

**THE CHICHESTER DIOCESAN  
FUND AND BOARD OF FINANCE  
INCORPORATED**



**Annual Report and Financial Statements  
For the year ended 31 December 2015**

**Company No: 00133558  
Registered Charity Number: 243134**

A large print version is available on request from  
Church House, 211 New Church Road, Hove BN3 4ED  
Or email [enquiries@chichester.anglican.org](mailto:enquiries@chichester.anglican.org)

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

TABLE OF CONTENTS	Page Number
Mission Statement	2
Legal Objects	3
Strategic Report:	
Strategic Aims	4
Objectives for the year	4
Activities and Achievements in the year	5
Future plans	9
Financial review	9
Principal risks and uncertainties	13
Structure and Governance	14
Trustees Responsibilities	18
Administrative details	20
Independent Auditors Report	22
Statement of Financial Activities	23
Income and Expenditure Account	24
Balance Sheet	26
Cash Flow Statement	26
Notes to the Financial Statements	27-56

Mission Statement

Our mission is growth in Christ: encouraging people in the Diocese of Chichester and the wider world to know, love, follow Jesus and to grow as his disciples in worship and witness to the truth of the gospel.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2015.

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

This combined report satisfies the legal requirements for:

- a Directors Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees Annual Report under the Charities Act 2011

## LEGAL OBJECTS

The objects of the Diocese of Chichester cover the counties of East and West Sussex and the City of Brighton and Hove.

The principal object of the Chichester Diocesan Fund and Board of Finance Incorporated ("CDBF") is to promote, carry on, assist, benefit and advance the work of the Church of England in the Diocese of Chichester by acting as the financial executive of the Chichester Diocesan Synod.

The CDBF has the following statutory responsibilities:-

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

The strategic priorities of the company are established by the Diocesan Synod on the advice of the Bishop's Council and the Bishop of Chichester (in respect of his responsibility for the provision of the cure of souls) and his Senior Staff. Significant time and effort is committed to communication between and with deaneries and PCCs, as well as with the church nationally including an annual series of deanery consultations on the Diocesan Budget and the priorities for the forthcoming year.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

### STRATEGIC AIMS

The main role of the CDBF is to identify and manage the financial aspects of the provision of ministry throughout the Diocese so as to provide appropriate personnel and financial resources to support both the nurturing of faith in new and existing Christians in Sussex and engagement with the community as part of the Church's response to the mission of God to the people of Sussex. The CDBF aims to achieve this by equipping the Diocesan Synod, its Councils and Committees, deaneries, parishes, chaplaincies and schools to further the mission and strategic priorities in the Diocese and by doing only those things which are best done at diocesan level or otherwise add value to the work of the parishes.

In May 2015 at Pentecost, the Diocesan Synod launched a five year Diocesan Strategy with the following three priorities:

1. Growth in holiness and number;
2. Re-imagining ministry;
3. Contributing to the Common Good.

### OBJECTIVES FOR THE YEAR

The CDBF seeks to respond to those strategic aims by focusing on the following objectives for this and subsequent years:

- To make provision for the engagement and remuneration of clergy.
- To provide and maintain housing and other buildings as required that are safe, fit for purpose and welcoming.
- To train and support church leadership in their roles and enable the work of the parishes.
- To provide expertise, advice, guidance, services and good governance to clergy, parishes, chaplains and schools.
- To support head teachers and governors to provide the best possible education and Christian witness.
- To facilitate capital expenditure on schools.
- To promote a care for the environment and a sustainable use of resources.
- To contribute to the National Church Institutions and other bodies and individuals.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) throughout the Diocese of Chichester, the trustees are confident (having had regard to Charity Commission guidance) that the CDBF delivers public benefit 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.

ANNUAL REPORT

For the year ended 31 December 2015

---

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Clergy stipends

The presence of clergy in the parishes and communities of the Diocese is an important part of delivering the Diocese's mission. They engage in a wide variety of community and church projects and carry out over 1,500 weddings, 4,000 funerals and 3,000 baptisms each year. During the year the CDBF paid the stipends and other employment costs of £8.70 million incumbents, curates and other clergy, increasing stipends in line with national recommendations. The payroll is administered by a separate charity, the Archbishops' Council, and the CDBF reimburses the costs, which form by far its largest financial commitment. There was an average vacancy rate of 27 posts during the year, in line with budget. Rural deans and churchwardens of vacant parishes work closely together to maintain worship and other community activities, aided by a large pool of retired and non-stipendiary ministers. The CDBF funds fees and expenses for those clergy during interregnums.

Parish clergy are not employed by the CDBF, but the CDBF does have responsibilities in respect of their engagement. In addition to paying their stipends and paying into their pension funds, it is responsible for housing and training the clergy (see below). Under new terms of service, called Common Tenure, introduced in 2011, clergy have greater clarity on the rights and obligations and have access to Employment Tribunals and other useful services. These apply to all new appointments and some of those in post before 2012; others chose to retain their freehold. During the year, the CDBF arranged for its external HR consultants to provide HR services in respect of clergy as well as lay staff to improve the care and service provided.

Housing and other buildings

The Property Department manages, maintains and improves approximately 380 clergy houses, principally for the benefit of clergy. Following the department restructure in 2014, an exercise to put maintenance plans in place for all diocesan owned houses is well underway and will be complete by the middle of 2016. These plans will be used to determine future property budgets.

The 2015 quinquennial programme was completed within budget and the most urgent elements of the maintenance backlog have been attended to.

The property management software "Propman" is now being actively used as the diocesan asset register and the next task is to map and record Glebe land records onto this system.

Training and support

The department of Apostolic Life was formed in April 2015, with particular responsibility for providing support and developing appropriate training and resources to meet the first two strands of the diocesan strategy: numerical and spiritual church growth and re-imagining ministry.

Training programmes for specific lay ministries (lay ministers of communion and readers) continued to be delivered. A course for experienced spiritual directors has run for the first time. The processes for the selection of ordained ministers was further developed by the Diocesan Director of Ordinands (DDO), with a small team of assistant DDOs working with the DDO and a

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

Young Vocations Officer who is working with others to foster growth in vocations to ordained ministry amongst young adults.

Courses to nurture discipleship and faith development have continued to be provided, including new modules in the Engaging Christianity programme developed collaboratively with the University of Chichester.

Those working with children and young people in the parishes have been offered training opportunities and ongoing support. A plan to further develop May Camp has been instigated.

The training of curates (IME Phase 2) includes the development and running of a diocesan course, a Common Awards programme validated through the University of Durham via SEITE (our local training institution). Curates are formally assessed at the end of their training to ensure they have reached an appropriate level of competency, a process overseen by the department.

Preparation for the launch of a new scheme of Ministerial Development Review (MDR) as part of the ongoing training and development of clergy was undertaken (launched in January 2016), resourced with a dedicated administrator and half-time Continuing Ministerial Development (CMD) officer.

Parishes have been offered support as they seek to engage with the diocesan strategy. A half time Parish Development Officer was appointed to work with deaneries, parishes and individual clergy.

### Provision of advice, guidance and services

The CDBF provides advice, guidance and services in a number of different areas, some of which overlap with activities relating to other objectives.

In respect of safeguarding, in 2015 a large number of high-profile cases that the Safeguarding Team have been working on with Sussex Police for a number of years were heard at Court, and the Team continued to provide close liaison with the police and a high level of support to victims prior to and during the Court cases themselves. Additionally, nearly sixty safeguarding training events were held across the Diocese, conducted mostly by the volunteer team, resulting in over 1,000 people trained to Foundation child protection standard. A Parish Safeguarding Officer's conference was held in West Sussex, focusing on adult protection and domestic violence (The meeting for East Sussex is due to be held in 2016), and the Team have started a quarterly safeguarding newsletter providing news, guidance and resources to parishes.

Work to ensure the delivery of statutory functions, including pastoral reorganisation, the Diocesan Advisory Committee for the Care of Churches, the administration of parochial fees and parochial trusts has also continued.

### Support for schools

With the changes to the education system, the Education Department has assumed greater responsibility for the improvement of performance in the 158 church schools in the diocese. The Diocese retains the responsibility to support and inspect Christian Distinctiveness.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

Overall 82% of our schools are deemed to be good as judged by Ofsted criteria. Two of our East Sussex schools were judged to be outstanding in the 2015 round of inspections, an accolade that is becoming increasingly difficult to achieve. In 2015 we had 1 school in special measures. Our 2 standalone academies are outstanding and lead Teaching School Alliances. We have 4 church school led Teaching School Alliances in the Diocese.

In the SIAMS inspections 26 schools were inspected in 2015 for their Christian Distinctiveness. 10 achieved outstanding; 14 achieved good and 2 required improvement. We affirm and praise our schools, who, supported by the clergy and parishes, remain rooted in their Christian distinctiveness. This is having a positive impact on the lives of our children and is frequently commented on in Ofsted inspections.

During 2015 the Education Department formed a team of Diocesan Improvement Partners made up of consultants and officers, whose role is to gain soft intelligence on each school and to target support in a timely way. The size and geography of the Diocese continue to be a challenge and so we try to work closely with the Local Authorities and the Regional Schools' Commissioner, meeting regularly to review the performance of our schools.

The Diocese has formed a Multi- Academy Trust (MAT) which is currently managing two schools that require improvement. We are anticipating at least three good schools joining in 2016. The MAT has appointed, on secondment, one of our Diocesan Heads to be their first Executive Principal to lead on school improvement.

Joining a MAT or a Federation is seen as the way forward to improvement and sometimes survival, in the case of small schools. We have begun a programme of active encouragement for all our schools to get into formal collaboration with neighbouring schools. In many instances this will involve sharing staff, including the head. Attracting competent, Christian head teachers remains a priority and we have made it our ambition to assist in the appointment of all heads and deputies, attending all short listings and interviews of heads.

