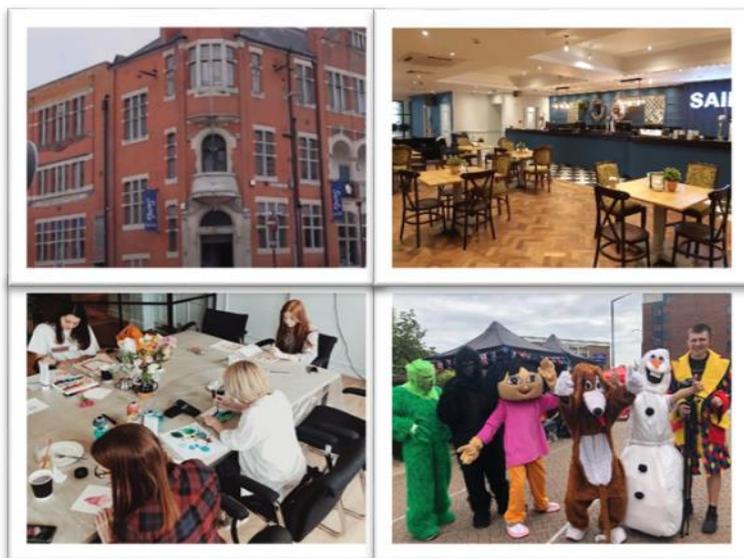
The Diocese, by working in partnership with Together for Change, works to transform the lives of the most disadvantaged throughout Coventry and Warwickshire. The following is one element of the work Together For Change has delivered during 2020.



Saints Nuneaton is a community regeneration project based in the heart of Nuneaton town centre, which works in collaboration with local churches and is led by the charity Together for Change. Saints, Nuneaton launched in January 2020 and has hosted a range of activities, supportive groups and community action projects from the multipurpose space, based at St George's Hall, a former nightclub. At the heart of the space is a café, a unique training room facility; a large children's play space, and permanent market stalls hosted by local small businesses.

It is a pioneering ten year project to help tackle unemployment and poverty in Nuneaton with the aim of raising the aspirations of local people and inspiring them into work. It is an ecumenical venture, with the project being run jointly between TFC and eight Nuneaton churches and Christian organisations of varying denominations, all with one common goal – to bring community transformation to the heart of Nuneaton.

Despite the Covid-19 pandemic, the project is thriving and sees around 500 people through their doors every week. The work focuses on three key vision points, 'Enterprise and Equip', 'Sport and Support', and 'Create and Connect'. There are currently five regular free groups in areas of arts & crafts and physical & mental wellbeing, with plans to expand into other areas such as computer skills, English and Maths tuition, homework clubs, cooking on a budget and more. Over the school summer holidays, Saints ran free weekly outdoor family events, with socially distanced activities for children, free food hampers and lots of family fun. Over the October half term holiday Saints partnered with the local council to provide free frozen meals for families who normally receive free school meals. The team were able to provide food hampers for 125 children and 77 adults, which were greatly appreciated.



Saints has accomplished a great deal in the 10 months it has been open and the team are excited about expanding the project. Renovations are underway on the upstairs of the building, with plans for a kitchen, toilet facilities, a meeting/training room and the restoration of the main hall. With this, they are looking to expand even further into the 'Sport and Support' and 'Create and Connect' vision by offering a variety of activities that encourage mental, physical and emotional wellbeing, as well as opportunities for expression and community connection through the creative arts.

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1.4 SUMMARY OF FINANCIAL PERFORMANCE

Following a year of uncertainty the underlying results for 2020 are of a small surplus which is masked by the larger than normal release of historic unapplied return. The fall in collections of parish share and DBF fees has been offset by an almost equal fall in expenditure. Teams across the DBF have established new ways of working through the pandemic and despite this most of the functions the DBF carries out for parishes has been delivered. The Statement of Financial Affairs shows a surplus in relation to all funds of £978,000 (2019:£208,000) which is as a direct result of the larger than normal release of historic unapplied return which includes a capital amount of £1,909,000 as well as the return from investments of £2,213,000 giving a total release of £4,122,000 (2019:£2,357,000).

Bishop's Council approved the release of the additional £1,909,000 of historic unapplied return, to provide up to £1,300,000 of parish share relief, over the next two years, a grant given waiving the payment of parish share. Additionally these funds are being used to create a new designated fund called the Cathedral "Endowment" fund. The third element being funded by the release of the additional historic unapplied return, is the new Growth Strategy.

The support costs of the DBF, excluding staff costs, have fallen as a result of the restrictions during the pandemic. Staff have worked from home, leading to a reduction in office and travel costs, and meetings of staff and DBF committees have been online. Costs of mission and ministry have increased, see note 5b, with an increase in the average number of clergy in the year to 109 (2019:106) alongside the increase in clergy stipends applied from 1 April 2020. The costs of maintaining clergy housing did fall as a result of Covid restrictions, but in spite of this the clergy housing team were able to ensure that all works in relation to health and safety matters were completed. The 2021 budget has been adjusted to take account of works that should have happened in 2020 now being completed in 2021.

The creation of the new Cathedral "Endowment" fund has increased the value of designated funds to £15,624,000 (2019:£12,046,000). Note 19 summarises these financial movements, which are broken down between transfers between properties, and movements between funds. The property transactions, include the sale of three DBF operational houses at Wolverton for £615k, Thurlaston in Rugby £492k, and Tile Hill Coventry £267k. In addition land at Wimpstone was sold for £75k. A new curate's house was purchased in Shipston for £332k. In addition funds for the Lambeth Conference £20k, and a top up of the Church Improvement Fund of £60k and the Church Fabric Fund £75k have come from the general reserves. The Growing Faith pilot had one Children's Missioner in the year and £9k of funds were released for this pilot project.

Restricted funds balances at the end of the year were £3,336,000 (2019:£3,086,000) Grant funding for the Serving Christ and Acceler8 projects continued to be received and new funding was received from the Church Commissioners to help with initial set up costs of the SDF City Church Plant project £16,000 funding a new Programme Manager post for one year.

The Endowment funds were valued at £73,318,000 at the end of the year, (2019:£72,249,000) Within this there were gains on revaluation of investment assets, £2,339,000, and an additional £288,000 surplus on sale of investments, and the actuarial movements on the Church of England Clergy Pension scheme of £5,000 (2019:£1,148,000). £2,213,000, (2019:£2,251,000) of investment income which forms part of the total return on the Diocesan Stipends Fund and was transferred into restricted funds during the year. Note 18 explains the full impact of total return on these accounts.

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Principal funding sources

49% of total income in 2020 came from Parish Share (2019: 52%), 23% from investment income (2019: 23%), 9% from Church Commissioners (2019: 6%), and 19% from other sources (2019:19%). Other sources of income include parochial fees from weddings and funerals which was impacted by the pandemic; rental income from the letting of houses whilst not occupied by clergy; restricted income from The King Henry VIII Endowed Trust, used to meet costs in the Warwick area; surplus on the sale of Glebe assets and various other grants and donations.

Parish Share

Total parish share income received was £4.9m, which is £341,000 (6%) less than 2019 (2019:£29,000 increase). This includes amounts relating to parish share allocated for previous years but excluding amounts received after the 31 December cut-off date and was 91% of the allocation (2019: 97%). Deaneries are continuing to indicate that they struggle to meet Parish Share allocations. During the year support was provided to Parishes by the Resourcing the Vision Mentor, the National Giving Advisor and the Diocesan Finance team.

In response to the difficulties facing parishes Bishops Council approved the creation of the Parish Share relief scheme which waived the payment of parish share for parishes giving a total of £277,000 relief. The Diocese continued to promote the Parish Giving Scheme, a direct debit scheme which encourages individuals to regularly review their giving and provides an efficient way for parishes to receive Gift Aid on those gifts.

Investment Income

Investment income was £2,336,000 (2019: £2,357,000) and is derived from both equities and Glebe assets (See note 12). After allowing for Glebe management fees and other Glebe operating costs, net investment income was £2,150,000 (2019: £2,114,000). Net investment income from Glebe investment properties fell to £1,096,000 during the year due to renegotiation of commercial rents during the pandemic, a bad debt, and planned maintenance costs. (2019: £1,115,000). Other investment income, which includes interest and dividends, increased to £1,054,000 from £999,000 in 2019 as a result of increased holdings with CCLA who maintained their distribution levels at pre-pandemic levels.

Discrete year total return performance (gross) for investment funds in which the DBF is invested were as follows:

- CCLA's CBF Church of England Investment Fund: 10.2% (2019: 23.16%)
- CCLA's CBF Church of England Global Equity Income Fund: 22.69% (2019: 28.6%)
- CCLA's CBF Church of England UK Equity Fund: 0.81% (2019: 26.9%)
- The holding with Edentree was liquidated in November 2020.

Investment objectives and investments held

The DBF's investment objective with respect to amounts available for investment is to safeguard capital values in real terms over the long term and to provide real growth in net income, whilst complying with the Church of England Ethical Investment Policy.

Investments are principally held in Glebe properties and in investment funds, which are compliant with the Church of England Ethical Investment Policy. Glebe investment properties are comprised of agricultural, commercial and residential land and buildings. The investment funds are managed by CCLA Investment Management Limited and are diversified funds for charities, invested mainly in equities but also in fixed interest securities, property and other assets.

The total value of investments at 31 December 2020 was £71.5 million (2019: £68.9 million,) of which £67 million was permanent endowment. Gains realised on the sale of Glebe land have been reinvested in new Glebe land holdings during the year.

