

Annual Report & Financial Statements 2015



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For the year ended 31st 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 31st 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.

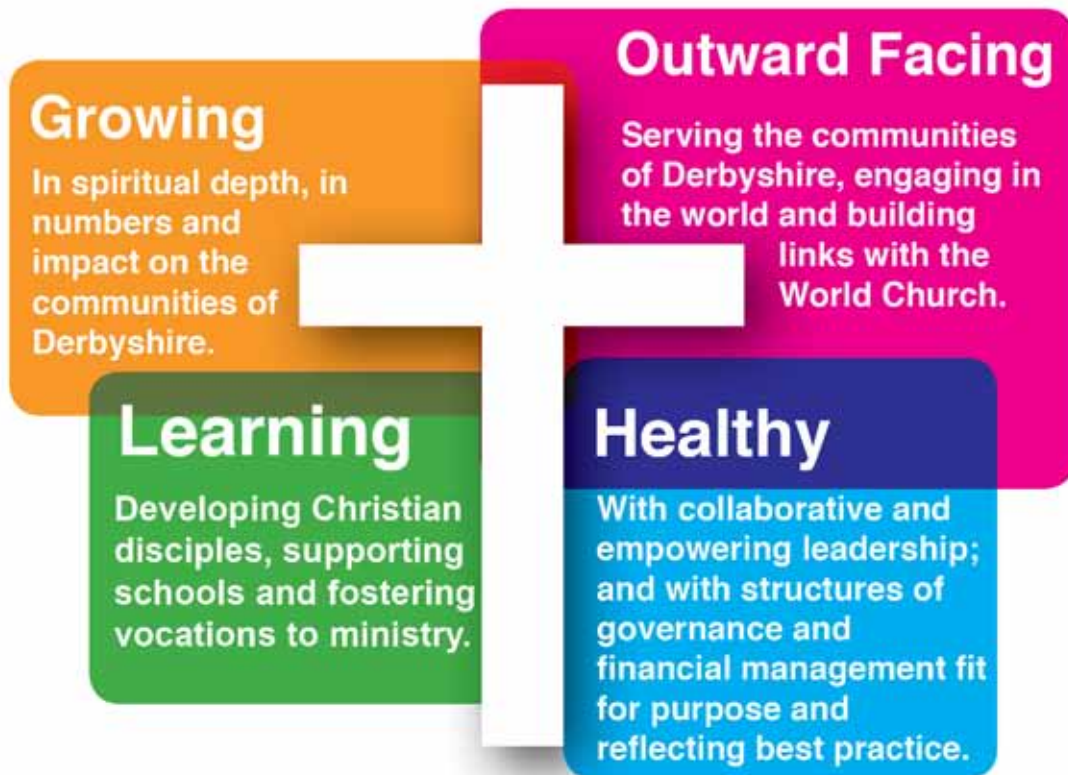
This combined report satisfies the legal requirements for:

- 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

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Our Vision

Christ's presence in every community



As together we seek to live out this vision, we do so in a common purpose, contributing to a Common Fund and in the service of the common good. We commit ourselves to working together and deepening our common life in service of Christ's presence in every community.

Introduction from the Bishop of Derby

The Rt Revd Dr Alastair Redfern, The Bishop of Derby



2015: A Time In Our Lives

Time has two dimensions, one is about measurement: days, hours, minutes. A feature of this attractive and engaging report is an indication of measurement for 2015. The generosity of our giving, the skill of our stewardship, the breadth and richness of all that enables such impressive mission and ministry in our Diocese. Further the contributions of individuals, groups and churches. All unfolding amidst other measures of challenge and uncertainty. This report measures what is Good News in which so many play a part.

The other dimension of time is about quality – the experience and feelings generated by remembering and recording. Moments to mark the qualities of service, sacrifice, generosity and goodness that underpins our fellowship together and our offering of service to the world. This 'quality' within the time of 2015 cannot be easily measured – but, it should be acknowledged and celebrated. The Christian word is 'Eucharist': thanksgiving to God for His gift of life in Jesus Christ and for the outflowing of this life through the power and presence of the Holy Spirit.

I commend this report of a time – 2015 – in our life together. Enjoy and evaluate what is measured, and join in trying to improve the yield for the Kingdom. Give thanks to God for your call, and for the contribution of others.

Foreword

From the Diocesan Secretary, Maureen Cole and Executive Chair, Mark Titterton



2015 was again a year of progress and opportunity as we improved the financial health of the Board. The operating and management structures introduced over the previous two years continued to deliver additional value and reward.

In terms of the financial operating position, the Board recorded a deficit of £59,008 which is £157,313 better than the budget we set for the year. Within this figure it was pleasing to see that contributions to the Common Fund increased by £103,000 over the previous year to £4.5 million. The Board would like to offer thanks to all of those involved in the giving to this essential area of our common life.



Our financial investments grew by £900,000 in the year to a new figure of £35.4 million, whilst also providing £1.7 million in income to our life. Without doubt, our greatest financial challenge remains around giving to the Common Fund. The new formula following the consultations undertaken in 2015 is ready to be taken to Synod. We will need the greatest goodwill and cooperation of colleagues throughout the Diocese to launch and implement the new Common Fund formula.

On behalf of the Board, we would like to thank colleagues at the Parish Support Office in Derby along with all clergy, churchwardens and PCCs across the Diocese. The Board continues to serve them and greatly appreciates their ongoing support.

Legal Objects

The company, Derby Diocesan Board of Finance Limited (the Board), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 16th April 1928 as a charitable trust company limited by membership guarantees (No. 229700) and its governing documents are the Memorandum and Articles of Association. The Board is registered with the Charity Commission (No. 249767).

The objects, for which the Board is established, are set out in Clause 3 of the Board's Memorandum of Association, dated April 1928. The primary object (or purpose) is to act as the financial executive of the Diocesan Synod. In addition it is to act as the Parsonages Board for the Diocese, to act as the Diocesan Committee of the Diocese for the purposes of any Act of Parliament or Measure passed by the General Synod of the Church of England and to promote and assist the work and purposes of the Church in the Diocese and in particular to organise and provide funds in aid of the work of the Church.

The Board has the following statutory responsibilities:-

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.
- The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Derby (in respect of his responsibility for the provision of the cure of souls).

Strategic Aims

The main role of the Board is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further their mission and deliver the Diocesan strategic priorities.

In 2014, Diocesan Synod agreed that the following four strategic priorities should direct the activities of the Diocese:

- **Growing** in spiritual depth, in numbers and impact on the communities of Derbyshire
- **Learning** - developing Christian disciples, supporting schools and fostering vocations to ministry
- **Healthy** with collaborative and empowering leadership; and with structures of governance and financial management fit for purpose and reflecting best practice
- **Outward Facing** - serving the communities of Derbyshire, engaging in the world and building links with the World Church

Objectives for the Year 2015

The four key priorities which we focus on are:

Growing, Learning, Healthy and Outward Facing

We continue to review our mission and ministry with a view to a future of real growth under God, rather than managing decline. The vision and strategy for the Diocese is giving us clarity of focus and we are sharpening up our priorities.

In response to the above strategic priorities determined by the Diocesan Synod, Bishop's Council and Bishop's Staff discussed and consulted widely to agree specific objectives for this and subsequent years.

- Growth Agenda - develop our strategic plan for growth with a view to identifying key areas for investment and including a funding application to the Church Commissioners.
- Deanery Development with a view to identifying the new deanery structure by the end of 2015 which will support local mission.
- Reshape ministry deployment with a priority for focal ministry but including lay, ordained and ministry for new emerging communities.
- Development of the School of Formation to include an exercise to review, develop and implement our strategy to increase the number of lay and ordained vocations.
- Consult and review our approach to Common Fund with consultations to ensure that everyone in parishes has an opportunity to help shape our future process.
- Develop and raise awareness of Credit Unions
- Support the new initiative to eliminate Human Trafficking and Slavery
- Fully integrate risk assessment into our processes
- Further develop partnerships to eradicate Slavery.
- Continue to support the Board of Education as they develop their multi-academy trust and look for further mission opportunities with schools, children and young people.
- Re-engage our parishes with the Mission Action Plan process with a particular focus on identifying ways of serving our local communities as we seek to share in God's mission.
- Recruit a Parish Resource Officer with a view to developing appropriate support for our parishes and raise awareness of the issues parishes share, as we move towards a common fund.
- Complete the financial review for the DBF by introducing Management Reports and a full Monitoring Process.
- Develop a property strategy which covers our assets including church buildings, parsonages and glebe. The strategy will fit with our overall vision and consider how to make the most of these assets both financially and for mission.
- Further investment in Church House so that it becomes the Parish Support Office which can provide increased support for our local church communities.
- Continue to investigate further opportunities for the Parish Support Office to work more efficiently and effectively, maximising the use of the new technology and more collaborative working.
- Review and refine the governance structures where required.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that the Board delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

Activities and Achievements in the Year

Over the last year we have been reviewing our mission and ministry with a view to a future of real growth under God, rather than managing decline. A new vision and strategy for the Diocese was created during 2014. This is giving us clarity of focus and we are putting plans in place to be a growing, learning, healthy and outward facing diocese. The 2015 plan was set against the new vision and priorities. Plans, budgets and resources were reviewed to ensure that they fit with strategy.

Growing

We recognise that if the Diocese is to grow and flourish there is a need to develop changing patterns of ministry deployment including stipendiary clergy, non-stipendiary clergy and lay ministry. New forms of ministry such as Pioneer and Fresh Expressions are a key part of our growth strategy. Whilst continuing to ensure there is the appropriate provision of stipendiary clergy across the Diocese, we are developing a deployment strategy that supports our plans to be a growing and flourishing diocese.

Our aim is to ensure that we:

- Invest in the “Grow Younger Agenda” – reaching out to children and young families.
- Provide ministry to areas of deprivation, the poor and the marginalised.
- Invest in new forms of ministry such as Pioneer Ministry and Fresh Expressions, exploring new opportunities and resourcing those that currently exist, including the growing number of Messy Churches.

During 2015 we:

- Focussed on supporting our parishes - the Church Growth Officers launched the revision to the successful Mission Action Planning (MAP) process. This process helps parishes identify ways of serving our local communities as we seek to share in God’s mission. Our thanks go to the ten people who offered their services and were



Enjoying Messy Church at Holy Trinity Church, Tansley, September 2015

trained to be MAP guides and supported parishes as they went through the MAP process. In addition, senior staff and the Mission and Ministry team offered support for individual parishes as they developed their plan. We should be encouraged by the fact that approximately two thirds of parishes having engaged with Mission Action Planning.

- Our vision of Developing Deaneries and encouraging parishes to look collaboratively at the resourcing of mission and ministry continued under the leadership of the Archdeacon of Chesterfield. Having completed the consultation in the North West of the diocese, the Peak Deanery, which is the amalgamation of three existing deaneries, worked together. The New Area Dean for the Peak Deanery, Revd Colin Pearson was licensed in April 2015 and combines this ministry with being incumbent for Chapel-en-le-Frith parish. This deanery has

continued to inform the thinking and to demonstrate how collaborative working can support local mission. Consultations continued across the rest of the Diocese and at the end of 2015 eight new deaneries have been identified and will go to Synod for approval in 2016. Plans are in place to have a series of dates to launch new deaneries, licence Area Deans and commission lay leadership by June 2016 and then start to undertake a review including any adjustment to boundaries and begin the formal consultation to legally establish the new deaneries towards the end of 2016 / early 2017.

- We initiated the development of a new deployment strategy to consider how we deploy clergy and lay ministry which enables our Diocese to flourish and grow. This included the introduction of a new Mission Audit plus statistical review and we are aiming to develop this further during 2016.
- Bishop's Council reviewed a number of the challenges we face. A key highlight was the presentation given by the Board of Education who presented the missional opportunities that we have for children and young families via our 110 church schools and those schools in the Derby Diocesan Academy Trust.
- At Petertide family, friends and representatives of congregations from across the Diocese saw a record number of ordinands with 16 men and women being ordained deacon and a further seven candidates being ordained priests. This was a joyful occasion and it was wonderful to see so many fulfilling their calling to serve in ordained ministry and was a result of the focus on increasing vocations. Within this group new boundaries are being explored by the four new and one existing pioneer curates.