Alongside the improvement work in schools we run a programme of Continuing Professional Development and school based reviews. The programme is funded by contributions from schools via a Service Level Agreement and subsidised by part of the grant from the Diocese. It is aimed at school staff, governors, clergy and parishes. Events on Leadership, RE and worship were particularly popular in 2015. We completed four archdeaconry roadshows for schools and parishes led by the Director of Education and the bishop responsible for strategy looking at how the work in and with schools can help to populate the strategic aims of the Diocese to:

- Grow in numbers and spiritual depth
- Re-imagine ministry
- Contribute to the common good

Many of our schools have a high percentage of vulnerable and disadvantaged children with whom they work hard to achieve the highest outcomes. They are inclusive and strong on equalities, many of them being the local school for the community. Life in school is very challenging and rewarding but telling the "data story" is proving to be vital in an inspection to secure positive outcomes. The attendance of a member of the core team during the inspection and at the feedback helps them to do this.



# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

### Facilitation of capital expenditure on schools

The Education Department facilitates capital expenditure and maintenance for 57 Voluntary Aided Schools and 4 academies. It works with the schools to access public capital funding. We have expanded both VC and VA schools to meet the basic need of increasing numbers of children due to demographic change and to maintain our proportion of places. There has been on going investment of several million pounds to expand six primary schools across the Diocese. Approximately £7 Million has been spent expanding our 2 secondary schools in Worthing as a result of the change in the age of transfer.

The Department manages the capital maintenance and condition of our 57 VA schools through the LCVAP funding provided annually from the government. 2015 saw £ 2.4 million secured and this generated an approximate income of £32,000 for the Aided Schools Fund in a levy to help cover our work. We continue to be concerned about the state of historic small primary schools in which there has been under investment over years and some of which are not really suitable for 21st century Education. Land transfers and reviewing the state of buildings of schools seeking to become academies is taking up a lot of time and the results are a cause for concern, particularly where the buildings have been maintained by the LA.

An opportunity to convert three small schools to academy status was turned down because of plant and budgetary constraints.

### The environment

The CDBF has been following through with promises made at the adoption of the Diocesan Environmental Policy in 2014. 70% of parishes have been engaged in a survey of energy, water and waste and the CDBF is now working on a Diocesan Energy Scheme utilising professional knowledge and exploring external partnerships to reduce costs and increase the uptake of renewable energy sources. Specific environmental training has also been undertaken with parishes through recognised schemes such as Eco Congregation and now Eco Church.

### Contributions to others

Contributions are made to the Archbishops' Council to cover a proportion of its central costs relating to the activities of the various national boards and councils, as well as General Synod, and also to cover a proportion of the cost of national training for ministry (see note 8 to the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the CDBF to support the furtherance of its objects (see note 11 to the financial statements). In particular, the CDBF deploys the Mission Development Funding grant from the Archbishops' Council and the grant from the All Churches Trust to support local mission through the Mission Fund.

### Other related parties include:

- The Church Commissioners, which acts on behalf of clergy with HM Revenue and Customs and through which the CDBF pays for clergy stipends.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

- The Church of England Pensions Board, to which the CDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- Chichester Diocesan Association for Family Support Work and the St Bartz Trust with whom the CDBF works and to whom grants are made to support their work with disadvantaged families and youth work respectively.
- Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of transactions merits more detailed disclosure, this is given in notes 28 to the financial statements.

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

## FUTURE PLANS

The strategic aims established by the Diocesan Synod in May 2015, as detailed on page 4, will continue to direct the activities of the CDBF for the next three years.

Our major budgetary commitment continues to be the maintenance of a priestly presence in every parish. In accordance with the strategic aim of re-imagining ministry, the training and development of lay members of the church to support the work of the clergy will be an increased priority.

We continue to review our central diocesan structures which are designed to support the vision and priorities of the Diocese.

## FINANCIAL REVIEW

### Financial Performance

The main incoming resource for the Diocese is Parish Contribution, the money given by the parishes to the Diocese to fund its mission and ministry and in particular the costs of clergy stipends, pensions and housing. This provides 75.7% of the CDBF's income (2014 – 79.4%).

The current year's parish contribution receipts represent 98.6% (2014 – 97.0%) of the total pledges made for 2015. Additionally when the receipts for prior years are included the collection rate increases to 99.9% (2014 – 97.8%). The Trustees are grateful to all parishes who pledge so generously and meet those pledges, and especially to those parishes that make their contribution payments by monthly instalments which enables the Diocese to manage cash flow efficiently.

The total income for the year was £18.8m (2014 - £17.4m). The increase in income of £1.5m was due to:

- An increase in Parish Contribution of £496k

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

- An increase in Investment income of £165k
- Sale of a closed church, Holy Trinity Hove, which netted £320k
- Sale of benefice land which netted £141k

The total expenditure for the year was £19.1m (2014 - £17.5m). The increase in expenditure of £1.6m was due to:

- An increase in Property maintenance expenditure of £720k
- An increase in contributions to the Archbishops' Council of £224k
- An increase in Board of Education (Schools) expenditure of £179k
- A Diocesan Pastoral account grant of £500k for a church refurbishment and mission project at St John Sub-Castro, Lewes following the payment into the account of proceeds of sale of other properties in previous years.

Overall the net deficit before investments gains was £256k. However, taking account of realised and unrealised losses on investments of £572k, unrealised gains on revaluations of investments/property fixed assets of £19.2m, the resulting increase in funds was £18.4m which increased the total assets of the CDBF from £241.6m to £260.0m.

A balanced budget for 2016, would require an overall increase of 2.1% in parish contribution across the Diocese. Based on the excellent track record of generosity from parishes in the past, the Trustees believe this is achievable although it is clear that many parishes are using reserves to supplement their contributions to the Diocese.

### Transitional adjustments to Financial Statements

During the year ended 31 December 2015 as noted within the accounting policies on page 27 the CDBF has adopted as required the Statement of Recommended Practice for Charities (SORP 2015) which takes into account a number of changes contained within Financial Reporting Statement (FRS) 102. The changes affect the following areas:

- Accounting for pension scheme deficits on multi-employer defined benefit pension schemes
- Revaluation of Property Assets at a fair value
- Revaluation of Glebe land at a fair value
- Reclassification of certain designated/restricted funds

The net impact of these changes is disclosed within note 26 to the financial statements. The changes in accounting policy are of significant impact and necessitate adjustment and restatement of the year-ended 31 December 2014 financial statements. The restatement shows an increase in the total assets of £42.7m as at 31 December 2013 (the opening reserves). The effect on the net income for 2014 as compared with the accounts as previously stated was an increase in the surplus of £289k with the cumulative effect on the reserves as at 31 December 2014 being an increase by £54.2m.

In addition to the required transitional adjustment, the presentation of all amounts has been aligned to that required under FRS102 and SORP 2015.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

### Significant Property Transactions

Nine properties were sold during the year for a total of £5.33m, including

- Four parsonages
- Two glebe houses
- Two CDBF properties
- One property used to house a deserted clergy spouse and no longer required

Three properties were purchased during the year for a total of £1.66m, which included two parsonages and one glebe house. A further £360k was spent on several properties to improve their standards of accommodation.

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

- to replace unsuitable parsonages;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

### Balance sheet

The Trustees consider that the balance sheet together with note 20, show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While net assets at balance sheet date totalled £260m (2014: £242m) it must be remembered that included in this total are properties, mostly in use as clergy housing, whose value amounted to £214m (2014 £197m). Much of the remainder of the assets shown in the balance sheet is held in restricted funds and cannot be used for the general purposes of the CDBF.

### Reserves policy

#### *Free reserves*

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year and in particular the fact that over 75% of diocesan income comes from contributions from parishes who have their own cash flow challenges, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 2 months budgeted expenditure. At 31 December 2015 the amount required under this policy totalled £3.2m (2014 - £3.0m). Actual free reserves as at 31 December totalled £2.3m (2014 - £1.4m). For the first time in several years the reserves target has been met (by virtue of the reclassification of the deficit payment to the clergy pension scheme). The trustees are aware that levels of parish contributions may reduce in future years and that there could be a deficit against the policy level of free reserves and have with Diocesan Synod's agreement released some of the restricted Diocesan Pastoral account (DPA) to help fund increased property and education spend.

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

### *Reserves tied up in fixed assets*

The general fund comprises of assets amounting to £2.3m all of which is tied up in working capital. There are in addition some CDBF property assets but these are classed as designated assets and shown accordingly in designated funds.

### *Designated funds*

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with its intended use is set out in notes 19, 20 and 21. At 31 December 2015 total designated reserves were £6.5m (2014: £7.4m).

### *Restricted and endowment funds*

As set out in note 19, 20 and 21 the CDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2015 restricted funds totalled £22.8m (2014: £22.5m) and endowment funds totalled £228.6m (2014: £210.3m). Neither are available for the general purposes of the CDBF.

### *Grant making policy*

The Memorandum of Association of the CDBF explicitly permits the CDBF to make grants in pursuance of its objects. The nature of grants made in 2015 is indicated in note 10. The principal grants were made to the Archbishops' Council and to parishes to support mission projects. In 2015 an additional grant of £100k was made to the Archbishops' Council to support the Reform and Renewal Programme. Of the grants for parish mission projects totalling £814k, £190k was considered by the Mission Fund Sub-Committee and a further £624k was awarded to parishes following sales of redundant parsonages and closed churches.

### *Investment policy*

The CDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the CDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The CDBF's policy is to review regularly, through its Assets Sub-Committee, the assets of each fund for which it is responsible and to identify appropriate investment vehicles. Note 20 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

The CDBF operates an ethical investment policy which takes into account the Church of England's Ethical Investment Advisory Group's guidance. All investment managers have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco.