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Following the approval of a Total Return approach to investments on the Diocesan Stipends Fund, and then a further discussion at Bishop's Council, the trustees agreed that historic unapplied return of £1.9m plus the income investment returns that would ordinarily be recognised in the 2020 accounts if total return had not been adopted would be recognised as income in the 2020 accounts.

Stipendiary clergy headcount

The full time equivalent ("FTE") number of office holders in the Diocese who were stipendiary clergy or licensed lay workers in 2020 was 111 (2019: 108), which includes two Archdeacons. The increase relates to vacancies filled during the year. The average number of curates was 17 (2019:17).

House for Duty Clergy, Self-Supporting Ministry and volunteers

Whilst acknowledging that many of our self-supporting ministers are office holders and living in their own houses, there are office holders that the DBF provide with houses. In 2020 there were 8 (2019:8).

The activities in the Church of England across the Diocese of Coventry depend hugely on significant amounts of time contributed by retired clergy, self-supporting ministers, Readers and volunteers. The value of this time, to the Diocese as a whole and in particular to the DBF, cannot be quantified and recognised in the financial statements. The DBF is grateful to all those whose contribution is essential to the mission of the whole Diocese.

Pension schemes

All stipendiary clergy in the Diocese, some clergy employed in central diocesan posts and some licensed lay workers are members of the defined benefit Church of England clergy pension scheme. The contribution for this scheme in the year was £9,843 (2019: £9,640) per full time stipendiary clergy member. If not members of the clergy pension scheme, the DBF's permanent staff are members of the Pension Builder Classic section of the Church Workers Pension Fund. Further details are in note 2 to the Financial Statements. DBF staff who are employed on temporary or short-term contracts, who have qualifying earnings or the right to opt in, are enrolled in the National Employment Savings Trust ("NEST" - the workplace pension scheme set up by government).

Reserves policy and the General Fund position at the year end

The funds held by the DBF at 31 December 2020 comprise;

Endowment funds totalling £73,318,000. This amount includes expendable endowment of £6,218,000 relating to the Parsonages Housing Fund and permanent endowments of £67,100,000. The permanent endowment includes £66,685,000 relating to the Diocesan Stipends Fund of which £44,839,000 is unapplied total return. The Trustees can apply the unapplied total return to the Diocesan Stipends Fund Income Account, to use for the restricted purpose of payment of clergy stipends, houses and management and maintenance of Glebe property.

Restricted Funds totalling £3,336,000. To be spent in accordance with the donor's wishes.

Unrestricted funds of £17,220,000. Unrestricted funds includes £15,624,000 of designated funds, which substantially relate to operational properties and are therefore illiquid. Unrestricted funds less designated funds and tangible fixed assets for charitable use total £1,594,000.

The objective of the DBF's reserves policy is to ensure adequate working capital resources. During 2020 the policy was to ensure the General Fund was within a range equivalent to two and a half and three and a half months' worth of operating funds spend approved by Diocesan Synod for the ensuing year. This policy has been reviewed throughout 2020 and has been left unchanged.

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Diocesan Synod approved a maximum sum to be spent from operating funds in 2021 of £9,962,358. Since the approval of the budget, the urban Church Plants element of the Growth Strategy has been scaled down to 4 plants rather than 6, thus reducing the operating funds required in 2021. The balance on the General Fund at 31 December 2020 was £1,596,000 which represents 2 months' spend and is just below the bottom of the policy target range.

1.5 PLANS FOR THE FUTURE and FUTURE COMMITMENTS

The Coventry Diocesan mission strategy has been shaped by long-term investment in the development of healthy churches using the Natural Church Development programme (NCD). There is now a recognition that to see real numerical growth we must now widen our missional focus to develop an integrated strategy for church planting which includes new church communities (church plants) in areas of new housing, urban estates, and in other developed communities where mission potential exists. This activity will be supported by the development of six key churches serving as 'Resourcing Hub' churches in addition to on-going development of St Marks Resource Church launched in 2016. This will happen across various contexts; rural, urban, estates, and market towns, and encompass a breadth of church tradition, fresh expressions of church, missional communities and worship styles. In 2020 the Growth Strategy was approved by Bishop's Council and in 2021 work to identify and commission the Resourcing Hub churches has begun.

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SECTION 2: GOVERNANCE REPORT

2.1 COMPANY LEGAL STATUS

The DBF was incorporated on 12 October 1936 as a charitable company (No. 319482) limited by membership guarantees and its governing documents are the Memorandum and Articles of Association. The DBF is registered with the Charity Commission (No. 247828). The DBF has also been designated as the Parsonages Board for the Diocese of Coventry under the Repair of Benefice Buildings Measure 1972.

2.2 DIOCESAN SYNOD AND DBF MEMBERSHIP

The Diocese is governed in accordance with the Synodical Government Measure 1969, under which its governing body is the Diocesan Synod. Every Diocesan Synod member is a member of the DBF for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up.

The Diocesan Synod is made up of three Houses:-

House of Bishops: the Bishop of Coventry (President of the Diocesan Synod) and the Bishop of Warwick.

House of Clergy: 58 members, including the Chair of the House and seven ex-officio members (the Dean of the Cathedral, two Archdeacons, the Chair of the Diocesan Advisory Committee and the three diocesan clergy General Synod members). The remainder were elected by the houses of clergy of Deanery Synods.

House of Laity: 50 members, of whom six were ex officio (the Chancellor of the Diocese, the Chair of the Board of Finance, the Chair of Board of Education, the three diocesan lay General Synod members) and one was nominated by the Bishop of Coventry. The remainder were elected by the houses of laity of Deanery Synods. Elected and nominated members of the Diocesan Synod hold office for a term of three years. Elections for a new triennium will happen in 2021, with the new Diocesan Synod in place from 1st August. The Diocesan Synod normally meets three times a year and its functions are to:

- consider matters affecting the Church of England in the Diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the Bishop where requested;
- deal with matters referred by General Synod;
- consider the annual accounts of the DBF;
- consider and approve the DBF's annual budget

Diocesan Synod governs itself through Standing Orders, which were approved by Diocesan Synod on 19 July 2000, and amended on 14 March 2009. Through the Standing Orders, many of Diocesan Synod's responsibilities have been delegated to its Standing Committee, the Bishop's Council.

2.1 BISHOP'S COUNCIL AND THE TRUSTEES AND DIRECTORS OF THE DBF

The Bishop's Council is the senior committee of the Diocese. Under the Standing Orders of the Diocesan Synod its members have a number of concurrent roles. They are the members of the Standing Committee of Diocesan Synod, the trustees of the Charity for the purposes of charity law, the directors of the DBF for the purposes of company law, and the members of the Diocesan Mission and Pastoral Committee.

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As the Standing Committee of the Diocesan Synod, the Bishop's Council:

- plans the business of the Synod and circulates the agenda and supporting papers for its sessions;
- initiates proposals for action by the Synod and advises it on matters of policy;
- advises the President (the Diocesan Bishop) on any matter;
- transacts the business of the Synod when not in session;
- appoints members of committees and nominates individuals for election to committees;
- carries out such functions as the Synod may delegate to it.

As the Diocesan Mission and Pastoral Committee and in consultation with the eleven Deanery Mission and Pastoral Committees, the Bishop's Council:

- advises the Bishop of Coventry on the deployment of clergy within the Diocese;
- considers and authorises pastoral schemes.

As the trustees and directors of the DBF, the Bishop's Council:

- takes responsibility for the activities of the DBF, including financial accountability as set out below;
- manages funds and property held centrally in the Diocese;
- prepares an annual budget for consideration and approval by Diocesan Synod, with estimates of expenditure and the income needed to finance that expenditure;
- monitors income and expenditure against estimates in the budget approved by Diocesan Synod;
- advises the Diocesan Synod on financial aspects of its policies and on any other matters referred to it.

Financial accountability responsibilities of Bishop's Council members as trustees and directors

The trustees of the DBF, who are also the directors of the DBF for the purposes of company law, are responsible for preparing the Directors' and Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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. They are also responsible for the maintenance and integrity of the DBF's corporate and financial information included on the diocesan website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Membership of the Bishop's Council

The membership of the Bishop's Council is comprised of a maximum of 32 members as follows:

- 8 ex officio members;
- 15 members elected by the Diocesan Synod (seven clergy and eight lay, in both cases with a minimum of two from each archdeaconry);
- up to 6 nominated members (three may be nominated by the Bishop of Coventry and one may be nominated by each of the Diocesan Advisory Committee, the Parsonages Committee and the Diocesan Board of Education);
- up to 3 members co-opted by the Bishop's Council.