Vocations

A key priority for the Diocese is to seek to increase the number of vocations for both ordained and lay ministry, an increase in the number of people who are being called to this ministry and with a particular



Some of those ordained in the diocese during Petertide 2015

focus on vocations for younger people. In order to achieve this it was agreed that our Director of Vocations post should move from part to full time. The Revd Canon Geraldine Pond started in post in autumn 2015 and is currently developing the vocations strategy for the Diocese which will ensure we meet our objectives.

- We have seen a healthy increase in the number of people exploring their vocation for ordination training and lay ministry. Our Young Vocations Champion has a brief to encourage vocations in age group 16-25 years. The Vocations Team are currently working with about 20 people who are meeting with a vocations adviser exploring their vocation to lay or ordained ministry.
- There are thirty people across the Diocese enrolled on the Journey in Faith Course. Three people were licensed as Readers in July 2015. Nine people commenced Reader Training in September 2015.



Derwent Oak

Derwent Oak is only two years old, but some of our annual highlights are already predictable. We welcomed our neighbours to a bonfire on November 5th again this year, but we noticed that the 100 or so who braved the rain we now know by name and have shared other events in the year with us. The firework display gets grander each year too! We had more offers of help this year, from building the bonfire, to catering, to clearing up, to planning the display itself.

Excitingly, more of those who had come along to community events in previous years have become part of the core of Derwent Oak. In fact, although most of 2015 was taken up with leave as our own family grew, the highlight for me was that Derwent Oak continued to meet for its regular monthly meals, Together. This gathering has grown in fact, and people who come along to the seasonal events such as the bonfire are showing interest in this regular time together.

We have also noticed the positive impact of concentrating on affirming what is creative and beautiful in Derwent, through our 'Gallery in the Garden' event in early September. We worked on individual art/craft, made a gallery of an art competition run in the local school on 'What we love about where we live', and worked on a giant canvas together on the same theme, inspired by an artist who is another neighbour. The atmosphere was both fun and peaceful and people took time to offer wishes and prayers under the willow tree in the garden, tying ribbons and tags to signify these.

This year we will continue the established rhythms of Derwent Oak life, continuing to seek events/ideas/dreams that will bring us closer to each other and God and change the atmosphere in our wider community.

Beth Honey
Pioneer Minister in the Derwent Ward, Derby.



Learning

During 2015:

- The Annual Clergy Conference explored the theme of 'The Gospel in an Age of Violence' and included contributions from the Bishop of Worcester, Claire Foster Gilbert and Dr Rebecca Barnes.
- The Diocese offered a full programme of training for curates and their training priests.
- Other learning events included a "Pastoral Care and Worship in an Emergency event" for clergy and readers. A clergy study day "Proclaiming the Gospel Afresh in each Generation" - to equip church leaders in an age of science led by Bishop Richard Cheetham, Bishop of Kingston, and a session for preachers on Luke's Gospel.
- A Pentecost Festival of Preaching was hosted by various parishes and deaneries in the Diocese as part of the celebration of the outpouring of the Holy Spirit on the first disciples. Senior members of the Clergy from the Bishop's Leadership Team and the Cathedral were involved in leading and preaching at these events.
- Around 50 people representing 16 parishes gathered over three days to learn and put into practice the latest thinking and techniques in growing healthy churches at the Resourcing Growth Restoring Hope Conference. It was intended that the delegates would go back to their home churches and deliver a four-week course after the conference, unpacking the learning outcomes and practical applications.
- The Christmas in July (Mission for Christmas) event was very well attended.
- The Cathedral hosted seminars on a wide range of subjects, including:
 - Seminar on Credit Unions with representatives of credit unions and financial inclusion bodies attending
 - Dean of Leicester's "Reflections on Burying Richard III"
 - Grace Davey Seminar on Religion in England
 - Public Meeting on Climate Change with Lord Deben in response to Paris 2015
- Training took place with Churchwardens looking at their role, responsibilities and vocation.



What if Worship

What if Worship has been developed as a tool for Church schools to explore the theological framework for, and formative power of collective worship. This is the outcome of my doctoral research. What if Worship enables them to 'paint a picture' of what life might look like if lived as God intends. In order to make the bridge between theology and school, the familiar phrase from the Lord's Prayer, 'Your Kingdom come' is used as a way into exploring some key theological concepts such as Trinity, Incarnation and Kingdom of God.

Over the last year, What if Worship has been explored in depth in Derby Diocese, at both collective worship coordinator training days and a Head Teacher conference. Those attending have been excited and challenged. What if Worship has been adopted by two schools in particular and has been the means for them to seriously consider their Christian foundation and its implications. What if Worship had a profound impact on the practices and attitudes of both staff and pupils towards collective worship in both schools. It has also enabled spiritual growth.

Leaders from these schools speak of the pupils being 'hungry for everything we are offering' through What if Worship, of staff wanting to come and contribute, of growing faith and of What if Worship impacting on the academic, social and spiritual aspects of the whole school community.

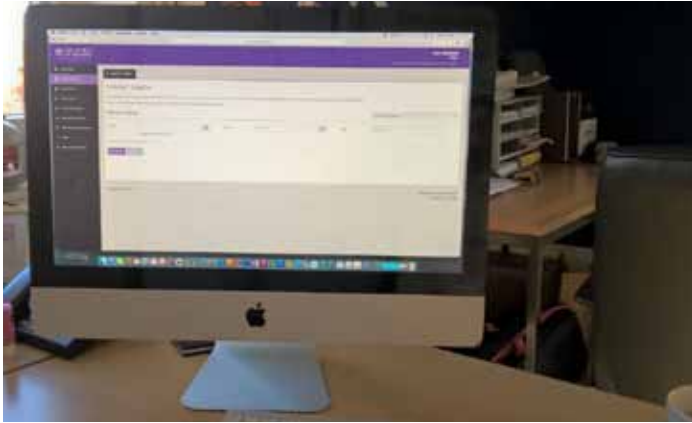
What if Worship is now being shared with clergy and parishes to help them develop another way to engage with congregations.

Alison Brown
Deputy Director, Derby Diocesan Board of Education



Healthy

In 2015 we continued to develop Church House as “The Parish Support Office for the Diocese.” The Diocesan team aim to provide increased support for the local church communities.



Investment in Information Technology

During 2015 a new online faculty system (OFS) was introduced to support parishes making faculty applications. This should ultimately reduce workload for parish representatives, and there are further changes to happen in January 2016 which should improve this further. Within a very short time a number of parishes joined the system, and at the April meeting the Diocesan Advisory Committee (DAC) considered twelve applications which had been submitted using the OFS. As of February 2016, 110 parish representatives had signed up as members. The feedback from clergy and wardens who have used the system is mostly positive. Initially there were a few issues which were related to computer compatibility and the uploading of materials, but these now seem to be resolved. The speed of faculties has marginally improved but with complex applications it can still take considerable time for these to be issued. This is often due to the faculty forms being incomplete or inaccurate which results in applications being held up in the Registry.

In spring 2015 a new electronic database was introduced into Church House and is now being extended to clergy and parish office holders. This is reducing our costs and ensuring that we are using up to date information and to meet data protection legislation requirements.

Finance

Our finance team have continued to improve financial processes in the Diocese and continue to ensure that our finances are healthy and that our strategy for finance will support future plans for mission and ministry.

Diocesan finances support the following key activities:

- Mission and ministry in parishes (including all clergy training, housing, stipends, pension and all other expenditure supporting parish-based ministry)
- Contributing to National Church Institutions
- Supporting our Church Schools and Youth and Children’s Ministry by providing grants to the Diocesan Board of Education
- Mission to the poor and marginalised
- Releasing funds for local mission

During 2015 we:

- Recruited two part-time Parish Resource Officers to support our parishes in ensuring that they have sufficient finances to support their local mission and ministry and to support our focus towards achieving 100% Common Fund payment.
- Developed our management information so that the trustees and directors can monitor our financial position throughout the year in order to respond flexibly to changes if required.
- Transferred financial management of the Diocesan Board of Education to the Diocesan Board of Finance to bring in-house the completion



of statutory accounts, improve financial management reporting and share expertise.

- Monitored our financial investments so that we continued to improve our income generation without increasing financial risk, following on from the significant work undertaken in 2014.
- Carried out modelling and analysis work for the Common Fund Review Group.
- Continued to provide quarterly mailings, training events and improved resources for PCC Treasurers.

Common Fund Consultations

During 2015 a Common Fund Review Group was tasked to consult widely and review our current approach to Common Fund and to make recommendations as to an approach for the future which would be simpler to understand and have much greater transparency. The system should be deemed fair and affordable to all parishes, be conducive to church growth and support our aim to get Common Fund paid in full by all parishes.

The group consulted widely with four open consultation meetings being held across the Diocese with nearly 300 people attending. In addition, a questionnaire survey was available for others to participate in the consultation. The Bishop's Council and Senior Staff, Area and Rural Deans and Lay Chairs have endorsed the proposals, and a final approach is now being finalised. The plan is to share the new approach and seek approval from Diocesan Synod in 2016 with a view to launch in 2017. It has become apparent that in addition to launching a new approach to Common Fund, we also need to reflect on our approach to generosity.

Derby Cathedral

In 2015 the Cathedral underwent a major refurbishment of heating, lighting and electrical services followed by major redecoration. The 20-week project was finished on time and on budget, thanks to the local builders, the architect, volunteers and friends from across the Diocese. St Mary's Roman Catholic Church was kind enough to host the cathedral midweek services during the refurbishment.

Outward Facing

Our focus this year has reflected these times of austerity, and we have worked with our networks to support people around us who may be experiencing financial stress, mental ill health, domestic abuse and other groups that may be excluded from communities. We continued to encourage each parish to review their engagement with local communities through Mission Action Planning during 2015.

During 2015:

- We provided support to the Board of Education as they further developed the Derby Diocesan Multi-Academy Trust (DDAT) to enable the Diocese to support all schools choosing to convert to academy status. Four schools joined the DDAT in 2015 making a total of six schools.
- Support for the partnership of foodbanks in the City and County continued. Through Feeding Derbyshire there is a development of super kitchens in the county.
- Diocesan Synod looked at the national church's programme of Reform and Renewal at its May meeting and had a presentation from Kat Banyard and Diane Martin CBE on the End Demand Campaign to tackle the exploitation of women and children in the modern age at its October meeting.
- The Diocesan Mental Health Steering Group continued to try to link people in our parishes with training offered by partner organisations e.g. suicide awareness training (Rural Action Derbyshire) and mental health first aid training (Derbyshire Mental Health Forum). The group also organised an inclusive quiet day in one parish aimed at improving wellbeing. This can be offered elsewhere and further dates are planned in 2016.
- The Diocesan team publicised schemes such as scams awareness from CAB, who to report the crime of loan sharking, signposting fairs for referral to agencies concerned with welfare, housing and debt support and fuel supplier switching seminars run locally.
- A Credit Union awareness seminar was held in Buxton with Erewash (Derbyshire Community Bank) and Manchester Credit Unions and in partnership with Financial Action and Advice Derbyshire and the local Churches Together. Partners in Welfare Rights, Citizen's Advice (CAB), Loan Sharks Awareness, Age Concern and Foodbank also supported the event in the Derby University Dome.
- Support for the Environment group in putting on the Riding Lights production '*Baked Alaska*' as part of the Melbourne Festival.
- The Churches Open Day was held on Saturday 12th September, where churches across the Diocese were encouraged to open up for visitors and offer hospitality and welcome. The aim is to have as many churches as possible open to welcome visitors at this annual event.

The Mothers' Union present emergency packs to Derbyshire Police at the Human Trafficking Summit at Derby Cathedral





Derby Human Trafficking Events January, March and December 2015

The Diocese of Derby continues to lead the way with work about modern slavery, particularly with three major events during 2015. In spring, the Bishop of Derby hosted an intense training day for representatives from the Diocese, the police, the statutory agencies, the voluntary sector and faith groups. This programme was replicated by Lambeth Palace in November 2015 as a model of best practice for awareness raising.

Building on Derby Diocese reputations, the Gang Masters Licensing Authority held a national conference in the City at which Bishop Alastair was a keynote speaker.