The trustees are aware of their long-term responsibilities in respect of endowed funds and the need to protect capital for future generations without taking undue risks. There is also the need to

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

maximise income to meet the purposes of certain funds. As a result the CDBF receives a broad range of investment advice channelled through the assets committee reporting to the finance committee. The CDBF invests in common investment funds and listed equity investments in stock markets managed by the diocesan investment managers. Investment policy for long-term funds aims to generate a sustainable income growing at least in line with inflation, with due regard to the preservation of capital value and the possible need for liquidity.

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

	Funds at 31 December 2015 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	60	0.16%	3.82%	+5.17%
CBF F.I.S. Fund	3,018	7.91%	4.13%	+0.11%
M&G Managed				
Charifund	16,195	42.46%	4.81%	+4.51%
Charibond	25	0.07%	6.03%	-14.00%
Charles Stanley Managed	11,539	30.25%	4.10%	+1.20%
J M Finn Managed	5,325	13.96%	4.87%	+2.44%
Eden Tree Managed				
Amity Balanced Fund for Charities	1,981	5.19%	3.35%	+0.48%
	<u>38,143</u>	<u>100.0%</u>	<u>4.44%</u>	<u>+2.66%</u>

## PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy. This is subject to review by the Trustees on an annual basis with responsibility for delivery of the mitigation strategies delegated to the Diocesan Secretary. A full review of the risk register took place in February 2016.

The principal areas where the risk of either failure to act or the impact of the events is considered 'high' and the associated mitigation strategies are:

Safeguarding: Where there is an occurrence of child, vulnerable adult or domestic abuse by someone working for or on behalf of the Church.

- The CDBF employs a safeguarding adviser and deputy, supported by an administrator and an independent domestic and sexual violence adviser
- The diocese has a strong independent safeguarding advisory panel to review and challenge its actions, and excellent relationships with statutory agencies, who are all represented on the panel
- Policies are aligned with those of the national church

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

- All parishes are required to review, endorse and implement the diocesan safeguarding policy and in 2016 will be asked to undertake a full audit of their practices
- Training is compulsory for all relevant staff
- The CDBF has engaged a communications consultant in addition to its communications officer to handle matters which come into the public arena, including matters relating to non-recent abuse

### IT: System failure

- Insurance is in place
- Backups are made on a regular basis with all data being held offsite and in multiple locations

### Reducing clergy numbers

- A larger team is in place to foster more vocations
- Re-imagining ministry is a core part of the diocesan strategy

### Failure of the Multi-Academy Trust

- Staffing and financial management are being strengthened
- Care is taken that only suitable schools join the Trust
- The CDBF offers financial support and support in kind

## STRUCTURE AND GOVERNANCE

### Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod. The Church Commissioners manage the historic assets of the Church of England and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, the Diocesan Bishop exercises leadership supported by a Diocesan Synod and senior staff of suffragan bishops and archdeacons. The Diocese is divided into twenty-one deaneries, each with its own Synod and within each parish there is a parochial church council which shares responsibility with the parish priest for the mission of the church in that place, in a similar way to the Bishop with the Diocesan Synod.

Whilst each Diocese is a separate legal entity with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables mutual support between dioceses.

### Organisational structure

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

The Chichester Diocesan Fund and Board of Finance Incorporated (CDBF) is a company limited by guarantee (No. 00133558) and a registered charity (No. 243134) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Chichester. It was established in its present form in 1914. Every eligible member of Diocesan Synod is a member of the company for company law purposes and has a personal liability limited to £1 under their guarantee as a member in the event of the company being wound up.

Governance and policy of the CDBF are the responsibility of the Trustees acting as the Finance Committee, who are also directors of the company and trustees for the purposes of charity law. The Bishop of Chichester is the ex-officio chair of the Diocesan Board of Finance, and appoints a chair and vice-chair of the Finance Committee after consulting with the chairs of the Synod House of Clergy and the Synod House of Laity. Until the end of the reporting year, the members of the Finance Committee were the Bishop of Chichester, the suffragan bishops, the archdeacons and one elected member of the clergy and two elected lay persons from each of the archdeaconries of Chichester, Horsham and Lewes & Hastings. In addition, two members could be nominated by the Bishop and two co-opted by the Finance Committee.

Under the new governance structures adopted in April 2015 to take effect in January 2016, the members of the Finance Committee are the members of the Bishop's Council or Standing Committee of the Diocesan Synod from time to time. In addition to the Bishop of Chichester and the chair and vice-chair of the Finance Committee, the two suffragan bishops and four archdeacons, the Dean of Chichester, the chairs of the Synod House of Clergy and the Synod House of Laity and the Dean of Women's Ministry are ex-officio members of the Finance Committee, together with one member of the House of Clergy and two members of the House of Laity from each archdeaconry elected from and by the members of Diocesan Synod every three years and up to three additional members of Diocesan Synod co-opted by the Bishop. The most recent elections were held in October 2015. The details of Trustees who served during the year are set out on page 20.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Senior Staff Team. The Synod membership is elected every three years, the last elections having been in July 2015. The Synod elects nine (under the old structures) or twelve (under the new structures) of the Trustees of the Diocesan Board of Finance. Whilst the CDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the CDBF is subject to the direction of Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England School properties are accounted for in the restricted Aided Church Schools fund and are managed by the CDBF in consultation with the Diocesan Board of Education.

The CDBF is designated as *Diocesan Parsonages Board*, with responsibility for making decisions concerning the management of all clergy houses.



# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

### Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Chichester are set by the Diocesan Synod, and the CDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who is supported by a number of heads of department and their staff. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint auditors. The company meets a second time each year to receive and agree the annual budget, prepared and approved by the Trustees.

The Trustees met six times during the year to formulate and monitor the implementation of financial policies that reflect the agreed priorities and to manage the CDBF's activities. Their role includes reviewing overall activities against budget, deciding investment policy, assessing performance and approving expenditure including parsonages replacement, monthly reports on collection of parish contribution pledged by parishes are received. The CDBF's role as custodian trustee for parochial property is exercised by the Trustees. Responsibility for overseeing investment policy, monitoring performance and reviewing strategy with the CDBF's advisers is delegated to the Assets Committee. Responsibility for assisting the Diocesan Parsonages Board in the discharge of its functions, managing the repair of parsonages, glebe and board properties, and overseeing the retention, disposal and development of property and land together with any rents or payments associated with their ownership is delegated to archdeaconry sub-committees.

Under the new governance structures the Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold at least four meetings during the year to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with its Standing Orders
- Acting as the Trustees of the CDBF
- Planning the business of the Synod, preparing agendas for its sessions, and circulating to members information about matters for discussion
- Advising the Bishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may be necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

The Trustees are assisted in their work by four principal sub-committees:-

Operating Sub Committee: monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the CDBF's responsibilities under the PCC (Powers) Measure 1956 and

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property).

Assets Committee: oversees investment policy, monitors performance and reviews strategy with its advisors. It also undertakes the CDBF's responsibilities under the Endowment and Glebe Measure 1976 (with regard to property assets).

Parsonages and Houses Sub-Committees: two sub-committees, one for the east of the diocese and one for the west, undertake the CDBF's responsibilities under the Parsonages Measure and the Repair of Benefice Building Measure 1972.

In addition, the Audit Sub-Committee supports the Finance Committee in its responsibilities regarding issues of risk, control and governance and associated assurance.

### Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest and loyalty. Trustees have been provided with trustee training during 2016.

### Remuneration of key management personnel

Under the new governance structures, emoluments of higher-paid employees are determined by a remuneration group consisting of the Chair and Vice-chair of the Finance Committee, the Chair of the House of Clergy, the Chair of the House of Laity, and a suffragan bishop or archdeacon nominated by the Bishop of Chichester. The terms of reference for this group are established by the Bishop's Council and include recommending policy on remuneration to the Finance Committee and determining the remuneration for employees of the CDBF. Previously, remuneration was determined by the Chair of the Finance Committee in conjunction with the Diocesan Secretary. In 2015, this was carried out with the benefit of an independent benchmarking exercise taking into account comparable jobs in the local area, in the sector nationally, and in another Diocese.

### Delegation of day to day delivery

The Trustees and the sub-committee which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and her colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to execute the business of the CDBF in accordance with the policies framed by the Trustees.

### Funds held as Custodian Trustee

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

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

details of financial trust assets, whose market value amounted to £15.49m at 31 December 2015 (2014: £15.38m), are available from the CDBF on request, and are summarised in note 29. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the CDBF's solicitor, Winckworth Sherwood.

### Funds held on behalf of schools

The Board of Education (as incorporated within the CDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in current assets as at 31 December 2015 is £243k (2014 £419k).

## TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the CDBF and enable them to ensure that the financial statements comply with the Companies Act 2011. They are also responsible for safeguarding the assets of the CDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

### STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

### APPOINTMENT OF AUDITORS

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

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

### ADMINISTRATIVE DETAILS

#### Trustees

No Trustee had any beneficial interest in the company during 2015. The following Trustees were in post at the date of this report:

Chairman:	The Right Revd Dr Martin Warner (Bishop of Chichester)
Ex-officio:	The Right Reverend M Sowerby (Bishop of Horsham) The Right Reverend R Jackson (Bishop of Lewes) The Venerable D McKittrick (Archdeacon of Chichester) The Venerable P Jones (Archdeacon of Hastings) (to 31/01/16) The Venerable JF Windsor (Archdeacon of Horsham) The Venerable M Lloyd Williams (Archdeacon of Brighton & Lewes) (from 1/3/15) The Very Revd S Waine (Dean of Chichester) (from 1/1/16) The Revd Canon J Peaty (Dean of Women's Ministry) (from 1/1/16) The Revd Canon PM Gilbert (Chair of House of Clergy) (from 1/1/16) Dr G Parr (Chair of House of Laity) (from 1/1/16)
Appointed by the Bishop:	Mr John Booth (Chair of the Finance Committee) The Revd S Tomalin (from 15/3/15 to 31/12/16) The Revd L Irvine-Capel (from 1/1/16)
Elected by Diocesan Synod: Archdeaconry of Chichester	The Revd T Ward (to 31/12/15) Mr M Cruttenden (to 31/12/15) Mr C Robinson The Revd J Eldridge (from 1/1/16) Mrs M Nagel (from 1/1/16)
Archdeaconry of Horsham	The Revd Canon A Ball (to 31/12/15) Mr M Smith (to 31/12/15) Mrs V Burgess The Revd D Weaver (from 1/1/16) Mr G Leonard (from 1/1/16)
Archdeaconry of Brighton and Lewes	The Revd A Manson Brailsford (from 1/1/16) Mr M Cruttenden (from 1/1/16) Mr J Head (from 1/1/16)
Archdeaconry of Hastings	The Very Revd Canon Dr J Edmondson (to 23/01/15) Mrs K Sims (to 31/12/15) The Revd S Tomalin (from 1/1/16) Mr P Bowden (from 1/1/16) Mr J Vince (from 1/1/16)

# THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

## ANNUAL REPORT

For the year ended 31 December 2015

---

Co-opted: Mrs B Darby (to 31/12/15)

### Senior staff and advisers

Diocesan Secretary

Nicholas Taylor (to 15/1/15)

Gabrielle Higgins (from 15/1/15)

Diocesan Accountant

Andrew Cunningham

Director of Education

Canon Dr Ann Holt OBE

Director for Apostolic Life

Revd Canon Rebecca Swyer (from 6/4/15)

Property Director

Mr Scott Ralph

Registered Office: Diocesan Church House, 211 New Church Road, Hove, BN3 4ED

Bankers Barclays Bank plc, 90-92 High Street, Crawley, RH10 1BP

Auditors haysmacintyre, 26 Red Lion Square, London WC1R 4AG

Solicitors Winckworth Sherwood, Minerva House, 5 Montague Close, London SE1 9BB

Investment advisers CCLA Investment Management Ltd, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET

M&G Securities Ltd, M&G House, Victoria Road, Chelmsford, Essex CM1 1FB

J M Finn & Co, 4 Coleman Street, London EC2R 5TA

Charles Stanley & Co Ltd, 25 Luke Street, London EC2A 4AR

Edentree Investment management, Royal Wootton Bassett, Swindon, SN4 4BG

Insurers EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 14 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

The Right Rev'd Dr Martin Warner  
Chair of the CDBF  
7 April 2016

Mr John Booth  
Chair of the Trustees  
7 April 2016

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

---

We have audited the financial statements of Chichester Diocesan Fund and Board of Finance (Incorporated) for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

### Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 18, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charitable company as at 31 December 2015 and of its incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Adam Halsey* – (Senior Statutory Auditor)  
For and on behalf of haysmacintyre  
Statutory Auditors  
7 April 2016

26 Red Lion Square  
London  
WC1R 4AG

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2015

	Note	Unrestricted Funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Income and endowments from							
Donations							
Parish contribution	3	14,295	-	-	-	14,295	13,799
Archbishops' Council		-	118	-	-	118	112
Other donations		142	53	343	5	543	273
Charitable activities	4	828	-	183	-	1,011	1,001
Other activities	5	441	-	-	-	441	345
Investments	6	801	-	1,211	-	2,012	1,846
Other	7	-	-	461	-	461	-
		<u>16,507</u>	<u>171</u>	<u>2,198</u>	<u>5</u>	<u>18,881</u>	<u>17,376</u>
Expenditure on							
Raising Funds	8	-	-	37	-	37	51
Charitable activities	9	<u>15,936</u>	<u>238</u>	<u>2,925</u>	<u>-</u>	<u>19,099</u>	<u>17,473</u>
Other		-	-	-	-	-	-
		<u>15,936</u>	<u>238</u>	<u>2,962</u>	<u>-</u>	<u>19,136</u>	<u>17,524</u>
Net income/(expenditure) before investment gains							
		<u>571</u>	<u>( 67)</u>	<u>( 764)</u>	<u>5</u>	<u>( 255)</u>	<u>( 148)</u>
Net gains/(losses) on investments							
		<u>( 2)</u>	<u>-</u>	<u>( 298)</u>	<u>( 272)</u>	<u>( 572)</u>	<u>913</u>
Net income/(expenditure)							
		<u>569</u>	<u>( 67)</u>	<u>( 1,062)</u>	<u>( 267)</u>	<u>( 827)</u>	<u>765</u>
Transfer between funds							
	13	294	( 1,533)	1,306	( 67)	-	-
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets							
	14/15	-	654	( 6)	18,586	19,234	20,597
Net movement in funds							
		<u>863</u>	<u>( 946)</u>	<u>238</u>	<u>18,252</u>	<u>18,407</u>	<u>21,362</u>
Total funds brought forward							
		1,420	7,423	22,536	210,305	241,684	220,322
Total funds carried forward							
	19	<u>2,283</u>	<u>6,477</u>	<u>22,774</u>	<u>228,557</u>	<u>260,091</u>	<u>241,684</u>

All activities derive from continuing activities. The notes on pages 27 to 56 form part of the financial statements



# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2015

---

	Total 2015 £'000	Total 2014 £'000
Total incoming resources	18,876	17,417
Resources expended	<u>(19,136)</u>	<u>(17,112)</u>
Operating surplus/(deficit) for the year	(260)	305
Net gains/(loss) on investments	<u>(300)</u>	<u>367</u>
Net income for the year	(560)	672
Other comprehensive income :		
Revaluation of fixed assets	<u>648</u>	<u>793</u>
Total comprehensive income	<u>88</u>	<u>1,465</u>

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.

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

BALANCE SHEET  
At 31 December 2015

Company Number - 00133558		2015		2014	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	14		214,454		197,254
Investments	15		43,185		43,961
			<u>257,639</u>		<u>241,215</u>
<b>CURRENT ASSETS</b>					
Debtors	16	2,623		3,017	
Cash on deposit		9,455		6,515	
Cash at bank and in hand		2,700		3,196	
		<u>14,778</u>		<u>12,728</u>	
CREDITORS: amounts falling due within one year	17	<u>( 5,050)</u>		<u>( 4,095)</u>	
<b>NET CURRENT ASSETS</b>			<u>9,728</u>		<u>8,633</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			267,367		249,848
CREDITORS: amounts falling due after more than one year	18				
Pension scheme liabilities			( 7,046)		( 7,834)
Other creditors			( 230)		( 330)
<b>NET ASSETS</b>			<u>260,091</u>		<u>241,684</u>
<b>FUNDS</b>					
Endowment funds					
(including investment revaluation reserve of £8.2m (2014: £6.0m))			228,557		210,305
Restricted income funds					
(including investment revaluation reserve of £2.3m (2014: £3.5m))			22,774		22,536
Unrestricted income funds					
General funds (including investment revaluation reserve of £9,000 (2014: £14,000))			2,283		1,420
Designated funds (including investment revaluation reserve of £421,000 (2014: £923,000))			6,477		7,423
<b>TOTAL FUNDS</b>	19/20		<u>260,091</u>		<u>241,684</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 7 April 2016 and signed on behalf of the Board by:

.....  
The Right Rev'd Dr Martin Warner  
Chair of the CDBF

.....  
Mr John Booth  
Chair of the Trustees

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

CASH FLOW STATEMENT

For the year ended 31 December 2015

	2015		2014	
	£'000	£'000	£'000	£'000
Net cash (outflow) from operating activities (see below)		( 1,571)		( 2,129)
Cash flows from investing activities				
Dividends/ interest and rent from Investments	2,012		1,846	
Proceeds from the sales of :				
Tangible fixed assets	3,801		4,449	
Fixed assets Investments	3,148		1,591	
Purchase of:				
Tangible fixed assets	( 2,021)		( 3,846)	
Fixed assets Investments	<u>( 2,746)</u>		<u>( 2,036)</u>	
Net Cash provided by/(used in) investing activities		4,194		2,004
Cash flows from financing activities				
Loans repaid by the CDBF	( 255)		( 165)	
Loans advanced by CDBF	( 116)		-	
Actuarial Gains/(losses) pension scheme	( 67)		438	
Loans repaid to the CDBF	<u>259</u>		<u>165</u>	
Net cash provided by/(used in) financing activities		( 179)		438
Change in cash and cash equivalents in the reporting period		<u>2,444</u>		<u>313</u>
Cash and cash equivalents at 1 January		9,711		9,398
Cash and cash equivalents at 31 December		<u><u>12,155</u></u>		<u><u>9,711</u></u>
Analysis of Cash and Cash equivalents				
Cash in Hand		2,700		3,196
Notice deposits (less than 3 months)		<u>9,455</u>		<u>6,515</u>
		<u><u>12,155</u></u>		<u><u>9,711</u></u>
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>				
Net movement in funds for the year ended 31 December		( 255)		( 148)
Adjustments for				
Depreciation charges		10		17
Dividends/ interest and rent from Investments		( 2,012)		( 1,846)
Repayment of Loans advanced		255		165
Advancement of loans		116		-
Decrease/(increase) of Debtors		295		532
(Decrease)/increase of Creditors		<u>20</u>		<u>( 849)</u>
Net Cash (used in) operating activities		<u>( 1,571)</u>		<u>( 2,129)</u>

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

---

### 1 ACCOUNTING POLICIES

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

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

Following the transition to FRS102 in 2015 all of the accounting policies have been aligned with the new accounting standard and where these have resulted in a material change to the amounts, classification or presentation within the financial statements as at the date of transition then a transitional adjustment has been made (see note 26).

#### b) Going concern

The trustees consider that there are no material uncertainties regarding the CDBF's ability to continue as a going concern.