The Chair of the DBF, one of the ex officio members of Bishop's Council, is nominated by the Bishop of Coventry and appointed by Diocesan Synod. During 2020, the Bishop's Council met five times as Bishop's Council and board of trustees and directors. The term of office of the members of Bishop's Council (excluding ex officio members) lasts for three years. Their term will end in 2021, upon the election of the new Diocesan Synod. During the year and as at the date of this report the members of Bishop's Council were as follows:

EX-OFFICIO

President The Rt Revd Dr Christopher Cocksworth

Bishop of Warwick The Rt Revd John Stroyan

Archdeacon Pastor The Ven Sue Field

Archdeacon Missioner The Ven Barry Dugmore

Dean of Coventry The Very Revd John Witcombe

Chair of the House of Clergy The Revd Charlotte Gale – *to September 2020*

Chair of the House of Laity Mrs Helen Simmonds

Chair of the DBF Mr Simon Danks - *from June 2020 (Interim Chair Mr Peter Rogers)*

NOMINATED MEMBERS

Chair of DAC The Revd Canon Richard Williams

Chair of DBE The Revd Elaine Scrivens, *retired*. Mr Chris Edwards

BISHOP'S NOMINEE

The Revd Clive Hogger

The Revd Kate Massey

The Revd Canon Dr Jill Tucker

ELECTED CLERGY

The Revd Graeme Anderson

The Revd Stella Bailey

The Revd Dwayne Engh

The Revd Alison Evans – *from September 2020*

The Revd Kay Dyer – *from September 2020*

The Revd Claire McArthur – *Chair of the House of Clergy from September 2020*

The Revd Richard Mutter – *resigned August 2020*

The Revd Celia Parkes – *retired August 2020*

The Revd Canon Dr David Stone

ELECTED LAITY

Mrs Karen Armbrister

Mr John Franks

Mr Tim Pollard

Mr David Spiers

Mr Chris Baker

Mrs Jo King

Mr Peter Rogers

Dr Yvonne Warren

CO-OPTED MEMBERS

Mrs Joyce Amos

Mr James Styan Kendall

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2.4 COMMITTEE STRUCTURE

There are a number of Diocesan committees which advise the DBF. They are:

- the Audit and Risk Committee, which considers the appointment of the auditor, the audit fee, the nature and scope of the audit, reviews the annual financial statements prior to submission to Bishop's Council and keeps under review the systems of internal control and risk management;
- the Business Committee, which considers the content of the agendas for Bishop's Council and the Diocesan Synod;
- the Conditions of Employment Group, which deals with the terms and conditions of employment, including remuneration, of staff employed by the DBF and annual increases to clergy stipends in line with increases in the cost of living, except the Diocesan Secretary (whose terms and conditions of employment, including remuneration, are reviewed by the Chair of the DBF and the Diocesan Bishop);
- the Diocesan Advisory Committee for the Care of Churches ("the DAC"), which advises on the repair and improvement of places of worship, their contents and churchyards, with a view to the furtherance of the Church's mission and the protection of the nation's heritage;
- the Diocesan Environment Group, which encourages the Diocese in its vocation to care for the earth;
- the Diocesan Finance Group, which monitors the finances of the DBF and advises Bishop's Council on financial matters, in particular the application of the Deanery Share system and matters relating to the Church Fabric Fund;
- the Diocesan Mission Fund Committee, which considers matters relating to the Diocesan Mission Fund and Church Improvement Grants, makes recommendations to Bishop's Council and makes decisions on grants of less than £10,000;
- the Glebe Committee, which oversees the management of Diocesan Glebe investments, under the powers laid down in a scheme under the Endowments and Glebe Measure 1976;
- the Investment Sub-Committee, which oversees investment strategy and policy;
- the Parsonages Committee, which considers policy, repairs and improvements in relation to parsonage houses, under powers laid down in a scheme under the Repair of Benefice Buildings Measure 1972.

2.5 DIOCESAN SECRETARY AND STAFF

The Diocesan Secretary, Mrs Ruth Marlow, serves as the Secretary to Diocesan Synod and Bishop's Council and as Chief Executive Officer and Company Secretary of the DBF. The Diocesan Secretary and her staff carry out the day-to-day work of the DBF. They consult regularly with the Chair of the DBF and the various diocesan committees. Whilst senior staff have job titles incorporating the word 'Director' they are not directors of the company for the purposes of company law or trustees of the charity for the purposes of charity law. For information relating to staff headcount and costs, see note 10 to the financial statements. In 2020 there were staff working in the areas of IT systems and property that are employed under joint working arrangements by the Leicester Diocesan Board of Finance (company registered number 227087; registered charity number 249100). These arrangements are regularly reviewed and continue to be an effective method generating economies of scale without detriment to the service provided.

2.6 RELATED PARTIES

Coventry Diocesan Trustees (Registered)

The Coventry Diocesan Trustees (Registered), registered charity number 249165, is the Diocesan Authority under the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964. The Trust is the custodian trustee holding property and funds on behalf of PCCs and the DBF.

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Coventry Diocesan Board of Education

Coventry Diocesan Board of Education ("the DBE" – a company registered in England and Wales no. 3663851 and a registered charity no. 1091145) is a statutory body established under the Diocesan Boards of Education Measure 1991, responsible to Diocesan Synod. Its functions under this measure principally relate to the promotion or assistance in the promotion of education in the Diocese, which is consistent with the faith and practice of the Church of England and therefore consistent with the objectives of the DBF.

2.7 OTHER GOVERNANCE MATTERS

Risk management

The trustees confirm that the risks to which the DBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures to manage those and other identified risks have been established and reviewed. The trustees review the risk register at least annually and delegate to the DBF leadership team day to day management of the risks the DBF is exposed to. In addition, the Audit & Risk Committee reviews the risk management processes and the risk register at least annually, and reports to the trustees on whether it is satisfied with its findings. This year the register has been reviewed at each Audit & Risk Committee meeting. Recommendations are made as a result of those findings.

The principal risks identified are shown in Section 1.2 of this report.

Valuation of properties in the financial statements

Investment properties are stated in the balance sheet at fair value. All non-investment properties - parsonage houses, operational properties, houses for clergy held in Glebe and the diocesan offices – are freehold properties and are stated in the balance sheet at cost. In the opinion of the trustees the fair value of these non-investment properties is substantially in excess of cost, but the amount of this excess is not economically quantifiable.

Auditor

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees and directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

A resolution to reappoint Crowe LLP as auditor to the company and to authorise the Board of Directors to fix the auditor's remuneration will be proposed at the Annual General Meeting.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2020

2.8 REFERENCE AND ADMINISTRATIVE DETAILS

<i>Registered & Principal Office</i>	Diocesan Offices, 1 Hill Top, Coventry, CV1 5AB
<i>Telephone</i>	024 7652 1200
<i>Website</i>	www.Dioceseofcoventry.org
<i>Company registration number</i>	319482 (England and Wales)
<i>Charity registration number</i>	247828 (England)
<i>Company Secretary</i>	Mrs Ruth Marlow
<i>Registrar and solicitors</i>	Mrs Mary Allanson, Rotherham & Co 8 & 9 The Quadrant, Coventry, CV1 2EG
<i>Auditor</i>	Crowe UK LLP Black Country House, Rounds Green Road, Oldbury, B69 2DG
<i>Bankers</i>	Bank of Scotland Pentland House, 8 Lochside Avenue, Edinburgh, EH12 9DJ
<i>Diocesan Surveyors</i>	YMD Boon Ltd York House, Fernie Road, Market Harborough, LE16 7PH
<i>Glebe Agent</i>	Godfrey-Payton 25 High Street, Warwick, CV34 4BB
<i>Insurers</i>	Ecclesiastical Insurance Office plc Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
<i>Investment Managers</i>	CCLA Investment Management Ltd Senator House, 85 Queen Victoria Street, London, EC4V 4ET Ecclesiastical Investment Management Ltd Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

SECTION 3: DIRECTORS' AND TRUSTEES' REPORT APPROVAL

This Trustees' and Directors' Report, including both the Strategic Report and the Governance Report, is approved by the trustees, by whose authority it is signed as below.



Mr Simon Danks

Chair of Coventry Diocesan Board of Finance Limited

18 May 2021

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

Opinion

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have 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 charitable company and their 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The key laws and regulations we considered in this context for the UK operations were employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Kerry Brown | Senior Statutory Auditor



For and on behalf of **Crowe U.K. LLP**

Statutory Auditor

Black Country House, Rounds Green Road, Oldbury, West Midlands, B69 2DG

Date: 1 June 2021

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

	Notes	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s	2019 Total £000s
Income and endowments from:							
Donations							
Parish Share	4a	4,639	-	349	-	4,988	5,329
Church Commissioners	4b	63	-	800	-	863	607
Other grants and donations	4c	236	-	244	-	480	843
Charges for charitable activities	4d	218	-	-	-	218	364
Other trading activities	4e	626	-	-	-	626	637
Investments							
Investments income	4f	65	5	53	2,213	2,336	2,357
Total return allocated to income	18	-	-	2,213	(2,213)	-	-
Release of historic return	18	-	-	1,909	(1,909)	-	-
Surplus on sale of assets		-	640	-	-	640	104
Total		5,847	645	5,568	(1,909)	10,151	10,241
Expenditure on:							
Raising funds	5a	239	-	186	-	425	512
Charitable activities							
Mission and ministry	5b	1,170	-	4,185	-	5,355	5,278
Support for mission and ministry	5c	2,212	118	354	-	2,683	3,463
Contributions to Archbishops'							
Council	5d	517	-	-	-	517	541
Diocesan Board of Education	5e	188	-	-	-	188	197
Other	5f	-	-	-	6	6	42
Total		4,325	118	4,725	6	9,173	10,033
Net income before investment gains		1,522	527	843	(1,915)	978	208
Net gains on investments:							
Net gains on revaluation	12	138	7	79	2,339	2,563	5,466
Surplus on sale of investments		-	-	-	288	288	49
Net income		1,660	534	922	712	3,829	5,723
Transfers between funds	19	(2,692)	3,044	(671)	320	-	-
Other recognised gains:							
Gains on revaluation of fixed assets		-	-	-	-	-	8
Actuarial gains on defined benefit pension scheme	2	-	-	-	5	5	1,148
Net movement in funds		(1,032)	3,578	250	1,037	3,834	6,879
Reconciliation of funds							
Funds at 1 January	0	2,660	12,046	3,086	72,249	90,041	83,162
Net movement in funds		(1,032)	3,578	250	1,037	3,833	6,879
Funds at 31 December	0	1,628	15,624	3,336	73,286	93,874	90,041