To maintain the momentum, Bishop Alastair hosted a “One Year On” slavery conference at St Peter’s Derby in June with respected professionals - Ruth Dearnley OBE from Stop the Traffic, Diane Martin CBE, a former victim, and Alan Caton who was the investigating officer for the Ipswich serial killer case. The Mothers’ Union has started an initiative to provide Derbyshire Police with emergency packs for trafficking victims, which was formally launched at the conference.

The Bishop hosted the Chesterfield Modern Slavery Conference at Danesmoor in December which was very well attended.



Migration Summit with Bishop Alastair

In October, in partnership with the Red Cross, Derby Cathedral, Derby City Council and Growing Communities Together, we hosted a migration summit to address the refugee crisis. Almost 200 people attended the summit to hear in more detail about the local authority’s potential strategy and resources in addition to how the voluntary sector are currently responding to asylum seekers and refugees in the county.



Parliament Week November - “Making and Breaking the Law”

The Bishop hosted the annual Parliament Week event for sixth formers at Derby Cathedral in November. Almost 200 young people attended from over 11 different schools. The theme was linked to the celebration of the Magna Carta - looking at how legislation is made in Parliament and how it is used on the streets by law enforcement and by the judicial system. The event included an interactive mock trial and sentencing exercise.



House of Lords

The Bishop worked tirelessly on the Modern Slavery Bill which reached royal assent in March 2015. He has been appointed as the independent Chair for the Anti- Modern Slavery Commissioners' Advisory Panel in response to his work. In addition to this he continues in his role as the national church spokesman for international development and is a member of the Select Committee for sexual violence in conflict.



Celebrating the Bishop's Badge

The Bishop's Badge service at Derby Cathedral honoured over 130 people from across the Diocese in recognition for their distinguished service to the church and the community.

Best Project Awards went to:

- Transform Youth
- Grindleford Shop
- Somersal Herbert restoration

Certificates of Excellence went to:

- Brekkie Church and Café Church in Buxton deanery
- Alfreton St Martin church Bells Restoration
- The Chesterfield Christmas Tree Festival
- All Saints Findern Messy Church

Related Parties

General Synod, Church Commissioners and Archbishops' Council

The Board has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops and cathedral clergy are borne by the Church Commissioners and are not reflected in these financial statements.

Parochial Church Councils (PCCs)

The Board is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the Board and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Other Charities

Derby Diocesan Board of Education

The Derby Diocesan Board of Education (DBE) is the statutory education authority for the Church in the Diocese. Its purpose is to promote and assist in the promotion of education in the Diocese, consistent with the faith and practice of the Church

of England including the promotion of religious education and worship in schools within the Diocese. In addition, its purpose is to promote church schools in the Diocese and to advise governors of such schools. Whilst the DBE is incorporated, the DBF provides significant resources to the DBE to facilitate the shared vision for mission and ministry with children and young people.

The Board co-operates with certain other charities in pursuit of its charitable objects and details of payments to these are to be found in note 12 to the financial statements.

Future Plans

There are 4 key priorities for 2016:

- Growth agenda:
 - o Develop our strategic plan for growth
 - o Set a clear direction for the next five years
 - o Complete bid in 2016 and develop a new 2017 bid application and beyond
- Development of the School of Formation:
 - o Include an exercise to review, develop and implement our strategy to increase the number of lay and ordained vocations
- Implementation and support of the new deaneries including review of Peak Deanery Pilot:
 - o Reshape ministry deployment with a priority for focal ministry but including lay, ordained and ministry for new emerging communities
- Launch of Living Generously and the new Common Fund.

Financial Review

The annual budget is presented to Diocesan Synod for approval and sets out the framework for our financial decision-making. The 2015 budget plan was for a deficit with a transfer from the reserves of £216,721.

Performance against budget

Financial plans in the 2015 budget set out to:

- achieve budget by using reserves of £216,721, aiming to move to 'breakeven' budgets over a 3-year period
- set an increase in overall Common Fund of 2.0%
- maintain the number of stipendiary posts and develop deployment plans
- continue to fund Pioneer Ministry
- continue to support the Diocesan Board of Education
- seek ways to make provision for ongoing funds to resource creative mission projects which fit with our mission priorities and
- provide for an increase in stipends and salaries

The table below sets out performance against the budget plan:

MANAGEMENT ACCOUNTS 2015

| | Budget £ | Actual £ | Difference £ |
|---|--------------------|--------------------|-----------------|
| INCOME | | | |
| Common Fund | 4,766,154 | 4,559,791 | (206,363) |
| Contributions from Church Commissioners | 1,591,750 | 1,591,750 | - |
| Net returns on investments | 1,577,808 | 1,739,954 | 162,146 |
| Parochial fees, chaplaincy income | 426,930 | 516,107 | 89,177 |
| Allchurches Trust Ltd | 135,000 | 136,561 | 1,561 |
| All other income | 33,581 | 53,017 | 19,436 |
| | 8,531,223 | 8,597,180 | 65,957 |
| EXPENDITURE | | | |
| Ministerial Staffing | 6,467,847 | 6,387,258 | 80,589 |
| Parish Support | 1,867,131 | 1,857,120 | 10,011 |
| National Church | 412,966 | 411,810 | 1,156 |
| | 8,747,944 | 8,656,188 | 91,756 |
| TOTAL INCOME | 8,531,223 | 8,597,180 | 65,957 |
| TOTAL EXPENDITURE | (8,747,944) | (8,656,188) | 91,756 |
| DEFICIT PER MANAGEMENT ACCOUNTS | (216,721) | (59,008) | 157,713 |

Transitional Adjustments to the Financial Statements

During the year ended 31st December 2015 as noted within the accounting policies (note 1 to the financial statements), the Board has adopted for the first time, as required, the new Statement of Recommended Practice (SORP) for charities which takes into account a number of changes contained within Financial Reporting Statement (FRS) 102. This has resulted in changes to the accounting policies in accounting for pension scheme deficits on multi-employer defined benefit pension schemes

The net impact of these changes is disclosed within note 24 and 32 to the financial statements. The changes in accounting policy are of significant impact to necessitate adjustment and the restatement of the 31st December 2014 financial statements. The restatement represents a decrease in the net assets of £4,622,000 as at 31st 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 deficit of £32,000 with the cumulative effect on the reserves as at 31st December 2014 being a reduction by £4,654,000.

In addition to the required transitional adjustment, the presentation of all amounts have been aligned to that required under FRS102 and Charities SORP (FRS 102).

Common Fund, the money given by parishes to the Diocese to fund mission and ministry across the Diocese is the main source of income and accounts for around 55% of total Diocesan income. In 2015 the total amount paid was £4,559,791, which is an increase of £70,493 over last year (2014 - total Common Fund, £4,489,298).

A total of £1.6million came from the National Church Institutions for stipend support, indicating the Board's dependence on this valuable source of income. Returns on investments performed better than the budget plan primarily because of the review of investments towards the end of 2014 and after the 2015 budget had been set.

The Allchurches Trust Ltd annual distribution amounted to £136,561 against a budget of £135,000, and the Board acknowledges with thanks the receipt of this grant.

Whilst there was a shortfall against the budget targeted amount for Common Fund, this was offset by a saving in people costs, both office holders and employees, an increase in return on investments and an improved collection in the diocesan element of statutory parochial fees.

The Trustees have prepared a balanced budget in 2016 but one of the key financial challenges will be in receiving Common Fund contributions nearer to the budget target. During the latter part of 2015 the Board recruited 2 part-time Parish Resource Officers whose key task will be to help encourage Church Members individually and corporately to think about their own giving in response to God's love and for the work and mission of the Church in parishes, in the Diocese and beyond.

A new Common Fund formula is planned to be introduced for use in 2017.

Statement of Financial Activities

Total income was £9.0million (2014 - £8.7million) and expenditure to £9.2million (2014 - £8.7million). After the addition of net gains on investment assets of £1.2million (2014 - £2.1million) and the addition of actuarial gains on the defined benefit pension scheme of £44,000 (2014 – actuarial loss of £78,000), the net increase in funds amounted to £1.1million (2014 – £2.0million).

MANAGEMENT ACCOUNTS RECONCILIATION TO STATUTORY ACCOUNTS

| | £ |
|---|-----------------|
| Deficit per Management Accounts 2015 | (59,008) |
| Other unrestricted funds movement: | |
| FRS 102 defined benefit pension costs adjustments | (2,601) |
| Actuarial gain on defined benefit pension scheme | 43,852 |
| Gains on investment assets | 130,052 |
| Transfer from Diocesan Pastoral Account to purchase corporate property (1 house) | 271,044 |
| Church growth fund movement (net) | 137,499 |
| Other unrestricted and designated fund movement (net) | 43,111 |
| Net movement in unrestricted funds | 563,949 |

Per statement of financial activities on page 43 of the financial statements

During the year, total fund balances increased from £66million to £67million and there was an overall net cash outflow of £0.3million (2014 – cash outflow £4.4million).

Grant-Making (Beneficiary-Selection)

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 11 of the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of the Board's objects.

Local Mission Fund

The Local Mission Fund received income from the Church Commissioners Parish Mission Funding which is given to dioceses for the specific purpose of enabling 'distinctive mission opportunities'.

A total of 16 grants were made to parishes and other organisations during 2015 and these amounted to £112,568.

The fund has a year-end balance of £106,439 (2014 - £216,300) and will be used to meet future grant awards totalling £105,293.

Review of the Statement of Finances Position

The Trustees consider that the statement of finances position together with details in note 26 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 the net assets at the statement of finances date totalled £67million (2014 - £66million) it must be remembered that included in this total are properties, mostly in use for the ministry, whose total cost amounted to £31million (2014 - £31million). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the Board.

Significant Property Transactions

During the year the Board purchased a replacement parsonage house in Fairfield and the previous parsonage house was sold. A house for a curate was purchased in Matlock. Total purchases were £620,000 (2014 - no purchases) and sales were £271,000 (2014 - 1 house sold, £260,000).

Investment Policies and Strategy

The Board's investment policies are based on two key policies:

- Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders. All investment managers are mandated to follow ethical considerations as determined by the Church of England Ethical Investment Advisory Group.
- Long-term responsibilities – the Board manages its investment assets with the principal aim of generating income to achieve the maximum contribution possible to clergy stipends, whilst maintaining the real value of Diocesan capital but with the possible need to realise investments to meet operational needs. The trustees are aware of their long-term responsibilities particularly in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

Financial Investment Strategy

The current strategy is to manage investments for sustainable income and to achieve modest capital growth over the longer term. The Board recognises that performance in this area is vital to the direct relief of the demands on Common Fund. Financial investments are held with CCLA Investment Management Ltd (for the Church of England).

Glebe Investment Strategy

Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Investments are mainly held in agricultural land and financial investments with CCLA Investment Management Ltd.

Unrestricted, Restricted and Endowment fund Investments

Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital. Funds which may be needed for working capital in the short-term are held as deposits with CCLA Investment Management Ltd and the Board's bankers National Westminster Bank.

Investment performance

The value of the Board's financial investment assets increased by £0.9million in 2015 (2014 – increase in valuation of £1.2million).

CCLA Investment Management Ltd - financial investment managers

At the balance sheet date, the majority of the Board's investment with CCLA was in CBF Church of England Investment Fund income shares together with a holding of CBF Church of England Property Fund income shares and CBF Church of England Global Equity income shares.