#### c) Income

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

- i) Parish Share is recognised as income of the year in respect of which it is receivable.
- ii) Rent receivable is recognised as income in the period with respect to which it relates.
- iii) Interest and dividends are recognised as income when receivable.
- iv) Grants received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) Parochial fees are recognised as income of the year to which they relate.
- vi) Donations other than grants are recognised when receivable.
- vii) Gains on disposal of fixed assets for the CDBF's own use (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.
- viii) Stipends fund income. The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, are therefore satisfied. On this basis, the income and the (normally much larger) related expenditure are both included in the restricted column of the Statement of Financial Activities for the sake of greater clarity in financial reporting.

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

### 1 ACCOUNTING POLICIES (continued)

#### d) Expenditure

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

- i) Costs of raising funds relate to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, and expenditure on education and Church of England schools in the diocese.
- iii) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the CDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff usage basis.
- v) Pension contributions. The CDBF's staff are members of the Church Workers Pension Fund and clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the CDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which CDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

#### e) Tangible fixed assets and depreciation

##### *Freehold properties*

The CDBF measures all freehold property assets in accordance with an estimate of fair value as required by FRS 102. The methodology employed includes the use of market data for relevant property sales and where possible, specific recent sales data from property websites and estate agents. The average increase in value compared to insurance rebuild valuations are then extrapolated across all the property assets held by the CDBF to arrive at the stated fair value in the balance sheet.

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

### 1 ACCOUNTING POLICIES (continued)

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The CDBF has a policy of regular structural inspection, repair and maintenance, which in the case of parsonages properties is in accordance with the Repair of Benefices Buildings Measure 1972, and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

#### *Properties subject to value linked loans*

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

#### *Investment properties*

Glebe properties which are held for investment purposes and rented out have been included at their fair value. Other Glebe assets which are held for investment purposes and rented out have been included at their fair value.

#### *Parsonage houses*

The CDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The CDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their fair value. Parsonage houses are revalued on a five year cycle.

#### d) Other tangible fixed assets

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

Fixtures and fittings - 25% per annum - reducing balance basis  
Computer Equipment - 33.33% per annum - straight line basis

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

### 1 ACCOUNTING POLICIES (continued)

#### e) Other accounting policies

- i) Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) Leases. The CDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is break clause whichever is sooner in time.

#### f) Fund balances

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

- Unrestricted funds are the CDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the CDBF.

There are two types of unrestricted funds:

- General funds which the CDBF intends to use for the general purposes of the CDBF and
  - Designated funds set aside out of unrestricted funds by the CDBF for a purpose specified by the Trustees
- Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
  - Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the Stipends Fund Capital, Parsonage Houses and the Aided Schools fund there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

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

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

### 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the CDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to judgement and estimation are fair values estimated for property assets and investment properties.

The CDBF measures certain property assets in accordance with an estimate of fair value as required by FRS 102. The methodology employed includes the use of market data for relevant property sales and where possible, specific recent sales data from property websites and estate agents. The average increase in value compared to insurance rebuild valuations are then extrapolated across all the property assets held by the CDBF to arrive at the stated fair value in the balance sheet.

The trustees consider this to be appropriate estimate of fair value for reporting purposes, any change in the underlying estimates or population used for the purposes of measuring the average uplift in value would impact on the financial position and net movement in funds reported in these financial statements

### 3 DONATIONS

#### Parish Contributions

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

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Current Year pledges	14,305	-	-	-	14,305	14,105
Transfer to Deanery reserves	( 35)	-	-	-	( 35)	( 22)
Shortfall in contributions	( 170)	-	-	-	( 170)	( 399)
	<u>14,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,100</u>	<u>13,684</u>
Receipts for previous year	<u>195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195</u>	<u>115</u>
Total Income	<u><u>14,295</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>14,295</u></u>	<u><u>13,799</u></u>

Current year parish share receipts represent 98.6% of the total pledges (2014 – 97.0%), or, when receipts for previous years are included, 99.9% of the total pledges (2014 – 97.8)



THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3 DONATIONS (continued)

Archbishops' Council

	Unrestricted Funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
	General	Designated				
	£'000	£'000				
Parish Mission	-	118	-	-	118	112

This is the annual grant for the parish mission fund, which may be used either for specific parish mission and development projects or for clergy stipends.

Other donations

	Unrestricted Funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
	General	Designated				
	£'000	£'000				
All Churches Trust Grant	129	37	-	-	166	162
Grants from other organisation	-	-	3	-	3	9
Legacies/Bequests	-	-	-	5	5	-
Donations	13	16	340	-	369	102
	<u>142</u>	<u>53</u>	<u>343</u>	<u>5</u>	<u>543</u>	<u>273</u>

4 CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
	General	Designated				
	£'000	£'000				
Statutory fees for parochial services	673	-	-	-	673	585
Church Commissioners' guaranteed annuities	-	-	28	-	28	33
Parish trust Income	-	-	140	-	140	134
Church Schools Training & other	155	-	1	-	156	113
Clergy Conference 2014	-	-	-	-	-	116
Chaplaincy & other	-	-	14	-	14	20
	<u>828</u>	<u>-</u>	<u>183</u>	<u>-</u>	<u>1,011</u>	<u>1,001</u>

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

5 OTHER TRADING INCOME

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Rents receivable - Parsonage	441	-	-	-	441	345
	<u>441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441</u>	<u>345</u>

6 INVESTMENT INCOME

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable & interest receivable	801	-	919	-	1,720	1,596
Rents receivable - Glebe and CDBF corporate properties	-	-	292	-	292	250
	<u>801</u>	<u>-</u>	<u>1,211</u>	<u>-</u>	<u>2,012</u>	<u>1,846</u>

7 OTHER INCOMING RESOURCES

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of property	-	-	-	-	-	-
Gain on sale of benefice land	-	-	141	-	141	-
Gain on sale of redundant churches	-	-	320	-	320	-
	<u>-</u>	<u>-</u>	<u>461</u>	<u>-</u>	<u>461</u>	<u>-</u>

8 FUND RAISING COSTS

	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agents' fees	-	-	2	-	2	6
Glebe repairs & improvements	-	-	35	-	35	45
	<u>-</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>37</u>	<u>51</u>

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

9 CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds	Total Funds
	General	Designated			2015	2014
	£'000	£'000			£'000	£'000
Contributions to Archbishops' Council						
Training for Ministry	572	-	-	-	572	569
National Church Responsibilities	432	-	-	-	432	434
Mission agency pension costs	89	-	-	-	89	86
Retired clergy housing costs	181	-	-	-	181	174
Pooling of ordinands maintenance grants	73	-	-	-	73	( 140)
	<u>1,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,347</u>	<u>1,123</u>

	Unrestricted Funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds	Total Funds
	General	Designated			2015	2014
	£'000	£'000			£'000	£'000
Resourcing Ministry and Mission - Parish Ministry						
Stipends and national Insurance	6,062	6	1,061	-	7,129	7,039
Pension contributions	1,567	-	-	-	1,567	1,549
Actuarial gains/(losses) on defined benefit pension scheme	67	-	-	-	67	438
Housing costs	2,689	-	700	-	3,389	2,669
Mission Fund grants	-	183	-	-	183	109
Removal, resettlement & grants	406	-	-	-	406	442
Clergy welfare grants	-	-	153	-	153	112
Church Insurance	1,033	-	-	-	1,033	1,023
Other expenses	-	-	-	-	-	-
	<u>11,824</u>	<u>189</u>	<u>1,914</u>	<u>-</u>	<u>13,927</u>	<u>13,381</u>

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

9 CHARITABLE ACTIVITIES (continued)

	Unrestricted Funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds	
	General £'000	Designated £'000			2015 £'000	2014 £'000
Resourcing Ministry and Mission - support for Parish Ministry						
Diocesan support of						
Ordinands in training	395	-	36	-	431	344
Adult Education	132	1	32	-	165	156
Children and youth work	145	-	-	-	145	143
Mission, renewal and stewards	149	-	-	-	149	148
Social concerns	71	-	-	-	71	74
Safeguarding	205	-	-	-	205	186
Diocesan Advisory Committee	63	-	-	-	63	47
Pastoral and Redundant						
Churches uses	33	-	-	-	33	51
Redundant churches	( 16)	-	-	-	( 16)	47
Communications	84	-	-	-	84	67
Chaplains	46	-	-	-	46	56
Mission projects	-	-	31	-	31	33
Chancellor & Registrar	46	-	-	-	46	40
Grants	36	-	806	-	842	184
Clergy Conference 2014	-	-	-	-	-	120
	<u>1,389</u>	<u>1</u>	<u>905</u>	<u>-</u>	<u>2,295</u>	<u>1,696</u>
Support and Governance for parish ministry (note 9)	<u>805</u>	<u>43</u>	<u>49</u>	<u>-</u>	<u>897</u>	<u>819</u>
	<u>2,194</u>	<u>44</u>	<u>954</u>	<u>-</u>	<u>3,192</u>	<u>2,515</u>
Resourcing Ministry and Mission - Church Schools						
Church Schools department	489	-	2	-	491	415
Training courses	18	-	-	-	18	3
Aided Schools fund	-	-	55	-	55	-
Other expenses	-	-	-	-	-	-
Support and Governance for Church Schools (note 9)	<u>64</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>69</u>	<u>36</u>
	<u>571</u>	<u>5</u>	<u>57</u>	<u>-</u>	<u>633</u>	<u>454</u>
Total Charitable activities	<u>15,936</u>	<u>238</u>	<u>2,925</u>	<u>-</u>	<u>19,099</u>	<u>17,473</u>