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2020

	2020	2019
	Total	Total
	£000s	£000s
Total income	10,151	10,241
Total expenditure	9,167	9,991
	984	250
Net gains on investments	224	335
Net income for the year before transfers	1,208	585
Transfer to endowment funds	(320)	(266)
Net income for the year after transfers	888	319

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	2020 £000s	2019 £000s
Cash flows from operating activities:		
Net cash generated by operating activities	(1,379)	106
Cash flows from investing activities:		
Proceeds from sale of fixed asset properties	810	786
Purchase of fixed assets	(332)	(1,445)
Proceeds from sale of investments	1,269	156
Purchase of investments	(951)	(2,246)
Net cash used by investing activities	796	(2,749)
Change in cash and cash equivalents in the year	1,335	(2,643)
Cash and cash equivalents at 1 January	1,946	4,589
Cash and cash equivalents at 31 December	3,281	1,946

	2020 £000s	2019 £000s
Analysis of cash and cash equivalents at 31 December		
Cash in hand	700	592
Short term deposits (less than 3 months)	2,581	1,354
Total cash and cash equivalents	3,281	1,946

Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £000s	2019 £000s
Net movement in funds for the year	3,833	6,879
Adjustments for:		
Gains on investments	(3,833)	(5,515)
Profit on sale of fixed asset properties	(640)	(104)
Net gains on revaluation	2	2
Loss on revaluation of fixed assets	-	(8)
Actuarial losses on defined benefit pension scheme	5	(1,148)
Unwinding of pension liability discount	(6)	42
Payment of pension deficit contributions	(336)	(316)
(Increase)/Decrease in debtors	53	370
Decrease in creditors	(457)	(96)
Net cash generated by operating activities	(1,379)	106

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

for the year ended 31 December 2020

	Notes	2020 £000s	2019 £000s
FIXED ASSETS			
Tangible fixed assets	11	18,290	18,770
Fixed asset investments	12	<u>71,503</u>	<u>68,937</u>
		89,793	87,707
CURRENT ASSETS			
Debtors	13	2,354	2,407
Cash and cash equivalents		<u>3,281</u>	<u>1,946</u>
		5,635	4,353
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	14	<u>(1,376)</u>	<u>(1,478)</u>
NET CURRENT ASSETS			
		<u>4,259</u>	<u>2,875</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		94,052	90,582
Creditors: amounts falling due after more than one year	15	(178)	(541)
NET ASSETS			
	20	<u>93,874</u>	<u>90,041</u>
FUNDS			
Unrestricted funds:			
General Fund	16	1,628	2,660
Designated funds	16	<u>15,624</u>	<u>12,046</u>
		17,252	14,706
Restricted funds			
Endowment funds	16	3,336	3,086
	16	<u>73,286</u>	<u>72,249</u>
TOTAL FUNDS		<u>93,874</u>	<u>90,041</u>

The financial statements on pages 30 to 52 were approved by the Board of Directors and authorised for issue on 18 May 2021 and are signed on its behalf by:



Mr Simon Danks

Chair of Coventry Diocesan Board of Finance Limited

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

1 Principal accounting policies

Basis of accounting

The DBF is a charitable company and a public benefit entity. Therefore, the financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (FRS 102), the Companies Act 2006 and the applicable UK accounting standard (FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements have been prepared under the historical cost convention except that fixed asset investments are included at fair value at the balance sheet date. After making enquiries the trustees are satisfied that the DBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Income

Income is included in the Statement of Financial Activities when the charity is legally entitled to it, receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish share income

Parish share income for the year, or for previous years, include amounts received up to the 31 January following the year end.

Income from parochial fees

Income from parochial fees is accounted for when received.

Grants (receivable)

Grant income is accounted for when the formal offer of funding is communicated in writing, any conditions related to the entitlement have been met, receipt is probable and the amount can be measured reliably.

Donations, legacies and similar income

Income from legacies is recognised when the DBF has been notified that there is a clear indication of the amount receivable. Donations and similar income are accounted for when received.

Investment income

Investment income is accounted for when receivable. Investment income from Common Investment Funds managed by CCLA Investment Managers Ltd is considered receivable when dividends are declared.

Deferred income

Income is recognised as deferred where the event or rental period to which the income relates occurs beyond the end of the financial period being reported on.

Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate similar costs under each category of the Statement of Financial Activities.

Grants (payable)

Grants payable, are accounted for either in full or in part, when authorised, when the award of the grant has been specifically communicated to the recipient or when paid if there is no communication to the recipient in advance, and when any condition attaching to the grant is outside the control of the DBF.

Support costs

These costs consist of indirect staff costs, office and IT costs and governance costs. They are allocated to categories of expenditure on the basis of the proportion of staff time spent on each area of activity.

Governance costs

The costs allocated to governance costs are those costs incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Operating leases

Payments under operating leases are charged against income as incurred.

Investment gains and losses

A total return approach has been adopted for the Diocesan Stipends Fund Capital Account. Part of the historic unapplied total return will be allocated to income in the year as determined by the Bishop's Council.

Other investment realised gains or losses are recognised in the Statement of Financial Activities when investments are sold.

Unrealised gains or losses are accounted for on revaluation of investments at the year end.

Tangible fixed assets

Parsonage houses, operational properties and the diocesan offices

Parsonage houses, operational properties and the diocesan offices are held at cost or estimated cost. The cost of extensions which enhance the capital value of buildings is capitalised.

For parsonage houses, the legal title and right to beneficial occupation are vested in the incumbent, whereas the DBF is responsible for the maintenance and repair of such properties and can determine their subsequent use or sale. FRS 102 requires accounting treatments to follow the substance of arrangements rather than their strict legal form. Accordingly, parsonage houses are capitalised as tangible fixed assets.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

Operational properties are houses owned by the DBF for occupation by stipendiary clergy and House for Duty priests.

The Diocesan Offices are at 7 Priory Row, Coventry (which shares the postal address of 1 Hill Top, Coventry, CV1 5AB).

Glebe houses

Glebe houses are for occupation by clergy and are therefore classified as tangible fixed assets. Glebe houses are those which have been purchased or appropriated from other funds using the Capital Account of the Diocesan Stipends Fund.

Depreciation

Depreciation is not provided on land and buildings as any annual or accumulated depreciation would not be material. This is due to the long estimated remaining useful economic lives and because the estimated residual values are not materially less than their carrying values and the buildings are unlikely to suffer from obsolescence. Disposals of buildings occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying values. The DBF has a policy of regular inspection, repair and maintenance of buildings, charges for which are included in expenditure in the Statement of Financial Activities.

Depreciation of non-property fixed assets is charged at rates estimated to write off their cost less any residual value evenly over the expected useful lives that are as follows:

IT & Telecommunications Equipment	3 years
Office Furniture and Fittings	5 years

Individual items of office equipment and furniture with a purchase price of £5,000 or less are written off in the year in which the assets are acquired.

Financial instruments

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 ("Glebe properties") are included at fair value. Glebe properties which are fixed asset investments are comprised of commercial properties and agricultural properties. Agricultural properties are predominantly land but include some agricultural buildings and residential properties. Glebe properties also include houses for occupation by clergy that are treated as tangible fixed assets.

Unlisted shares in investment funds are included at fair value at the balance sheet date.

Current assets and liabilities

Debtors are measured at the transaction price less any impairment losses. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources. Creditors are measured at the transaction price less any amounts settled. For pension liabilities, see note 2.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with any qualifying institution repayable on demand without more than seven days' notice or penalty.

Fund accounting

The General Fund is an unrestricted income fund which receives income available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted income funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes below.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

Fund accounting (continued)

Endowment funds are funds held on trust to be retained for the charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

2 Pension schemes' accounting policy and significant estimates and judgments

The DBF participates in three pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other two are for lay staff and are separate sections of the Church Workers Pension Fund – one a final salary scheme and the other a deferred annuity scheme. All three of these schemes are multi-employer defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. A valuation of each scheme, to determine future contribution levels, is carried out once every three years and the resulting report and recovery plan for any deficit is required to be completed within fifteen months of the valuation date. On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that formerly contracted-out schemes are required to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. In November 2020, the High Court handed down a further ruling concerning the equalisation of GMPs. This ruling requires Trustees to equalise transfer payments paid from schemes. This exercise will require a check on previous transfers paid and if appropriate pay a top-up transfer payment to the receiving scheme if the GMP element is deemed to be unequal.

Normally the Employer is required to reflect both the backdated and future costs of GMP equalisation arising from this judgment. However, since the DBF participate and are accounting as multi-employer defined benefit pension schemes this is not applicable. Any uplift in liability will be reflected in the financial statements once revised deficit recovery payment plans are issued.