The table below sets out holdings in each fund at 31st December 2015:

| | Funds as at 31st December 2015 | Proportion of portfolio | Income yield in year | Total return in year (net) |
|---|--------------------------------------|----------------------------|-------------------------|-------------------------------|
| | £ | % | % | % |
| CCLA Investment Management Ltd | | | | |
| The CBF Church of England Investment Fund | 24,834,086 | 70.1% | 3.8% | 5.6% |
| The CBF Church of England Global Equity Income Fund | 3,111,251 | 8.8% | 4.5% | 4.1% |
| The CBF Church of England Property Fund | 7,480,965 | 21.1% | 5.4% | 14.7% |
| | 35,426,302 | 100.0% | | |

Total return performance for each fund in 2015 against its comparator is set out in the table below:

| Longer term total return performance (gross, unless stated) | | |
|---|------------|--------|
| 12 months to 31st December 2015 | | |
| Fund | Comparator | |
| % | % | |
| The CBF Church of England Investment Fund | +6.1% | +2.6% |
| The CBF Church of England Global Equity Income Fund | +4.8% | +3.7% |
| The CBF Church of England Property Fund | +14.7% net | +13.0% |

Savills (formerly Smiths Gore) - glebe land agents

Holdings in the portfolio are predominantly agricultural in nature, amounting to approximately 1,300 acres. Agricultural property has been valued by the Board and is based on a desktop valuation provided by Savills (formerly Smiths Gore), our glebe land agents, as at 31st December 2013. Other small miscellaneous holdings were valued by Mr N Sherratt, Assistant Diocesan Secretary (Property), on the same date.

The current valuation of the portfolio is £5.3million (2014 – at director’s valuation of £5.3million). There were no purchases or sales during the year (2014 – sale of land generated £33,200).

Equity (value-linked) loans

Equity loans have been used to purchase houses for ministers on a shared equity basis. In the event of a sale of any of the houses purchased with value-linked loans, the whole, or a proportionate part, of the net sale proceeds would go to the Church Commissioners.

Total value-linked loans advanced at 31st December 2015 amounted to £328,000 for 6 loans (2014 - £328,000, 6 loans).

Reserves Policy

Free reserves

The Board has considerable responsibilities including the remuneration of nearly 140 stipendiary clergy, the upkeep of nearly 200 houses and the employment of 37 full or part-time staff. Most of the Board’s income is voluntary and the Board has noted that a large proportion of its voluntary income is from Common Fund with the balance made up of grant income from the Church Commissioners and income from investments and other sources.

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the course of the financial year, policy is to hold a balance of readily realisable assets in the general fund equivalent to three months budgeted unrestricted expenditure. At 31st December 2015 the amount required under this policy totalled £2.3m (2014: £2.3m). Actual free reserves as at 31st December 2015 totalled £3.3m (2014: £3.1m). The aim of Bishop’s Council is to ensure that financial plans over a three-year period are in step with the ability to raise income and that spending plans are affordable. The Board also aims to keep Common Fund increases to a minimum bearing in mind the introduction of a new Common Fund formula.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £3.3m of which £34,000 is held as tangible fixed assets.

Designated funds

The Trustees may 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 the intended use of the reserve is set out in Note 26 of the financial statements. At 31st December 2015 total designated reserves were £12.1m (2014 - £11.7m) of which £9.1m is held as tangible fixed assets as corporate property (2014 - £9.1m).

Restricted and endowment funds

As set out in Note 27 and 28 the Board holds and administers a large number of restricted and endowment funds. As at 31st December 2015 restricted funds totalled £3.4m (2014 - £4.0m) and endowment funds totalled £48.7m (2014 - £47.6m). Neither are available for the general purposes of the Board.

Going concern

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

Principal Risks and Uncertainties

The trustees confirm that the major risks, to which the Board is exposed, as identified by the trustees and employees, have been reviewed and that systems and procedures have been established to manage those risks.

A new risk management process was developed towards the end of 2014 and put into practice during 2015. This includes an annual independent audit which was carried out in February 2016. The risk register identifies a number of risks and action plans are put in place for any risks which are identified as 'red'. Dioceses have identified four areas where the risk of either failure to act or the impact of the events is considered 'high'.

These areas and the associated mitigation strategies are:

Common Fund: Collection is considerably less than financial plans

- Collection statistics are produced and circulated on a monthly basis.
- The Finance team report on and support those parishes where there is considered to be a significant risk of under-collection. Our new Parish Resource Officers and Archdeacons are tasked with working with these parishes and supporting them and then plan how their financial situation can be improved.
- We encourage every parish to pay their Common Fund in full.

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

At the end of 2014/early 2015 a full independent safeguarding review was undertaken at the request of the Diocese. As a result there has been a full review of all policies and procedures in order that they comply with new national guidance. New policies, procedures and audit tools will be launched in September 2016.

The Safeguarding Review included a review of our training capability and our administrative processes. Diocesan Synod approved the new policies in October 2015 and the recruitment of one Full Time Equivalent Safeguarding Adviser to increase the capacity of the safeguarding team.

- The Diocese currently employs a Diocesan Safeguarding Adviser, supported by an Administrator - which will be increased to 2 FTE Safeguarding Advisers and an Administrator and work within the Human Resources team.
- The Diocese has moved to electronic capture of DBS checks in order to improve accuracy and efficiency.
- All parishes are required to review, endorse and implement the Diocesan Safeguarding Policy.
- A new training strategy is now in place; training is compulsory for all relevant staff and the appropriate training tools are established.

Communications: Adverse local or national publicity. Failure to keep pace with media developments.

- The Diocese has a Communications Officer who handles all matters that come into the public arena.
- Staff are regularly reminded that they are not to speak to the press on any matters of a sensitive nature.
- We are currently reviewing our communications capacity and considering engaging a professional agency to handle all matters that come into the public arena.

Information technology: System failure

- Backups are made on a regular basis as the Diocese now has a Cloud based IT system.
- We employ an external IT provider for support of our IT System and provision of expert advice.
- The firewall and anti-viral software is reviewed and updated annually with an audit from our external IT company.
- Training and processes are in place to minimise Cyber Crime as far as possible.

Structure and Governance

Summary Information about the structure of the Church of England

The Church of England is organised as two provinces, each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 43 in total.

Each diocese is divided into parishes. Each parish is overseen by a parish priest (often called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led by Diocesan Bishops assisted by Suffragan and Area Bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes Measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pension's authority to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

Derby Cathedral

The cathedral church is legally constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its annual report and financial statements may be obtained from the Cathedral Administrator, Derby Cathedral Office, Cathedral Centre, 18-19 Iron Gate, Derby DE1 3GP.

The information about General Synod, the Church Commissioners, the Archbishops' Council and cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the vicar (or rector) as chair, the churchwardens and a number of elected and ex-officio members. Each PCC is a charity, and is currently exempted from registration with the Charity Commission, subject to the Charities Act 2006, under which those PCCs with gross income over £100,000 for the year are required to register. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC are prepared by the relevant PCC treasurer.

Parishes and Benefices

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the Diocese for carrying out spiritual duties.

Deanery and Archdeaconry

A deanery is a group of parishes over which a Rural Dean has oversight and an archdeaconry is a group of deaneries for which an Archdeacon is responsible.

The Diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

Deanery Synods

Deanery Synods have two houses, laity and clergy, and their role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and in respect of the House of Laity elect lay members of the Diocese to General Synod.

Diocesan Synod

The statutory governing body of the Diocese is the Diocesan Synod which is elected with representation across the Diocese with broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishop, the suffragan bishop and archdeacons. Its role is to:

- consider matters affecting the Church of England in the Diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the Bishop where requested;
- Deal with matters referred by General Synod; and
- provide for the financing of the Diocese.

Organisational Structure

The Diocese of Derby is one of 41 administrative units of the Church of England, covering the whole of Derbyshire and a few parishes on the fringes of the county in Staffordshire. It is administered through the Derby Diocesan Board of Finance Limited (the Board), a charitable trust company limited by guarantee.

The Diocese is arranged as two archdeaconries, Chesterfield covering the north part with seven deaneries and Derby the south with nine deaneries. In total there are some 255 parishes.

Diocesan Governance

Diocesan governance is by Diocesan Synod which is an elected body with representation from all parts of the Diocese. Membership consists of ex-officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods. The standing committee have the right to nominate persons for co-option by the House of Clergy or the House of Laity or otherwise to determine who else may nominate such persons but in other respects the procedure for co-opting members shall be determined by the respective houses. The Diocesan Synod usually meets three to four times a year.

Many of Diocesan Synod's responsibilities have been delegated to Bishop's Council as the Standing Committee of Diocesan Synod.

The Bishop's Council (and Standing Committee of the Diocesan Synod)

Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters on policy which are placed before it;
- To advise the President, being the Diocesan Bishop, on any matters which he may refer to the Committee;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- To appoint members of committees or nominate individuals for election to committees, subject to the directions of the Synod; and
- To carry out such functions as the Synod may delegate to it.

Decision-making structure

Policy is decided by the Bishop's Council, and strategic delivery of policy is the responsibility of the Diocesan Secretary. Bishop's Council may delegate any of its powers to the Business Committee.

Committee Structure

Bishop's Council

The members of the Bishop's Council are the Board of Trustees and Directors of the Company. Bishop's Council consists of eight ex-officio members (the Diocesan and Suffragan Bishops; two Archdeacons; the Dean; the Chairs of the House of Clergy and House of Laity; the Executive Chair of the Board of

Finance; the Chair of the Board of Education; The Chair of the Diocesan Mission and Pastoral Committee), four clergy elected by the House of Clergy from among their number (two from each of the Archdeaconry of Chesterfield and Derby) and nine lay persons elected by the members of the House of Laity (with at least three from each Archdeaconry) The maximum number of Directors shall not exceed 30.

Other statutory committees include:

Parsonages Committee, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by the Board.

Diocesan Mission and Pastoral Committee, which is responsible for the task of recommending pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry.

Diocesan Advisory Committee, which advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

Derby Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices. In addition to the statutory committees Bishop's Council has set up the Business Committee, which has written terms of reference, to advise it on all missional and financial matters.

The Business Committee meets approximately 10 times each year, and will work closely with the Diocesan Secretary. The Business Committee will advise the Bishop's Council, in the discharge of the trustees' responsibilities for accounting policy, internal control, financial reporting and risk management. In addition it will provide strategic advice on the management of the Board's investment assets.

The Glebe Management Committee is specifically tasked under the Endowments and Glebe Measure 1976 to manage diocesan glebe holdings to augment the diocesan stipends fund.

Trustee recruitment, selection & induction

The trustees are the members of Bishop's Council and Directors of the company. Trustees are given induction training when first appointed and receive ongoing training, as appropriate. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty.

The Board has indemnity insurance for its trustees and key management personnel and £1,000,000 (2014 - £1,000,000) of cover is provided.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a Remuneration Panel consisting of a sub set of members of the Business Committee including the Executive Chair of the Board of Finance, meeting as and when required.

The terms of reference for this group is established by the Bishop's Council and include:

- regular appraisals,
- remuneration and salary benchmarking and
- recommendation of changes where necessary

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 deliver the business of the Board in accordance with the policies framed by the Trustees.

Funds held as custodian trustee

The Board 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 Board does not control them, and they are segregated from the Board's own assets by means of separate bank accounts and accounting systems. Further details of financial trust assets, whose market value amounted to £1.9million at 31st December 2015 (2014 - £1.9million), are available from the Board on request, and are summarised in note 29 of the financial statements. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Board's solicitors.

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 that 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 Board and of the surplus or deficit 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 (FRS 102)
- 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 DBF 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 Board 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 Board's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

Statement of disclosure to the auditors

In accordance with company law, as the company's Directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information. The trustees are responsible for the maintenance and integrity of corporate and financial information included on the Board's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Appointment of auditors

The re-appointment of Mazars LLP as auditors to the Board will be proposed at the Annual General Meeting.

Administrative Details

The Derby Diocesan Board of Finance Limited is a Charitable Trust Company Limited by Guarantee and not having a share capital. (Company No 229700 England, Registered Charity No 249767)

Membership of the Board consists of the members of the Derby Diocesan Synod.

President: The Bishop of Derby
The Rt Revd Dr Alastair Redfern
Registered Office: Church House, Full Street, Derby
DE1 3DR
Telephone: 01332 388650
Email: finance@derby.anglican.org
Website: www.derby.anglican.org

For a list of direct dial telephone extensions see the diocesan website.