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

10 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Resourcing ministry and mission Support for Ministry £'000	Education Church Schools £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
<b>Support</b>				
Central services department	141	18	159	112
General office department	256	-	256	316
Finance department	183	23	206	175
IT department	157	20	177	107
Depreciation	9	1	10	17
Repairs to Diocesan Church House	43	5	48	21
	<u>789</u>	<u>67</u>	<u>856</u>	<u>748</u>
<b>Governance</b>				
External Audit	19	2	21	19
Investment managers fees	89	-	89	90
	<u>897</u>	<u>69</u>	<u>966</u>	<u>857</u>

11 ANALYSIS OF GRANTS MADE

	<i>Number</i>	Individuals £'000	Institutions £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishops' Council	<u>6</u>	<u>-</u>	<u>1,347</u>	<u>1,347</u>	<u>1,123</u>
From unrestricted					
The Chichester Diocesan Association for Family Support Work	<u>1</u>	<u>-</u>	<u>36</u>	<u>36</u>	<u>36</u>
St Bartz Trust - Youth work	<u>1</u>	<u>-</u>	<u>23</u>	<u>23</u>	<u>-</u>
	<u>2</u>	<u>-</u>	<u>59</u>	<u>59</u>	<u>36</u>
From designated					
PCCs for Mission projects	<u>18</u>	<u>-</u>	<u>190</u>	<u>190</u>	<u>131</u>
From restricted					
Archbishop Council	<u>1</u>	<u>-</u>	<u>100</u>	<u>100</u>	<u>-</u>
PCCs for Mission projects	<u>3</u>	<u>-</u>	<u>624</u>	<u>624</u>	<u>-</u>
Clergy for Welfare and healthcare	<u>94</u>	<u>70</u>	<u>-</u>	<u>70</u>	<u>123</u>
Overseas mission agencies	<u>4</u>	<u>-</u>	<u>11</u>	<u>11</u>	<u>9</u>
Ordinands in training	<u>24</u>	<u>233</u>	<u>-</u>	<u>233</u>	<u>190</u>
Educational resources	<u>1</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
	<u>127</u>	<u>305</u>	<u>735</u>	<u>1,040</u>	<u>322</u>
Totals	<u>153</u>	<u>305</u>	<u>2,331</u>	<u>2,636</u>	<u>1,612</u>

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

12 STAFF COSTS

	2015 £'000	2014 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,454	1,350
National insurance contributions	126	92
Pension costs	190	136
	<u>1,770</u>	<u>1,578</u>

	2015 Number	2014 Number
The average number of persons employed by the group during the year:		
Administration and financial management	23	19
Discipleship & Ministry, Stewardship	10	9
Property	7	6
Education -Church Schools	8	6
Safeguarding & inclusion	5	3
Parochial lay staff	2	1
	<u>55</u>	<u>44</u>

	2015 Number	2014 Number
The average number of persons employed by the group during the year: based on full-time equivalents:		
Administration and financial management	20	16
Discipleship & Ministry, Stewardship	8	7
Property	7	6
Education -Church Schools	7	6
Safeguarding & inclusion	4	3
Parochial lay staff	1	1
	<u>47</u>	<u>39</u>

	2015 Number	2014 Number
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£60,001 - £70,000	<u>2</u>	<u>-</u>

Pension payments of £20,772 were made for these employees.

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

### 12 STAFF COSTS (continued)

#### Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2015 they were:

Diocesan Secretary and Company Secretary	Gabrielle Higgins
Diocesan Director for Apostolic Life	Revd Canon Rebecca Swyer
Diocesan Director of Education	Canon Dr Ann Holt OBE
Diocesan Director of Property	Scott Ralph
Diocesan Accountant	Andrew Cunningham

Remuneration, pensions and expenses for these 5 employees/posts amounted to £340,470. (2014 - £329,543)

#### Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £23,260 (2014 - £24,898) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Right Revd M Sowerby	No	Yes
The Right Revd R Jackson	No	Yes
The Venerable D McKittrick	Yes	Yes
The Venerable P Jones	Yes	Yes
The Venerable F Windsor	Yes	Yes
The Venerable M Lloyd-Williams	Yes	Yes

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

	2015 £'000	2014 £'000
Stipends	6,610	6,522
National insurance contributions	519	517
Pension costs - current year	1,567	1,548
Pension costs - deficit reduction	855	734
	<u>9,551</u>	<u>9,321</u>

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

### 12 STAFF COSTS (continued)

The stipends of the Diocesan Bishop and Suffragan Bishops are paid and funded by the Church Commissioners and are in the range £34,280 - £42,240 (2014 range £33,120 - £41,410). The annual rate of stipend, funded by the CDBF, paid to Archdeacons in 2015 was in the range £33,010 - £34,970 (2014 range £32,360 – £34,280) and other clergy who were Trustees were paid in the range £24,750 - £25,940 (2014 range £24,310 – £25,480). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2015 at £9,910 (2014 - £9,950). The value of housing provided to the Bishops is £20,100.

### 13 ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Parish Contribution from Christ Church Brighton	43	-	( 43)	-
Sale of property - 2 Mardens Crowborough	-	( 622)	622	-
Reallocation - Mardens Crowborough	581	-	( 581)	-
Reallocation - 1 Mardens Crowborough	( 439)	-	439	-
Sale of property - Lapwings Rye	-	( 911)	911	-
Actuarial losses on defined benefit pension scheme	67	-	-	( 67)
Administration charge - Aided Schools fund	42	-	( 42)	-
	<u>294</u>	<u>( 1,533)</u>	<u>1,306</u>	<u>( 67)</u>

Parish Contribution from Christ Church Brighton This is a mission project and operational falls under the CDBF. The transfer of £43k reflects the allocation of Parish contribution paid between the restricted and general fund.

The Mardens Crowborough was held as a designated property. In 2008 it was developed into two separate properties. One of the properties was transferred to the restricted Stipends Fund in 2013 as it was being used for clergy housing. The original intention for remaining property was to sell it however due to the economic conditions of 2009 the sale was put on hold. During 2015 as part of the completion of the sale of one property a review was undertaken as to the origination of the property and any restrictions contained within. The review highlighted that the property was bequeathed for clergy welfare and as such is more appropriately classified as a restricted fund and not a designated fund as was previously the case. Accordingly transfers between funds have been made to properly reflect the wishes of the benefactor.

Sale of property - Lapwings Rye In 2013 this property was bequeathed to the CDBF. The property department reviewed the property and as it was surplus to requirements and was uneconomical to repair, it was sold in 2015. As part of the completion of the sale of a property a review was undertaken as to the origination of the property and any restrictions contained within. The review highlighted that the property was bequeathed for purposes connected with clergy welfare which are not yet fully clear and as such is more appropriately classified as a restricted fund and not a designated fund as was previously the case. Accordingly a transfer between funds has been made to properly reflect the wishes of the benefactor.



THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS (continued)

Actuarial losses on defined benefit pension scheme Transfer of the Actuarial loss to the Diocesan Stipends fund.

Administration charge - Aided Schools fund This reflects the administration charge of the Capital Asset Programme Manager costs charged to the Aided Schools restricted fund.

14 TANGIBLE FIXED ASSETS

	Freehold Land £'000	Leasehold Property £'000	Office Equipment £'000	Total £'000
Cost or valuation				
At 1 January 2015	197,008	218	522	197,748
Additions	2,013	-	9	2,022
Disposals	( 3,513)	-	-	( 3,513)
Revaluation	18,679	22	-	18,701
At 31 December 2015	<u>214,187</u>	<u>240</u>	<u>531</u>	<u>214,958</u>
Depreciation				
At 1 January 2015	-	-	494	494
Charge for the year	-	-	10	10
At 31 December 2015	<u>-</u>	<u>-</u>	<u>504</u>	<u>504</u>
Net Book Value				
At 31 December 2015	<u>214,187</u>	<u>240</u>	<u>27</u>	<u>214,454</u>
At 31 December 2014	<u>197,008</u>	<u>218</u>	<u>28</u>	<u>197,254</u>

All of the properties in the balance sheet are freehold and are vested in the CDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to £1,326,116 (2014: £1,650,000). Of the total land and buildings at 31 December 2015, none are valued at cost (2014: none), but all at valuation. Properties are subject to a five-year cycle of survey and valuation and consequent repairs are charged as expenditure with the SoFA.

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

15 FIXED ASSETS INVESTMENTS

	At 1 January 2015 £'000	Additions £'000	Disposal £'000	Transfer £'000	Change in Market Value £'000	At 31 December 2015 £'000
<b>Unrestricted Funds</b>						
Listed investments	114	2	( 5)	-	( 2)	109
Unlisted investments	-	5	-	-	-	5
Investment property	2,029	-	( 1,397)	-	62	694
	<u>2,143</u>	<u>7</u>	<u>( 1,402)</u>	<u>-</u>	<u>60</u>	<u>808</u>
<b>Restricted Funds</b>						
Listed investments	15,615	2,318	( 605)	-	( 305)	17,023
	<u>15,615</u>	<u>2,318</u>	<u>( 605)</u>	<u>-</u>	<u>( 305)</u>	<u>17,023</u>
<b>Endowment Funds</b>						
Listed investments	21,952	420	( 982)	-	( 371)	21,019
Investment property	4,251	-	-	-	84	4,335
	<u>26,203</u>	<u>420</u>	<u>( 982)</u>	<u>-</u>	<u>( 287)</u>	<u>25,354</u>
<b>Total</b>	<u>43,961</u>	<u>2,745</u>	<u>( 2,989)</u>	<u>-</u>	<u>( 532)</u>	<u>43,185</u>

16 DEBTORS

	2015 £'000	2014 £'000
<b>Due within one year</b>		
Concessionary (interest free) loans to Parishes	407	517
Loans to Parishes	1,351	1,417
Loans to Schools	625	662
Other Debtors and prepayments	240	421
	<u>2,623</u>	<u>3,017</u>
<b>Due after more than one year</b>		
Loans to Parishes	800	747
	<u>800</u>	<u>747</u>

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

17 CREDITORS: amounts falling due within one year	2015 £'000	2014 £'000
Loan repayment instalments due in one year		
Church Commissioners value-linked loans	1,920	2,078
Central Board of Finance other loans	-	-
Deferred income		
Payments received in advance from Education Funding authority	868	-
Other Taxes and social security	41	36
Other creditors and accruals	1,421	1,181
Clergy Pension Scheme	800	800
	<u>5,050</u>	<u>4,095</u>
18 CREDITORS: amounts falling due after more than one year	2015 £'000	2014 £'000
Loan repayment instalments due in one year		
Central Board of Finance other loans	230	330
Pension Scheme liabilities (see note 25)		
Lay Defined Benefits Scheme	-	-
Clergy Pension Scheme	7,046	7,834
	<u>7,276</u>	<u>8,164</u>
	2015 £'000	2014 £'000
The maturity of the above loans may be analysed as follows:		
Between one and two years	1,920	2,078
Between two and five years	230	330
In five years and more	<u>2,150</u>	<u>2,408</u>

Value-linked loans (VLLs) represent amounts advanced to the CDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31<sup>st</sup> December 2015 the Board had no intention of disposing of any of those properties funded via VLLs.