Accounting policy

Where the scheme is in deficit and the DBF is required to make deficit recovery contributions, this obligation is recognised as a liability within creditors in the Balance Sheet. The amount recognised is the sum of the deficit recovery contributions payable, discounted to the net present value. The unwinding of the discount in each year, together with contributions required by the Pensions Board for the benefit in relation to pensionable service in the year, is recognised within expenditure in the Statement of Financial Activities. Changes in the pension liability due to changes in the discount rate used and due to inaccuracies and changes in the actuarial assumptions made by the Pensions Board are recognised as actuarial gains or losses in the Statement of Financial Activities. The liability and movements in the liability are allocated to the Diocesan Stipends Fund Capital Account, an endowment fund held for investment return for the benefit of the Diocesan Stipends Fund Income Account which is expected to be sufficient to cover the DBF's future deficit recovery contributions. Deficit recovery contributions actually paid in the year are transferred from the Diocesan Stipends Fund Income Account to the Diocesan Stipends Fund Capital Account.

The defined Benefits Scheme ("DBS") section of the church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. At 31 December 2018, the DBF had no active members, and plans not to admit any further Coventry DBF staff to membership of this section of the scheme. Also, three joint workers employed by Leicester Diocesan Board of Finance ("Leicester DBF") were active members of this section of the Church Workers Pension Fund.

The most recent scheme valuation completed was carried out as at 31 December 2016. The DBF paid in full its share of the deficit of £54,100, which was based on no active members, one deferred member and its share of the liability for retirement and death benefits. The Leicester DBF contribution rate (affecting the cost of joint workers in this section of the Church Workers Pension Fund), effective from 1 April 2015 was 22% of salary and is 30.8% of salary from 1 April 2018. A liability of £62,000 (2019:£62,000) has been accrued within Other Accruals for the DBF share of the deficit relating to joint workers in the scheme.

Church Workers Pension Fund - Pension Builder Classic Scheme

The Pension Builder Classic Scheme section of the Church Workers Pension Fund builds an annuity for members for payment from retirement, accumulated from contributions paid and converted into an annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors. There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The expectation is that any future shortfall or surplus in the scheme will result in a curtailment or increase in bonuses declared. At 31 December 2020, the DBF had 47 (2019:48) active members in the scheme.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

2 Pension schemes' accounting policy and significant estimates and judgments (continued)

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016 at which date the market valuation of the assets was £118.4m and there were 6,170 members, comprised of 2,244 active members, 2,024 deferred members and 1,902 pensioner and dependant members. The 2016 valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time. A new valuation as at 31 December 2019 is now underway.

Church of England Funded Pension Scheme (CEFPS)

With effect from 1 January 1998, diocesan clergy became members of the new Church of England Funded Pensions Scheme. To enable a valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for future improvements in mortality in line with the CMI 2018 extended model, with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5%p.a..

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

% of pensionable stipends	January 2018 to	January 2021 to
Deficit repair contributions	11.9%	7.1%

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 2019 and over 2020 is set out in the table below.

Church of England Funded Pensions Scheme pension liability movements:	2020 £000s	2019 £000s
Pension liability at 1 January	732	2,154
Deficit contributions paid	(336)	(316)
Interest cost	6	42
Remaining change to the balance sheet liability*	(5)	(1,148)
Balance sheet liability at 31 December	<u>397</u>	<u>732</u>
Due within one year	339	347
Due after more than one year	-	385

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

Assumptions used by the Pensions Board to calculate the pension liability:	2020	2019	2018
Discount rate	0.2% p.a	1.1% p.a.	2.1% p.a.
Price inflation	3.1% p.a	2.8% p.a.	3.1% p.a.
Increase to total pensionable payroll	1.6% p.a	1.3% p.a.	1.6% p.a.

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

2 Pension schemes' accounting policy and significant estimates and judgments (continued)

Valuation of Glebe Assets

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Market activity is being impacted in many sectors. At the date of valuation of the Glebe assets, Godfrey Payton considered that they could attach less weight to previous market evidence for comparison purposes, and that there are unprecedented circumstances on which to base a judgement. The valuation is therefore reported on the basis of "material valuation uncertainty" as per VPS3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty, and a higher degree of caution should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID19 might have on the real estate market, it is recommended that the valuation of these assets is kept under frequent review.

3 Net income	2020	2019
	£000s	£000s
Net income is stated after charging/(crediting):		
Auditor's remuneration for the audit	18	15
Depreciation	2	2
Hire of office equipment	4	4
Surplus on disposal of tangible fixed assets	(640)	(104)

4 Analysis of income

a Parish Share

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s	2019 Total £000s
Parish Share assessed for the year	5,098	-	349	-	5,447	5,463
Less shortfall in contributions	(515)	-	-	-	(515)	(161)
Received for the year	4,583	-	349	-	4,932	5,302
Arrears received in respect of previous years	56	-	-	-	56	27
	4,639	-	349	-	4,988	5,329

Within the shortfall in contributions £277k was funded by the release of historic assets, known as the Parish Share relief scheme.

b Grants from Church Commissioners and Archbishops' Council

This reflects monies from Church Commissioners and Archbishops' Council which are used in the following activities:

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s	2019 Total £000s
Capacity Funding	-	-	231	-	231	-
Ministry Division funding of Curates	22	-	-	-	22	-
Lowest Income Communities grant	-	-	385	-	385	429
Ordination Training Grant (see note 17)	-	-	184	-	184	140
Contribution to Bishop's Legal costs	41	-	-	-	41	38
	63	-	800	-	863	607

c Other grants and donations

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s	2019 Total £000s
Offa House sale proceeds	-	-	-	-	-	363
King Henry VIII Endowed Trust	-	-	224	-	224	234
Allchurches' Trust	105	-	-	-	105	98
New church building	-	-	-	-	-	59
Other similar income	131	-	20	-	151	89
	236	-	244	-	480	843

Other includes £88k Ordinands pooling adjustments and £22k HMRC furlough grant.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

4 Analysis of income (continued)

d Charges for charitable activities

	General	Designated	Restricted	Endowment	2020	2019
	Fund	funds	funds	funds	Total	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Parochial fees	217	-	-	-	217	355
Churches closed for public worship	-	-	-	-	-	8
Contributions to expenditure	1	-	-	-	1	1
	218	-	-	-	218	364

Bishops Council agreed to waive the fees for funerals for part of the year.

e Other trading activities

	General	Designated	Restricted	Endowment	2020	2019
	Fund	funds	funds	funds	Total	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Rental income from non-investment properties	385	-	-	-	385	375
Recharged payroll costs	166	-	-	-	166	139
Training	1	-	-	-	1	64
Sundry income	74	-	-	-	74	59
	626	-	-	-	626	637

Recharged payroll costs relate to joint workers between Coventry Cathedral and the Diocesan Board of Finance, and to employees working as Bishops' staff paid by Church Commissioners. With no chargeable face to face training events in the year, there was a reduction in training income.

f Investments

	General	Designated	Restricted	Endowment	2020	2019
	Fund	funds	funds	funds	Total	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Glebe property income	-	-	-	1,282	1,282	1,358
Unlisted securities	61	3	31	931	1,026	970
Bank and deposit interest	4	2	1	-	7	23
Other property income	-	-	21	-	21	6
	65	5	53	2,213	2,336	2,357

5 Analysis of expenditure

a Raising funds

	General	Designated	Restricted	Endowment	2020	2019
	Fund	funds	funds	funds	Total	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Glebe operating costs	-	-	124	-	124	179
Glebe management fees	-	-	62	-	62	64
Parsonage rental costs	47	-	-	-	47	52
Support costs	192	-	-	-	192	217
	239	-	186	-	425	512

b Mission and ministry

	General	Designated	Restricted	Endowment	2020	2019
	fund	funds	funds	funds	Total	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Clergy stipends costs (see note 9)	-	-	3,303	-	3,303	3,161
Curates' stipends costs (see note 9)	-	-	702	-	702	613
Clergy housing	684	-	180	-	864	964
Clergy appointment and retirement costs	96	-	-	-	96	85
Staff costs (see note 10)	137	-	-	-	137	141
Fees to retired stipendiary clergy	19	-	-	-	19	37
Other clergy diocesan expenses	58	-	-	-	58	86
Support costs	176	-	-	-	176	191
	1,170	-	4,185	-	5,355	5,278

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

5 Analysis of expenditure (continued)

c Support for mission and ministry

	General fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s	2019 Total £000s
Department costs	187	1	7	-	195	283
Staff costs (see note 10)	1,069	-	-	-	1,069	1,074
Grants (see note 7)	333	117	308	-	758	851
Churches closed for public worship	-	-	27	-	27	50
Legal costs	-	-	-	-	-	51
New church building	-	-	12	-	12	636
Support costs	623	-	-	-	623	518
	2,212	118	354	-	2,683	3,463

Support for ministry and mission includes activities carried out by the Diocesan Training Partnership, Acceler8 and Serving Christ projects, and the costs of supporting the joint venture Together For Change.