Bishop's Council & Standing Committee of Diocesan Synod

(Being the financial executive of the Diocesan Synod and the Board of Directors of the Board of Finance)

The trustees (for the purpose of charity law) and directors (for the purpose of company law) during the year and as the date of signing were as follows:

Chair

The Right Reverend the Lord Bishop of Derby

Ex-Officio

The Right Reverend the Bishop of Repton
The Venerable Archdeacon of Chesterfield
The Venerable Archdeacon of Derby
The Very Revd the Dean of Derby
The Chair of the House of Clergy of the Diocesan Synod – The Revd P Davey
The Chair of the House of Laity of the Diocesan Synod – Mrs C McMullen
The Executive Chair of the Board of Finance - Canon M Titterton

The Chair of the Diocesan Mission and Pastoral Committee +
The Chair of the Diocesan Board of Education +

+The Right Reverend Bishop of Repton (Until 31 March 2015)

Elected by the Derby Diocesan Synod

Two clergy members from each Archdeaconry and nine lay members, at least three from each Archdeaconry.

Clergy

Chesterfield Archdeaconry (2)

The Revd K Ball (to 18th November 2015)
The Revd M Broomhead (General Synod) (from 18th November 2015)
The Revd J Hudghton (to 18th November 2015)
The Revd C Pearson (from 18th November 2015)

Derby Archdeaconry (2)

The Revd A Dring (to 18th November 2015)
The Revd J Page (from 18th November 2015)
The Revd Dr J Ward (from 18th November 2015)

Laity

Chesterfield Archdeaconry (at least 3)

Mr P Collard
Canon J Cooper (Diocesan Treasurer)
Mrs C Holmes-Elener (from 18th November 2015)
Canon DB Iliffe
Mr F J Gascoyne (from 18th November 2015)

Derby Archdeaconry (at least 3)

Mrs M Goddard
Mrs H Grivell (General Synod) (from 18th November 2015)
Mr K Jeffery (to 15th April 2015)
Mr B Parker (from 18th November 2015)
Mr PF Vincent

Principal Officers

Diocesan Secretary: Canon Maureen Cole

Director of Human Resources: Adele Poulson

Assistant Secretary (Property): Nigel Sherratt

Director of Finance: David Meredith

Director of Mission & Ministry:

Revd Canon Dr Susan H Jones

Advisers

Diocesan Registrar, Bishop's Legal Secretary & Legal Adviser to the Board of Finance:

Mrs N Waldron BA TEP

Bankers

National Westminster Bank, 7 Market Place, Derby

Investment Advisers

CCLA Investment Management Ltd;
Senator House, 85 Queen Victoria Street London

Solicitors

Eddowes Waldron Solicitors;
12 St Peter's Churchyard, Derby

Surveyors (to the Parsonages Committee)

Barlow and Associates Ltd;
7 Vernon Street, Derby

Sir William Baird and Partners,
1st Floor, 49-50 Queen St, Derby

Insurers

Ecclesiastical Insurance Group, Gloucester

Land Agents

Savills, 2/3 Sherbrook House,
Swan Mews, Lichfield
(formerly Smiths Gore)

Mineral Surveyors

Coke Turner & Co;
The Millyard, Rowsley, Matlock

Auditors

Mazars LLP, Chartered Accountants & Registered
Auditors;
58 The Ropewalk, Nottingham, NG1 5DW

Personnel

It must be remembered that this report only deals with those who are employees of the Board and although there have been a number of changes within parochial clergy these are not detailed here.

Within the Board there have been the following changes:

Four members of the team left during 2015 - Carolyn Baker, Pam Richmond, Jo Armstrong and Maureen Beale, and we thank each one of them for the contribution they made during their employment with us.

We welcomed the following people to the Parish Support Office Team:

The Revd Dr Susan Jones joined us as Director of Mission and Ministry, Revd Canon Geraldine Pond joined the team as a full time Director of Vocations, Steve Shaw and Revd David Mundy took up positions as part time Parish Resource Officers. Denise Biddle became part of the cleaning team in Church House, and Marietta Foreman became an administrator with the Mission and Ministry Team. Following the safeguarding review Julian Hodgson, our Diocesan Safeguarding Adviser moved from being a consultant to becoming a full time employee. Revd Dawn Glen is providing some hours as a Director of Studies, and Sophie Etchells has to be recorded as a Board employee who is a Ministry Assistant in the White Peak Group.

Although this report requires us to report on Board employees we also wish to acknowledge two other people who left the Diocese during 2015:

Mrs Glenis Edwards left us in the summer of 2015, having served as Registry Clerk for many years.

The Rt Revd Humphrey Southern, Suffragan Bishop of Repton, left us to take up the post as Principal of Ripon College, Cuddesdon. A leaving service was held for Bishop Humphrey in Derby Cathedral, and he started in his new post on 1st April 2015.

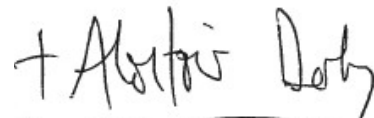
General Synod Members

We also wish to acknowledge the General Synod representatives whose terms ended in 2015 (Revd Neil Barber, The Ven. Christine Wilson, Peter Collard, Madelaine Goddard & Christine McMullen) and thank them for their hard work acting as our elected members of General Synod.

Our newly elected representatives are: Revd Mark Broomhead, Revd Julian Hollywell, Revd Canon Dr Simon Taylor, Kat Alldread, Rachel Bell and Hannah Grivell. Their first meeting was in November 2015.

The trustees approve their Annual Report, and, in their capacity as company directors, also approve the Strategic Report incorporated therein.

By Order of the Trustees



The Bishop of Derby
Chair
18th April 2016



Maureen Cole
Secretary
18th April 2016

Independent Auditor's Report to the Members of the Derby Diocesan Board of Finance Ltd

We have audited the financial statements of Derby Diocesan Board of Finance Ltd for the year ended 31st December 2015 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Statement of Financial Position, Statement of Cash Flows 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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 33, 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. 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.

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

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 31st 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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.



I Holder (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
58 The Ropewalk, Nottingham, NG1 5DW

Notes

Financial Statements

Notes

DERBY DIOCESAN BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st December 2015

| | | Unrestricted funds | Restricted funds | Endowment funds | Total funds 2015 | Total funds 2014 Restated (Note 33) |
|---|------|-----------------------|---------------------|--------------------|---------------------|--|
| | Note | £ | £ | £ | £ | £ |
| Income and endowments from: | | | | | | |
| Donations | 2 | | | | | |
| Common Fund | | 4,559,791 | - | - | 4,559,791 | 4,489,298 |
| Archbishops' Council | | 1,691,750 | - | - | 1,691,750 | 1,706,855 |
| Other donations | | 181,561 | - | - | 181,561 | 155,703 |
| Charitable activities | 3 | 701,786 | 2,746 | - | 704,532 | 603,010 |
| Other activities | 4 | 214,364 | - | - | 214,364 | 195,042 |
| Investments | 5 | 1,369,330 | 279,432 | - | 1,648,762 | 1,419,069 |
| Other | 6 | 509,000 | - | 30,739 | 539,739 | 156,196 |
| Total income and endowments | | 9,227,582 | 282,178 | 30,739 | 9,540,499 | 8,725,173 |
| Expenditure on: | | | | | | |
| Raising funds | 7 | 99,193 | - | - | 99,193 | 83,652 |
| Charitable activities | 8 | 8,614,081 | 489,863 | - | 9,103,944 | 8,604,235 |
| Other | 9 | - | - | - | - | 32,000 |
| Total expenditure | | 8,713,274 | 489,863 | - | 9,203,137 | 8,719,887 |
| Net income/(expenditure) before investment gains | | 514,308 | (207,685) | 30,739 | 337,362 | 5,286 |
| Net gains on investments | | 130,052 | 145,062 | 914,907 | 1,190,021 | 2,057,311 |
| Net income/(expenditure) | | 644,360 | (62,623) | 945,646 | 1,527,383 | 2,062,597 |
| Transfers between funds | 15 | (124,263) | (463,467) | 587,730 | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gain/(loss) on defined benefit pension scheme | 24 | 43,852 | - | - | 43,852 | (77,625) |
| Net movement in funds | | 563,949 | (526,090) | 1,533,376 | 1,571,235 | 1,984,972 |
| Reconciliation of funds | | | | | | |
| Total funds at 1st January 2015 | | 14,570,845 | 3,988,714 | 52,293,655 | 70,853,214 | 68,836,242 |
| Change of accounting policies | 32 | - | - | (4,654,000) | (4,654,000) | (4,622,000) |
| Total funds at 1st January 2015 (restated) | | 14,570,845 | 3,988,714 | 47,639,655 | 66,199,214 | 64,214,242 |
| Total funds at 31st December 2015 | | 15,134,794 | 3,462,624 | 49,173,031 | 67,770,449 | 66,199,214 |

All activities derive from continuing activities.

The notes on pages 47 to 68 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31st December 2015

| | 2015 | 2014 |
|---|-----------------------------|-----------------------|
| | £ | Restated £ |
| Total income (less endowment) | 9,509,760 | 8,568,471 |
| Resources expended (less endowment) | <u>(9,203,137)</u> | <u>(8,719,887)</u> |
| Operating (deficit) for the year | 306,623 | (151,416) |
| Net gains on investments | <u>275,114</u> | <u>431,539</u> |
| Income for the year | 581,737 | 280,123 |
| Other comprehensive income/(expenditure): | | |
| Net assets transferred (to)/from endowments | (587,730) | 500,196 |
| Actuarial gains/(losses) defined benefit pension scheme | 43,852 | (77,625) |
| Total comprehensive income: | <u><u>37,859</u></u> | <u><u>702,694</u></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 notes on pages 47 to 68 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31st December 2015

COMPANY NUMBER 229700

| | Note | 2015 | 2014 |
|--|------|--------------------------|--------------------------|
| | | £ | Restated £ |
| | | £ | Restated £ |
| Fixed Assets | | | |
| Tangible assets | 16 | 31,074,549 | 30,681,762 |
| Investments | 17 | <u>40,722,102</u> | <u>39,815,122</u> |
| | | 71,796,651 | 70,496,884 |
| Current Assets | | | |
| Debtors | 18 | 317,262 | 341,004 |
| Cash on deposit | | 769,545 | 1,104,949 |
| Cash at bank and in hand | | <u>53,945</u> | <u>19,908</u> |
| | | 1,140,752 | 1,465,861 |
| Creditors: amounts falling due within one year | 19 | <u>(433,933)</u> | <u>(480,259)</u> |
| Net Current Assets | | <u>706,819</u> | <u>985,602</u> |
| Total Assets less Current Liabilities | | <u>72,503,470</u> | <u>71,482,486</u> |
| Creditors: amounts falling due after more than one year | 19 | | |
| Pension scheme liabilities | | (4,405,021) | (4,955,272) |
| Other creditors | | <u>(328,000)</u> | <u>(328,000)</u> |
| | | <u>(4,733,021)</u> | <u>(5,283,272)</u> |
| Net Assets | | <u><u>67,770,449</u></u> | <u><u>66,199,214</u></u> |
| The Funds of the Charity | | | |
| Unrestricted income funds | | | |
| General Fund | | 3,311,816 | 3,139,757 |
| (Including investment revaluation reserve of £635,638 (2014 - £600,514)) | | | |
| Designated funds | 27 | 12,082,999 | 11,732,360 |
| (Including investment revaluation reserve of £460,290 (2014 - £419,736)) | | | |
| | | <u>15,394,815</u> | <u>14,872,117</u> |
| Defined benefit pension scheme liability | 24 | <u>(260,021)</u> | <u>(301,272)</u> |
| | | 15,134,794 | 14,570,845 |
| Restricted income funds | 28 | 3,462,624 | 3,988,714 |
| (Including investment revaluation reserve of £520,120 (2014 - £395,935)) | | | |
| Endowment funds | 29 | 49,173,031 | 47,639,655 |
| (Including investment revaluation reserve of £5,687,690 (2014 - £5,154,055)) | | | |
| Total Funds | | <u><u>67,770,449</u></u> | <u><u>66,199,214</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on 18th April 2016 and signed on behalf of the Board by:



Canon M Titterton, Executive Chair of the Derby Diocesan Board of Finance Ltd

The notes on pages 47 to 68 form part of these financial statements

DERBY DIOCESAN BOARD OF FINANCE LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31st December 2015

| | 2015 | 2014 |
|---|-----------------------|-------------------------|
| | £ | Restated £ |
| Cash flows from operating activities: | | |
| Net cash used in operating activities | (1,857,600) | (1,390,426) |
| Cash flows from investing activities: | | |
| Dividends, interest and rent from investments | 1,648,762 | 1,419,069 |
| Proceeds from the sale of property, plant and equipment | 270,739 | 260,196 |
| Purchase of property, plant and equipment | (646,308) | (27,905) |
| Proceeds from the sale of investments | 783,040 | 7,808,815 |
| Purchase of investments | (500,000) | (12,425,967) |
| Net cash provided by/(used in) investing activities | <u>1,556,233</u> | <u>(2,965,792)</u> |
| Cash flows from financing activities | | |
| Net cash provided by/(used in) financing activities | <u>-</u> | <u>-</u> |
| Change in cash and cash equivalents in the year | (301,367) | (4,356,218) |
| Cash and cash equivalents at 1st January | 1,124,857 | 5,481,075 |
| Cash and cash equivalents at 31st December | <u>823,490</u> | <u>1,124,857</u> |

| | 2015 | 2014 |
|--|---------------------------|---------------------------|
| | £ | Restated £ |
| Reconciliation of net movement in funds to net cash outflow from operating activities | | |
| Net movement in funds for the year ended 31st December | 1,571,235 | 1,984,972 |
| Adjustments for: | | |
| Depreciation charges | 13,522 | 5,841 |
| Net gains on investments | (1,190,021) | (2,057,311) |
| Dividends, interest and rent from investments | (1,648,762) | (1,419,069) |
| (Profit) on the sale of fixed assets | (30,739) | (156,196) |
| Decrease/(increase) in debtors | 23,742 | (16,556) |
| (Decrease)/increase in other creditors | (596,577) | 267,893 |
| | <u>(3,428,835)</u> | <u>(3,375,398)</u> |
| Net cash used in operating activities | <u>(1,857,600)</u> | <u>(1,390,426)</u> |
| Analysis of cash and cash equivalents | | |
| Notice deposits (less than 3 months) | 769,545 | 1,104,949 |
| Cash in hand | 53,945 | 19,908 |
| | <u>823,490</u> | <u>1,124,857</u> |

The notes on pages 47 to 68 form part of these financial statements

1. Accounting Policies

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 (FRS 102)), the Companies Act 2006 and applicable accounting standards, Financial Reporting Standard (FRS) 102.

Following the transition to FRS 102 for the first time 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 32). The principle accounting policies and estimation techniques are as follows.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the Board 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) Common Fund is recognised as income of the year in respect of which it is receivable with contributions received shortly after the financial year-end explicitly relating to the period under review included as debtors

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 Board's own use (i.e. non-investment assets) are accounted for as other income. 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, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

ix) Mineral royalty receipts are accounted for as a realised gain in investments as the income stream is uncertain.

b) 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 are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii) Charitable expenditure 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 diocesan projects.

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 Board, 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 the basis of the estimated usage of resources at Church House.

The apportionment in 2015 can be summarised as follows:

| | |
|---------------------------------|-------|
| Resourcing ministry and mission | 95.0% |
| Diocesan projects | 1.5% |
| Governance | 3.5% |

v) Pension contributions. Some of the Board's staff are members of the Church Workers Pension Fund Pension Builder 2014 Scheme and Clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent the Board's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which

Board participates are accrued at current value in creditors distinguished between contributions falling due within one year and those falling due after more than one year.

c) Tangible fixed assets and depreciation

Freehold & leasehold houses and houses subject to value-linked loan

The primary purpose of residential property held in the benefice houses fund, stipends fund capital account (glebe) and as corporate houses is to house ministers and all such properties are held as functional fixed assets. Residential property is not held for investment purposes i.e. to generate an income or for capital gain.

Freehold houses and houses subject to value-linked loan are shown at cost, or deemed cost, where historic cost values are not readily available.

Where the Board acquires property on its own account, the expenditure is capitalised. Gains or losses arising from sales of corporate property are dealt with through the designated fund (corporate properties fund).

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 Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties 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 FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Investment properties

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

Glebe agricultural land was valued as at 31st December 2013 by Smiths Gore (now Savills), Chartered Surveyors, who manage the portfolio.

For allotments and other miscellaneous holdings a valuation is provided by the Assistant Secretary (Property) (an employee of the Derby Diocesan Board of Finance Limited) on an annual basis.

In the opinion of the surveyors the 2013 valuation remains fair and there have been no changes in the valuation during the year.

Parsonage houses

The Board has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board 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.

d) Other tangible fixed assets

No provision for depreciation is provided in respect of Church House, as it is fully maintained with a view to ensuring that the total residual value is not less than the amount stated in the financial statements. Accordingly, any depreciation would be immaterial.

Depreciation on office equipment is calculated to write off the cost of each asset over its expected useful life by equal annual instalments at the following rates, (% p.a. on cost): -

| | |
|---|-----|
| Computer hardware and software straight line | 33% |
| Furniture & fittings straight line | 10% |
| Other office equipment straight line | 20% |

Items costing less than £1,000 are not capitalised.

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

f) Fund balances

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

- Unrestricted funds are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Board. There are two types of unrestricted funds:
- General funds which the MDBF intends to use for the general purposes of the Board and
- Designated funds set aside out of unrestricted funds by the Board 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 endowment funds administered by the Board (Benefice Houses and Stipends Fund Capital), 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.

Trusts where the Board 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 note 30 to the financial statements.

DERBY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
as at 31st December 2015

| | Unrestricted funds | Restricted funds | Endowment funds | Total funds 2015 | Total funds 2014 Restated |
|--|--------------------|------------------|-----------------|------------------|---------------------------|
| | £ | £ | £ | £ | £ |
| 2. Donations | | | | | |
| Common Fund | | | | | |
| The majority of donations are collected from the parishes of the diocese through the Common Fund system. | | | | | |
| Chesterfield Archdeaconry | 2,133,291 | - | - | 2,133,291 | 2,081,446 |
| Derby Archdeaconry | 2,419,977 | - | - | 2,419,977 | 2,368,609 |
| | 4,553,268 | - | - | 4,553,268 | 4,450,055 |
| Receipts for previous years | 6,523 | - | - | 6,523 | 39,243 |
| | 4,559,791 | - | - | 4,559,791 | 4,489,298 |
| Total Common Fund receipts represent 90.0% of the amount allocated to parishes (2014 - 90.3%). | | | | | |
| Archbishops' Council | | | | | |
| Selective allocation | 1,550,290 | - | - | 1,550,290 | 1,565,385 |
| Parish Mission Fund | 141,460 | - | - | 141,460 | 141,470 |
| | 1,691,750 | - | - | 1,691,750 | 1,706,855 |
| Other donations | | | | | |
| Allchurches Trust grant | 136,561 | - | - | 136,561 | 133,230 |
| Other donations and grants | 45,000 | - | - | 45,000 | 22,473 |
| | 181,561 | - | - | 181,561 | 155,703 |
| 3. Charitable activities | | | | | |
| Statutory fees | 516,107 | - | - | 516,107 | 432,745 |
| Contributions to sector minister and other chaplaincy posts | - | - | - | - | 8,443 |
| Church Commissioners | 7,238 | - | - | 7,238 | 21,504 |
| Other contributions and income | 178,231 | 2,746 | - | 180,977 | 137,340 |
| Sale of publications | 210 | - | - | 210 | 2,978 |
| | 701,786 | 2,746 | - | 704,532 | 603,010 |
| 4. Other activities | | | | | |
| Rental income | 214,364 | - | - | 214,364 | 195,042 |
| | 214,364 | - | - | 214,364 | 195,042 |
| 5. Investments | | | | | |
| Dividends receivable | | | | | |
| Central Board of Finance Investment Funds | 768,175 | 197,262 | - | 965,437 | 1,109,919 |
| Central Board of Finance Property Funds | 330,306 | 81,119 | - | 411,425 | 132,966 |
| Central Board of Finance Global Equity Funds | 117,125 | - | - | 117,125 | - |
| Interest on cash deposits | | | | | |
| Central Board of Finance Deposit Funds | 899 | 1,051 | - | 1,950 | 19,127 |
| National Westminster Bank | 589 | - | - | 589 | 478 |
| Rents receivable (glebe land and buildings) | 152,236 | - | - | 152,236 | 156,579 |
| | 1,369,330 | 279,432 | - | 1,648,762 | 1,419,069 |
| 6. Other incoming resources | | | | | |
| Gain on disposal of: | | | | | |
| Properties | - | - | 30,739 | 30,739 | 156,196 |
| Change in defined benefit pension scheme liability | | | | | |
| Church of England Funded Pension Scheme (see Note 24) | 509,000 | - | - | 509,000 | - |
| | 509,000 | - | 30,739 | 539,739 | 156,196 |
| Total income and endowments | 9,227,582 | 282,178 | 30,739 | 9,540,499 | 8,725,173 |

DERBY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
as at 31st December 2015

| | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | Total funds 2015 £ | Total funds 2014 £ Restated |
|---|----------------------------|--------------------------|-------------------------|--------------------------|--------------------------------------|
| 7. Fund raising costs | | | | | |
| Glebe land agents' fees and other expenses | 69,328 | - | - | 69,328 | 56,431 |
| Other agents' commission and expenditure | 29,865 | - | - | 29,865 | 27,221 |
| | 99,193 | - | - | 99,193 | 83,652 |
| 8. Charitable activities | | | | | |
| Contributions to Archbishops' Council | | | | | |
| Training for ministry | 181,636 | - | - | 181,636 | 180,835 |
| National Church responsibilities | 154,724 | - | - | 154,724 | 155,155 |
| Mission agency pension costs | 10,708 | - | - | 10,708 | 10,306 |
| Retired clergy housing costs (CHARM) | 57,691 | - | - | 57,691 | 55,238 |
| Pooling of ordinand candidates' costs | - | - | - | - | 13,449 |
| | 404,759 | - | - | 404,759 | 414,983 |
| Resourcing Ministry & Mission | | | | | |
| Parish ministry | | | | | |
| Stipends, salaries and national insurance | 3,754,154 | 60,749 | - | 3,814,903 | 3,642,063 |
| Pension contributions | 1,269,478 | 6,098 | - | 1,275,576 | 1,204,344 |
| Housing costs | 1,093,302 | 229,717 | - | 1,323,019 | 1,133,781 |
| Removal, resettlement and other expenses | 203,477 | - | - | 203,477 | 121,384 |
| | 6,320,411 | 296,564 | - | 6,616,975 | 6,101,572 |
| Support for parish ministry | 1,541,269 | 74,913 | - | 1,616,182 | 1,591,590 |
| | 7,861,680 | 371,477 | - | 8,233,157 | 7,693,162 |
| Expenditure on Education & Diocesan Projects | | | | | |
| Diocesan Board of Education | 323,566 | - | - | 323,566 | 316,501 |
| Derby Cathedral | 16,326 | - | - | 16,326 | 15,882 |
| Church of North India Partnership | 750 | - | - | 750 | 750 |
| Clergy Widows & Orphans | 7,000 | - | - | 7,000 | 7,000 |
| Diocesan projects | - | 112,568 | - | 112,568 | 150,253 |
| Parishes | - | 5,818 | - | 5,818 | 5,704 |
| | 347,642 | 118,386 | - | 466,028 | 496,090 |
| Total charitable activities | 8,614,081 | 489,863 | - | 9,103,944 | 8,604,235 |
| 9. Other resources expended | | | | | |
| Change in defined benefit pension scheme liability | | | | | |
| Church of England Funded Pension Scheme (see Note 24) | - | - | - | - | 32,000 |
| | - | - | - | - | 32,000 |
| Total expenditure | 8,713,274 | 489,863 | - | 9,203,137 | 8,687,887 |

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10. Analysis of expenditure (including allocation of support costs)

| | Activities undertaken directly £ | Grant funding of activities £ | Support costs £ | Total costs 2015 £ |
|--|---|--|-----------------------|-----------------------------|
| Raising funds | 99,193 | - | - | 99,193 |
| Charitable activities | | | | |
| Contributions to Archbishops' Council | - | 404,759 | - | 404,759 |
| Resourcing Ministry & Mission | 7,537,565 | 231,184 | 464,408 | 8,233,157 |
| Board of Education & diocesan projects | - | 458,956 | 7,072 | 466,028 |
| | 7,636,758 | 1,094,899 | 471,480 | 9,203,137 |