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

19 SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2015 £'000	Income £'000	Expenditure £'000	Transfer £'000	Gains and Losses £'000	Balances at 31 December 2015 £'000
<b>UNRESTRICTED FUNDS</b>						
General	1,420	16,507	( 15,936)	294	( 2)	2,283
<b>Designated Funds</b>						
Property	6,732	-	-	( 1,533)	654	5,853
Church House	48	-	( 48)	-	-	-
Parish Mission	607	155	( 190)	-	-	572
Other designated funds	36	16	-	-	-	52
	<u>7,423</u>	<u>171</u>	<u>( 238)</u>	<u>( 1,533)</u>	<u>654</u>	<u>6,477</u>
<b>Restricted Funds</b>						
Diocesan Pastoral	17,970	461	( 1,400)	-	( 289)	16,742
Diocesan Stipend	-	1,137	( 1,137)	-	-	-
Training	-	38	( 38)	-	-	-
Clergy Welfare	697	93	( 124)	480	( 6)	1,140
Clergy Welfare (B Wild)	-	-	-	911	-	911
Poling endowment	16	28	( 32)	-	-	12
Clergy Widows	49	-	( 2)	-	-	47
University chaplaincy	32	1	-	-	-	33
Jenkinson Trust	16	1	-	-	-	17
Hayllar trust	74	4	-	-	-	78
Archdeacons' loans	1,619	25	-	-	( 6)	1,638
Aided Church Schools	1,946	28	( 55)	( 42)	( 3)	1,874
Diocesan Overseas Committee	-	203	( 82)	-	-	121
The Arnold Bequest	47	26	( 26)	-	-	47
Other restricted funds	70	153	( 66)	( 43)	-	114
	<u>22,536</u>	<u>2,198</u>	<u>( 2,962)</u>	<u>1,306</u>	<u>( 304)</u>	<u>22,774</u>
<b>Endowment Funds</b>						
<u>Expendable</u>						
Diocesan Stipends	45,720	5	-	( 67)	3,192	48,850
Parsonage/Benefice houses	153,265	-	-	-	14,702	167,967
Clergy Welfare	2,027	-	-	-	( 36)	1,991
Elfinward	1,908	-	-	-	( 35)	1,873
Terry's Cross	4,801	-	-	-	461	5,262
<u>Permanent</u>						
Jenkinson	44	-	-	-	( 1)	43
Training	798	-	-	-	( 14)	784
University chaplaincy	557	-	-	-	55	612
Hayllar trust	65	-	-	-	( 1)	64
Poling endowment	583	-	-	-	( 3)	580
The Arnold Bequest	537	-	-	-	( 6)	531
	<u>210,305</u>	<u>5</u>	<u>-</u>	<u>( 67)</u>	<u>18,314</u>	<u>228,557</u>
<b>Total funds</b>	<u>241,684</u>	<u>18,881</u>	<u>( 19,136)</u>	<u>-</u>	<u>18,662</u>	<u>260,091</u>

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

20 SUMMARY OF ASSETS BY FUND

	Fixed assets		Current		Net
	Tangible	Investments	Assets	Creditors	Assets
	£'000	£'000	£'000	£'000	£'000
<b>UNRESTRICTED FUNDS</b>					
General	27	108	3,505	( 1,357)	2,283
Designated Funds					
Property	5,164	694	( 5)	-	5,853
Parish Mission	-	-	572	-	572
Other designated funds	-	5	47	-	52
	<u>5,164</u>	<u>699</u>	<u>614</u>	<u>-</u>	<u>6,477</u>
Restricted Funds					
Diocesan Pastoral	-	15,776	1,246	( 280)	16,742
Clergy Welfare	1,399	-	1,661	( 1,920)	1,140
Clergy Welfare (B Wild)	-	-	911	-	911
Poling endowment	-	-	12	-	12
Clergy Widows	-	-	47	-	47
University chaplaincy	-	-	33	-	33
Jenkinson Trust	-	-	17	-	17
Hayllar trust	-	-	78	-	78
Archdeacons' loans	-	499	1,139	-	1,638
Aided Church Schools	-	749	2,048	( 923)	1,874
Diocesan Overseas Committee	-	-	121	-	121
The Arnold Bequest	-	-	47	-	47
Other restricted funds	-	-	114	-	114
	<u>1,399</u>	<u>17,024</u>	<u>7,474</u>	<u>( 3,123)</u>	<u>22,774</u>
Endowment Funds					
<u>Expendable</u>					
Diocesan Stipends	37,986	19,341	( 631)	( 7,846)	48,850
Parsonage/Benefice houses	164,087	-	3,880	-	167,967
Clergy Welfare	-	1,993	( 2)	-	1,991
Elfinward	-	1,959	( 86)	-	1,873
Terry's Cross	5,167	-	95	-	5,262
<u>Permanent</u>					
Jenkinson	-	43	-	-	43
Training	-	796	( 12)	-	784
University chaplaincy	624	27	( 39)	-	612
Hayllar trust	-	64	-	-	64
Poling endowment	-	583	( 3)	-	580
The Arnold Bequest	-	548	( 17)	-	531
	<u>207,864</u>	<u>25,354</u>	<u>3,185</u>	<u>( 7,846)</u>	<u>228,557</u>
Total funds	<u>214,454</u>	<u>43,185</u>	<u>14,778</u>	<u>( 12,326)</u>	<u>260,091</u>

## THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

#### 21 DESCRIPTION OF FUNDS

General	The general fund is the CDBF's unrestricted undesignated fund available for any of the CDBF's purposes without restriction.
Property	The fund value set at the level equivalent to the net book value of corporate properties. Church House, Hove and various houses used by retired clergy make up the value of this fund.
Church House	Fund set aside to meet the future major repairs and improvements to Church House, Hove. Income is derived from room hire during the course of the year.
Parish Mission	Fund made available from the Church Commissioners' and other sources to support parish ministry throughout the Diocese.
Diocesan Stipend	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses.
Clergy Welfare	Fund is governed by a 1993 Charity Commission scheme with income being used for the welfare of clergy, their spouses or other licensed staff who work or have worked in the diocese.
Clergy Welfare (B Wild)	Fund derives from the sale of a property, Lapwings, bequeathed for purposes connected with clergy welfare.
Clergy Widows	Fund represents a legacy from Charles Peckham to provide financial grants or other benefits for widows of the clergy.
University chaplaincy	Fund is governed by a trust deed dated 21 July 1961. The fund is to provide a house for the University of Sussex chaplain and to assist that chaplain in the fulfilment of his/her duties.
Jenkinson Trust	Fund represents a legacy from William Jenkinson. Income from the fund is used for necessitous Church of England gentlewomen or as the diocesan fund finds most fitting.
Hayllar trust	Fund represents a legacy from Sidney Hayllar. Income from the fund is used to help clergy with personal costs such as education and personal support and general financial problems.

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

### 21 DESCRIPTION OF FUNDS (continued)

Archdeacons' loans	Fund comprises from three gifts and the proceeds of a fundraising campaign. The accumulated income is used to make loans to parishes to help fund repairs to churches and church halls.
Aided Church Schools	The aided church schools fund represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by Section 287(2) of the Education Act 1993 to capital and maintenance work to Church of England schools in the diocese and education generally at Church of England schools in the diocese. The CDBF is trustee of these funds, which are managed in consultation with the Diocesan Board of Education.
Diocesan Overseas Council	Fund comprises of income raised and grants made by the Diocesan Overseas Council. The Council promotes the Diocesan interest in, support for and engagement with mission work of the churches of the Anglican Communion in co-operation with the Church of England's partnership for World Mission accredited mission agencies and partners. It raises funds mainly by way of the Harvest Appeal each year and reaction to world mission appeals and projects.
The Arnold Bequest	Funds originated under a court order arising from the will of Andrew William Arnold; a Charity Commission scheme dated 2001 confirms the company's trusteeship. The first call on the income is the payment of the stipend of the parish priest responsible for Southgate St Mary.
Diocesan Pastoral	<p>The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:</p> <ul style="list-style-type: none"><li>• to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees</li><li>• to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese</li><li>• other purposes of the diocese or any benefice or parish in the diocese</li><li>• to make grants or loans to any other diocese</li><li>• to transfer funds to the diocesan stipends fund income or capital accounts.</li></ul>

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

### 21 DESCRIPTION OF FUNDS (continued)

Parsonage/Benefice houses	The parsonage/benefice property fund consists of resources restricted to provision of benefice houses in the diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the CDBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the CDBF.
Elfinsward	Fund created by sale of a former retreat house. The income from the fund is used to support stipends, communications work and retreat grants.
Terry's Cross	Fund represents the value of a house, originally given as a gift to the diocese, to provide accommodation for retired clergy and church workers.
Training	Comprises of funds from various bequests. The income is used to support ordination training costs and for modest discretionary grants to assist ordinands in need.