The new church built in Stoke Aldermoor was financed by Mission to Lowest Income Communities grant funding with the final retention paid in the year.

d Contributions to Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s	2019 Total £000s
Training for ministry	232	-	-	-	232	232
National Church Responsibilities	174	-	-	-	174	184
Grants & provisions	19	-	-	-	19	20
Mission agencies' pension costs	9	-	-	-	9	2
Retired clergy housing & other costs	83	-	-	-	83	79
Pooling of candidates' costs	-	-	-	-	-	24
	517	-	-	-	517	541

e Diocesan Board of Education

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s	2019 Total £000s
Grants (see note 7)	159	-	-	-	159	160
Support costs	29	-	-	-	29	37
	188	-	-	-	188	197

f Other

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s	2019 Total £000s
Unwinding of pension liability discount	-	-	-	6	6	42
	-	-	-	6	6	42

6 Analysis and allocation of support costs

	Raising funds £000s	Ministry & mission £000s	Support for ministry & mission £000s	Education £000s	2020 Total £000s	2019 Total £000s
Governance, management & finance						
Staff costs (see note 10)	124	52	244	28	448	449
Other costs	26	18	100	1	145	130
Office						
Staff costs (see note 10)	14	89	137	-	239	161
Other costs	28	17	142	-	187	223
	192	176	623	29	1,019	963

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2020

7 Grants Awarded

	2020 £000s	2019 £000s
To parishes and other organisations in the Diocese		
<i>Mission & ministry in parishes</i>		
Mission to Lowest Income Communities grants	109	160
Diocesan Mission Fund grants to parishes	21	60
20-30s development work	39	34
Growing Faith project grants to parishes	50	-
Bishop's mission funds grants to parishes	17	5
<i>Church land and buildings</i>		
Church Improvement Fund grants for ten churches (2018: none)	44	44
Other church building developments	-	35
Church Fabric Fund grants for four churches (2018: ten churches)	30	16
<i>Other organisations in the Diocese</i>		
Coventry Diocesan Board of Education	159	160
Coventry Cathedral for Open Admission programme	-	50
Together For Change	30	42
Coventry Cathedral for diocesan services	16	17
Coventry Cathedral for diocesan centenary	-	9
Hope Coventry	-	7
Coventry Diocesan Board of Education for diocesan centenary	-	4
	515	643
To other institutions		
Link Dioceses of Kaduna, Kapsabet and Jerusalem	-	22
Syrian Orthodox Christian School	-	10
	-	32
To individuals		
For support of ordinands in ministerial training	386	300
Other grants to clergy and readers	15	27
Lay retreat grants	1	9
	402	336
	917	1,011

Summarised by fund type:

	General Fund £000s	Designated funds £000s	Restricted funds £000s	2020 Total £000s	2019 Total £000s
Support for mission and ministry					
Mission and ministry in parishes	89	43	104	236	259
Church land and buildings	-	74	-	74	95
Other organisations in the Diocese	46	-	-	46	129
Other institutions	-	-	-	-	32
Individuals	198	-	204	402	336
	333	117	308	758	851
Diocesan Board of Education					
Other organisations in the Diocese	159	-	-	159	160
	159	-	-	159	160
	492	117	308	917	1,011

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

8 Trustees' emoluments and expenses

None of the trustees received any emoluments from the DBF for services performed as directors (2019: £nil).

The parochial clerical members who are trustees of the DBF and the archdeacons are in receipt of a stipend, housing and other payments made to clergy paid by the DBF by virtue of their office. The DBF provides housing for the Suffragan Bishop by virtue of his office.

One trustee received a total of £97 in the year for travel expenses related to activity as trustees of the DBF (2019: seven and £441).

One trustee received a total of £502 in the year for travel and other expenses in connection with their membership of the General Synod of the Church of England, membership of which is not connected with their membership of the Board (2019: two and £552).

Eleven trustees received a total of £521,392 in connection with other offices held in the Diocese (2019: eighteen and £451,409).

These amounts were for stipends, accrued pension benefits, housing, expenses and sundry grants for resettlement and ministerial

Yvonne Warren provided counselling services to the DBF and received £1,100 (2019: £280) as payment for services provided.

Yvonne Warren is a trustee of the DBF and a self-employed professional counsellor. The transactions were conducted in accordance with the DBF's normal procurement procedures.

9 Clergy headcount and costs

The average full time equivalent number of stipendiary clergy who were office holders in the Diocese was 111 (2019: 108); this included two (2019: two) archdeacons.

	2020 £000s	2019 £000s
Stipends	2,956	2,826
Social security costs	244	233
Pension contributions	761	715
	3,962	3,774

10 Staff headcount and costs

a Staff numbers based on headcount

	2020 Headcount	2019 Headcount
Staff employed directly:		
Mission and ministry	6	5
Support for mission and ministry	32	34
Central support	10	12
	48	51
Staff employed via third parties		
Support for mission and ministry	1	1
Central support	3	4
	52	56

b Staff costs

	2020 £000s	2019 £000s
Staff employed directly:		
Salaries	1,417	1,402
Social security costs	134	124
Pension contributions	140	138
	1,691	1,664
Staff employed via third parties:		
For service in the year	199	161
	1,890	1,825

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

10 Staff headcount and costs (continued)

The number of employees whose total remuneration amounted to over £60,000 in the year was as follows:

	2020 Headcount	2019 Headcount
£70,001 to £80,000	1	1
£60,001 to £70,000	1	1

None (2019: none) accrued retirement benefits under a defined benefit pension scheme.

Joint workers are employed by the Leicester Diocesan Board of Finance under joint working arrangements. Their full time equivalents' headcount and costs relate to time allocated to and paid for by the Coventry DBF.

Clergy and licensed lay workers who are office holders in the Diocese are not employees of the DBF and therefore their costs are shown separately in note 9.

Key management personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the charity. Remuneration for key management personnel, including employer's national insurance contributions and contributions to the defined benefit pension builder classic section of the church workers' pension scheme, amounted to £359,408 (2019: £356,513).

11 Tangible fixed assets

	Parsonages £000s	Glebe houses £000s	Operational properties £000s	Diocesan offices £000s	Office equipment £000s	Total £000s
Cost						
At 1 January 2020	6,234	928	10,758	846	237	19,003
Additions	-	-	332	-	-	332
Transfers	(15)	-	15	-	-	-
Disposals	-	-	(810)	-	-	(810)
At 31 December 2020	<u>6,219</u>	<u>928</u>	<u>10,295</u>	<u>846</u>	<u>237</u>	<u>18,525</u>
Depreciation						
At 1 January 2020	-	-	-	-	233	233
Charge for year	-	-	-	-	2	2
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235</u>	<u>235</u>
Net book value						
At 31 December 2020	<u>6,219</u>	<u>928</u>	<u>10,295</u>	<u>846</u>	<u>2</u>	<u>18,290</u>
At 31 December 2019	<u>6,234</u>	<u>928</u>	<u>10,758</u>	<u>846</u>	<u>4</u>	<u>18,770</u>

All tangible fixed assets were used for direct charitable purposes.

12 Fixed asset investments

	Glebe properties £000s	Unlisted investments £000s	Total £000s
Fair value at 1 January 2020	34,697	34,240	68,937
Additions at cost	403	548	951
Disposals at cost	(400)	(548)	(948)
(Losses)/Gains on revaluation	(46)	2,609	2,563
Fair value at 31 December 2020	<u>34,654</u>	<u>36,849</u>	<u>71,503</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

12 Fixed asset investments (continued)

Investments are held primarily to provide an investment return.

The fair value of Glebe properties was measured following consultation with the DBF's advisers.

Unlisted investments primarily consist of holdings in CBF Church of England funds managed by CCLA Investment Managers Ltd (the CBF Investment, UK Equity and Global Equity Income funds), and in the Edentree (previously called Amity) Balanced Fund for Charities managed by Ecclesiastical Investment Management Ltd. Unlisted investments also include an investment of £5,000 in the Churches Mutual Credit Union and a residential property of £55,000.

13 Debtors

	2020 £000s	2019 £000s
Glebe agents	171	250
Parish Share	27	63
Accrued grant income due within one year	1,530	1,511
Prepayments and accrued other income	469	457
Other debtors	157	126
	<u>2,354</u>	<u>2,407</u>

14 Creditors: amounts falling due within one year

	2020 £000s	2019 £000s
Trade creditors	172	144
Grant payment accruals	300	413
Other accruals	248	229
Deferred income	225	233
Taxation and social security	82	100
Pension contributions payable for the period	10	12
Pension liability (see note 2)	339	347
	<u>1,376</u>	<u>1,478</u>