11. Analysis of support costs

| | Unrestricted funds | | Restricted funds | Endowment funds | Total funds 2015 |
|---|--------------------|------------|------------------|-----------------|---------------------|
| | General | Designated | | | |
| | £ | £ | £ | £ | £ |
| Central administration | 412,445 | - | - | - | 412,445 |
| Support for education & diocesan projects | 7,072 | - | - | - | 7,072 |
| Governance: | | | | | |
| External audit | 13,416 | - | - | - | 13,416 |
| Registrar and Chancellor | 20,745 | - | - | - | 20,745 |
| Synodical costs | 17,802 | - | - | - | 17,802 |
| | 471,480 | - | - | - | 471,480 |

12. Analysis of grants made

| | Grants to | | Total Grants 2015 | Total Grants 2014 |
|--|----------------|----------------|----------------------|----------------------|
| | individuals | institutions | £ | £ |
| | £ | £ | £ | £ |
| From unrestricted funds for National Church responsibilities: | | | | |
| Contributions to Archbishops' Council | - | 404,759 | 404,759 | 414,983 |
| From unrestricted funds: | | | | |
| Removal, resettlement & first appointment grants | 127,768 | - | 127,768 | 81,597 |
| Ordinands in training | 96,344 | - | 96,344 | 100,747 |
| Derby Diocesan Board of Education | - | 323,566 | 323,566 | 316,501 |
| Derby Cathedral Chapter | - | 16,326 | 16,326 | 15,882 |
| Church of North India Partnership | - | 750 | 750 | 750 |
| Clergy Widows & Orphans | - | 7,000 | 7,000 | 7,000 |
| Restricted income funds | | | | |
| Local Mission Fund | - | 112,568 | 112,568 | 143,382 |
| Stafford Legacy (Church Trust Fund) | - | 5,818 | 5,818 | 5,704 |
| | 224,112 | 870,787 | 1,094,899 | 1,086,546 |

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13. Staff costs

Employee costs during the year were as follows:

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Wages & salaries | 792,931 | 750,479 |
| National insurance contributions | 74,402 | 67,905 |
| Pension costs: | | |
| Church of England Funded Pensions Scheme 2015 - 5 employees (2014 - 4 employees) | 38,465 | 29,739 |
| Church Workers Pension Fund Pension Builder 2014 Scheme - 17 employees (2014 - no employees) | 8,447 | - |
| One Family defined benefit scheme, 2015 - 1 former employee (2014 - 1 former employ | 8,261 | 8,572 |
| Defined contribution schemes, 2015 - 12 employees (2014 - 30 employees) | 51,706 | 52,414 |
| | <u>974,212</u> | <u>909,109</u> |

The average number of persons employed by the Board during the year:

| | 2015 Number | 2014 Number |
|---|----------------|----------------|
| Administration, property and financial management | 15 | 18 |
| Diocesan Director of Vocations | 1 | - |
| Mission & Ministry | 14 | 11 |
| Human resources, safeguarding & communications | 4 | 3 |
| Parochial & mixed-economy ministerial staff | 3 | 1 |
| | <u>37</u> | <u>33</u> |

Average number of persons employed by the Board during the year based on full-time equivalents:

| | 2015 Full-time equivalent | 2014 Full-time equivalent |
|---|------------------------------|------------------------------|
| Administration, property and financial management | 11.3 | 10.8 |
| Diocesan Director of Vocations | 0.3 | - |
| Mission & Ministry | 9.6 | 9.1 |
| Human resources, safeguarding & communications | 3.2 | 2.6 |
| Parochial & mixed-economy ministerial staff | 1.4 | 1.1 |
| | <u>25.8</u> | <u>23.6</u> |

The number of staff whose total emoluments (salary plus taxable benefits excluding pension contributions) exceeded £60,000 during the year is as follows:

| | 2015 (Number) | 2014 (Number) |
|-------------------|------------------|------------------|
| £60,001 - £70,000 | 1 | 1 |

Pension payments of £6,471 (2014, 1 employee - £6,344) were made for these employees.

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 | Canon M Cole |
| Director of Human Resources | Mrs A Poulson |
| Assistant Diocesan Secretary (Property) | Mr N Sherratt |
| Director of Finance | Mr D Meredith |
| Director of Mission & Ministry | Revd Canon Dr S Jones |

Remuneration, pension contributions and expenses for these employees amounted to £312,426 (2014 - £258,257). In 2015 there were 4 employees employed for the full year, 1 employee for part of the year (2014 - 3 employees for the full year, 2 employees for part of the year).

DERBY DIOCESAN BOARD OF FINANCE LIMITED
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14. Trustees' emoluments

None of the trustees received any emoluments from the Board in respect of services performed as trustees (2014 - £nil). During the year 7 trustees claimed reimbursement for travel or out of pocket expenses totalling £2,552 (2014 - 8 trustees claimed expenses totalling £1,532).

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

| | Stipend | Housing |
|--|---------|---------|
| The Venerable Archdeacon of Chesterfield | Yes | Yes |
| The Venerable Archdeacon of Derby | Yes | Yes |
| The Revd K Ball | Yes | Yes |
| The Revd M Broomhead | Yes | Yes |
| The Revd P Davey | Yes | Yes |
| The Revd A Dring | Yes | Yes |
| The Revd J Hudghton | Yes | Yes |
| The Revd J Page | Yes | Yes |
| The Revd C Pearson | Yes | Yes |
| The Revd J Ward | Yes | Yes |

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

The Board paid an average of 136.1 (2014 – 136.3) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Stipends | 3,518,191 | 3,467,329 |
| National insurance contributions | 289,791 | 282,836 |
| Pension costs (including deficit funding) | 1,275,493 | 1,204,344 |
| | 5,083,475 | 4,954,509 |

The stipends of Bishops are paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and from 1st April 2015 are in the range £33,350 - £42,880 (1st April 2014 range, £32,700 - £42,040). The annual rate of stipend, funded by the Board, paid from 1st April 2015 to Archdeacons was in the range £33,670 - £34,600 (1st April 2014 range, £33,010 - £34,280) and other clergy who were Trustees were paid in the range £23,650 - £25,800 (1st April 2014 range, £23,240 - £25,290). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2015 at an average of £9,910 (2014 - £9,950).

15. Analysis of transfers between funds

| | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | Total 2015 £ |
|--|----------------------------|--------------------------|-------------------------|--------------------|
| Transfer to/(from): | | | | |
| Parsonage house sale proceeds (1) to Diocesan Pastoral Account | - | 272,239 | (272,239) | - |
| Diocesan Pastoral Account to purchase parsonage house (1) | - | (350,969) | 350,969 | - |
| Diocesan Pastoral Account to purchase corporate house (1) | 271,044 | (271,044) | - | - |
| Diocesan Pastoral Account to general fund for housing costs | 87,519 | (87,519) | - | - |
| Capital Resources fund to general fund to finance housing costs | 26,174 | (26,174) | - | - |
| Change in pension scheme liability transfer to Stipends Fund Capital | (509,000) | - | 509,000 | - |
| | (124,263) | (463,467) | 587,730 | - |

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16. Tangible fixed assets

| | Freehold houses | | Leasehold houses | | Church House | Office Equipment | Total |
|------------------------------|-------------------|----------------|------------------|----------------|----------------|------------------|-------------------|
| | Parsonages | Glebe | Corporate | Corporate | | | |
| | £ | £ | £ | £ | | | |
| Cost or deemed cost | | | | | | | |
| At 1st January 2015 | 21,456,812 | 326,000 | 7,643,625 | 309,478 | 923,783 | 27,905 | 30,687,603 |
| Additions | 349,469 | - | 271,752 | - | - | 25,088 | 646,309 |
| Disposals | (240,000) | - | - | - | - | - | (240,000) |
| At 31st December 2015 | 21,566,281 | 326,000 | 7,915,377 | 309,478 | 923,783 | 52,993 | 31,093,912 |
| Depreciation | | | | | | | |
| At 1st January 2015 | - | - | - | - | - | 5,841 | 5,841 |
| Charge for the year | - | - | - | - | - | 13,522 | 13,522 |
| Disposals | - | - | - | - | - | - | - |
| At 31st December 2015 | - | - | - | - | - | 19,363 | 19,363 |
| Net book value | | | | | | | |
| At 31st December 2015 | 21,566,281 | 326,000 | 7,915,377 | 309,478 | 923,783 | 33,630 | 31,074,549 |
| Number of houses | 146 | 5 | 39 | 1 | | | 191 |
| At 31st December 2014 | 21,456,812 | 326,000 | 7,643,625 | 309,478 | 923,783 | 22,064 | 30,681,762 |
| Number of houses | 146 | 5 | 38 | 1 | | | 190 |

All the above assets are used for charitable purposes. In the opinion of the Directors the carrying value of land and buildings is less than the market value. The costs of revaluation are considered to outweigh the benefits to the reader of the accounts.

Church House includes the Diocesan Office and amounts capitalised shown at cost. There is no reliable market value, but a valuation of Church House would be greater than the historic cost.

17. Fixed asset investments

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | £ | £ |
| Investment securities within the United Kingdom (market value) | | |
| At 1st January 2015 | 34,519,322 | 27,844,859 |
| Additions at cost | 500,000 | 12,425,967 |
| Disposals | (487,387) | (6,949,467) |
| Unrealised gains/(losses) | 894,367 | 1,197,963 |
| At 31st December 2015 | 35,426,302 | 34,519,322 |
| Investment properties (market value) | | |
| At 1st January 2015 | 5,295,800 | 5,295,800 |
| Additions at cost | - | - |
| Disposals | - | - |
| Unrealised gains | - | - |
| At 31st December 2015 | 5,295,800 | 5,295,800 |
| Total fixed asset investments within the United Kingdom | 40,722,102 | 39,815,122 |

DERBY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
as at 31st December 2015

17. Fixed asset investments (continued)

| | 2015 | | 2014 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | £ Cost | £ Market value | £ Cost | £ Market value |
| Unlisted investment securities | | | | |
| CCLA Central Board of Finance of the Church of England | | | | |
| Investment fund income shares | 18,001,722 | 24,834,086 | 17,828,237 | 24,473,058 |
| Global equity fund income shares | 3,200,000 | 3,111,251 | 3,200,000 | 3,145,060 |
| Property fund income shares | 6,920,845 | 7,480,965 | 6,920,845 | 6,901,204 |
| Total investment securities | 28,122,567 | 35,426,302 | 27,949,082 | 34,519,322 |
| Investment properties comprise:- | | | | |
| Glebe agricultural land | | 5,151,000 | | 5,151,000 |
| Other property | | 144,800 | | 144,800 |
| Total investment properties | | 5,295,800 | | 5,295,800 |

Due to their nature the historic cost of investment properties is not known.

18. Debtors

| | 2015 | 2014 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Amounts due from PCCs (unsecured) | | |
| Common Fund | 116,494 | 105,004 |
| Loans to parishes | 1,338 | 1,738 |
| Other debtors | 154,011 | 151,269 |
| Prepayments & accrued income | 45,419 | 82,993 |
| Total debtors | 317,262 | 341,004 |
| Debtors comprise: | | |
| Amounts due within one year | 316,324 | 339,666 |
| Amounts due after more than one year | 938 | 1,338 |
| | 317,262 | 341,004 |

19. Creditors

| | 2015 | 2014 Restated |
|--|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Sundry creditors | 420,517 | 467,359 |
| Accruals | 13,416 | 12,900 |
| | 433,933 | 480,259 |
| Amounts falling due after more than one year | | |
| Pension scheme liabilities: | | |
| Church of England Funded Pension Scheme liability | 4,145,000 | 4,654,000 |
| One Family defined benefit pension scheme liability | 260,021 | 301,272 |
| Value-linked loans for houses with the Church Commissioners (see note below) | 328,000 | 328,000 |
| | 4,733,021 | 5,283,272 |

Note

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

DERBY DIOCESAN BOARD OF FINANCE LIMITED
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20. Contingent liabilities

The Board is party to a mortgage with Derbyshire County Council totalling £20,000 (2014 - £20,000).