### 22 CAPITAL COMMITMENTS

At 31 December 2015 the CDBF had capital expenditure commitments authorised but not contracted for of £NIL (2014 - £NIL), and contracted for but not yet due of £526,455 (2014 - £NIL).

### 23 OPERATING LEASES

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

	2015	2014
	£	£
	£'000	£'000
Land and buildings where the lease expires		
In the second to fifth years inclusive of the balance sheet date	<u>429</u>	<u>429</u>
Other operating leases where the lease expires:		
In the second to fifth years inclusive of the balance sheet date	<u>48</u>	<u>72</u>

### 24 POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events or contingent liabilities at the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

25 PENSIONS

The CDBF participates in four pension schemes.

- A Church of England Funded Pensions Scheme (CEFPS) for stipendiary clergy administered by the Church of England Pensions Board.
- B Church Workers Pension Fund (CWPF) for Lay workers administered by the Church of England Pensions Board.
- C Church Workers Pension Fund (CWPF) Pension Builder Classic for Lay workers administered by the Church of England Pensions Board
- D Teachers Pension Scheme (TPS) governed by the Teachers' Pension Scheme regulations 2014.

A. Church of England Funded Pensions Scheme (CEFPS)

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

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

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

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1.19m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males.

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

25 PENSIONS (continued)

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

	01-Jan-14 to 31-Dec-14	01-Jan-15 to 31-Dec-15
Percentage of pensionable stipends	<u>          </u>	<u>          </u>
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	12.4%	14.1%
Total contribution rate	<u>38.2%</u>	<u>39.9%</u>

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

	2015 £'000	2014 £'000
Balance sheet liability brought forward	8,634	8,939
Deficit contribution paid	( 855)	( 743)
Interest cost (recognised in SoFA)	189	300
Remaining change to the balance sheet liability (recognised in SoFA)*	<u>( 122)</u>	<u>138</u>
Balance sheet liability carried forward	<u>7,846</u>	<u>8,634</u>

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

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

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

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

### 25 PENSIONS (continued)

#### B. Church Workers Pension Fund (CWPF)

The CDBF participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

#### Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. This scheme was closed to existing and new members on 30th September 2012.

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

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below). If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

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

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £5,700 per year.

# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

### 25 PENSIONS (continued)

#### C. Church Workers Pension Fund (CWPF) Pension Builder Classic

Since 1st October 2012 the CDBF (PB Classic) participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

#### Pension Builder Scheme

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

---

25 PENSIONS (continued)

D) Teachers Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investment that produce that real rate of return.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- (a) employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- (b) total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- (c) an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- (d) the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

26 PRIOR YEAR ADJUSTMENT - TRANSITION TO FRS102

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

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2014 £'000
Reconciliation of the net income for the financial year as previously reported to that now restated				
Surplus/(deficit) as previously reported (before investment gains)	( 189)	( 278)	-	( 467)
Defined benefit pension scheme - Clergy A	743	-	-	743
Defined benefit pension scheme - Clergy A	( 438)	-	-	( 438)
Depreciation write back D	14	-	-	14
	319	-	-	319
Net income for the year under FRS102 (before investment gains)	<u>130</u>	<u>( 278)</u>	<u>-</u>	<u>( 148)</u>
Reserves reconciliation - 1 January 2014				
As at 1 January 2014 - as previously reported	3,957	22,350	151,249	177,556
Defined benefit pension scheme - Clergy A	-	-	( 8,939)	( 8,939)
Property revaluations B	3,431	-	43,917	47,348
Glebe land revaluations C	-	-	4,166	4,166
Depreciation write back D	191	-	-	191
Total adjustments	<u>3,622</u>	<u>-</u>	<u>39,144</u>	<u>42,766</u>
As at 1 January 2014 - Restated	<u>7,579</u>	<u>22,350</u>	<u>190,393</u>	<u>220,322</u>
Reserves reconciliation - 31 December 2014				
As at 31 December 2014 - as previously reported	3,713	22,535	161,237	187,485
Defined benefit pension scheme - Clergy A	743	-	( 9,377)	( 8,634)
Property revaluations B	4,183	-	54,196	58,379
Glebe land revaluations C	-	-	4,250	4,250
Depreciation write back D	204	-	-	204
Total adjustments	<u>5,130</u>	<u>-</u>	<u>49,069</u>	<u>54,199</u>
As at 31 December 2014 - Restated	<u>8,843</u>	<u>22,535</u>	<u>210,306</u>	<u>241,684</u>

26 PRIOR YEAR ADJUSTMENT - TRANSITION TO FRS102 (continued)

Description of Prior year Adjustments

A Recognition of the liability to fund pension fund deficits on defined benefit pension schemes  
FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A. The CDBF has a payment plan with the Church of England Pensions Board to pay both the CWPS and Clergy Pension Scheme deficit over a ten year period (until 2025). Upon transition, CDBF has recognised the present value of deficit funding contributions. As at 31 December 2015, this amounted to £7,846,000 (2014:£88,634,000) (2013:£8,939,000) for the Clergy Pension Scheme.

B Change of valuation base of property assets to fair value  
FRS 102 requires an entity which adopts a policy of revaluation to ensure that the valuation used is fair value. Historically the CDBF used insurance rebuilding value as a method of valuation. Under FRS102 this value base does not comply with the requirement for revaluations to be fair value therefore, the CDBF has implemented a policy of revaluation using market valuations. As at 31 December 2015 the property assets (excluding Glebe lane) were valued at £215,121,296.

C Revaluation of the Glebe land at a fair value  
FRS 102 requires an entity which adopts a policy of revaluation to ensure that the valuation is applied to all assets within its class. In point B above the CDBF has adopted an improved revaluation method for its property assets therefore the CDBF has applied a fair valuation upon its Glebe lands which were previously included at Nil valuation. As at 31 December 2015 the Glebe land were valued at £4,334,726.

D Property Assets - Depreciation write back on change of valuation base  
Following the change in the valuation base on adoption of FRS102 as detailed in B and C above, previously charged depreciation of £204,095 has been written back and the charge for the previous year has decreased by £13,673

THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

27 PRIOR YEAR ADJUSTMENT - COMPARATIVE SOFA RESTATED

	Note	Unrestricted Funds		Restricted	Endowment	Total Funds	Total Funds
		General £'000	Designated £'000	Funds £'000	Funds £'000	2014 £'000	2013 £'000
Income and endowments from							
Donations							
Parish contribution		13,799	-	-	-	13,799	13,581
Archbishops' Council		-	112	-	-	112	112
Other donations		141	35	97	-	273	1,384
Charitable activities		696	-	305	-	1,001	1,084
Other activities		345	-	-	-	345	286
Investments		724	-	1,122	-	1,846	1,660
Other		-	-	-	-	-	-
		<u>15,705</u>	<u>147</u>	<u>1,524</u>	<u>-</u>	<u>17,376</u>	<u>18,107</u>
Expenditure on							
Raising Funds		-	-	51	-	51	30
Charitable activities		15,986	-	1,487	-	17,473	19,253
Other		-	-	-	-	-	-
		<u>15,986</u>	<u>-</u>	<u>1,538</u>	<u>-</u>	<u>17,524</u>	<u>19,283</u>
Net Income/(expenditure) before investment gains		<u>(281)</u>	<u>147</u>	<u>(14)</u>	<u>-</u>	<u>(148)</u>	<u>(1,176)</u>
Net gains on investments		3	-	419	491	913	3,131
Net income/(expenditure)		<u>(278)</u>	<u>147</u>	<u>405</u>	<u>491</u>	<u>765</u>	<u>1,955</u>
Transfer between funds		701	-	(263)	(438)	-	-
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets		694	-	44	19,859	20,597	1,065
Net movement in funds		<u>1,117</u>	<u>147</u>	<u>186</u>	<u>19,912</u>	<u>21,362</u>	<u>3,020</u>
Total funds brought forward		847	6,732	22,350	190,393	220,322	217,302
Total funds carried forward		<u>1,964</u>	<u>6,879</u>	<u>22,536</u>	<u>210,305</u>	<u>241,684</u>	<u>220,322</u>



# THE CHICHESTER DIOCESAN FUND & BOARD OF FINANCE INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

### 28 RELATED PARTY TRANSACTIONS

Included within donations (note 2) is a sum of £11,500 (2014 - £11,547) from the Dean & Chapter of Chichester Cathedral.

Mrs R Sowerby, the wife of the Bishop of Horsham, was employed as a member of staff. Total remuneration, pension and expenses paid amounted to £45,301 (2014 £45,495).

### 29 FUNDS HELD AS CUSTODIAN TRUSTEE

The CDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the CDBF does not control them. The financial assets held in this way may be summarised as follows:

	2015	2014
	£'000	£'000
CBF Church of England Investment Fund income shares	9,776	9,680
CBF Church of England Investment Fund accumulation shares	123	117
CBF Church of England Fixed Interest Securities Fund shares	1,827	1,910
CBF Church of England Property Fund shares	55	51
CBF Church of England UK Equity Shares	9	-
CBF Church of England Global Equity Shares	94	47
COIF income and accumulation shares		
Other common investment fund holdings	1,730	1,339
Direct holdings in UK equities	180	542
Direct holdings in UK gilts		1
Other fixed interest stocks		
CBF Church of England Deposit Fund	1,624	1,697
Sundry debtors	13	3
Cash at bank	125	156
Sundry creditors	(68)	(165)
	<u>15,488</u>	<u>15,378</u>
Total assets held as custodian trustee	<u>15,488</u>	<u>15,378</u>