15 Creditors: amounts falling due after more than one year

	2020 £000s	2019 £000s
Pension Liability (see note 2)	58	385
Grant payment accruals	120	156
	<u>178</u>	<u>541</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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16 Statement of funds	At 1 Jan 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and (losses) £'000	At 31 Dec 2020 £'000
GENERAL FUND	2,660	5,847	(4,325)	(2,692)	138	1,628
DESIGNATED FUNDS						
Operational Properties Fund	11,605	-	-	(1,102)	640	11,143
Cathedral "Endowment" Fund	-	-	-	4,000	-	4,000
Bishop's Mission Fund	35	1	(2)	-	-	34
Extra Mission and Ministry Support Fund	126	-	(20)	-	-	106
Diocesan Mission Fund	73	1	(21)	-	-	53
Church Buildings Fund	26	-	(30)	75	-	71
Church Improvement Fund	61	-	(44)	60	-	77
Bishop of Coventry's Link Dioceses Fund	5	-	(1)	-	-	4
Lambeth Conference Fund	-	-	-	20	-	20
Special Projects 2020	-	-	-	(10)	-	(10)
Clergy Holidays Fund	115	3	-	-	7	125
Total designated funds	12,046	5	(118)	3,044	647	15,624
Total unrestricted funds	14,706	5,852	(4,443)	352	785	17,252
RESTRICTED FUNDS						
Pastoral Fund	30	-	(27)	-	-	3
Acceler8 Grants Fund	123	-	-	(58)	-	65
Serving Christ Fund	1,326	-	-	(261)	-	1,065
Mission to Lowest Income Communities Fund	66	385	(121)	-	-	330
Church Commissioners' Mission Fund	-	-	5	-	-	5
Warwick 20s-30s Development Worker Fund	(1)	1	-	-	-	-
Place of Peace Fund	-	11	(4)	-	-	7
Offa Capital Projects Fund	282	1	-	-	-	283
Offa Spiritual Renewal Fund	1,114	33	-	-	76	1,223
Syrian Orthodox Christian School Fund	5	6	-	-	-	11
SOCS Scholarship Fund	2	-	-	-	-	2
Companionship Link Funds	2	-	-	-	-	2
Retreat Grants Fund	19	2	(1)	-	-	20
The Reverend George Goode Fund	15	-	(1)	1	-	15
Ordination Training Grant Fund	(2)	184	(199)	-	-	(17)
DC Bonfield Bequest	58	-	-	-	-	58
Ordination Candidates' Fund	-	-	-	-	-	-
Archdeacons' Discretionary Fund	45	1	(3)	-	3	46
Queen Victoria Clergy Fund	2	2	(3)	1	-	2
EE Bardsley Bequest	-	-	-	-	-	-
Diocesan Stipends Fund Income Account	-	18	(3,799)	3,781	-	-
Capacity Funding	-	231	-	(16)	-	215
Deanery Share Support Fund	-	349	(349)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	223	(223)	-	-	-
Total restricted funds	3,086	1,447	(4,725)	3,449	79	3,336
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	6,233	-	-	(15)	-	6,218
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	65,985	2,213	-	(4,122)	2,577	66,653
Church of England Funded Pension Fund	(732)	-	(6)	336	5	(397)
Coventry Diocesan Endowment Fund	763	-	-	-	48	811
Total endowment funds	72,249	2,213	(6)	(3,800)	2,630	73,286
TOTAL FUNDS	90,041	9,512	(9,174)	0	3,494	93,874

* Transfers include £4,122k (2019: £2,251k) released to restricted funds in accordance with the DBFs total return policy.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

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17 Descriptions of Designated, Restricted and Endowment Funds

DESIGNATED FUNDS

Operational Properties Fund

This fund represents the cost of properties held for operational use by the DBF and by clergy not in parochial posts that otherwise would be held by the General Fund, including the houses occupied by the Suffragan Bishop and the archdeacons, but excluding Glebe houses for occupation by clergy, together with surplus cash from the sale of properties held for reinvestment in houses for curates and other clergy.

Cathedral "Endowment" Fund

With the loss of trading income for the Cathedral during the COVID 19 pandemic, the DBF intends to create a fund with a capital amount of £5m which is to remain under the control of the DBF. The income generated from the capital amount, currently invested with CCLA, will be granted on a quarterly basis to the Cathedral each year. It is expected that c£150k will be derived from these investments. This income can be used by the Cathedral on its normal running costs and in return the Cathedral will continue to provide Diocesan services, and work with parishes on the reconciliation ministry strategic objective across the Diocese. These funds can be undesignated, in agreement with the Cathedral, by the DBF in the future. Following the review of the performance in 2020 funds of £4m were made available to create this fund.

Bishop's Mission Fund

This fund has been established to support specific mission projects sponsored by the Bishop of Coventry.

Extra Mission and Ministry Support Fund

This fund enables the DBF to give financial support to those providing ministry and mission.

Diocesan Mission Fund

The Diocesan Mission Fund was set up in 2009 and has been replenished to fund applications for mission support from parishes.

Church Buildings Fund

This fund is also known as the Church Fabric Fund and is normally used to make fabric grants to churches.

Church Improvement Fund

This fund is used to make improvement grants to churches for their buildings with the aim of increasing mission effectiveness.

Bishop of Coventry's Link Dioceses Fund

This fund is supported by transfers from the General Fund and relates to the Anglican Diocese of Kaduna and the Syrian Orthodox Diocese of Jerusalem.

Clergy Holidays Fund

This fund receives interest arising from the capital on the past sale of a flat in Bournemouth and a bequest received in 2005. It is used by the Archdeacons to make holiday grants to clergy and licensed lay workers.

RESTRICTED FUNDS

Pastoral Fund

Acceler8 Grants Fund

This fund has been set up as a result of a grant awarded in 2015 by the Church Commissioners towards the cost of a project to speed up the growth of churches across the diocese by improving their health in eight quality areas and by intentionally focusing on the 20s and 30s age range.

Serving Christ Fund

This fund has been set up as a result of a grant awarded in 2017 by the Church Commissioners towards the costs of the Serving Christ project, an extension of the existing diocesan strategy of growing healthy churches. The project aims to increase significantly the capacity for growth in existing and emerging churches across the diocese of Coventry, and also Ebbsfleet parishes in other Dioceses, by a focus on discipleship development.

Mission to Lowest Income Communities Fund

This fund is for grants received from the Church Commissioners during the 2017 to 2019 triennium for mission to lowest income communities in the Diocese.

New Church Building Funds

This fund is for monies received from the Stoke Aldermoor PCC for additional works on the new church building.

Church Commissioners' Mission Fund

This fund represents additional funds given to the DBF by the Church Commissioners that have arisen as a result of better returns on their investment assets and may be used to support parochial ministry and mission.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

17 Descriptions of Designated, Restricted and Endowment Funds (continued)

Warwick 20s and 30s Development Fund

This fund was set up in the year for income from The King Henry VIII Endowed Trust, Warwick to pay for the cost of a 20s and 30s development worker for the parishes of the Warwick Team and Budbrooke.

Offa Capital Projects Fund

The Trustees and Bishop of Coventry have set this fund using the proceeds of the Offa House sale. The capital and income from this fund can be used to fund capital projects that support the spiritual development of the members of the church in the Diocese of Coventry.

Offa Spiritual Refreshment Fund

This fund has been set up using the monies from the sale of Offa House. The capital and income from this fund is available to fund projects for children and or adults which develop their spirituality.

Syrian Orthodox Christian School (SOCS) Funds

The Mar Ephraim School is a Syrian Orthodox school that opened in Bethlehem in 2006. Donations to the main fund go to support the school and the Scholarship Fund is used to provide a bursary for a pupil. These funds were previously managed by Coventry Cathedral and were paid over to the DBF in December 2011.

Companionship Link Funds

These funds are funds raised to fund specific projects for the linked dioceses.

Retreat Grants Fund

This fund was set up with funds donated by the company which managed the former retreat house, for retreat grants for lay people who are not licensed and who are communicant members of the Church of England within the Diocese of Coventry.

The Reverend George Goode Fund

This fund represents money held for training and supporting the ministry of Readers in the Diocese.

Ordination Training Grant Fund

This fund is for the block grant received from the Archbishop's Council for training ordinands sponsored by the Diocese. The block grant is based on the number and age of ordinands sponsored by the Diocese and can only be used to fund training on Initial Ministerial Education Phase 1 pathways at accredited institutions approved by the Ministry Division of the Archbishops' Council.

DC Bonfield Bequest and Ordination Candidates' Fund

These funds enable the DBF to give financial support to those in training for the Ministry. The DC Bonfield Bequest funds came from the estate of Donald Charles Bonfield in 2006 and subsequent years.

Archdeacons' Discretionary Fund and the Queen Victoria Clergy Fund

These funds enable the Archdeacons and the Bishop to give discretionary grants to those in Parochial Ministry in need.

Diocesan Stipends Fund Income Account

This fund consists of accumulated income balances subject to the Diocesan Stipends Fund Measure 1953. It receives income specifically for support of stipends, in particular Glebe rental income and investment income from the Diocesan Stipends Fund Capital Account, and is charged with expenditure on Clergy stipends and the management and maintenance of Glebe property. The excess of expenditure over income is charged to the General Fund.

Capacity Funding

This fund has been set up as a result of a grant awarded in 2020 from the Church Commissioners to fund the first year of salary for the Programme Manager and the Director of New Worshipping Communities posts which form part of the Growth Strategy of the Diocese.

Deanery Share Support Fund

This fund has been set up as part of the Deanery Share system to assist deaneries that need support to cover the cost of parochial ministry posts with an allocation from the combined parish shares of deaneries that are able to contribute.

Warwick Clergy Stipends & Housing Fund

This fund receives income from The King Henry VIII Endowed Trust, Warwick to pay for stipend and housing costs of clergy in the parishes of the Warwick Team and Budbrooke.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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17 Descriptions of Designated, Restricted and Endowment Funds (continued)

The following fund is still active but has a zero balance and there has been no activity during the year:

EE Bardsley Bequest

These funds were received in 2005 and 2006 from the estate of the late Mrs Edith Bardsley, widow of the late Bishop Bardsley, for use by the Coventry Diocesan Board of Mission, of which the DBF is the successor. Both capital and income may be used.

ENDOWMENT FUNDS

Parsonage Houses Fund

This fund represents the capitalised value of clergy housing for which the DBF has responsibility for maintenance.

Diocesan Stipends Fund Capital Account

This fund represents the value of property and investments held under the Endowments and Glebe Measure 1976. Historically, these holdings were held at parish level for the benefit of individual clergy stipends, but since the Measure they have been managed at Diocesan level for the benefit of all clergy paid for by the DBF.

Coventry Diocesan Endowment Fund

This fund is established to produce income applied for the augmentation of stipends. The assets of the fund are held by the Diocesan Trustees as custodian trustees.

18 Total Return

	Trust for Investment £000s	Unapplied Total Return £000s	Total £000s
At 1 January 2020			
Gift component of the permanent endowment	14,984	-	14,984
Accumulated inflation since original gift	6,452	-	6,452
Accumulated net transfers brought forward	(162)	-	(162)
Unapplied total return	-	44,711	44,711
	21,274	44,711	65,985
Movements in the year			
Investment return: property income, dividends and interest	-	2,213	2,213
Investment return: realised and unrealised gains and losses	-	2,577	2,577
Indexation on base value of investment	529	(529)	-
	529	4,261	4,790
Unapplied total return allocated to income in the year	-	(2,213)	(2,213)
Additional release of historic unapplied total return	-	(1,909)	(1,909)
	-	(4,122)	(4,122)
Net movements in the year	529	139	668
At 31 December 2020			
Gift component of the permanent endowment	14,984	-	14,984
Accumulated inflation since original gift	6,981	-	6,981
Accumulated net transfers carried forward	(162)	-	(162)
Unapplied total return	-	44,839	44,839
	21,803	44,839	66,642

In response to the financial difficulties being faced by parishes as a result of the pandemic, Bishops Council and Diocesan Synod approved the release of historic unapplied return to fund the Parish Share Relief scheme, the creation of a designated fund for the Cathedral and Funding for the new Growth Strategy. The realised and unrealised gains on the assets has meant that the use of historic funds has not been required. The release of funds is limited to no more than the amount spent on stipends and housing for clergy each year. The maximum that could be released in 2020 was £4,167,000.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

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for the year ended 31 December 2020

19 Transfers between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s
Transfers relating to properties:					
Property sales transferred to the General Fund	1,450	(1,450)			-
Property purchases funded by the General Fund	(332)	332			-
Property classified as Operational Property		16		(16)	-
	1,118	(1,102)	-	(16)	-
Establishment of Lambeth Conference Fund	(20)	20	-	-	-
Top up Church Fabric Fund	(75)	75			-
Top up Church Improvement Fund	(60)	60			-
Pension deficit contributions paid in year	-	-	(336)	336	-
Releases to cover General Fund costs incurred:					
Acceler8 project	58	-	(58)	-	-
Serving Christ project	261	-	(261)	-	-
Cathedral Endowment Fund	(4,000)	4,000			-
Growth Strategy - capacity funding	16		(16)	-	-
Growing Faith project work	9	(9)	-	-	-
	(2,692)	3,044	(671)	320	-

20 Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2020 Total £000s
Funds at 31 December 2020 are represented by:					
Tangible fixed assets	2	11,141		7,147	18,290
Fixed asset investments	2,134	116	1,216	68,037	71,503
Net current assets	(508)	4,392	2,215	(1,898)	4,201
Creditors falling due after more than one year		(25)	(95)	-	(120)
Total net assets	1,628	15,624	3,336	73,286	93,874

21 Related party transactions

The Coventry Diocesan Board of Education ("the DBE") is a related party as it is responsible to Diocesan Synod, the members of which are also the members of the DBF. The DBF provided the DBE with grants of £159,000 (2019: £159,504) in the year towards the costs of the DBE's statutory obligations and, in 2019, the costs of academisation and the costs of potential new schools development (see note 7). Other grants provided by the DBF totalled £0 (2019: £4,148). Other services provided by the DBF totalled £0 (2019: £12,231). The net amount owing from the DBE at 31 December 2020 in relation to transactions between the two parties was £0 (31 December 2019: £1,302).

The Coventry Diocesan Trustees (Registered) ("the CDT") is a related party as it is the custodian trustee of the Coventry Diocesan Endowment Fund and a residential property. Income received from the Diocesan Trustees during the year for the Diocesan Stipends Fund Income Account was:

Coventry Diocesan Endowment Fund	£21,232 (2019: £20,614)
Residential property	£2,362 (2019: £3,254)
CJB Meacham Trust	£6,520 (2019: £6,330)
Clifton on Dunsmore-Hanbury Trust	£1,548 (2019: £1,503)

Costs incurred by the DBF on behalf of the Diocesan Trustees were £34,280 (2019: £35,602). These costs were for secretarial support, land registrations and audit fees.

Together for Change (TFC) is a joint venture between the DBF and the Church Urban Fund. Costs incurred by the DBF as part of this partnership include the supply of a Chief Executive Officer, office and IT provision, and finance and HR services. A grant of £30,000 was awarded in the year (2019: £22,000).

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

22 Prior year Statement of Financial Activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s
Income and endowments from:					
Donations					
Parish Share	5,036	-	293	-	5,329
Church Commissioners	38	-	569	-	607
Other grants and donations	129	-	714	-	843
Charges for charitable activities	356	-	8	-	364
Other trading activities	637	-	-	-	637
Investments					
Investment income	74	8	24	2,251	2,357
Total return allocated to income	-	-	2,251	(2,251)	-
Other	-	104	-	-	104
Total	6,270	112	3,859	-	10,241
Expenditure on:					
Raising funds	269	-	243	-	512
Charitable activities	-	-	-	-	-
Mission and ministry	3,050	-	2,228	-	5,278
Support for mission and ministry	2,210	140	1,113	-	3,463
Contributions to Archbishops' Council	541	-	-	-	541
Diocesan Board of Education	197	-	-	-	197
Other	-	-	-	42	42
Total	6,267	140	3,584	42	10,033
Net income/(expenditure) before investment gains	3	(28)	275	(42)	208
Net gains/(losses) on investments					
Net losses on revaluation	314	16	5	5,131	5,466
Surplus on sale of investments	-	-	-	49	49
Net income/(expenditure)	317	(12)	280	5,138	5,723
Transfers between funds	(379)	778	(665)	266	-
Other recognised gains/(losses):					
Gains on revaluation of fixed assets	-	-	-	8	8
Actuarial loss on defined benefit pension scheme	-	-	-	1,148	1,148
Net movement in funds	(62)	766	(385)	6,560	6,879
Reconciliation of funds					
Funds at 1 January	2,722	11,280	3,471	65,689	83,162
Net movement in funds	(62)	766	(385)	6,560	6,879
Funds at 31 December	2,660	12,046	3,086	72,249	90,041

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

23 Prior year Statement of funds

	At 1 Jan 2019 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 Dec 2019 £000s
GENERAL FUND	2,722	6,270	(6,267)	(379)	314	2,660
DESIGNATED FUNDS						
Operational Properties Fund	10,842	-	-	659	104	11,605
Bishop's Mission Fund	26	4	5	-	-	35
Extra Mission and Ministry Support Fund	132	-	(6)	-	-	126
Diocesan Mission Fund	103	1	(60)	29	-	73
Church Buildings Fund	42	-	(16)	-	-	26
Church Improvement Fund	-	-	(44)	105	-	61
Centenary Events Fund	11	-	4	(15)	-	-
Bishop of Coventry's Link Dioceses Fund	26	-	(21)	-	-	5
Clergy Holidays Fund	98	3	(2)	-	16	115
Total designated funds	11,280	8	(140)	778	120	12,046
Total unrestricted funds	14,002	6,278	(6,407)	399	434	14,706
RESTRICTED FUNDS						
Pastoral Fund	72	8	(50)	-	-	30
Acceler8 Grants Fund	215	-	-	(92)	-	123
Serving Christ Fund	1,581	-	-	(255)	-	1,326
Mission to Lowest Income Communities Fund	398	429	(759)	(2)	-	66
New Church Building Fund	-	59	(59)	-	-	-
Church Commissioners' Mission Fund	11	-	(11)	-	-	-
Warwick 20s-30s Development Worker Fund	-	15	(16)	-	-	(1)
Offa House Sale Proceeds Fund	1,037	367	-	(1,404)	-	-
Offa Capital Projects Fund	-	1	(20)	301	-	282
Offa Spiritual Renewal Fund	-	13	-	1,103	(2)	1,114
Syrian Orthodox Christian School Fund	5	10	(10)	-	-	5
SOCS Scholarship Fund	2	-	-	-	-	2
Companionship Link Funds	2	18	(18)	-	-	2
Retreat Grants Fund	28	-	(9)	-	-	19
The Reverend George Goode Fund	15	-	-	-	-	15
Ordination Training Grant Fund	6	140	(148)	-	-	(2)
DC Bonfield Bequest	57	1	-	-	-	58
Ordination Candidates' Fund	-	6	(6)	-	-	-
Archdeacons' Discretionary Fund	40	2	(4)	-	7	45
Queen Victoria Clergy Fund	2	3	(3)	-	-	2
Diocesan Stipends Fund Income Account	-	24	(1,959)	1,935	-	-
Deanery Share Support Fund	-	293	(293)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	219	(219)	-	-	-
Total restricted funds	3,471	1,608	(3,584)	1,586	5	3,086
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	5,883	-	-	350	-	6,233
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	61,309	2,251	-	(2,651)	5,076	65,985
Church of England Funded Pension Scheme	(2,154)	-	(42)	316	1,148	(732)
Coventry Diocesan Endowment Fund	651	-	-	-	112	763
Total endowment funds	65,689	2,251	(42)	(1,985)	6,336	72,249
TOTAL FUNDS	83,162	10,137	(10,033)	-	6,775	90,041

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

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24 Prior year Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2019 Total £000s
Funds at 31 December 2019 are represented by:					
Tangible fixed assets	4	11,604	-	7,162	18,770
Fixed asset investments	1,995	109	1,139	65,694	68,937
Net current assets	661	395	2,041	(222)	2,875
Creditors falling due after more than one year	-	(62)	(94)	(385)	(541)
Total net assets	2,660	12,046	3,086	72,249	90,041