21. Capital commitments

Capital expenditure:

| | 2015 | 2014 |
|--|----------|---------------|
| | £ | £ |
| Contracted for but not provided for in the Financial Statements: | | |
| Improvements to parsonage houses | - | 49,490 |
| | <u>-</u> | <u>49,490</u> |

22. Operating lease commitments

As at 31st December the Board had annual commitments under non-cancellable operating leases as set out below:

| | 2015 | 2014 |
|--------------------------------|------------|--------------|
| | £ | £ |
| Operating leases which expire: | | |
| Not later than 1 year | 953 | 4,930 |
| | <u>953</u> | <u>4,930</u> |

The amount charged to the Statement of Financial Activities in 2015 was £3,669 (2014 - £4,930).

23. Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period.

24. Pensions

The Board participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Board and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund. 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.

These schemes are multi-employer last man standing defined benefit pension schemes for which the Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the Board to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the Board. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

With effect from 1st January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1st January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1st January 1998 will be provided for by the Church Commissioners under the previous arrangements.

DERBY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
as at 31st December 2015

24. Pensions (continued)

Church of England Funded Pension Scheme (continued)

The Board participates in the Church of England Funded Pensions Scheme and at the end of the year were paying contributions for 139 members of the scheme out of a total membership of approximately 8,500 active members. Each participating employer in the scheme pays contributions at a common contribution rate applied to the previous year's National Minimum Stipend. As this is a multi-employer scheme and it is not possible to attribute the scheme's assets and liabilities to specific employers, the scheme pension costs are accounted for as if the scheme were a defined contribution scheme. The pension cost charged to the Statement of Financial Activities is the contributions payable for the year towards benefits earned in that year plus the impact of any deficit contributions

The most recent scheme valuation completed was carried out as at 31st December 2012. This revealed a deficit of £293 million, based on assets of £896 million and a funding target of £1,189 million, 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 31st December 2012 to 2/3rds by 31st December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- 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. and
- post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

Following the valuation of the scheme as at 31st December 2012, the contribution rate from 1st January 2015 is 39.9% of pensionable stipends (i.e. the previous year's NMS), of which 25.8% relates to providing the benefit in relation to ongoing pensionable service, including 1.2% for the day-to-day expenses of running the scheme, and 14.1% relates to recovery of the deficit over the twelve years to 31st December 2025.

A reconciliation of the balance sheet liability is set out below:

| | 2015 £ | 2014 £ |
|---|-------------------------|-------------------------|
| Balance sheet liability as at 1st January 2015 | 4,654,000 | 4,622,000 |
| Contributions paid | (449,000) | (389,000) |
| Interest cost (recognised in the Statement of Financial Activities) | 102,000 | 155,000 |
| Re-measurement of the balance sheet liability | (162,000) | 266,000 |
| | <u>(509,000)</u> | <u>32,000</u> |
| Balance sheet liability as at 31st December 2015 | <u><u>4,145,000</u></u> | <u><u>4,654,000</u></u> |

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 as at 31st December:

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

24. Pensions (continued)

Church Workers Pension Fund

The Pension Builder Scheme of the Church Workers Pension Fund (CWPF) is made up of 2 sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Church Workers Pension Fund - Pension Builder 2014

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.

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 therefore the first full valuation will be carried out at the next CWPF valuation date, 31st December 2016.

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24. Pensions (continued)

One Family defined benefit pension scheme

The Board operates a defined benefit pension arrangement in respect of a former employee (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, or death and the Board is required to follow Financial Reporting Standard (FRS) 102 in disclosing the financial position of the Scheme. The FRS102 liability value excludes any allowance for deferred taxation, defined contribution arrangements or discretionary increases under the Scheme.

As an arrangement for one member, the Scheme is not subject to the Statutory Funding Objective under the Pensions Act 2004. However, a valuation of the Scheme is carried out at least once every three years to determine whether the assets of the Scheme are likely to be sufficient to meet benefit payments. As part of the process the Board must agree with the trustees of the Scheme the contributions to be paid to address any shortfall.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 1 April 2014.

Actuarial assumptions

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

| | December 2015 Basis | December 2014 Basis |
|----------------------------|------------------------|------------------------|
| Discount rate | 4.0% | 3.6% |
| Inflation assumption (RPI) | 3.4% | 3.3% |
| LPI 5.0% pension increases | 3.3% | 3.2% |
| LPI 2.5% pension increases | 2.3% | 2.3% |
| Revaluation in deferment | 3.4% | 3.3% |

Post retirement mortality assumptions are based on 95% of the PCxA00 series tables with the long cohort projection subject to a minimum annual rate of improvement of 1.5% p.a. for males based on the member's year of birth.

Amounts recognised in the balance sheet at 31st December 2015

| | Value at 31st December 2015 | Value at 31st December 2014 |
|--|--------------------------------|--------------------------------|
| | £ | £ |
| Fair value of assets | 383,660 | 369,178 |
| Present value of funded obligation | <u>(643,681)</u> | <u>(670,450)</u> |
| Deficit | (260,021) | (301,272) |
| Impact of asset ceiling | - | - |
| Net defined benefit liability at 31st December 2015 | <u>(260,021)</u> | <u>(301,272)</u> |

The major categories of assets as a percentage of total assets are as follows:

| | 31st December 2015 |
|----------------------|--------------------|
| Fair value of assets | 100% |

The actual return on the Scheme's assets over the period to the Review Date was £6,383.

The assets in the Scheme are invested with One Family (formerly Engage Mutual) and do not include any investment in shares or property of the Employer.

DERBY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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24. Pensions (continued)

One family funded defined benefit pension scheme (continued)

Amounts recognised in the Statement of Financial Activities:

| | 2015 £ | 2014 £ |
|-------------------------|---------------|---------------|
| Current service cost | - | - |
| Administration cost | 162 | 171 |
| Interest on liabilities | 24,136 | 26,375 |
| Interest on assets | (13,436) | (16,292) |
| Past service cost | - | - |
| Settlement cost | - | - |
| | <u>10,862</u> | <u>10,254</u> |

Remeasurements over the year

| | 2015 £ | 2014 £ |
|--|-----------------|---------------|
| Loss on scheme assets in excess of interest | 7,053 | 5,492 |
| Experience gains on liabilities | (14,094) | (12,632) |
| Gains/(losses) from changes to demographic assumptions | - | - |
| (Gains)/losses from changes to financial assumptions | (36,811) | 83,348 |
| Changes in effect of asset ceiling | - | - |
| | <u>(43,852)</u> | <u>76,208</u> |

Reconciliation of assets and defined benefit obligations:

Fair value of assets

| | 31st December 2015 £ | 31st December 2014 £ |
|--|-------------------------|-------------------------|
| Fair value of assets as at 1st January 2015 | 369,178 | 349,977 |
| Interest on assets | 13,436 | 16,292 |
| Employer contributions | 8,261 | 8,572 |
| Contributions by Scheme participants | - | - |
| Benefits paid | - | - |
| Administration cost | (162) | (171) |
| Change due to settlements | - | - |
| Return on plan assets less interest | (7,053) | (5,492) |
| Fair value of assets as at 31st December 2015 | <u>383,660</u> | <u>369,178</u> |

Defined benefit obligations

| | 31st December 2015 £ | 31st December 2014 £ |
|---|-------------------------|-------------------------|
| Defined benefit obligations as at 1st January 2015 | 670,450 | 573,359 |
| Current service cost | - | - |
| Contributions by Scheme participants | - | - |
| Past service cost | - | - |
| Interest cost | 24,136 | 26,375 |
| Benefits paid | - | - |
| Change due to settlements | - | - |
| Experience gains on defined benefit obligation | (14,094) | (12,632) |
| Changes due to demographic assumptions | - | - |
| Changes due to financial assumptions | (36,811) | 83,348 |
| Defined benefit obligations as at 31st December 2015 | <u>643,681</u> | <u>670,450</u> |

DERBY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
as at 31st December 2015

25. Summary of fund movements

| | As at 1st January 2015 Restated | Income | Expenditure | Gains and losses | Transfers | As at 31st December 2015 |
|-------------------------------------|---------------------------------------|------------------|--------------------|---------------------|------------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ |
| Unrestricted income funds | | | | | | |
| General Fund | 3,139,757 | 7,723,288 | (6,815,539) | 89,498 | (825,188) | 3,311,816 |
| Glebe funds (net of agent fees) | - | 1,028,949 | (1,028,949) | - | - | - |
| Designated funds | | | | | | |
| Corporate Properties fund | 8,548,886 | - | - | - | 271,044 | 8,819,930 |
| Parsonages | 1,121,909 | 259,300 | (734,394) | 13,901 | 450,000 | 1,110,716 |
| Other designated funds | 2,061,565 | 216,045 | (131,791) | 26,653 | (20,119) | 2,152,353 |
| Pension reserve | (301,272) | - | (2,601) | 43,852 | - | (260,021) |
| | 14,570,845 | 9,227,582 | (8,713,274) | 173,904 | (124,263) | 15,134,794 |
| Restricted income funds | | | | | | |
| Diocesan Pastoral Account | 1,762,141 | 87,519 | (229,717) | 93,053 | (437,293) | 1,275,703 |
| Local Mission Fund | 216,261 | 2,746 | (112,568) | - | - | 106,439 |
| Other restricted income funds | 2,010,312 | 191,913 | (147,578) | 52,009 | (26,174) | 2,080,482 |
| | 3,988,714 | 282,178 | (489,863) | 145,062 | (463,467) | 3,462,624 |
| Endowment funds | | | | | | |
| Expendable endowment | | | | | | |
| Benefice Houses | 21,456,812 | 30,739 | - | - | 78,730 | 21,566,281 |
| Stipends Fund Capital (Glebe funds) | 22,961,592 | - | - | 871,251 | 509,000 | 24,341,843 |
| Permanent endowment funds | 3,221,251 | - | - | 43,656 | - | 3,264,907 |
| | 47,639,655 | 30,739 | - | 914,907 | 587,730 | 49,173,031 |
| Total funds | 66,199,214 | 9,540,499 | (9,203,137) | 1,233,873 | - | 67,770,449 |

26. Summary of assets per fund

| | Fixed assets | | Current | Creditors | Net | |
|--|--------------|-------------------|-------------------|------------------|--------------------|-------------------|
| | tangible | investments | assets | | assets | |
| | £ | £ | £ | £ | £ | |
| Unrestricted income funds | | | | | | |
| General Fund | | 33,630 | 3,261,887 | 262,252 | (245,953) | 3,311,816 |
| Designated funds (see note 27) | | | | | | |
| Corporate Properties fund | | 9,148,638 | - | - | (328,708) | 8,819,930 |
| Parsonages | | - | 1,035,444 | 266,369 | (191,097) | 1,110,716 |
| Other designated funds | | - | 1,985,344 | 167,009 | - | 2,152,353 |
| Pension reserve | | - | - | - | (260,021) | (260,021) |
| | | 9,182,268 | 6,282,675 | 695,630 | (1,025,779) | 15,134,794 |
| Restricted income funds (see note 28) | | | | | | |
| Diocesan Pastoral Account | | - | 1,230,542 | 45,161 | - | 1,275,703 |
| Local Mission Fund | | - | - | 106,439 | - | 106,439 |
| Other restricted income funds | | - | 1,964,398 | 116,084 | - | 2,080,482 |
| | | - | 3,194,940 | 267,684 | - | 3,462,624 |
| Endowment funds (see note 29) | | | | | | |
| Expendable endowment funds | | | | | | |
| Benefice Houses | | 21,566,281 | - | - | - | 21,566,281 |
| Stipends Fund Capital (Glebe funds) | | 326,000 | 27,992,603 | 168,240 | (4,145,000) | 24,341,843 |
| Permanent endowment funds | | - | 3,251,884 | 13,023 | - | 3,264,907 |
| | | 21,892,281 | 31,244,487 | 181,263 | (4,145,000) | 49,173,031 |
| Total funds | | 31,074,549 | 40,722,102 | 1,144,577 | (5,170,779) | 67,770,449 |

DERBY DIOCESAN BOARD OF FINANCE LIMITED
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27. Designated funds

| | As at 1st January 2015 | Income | Expenditure | Gains/ (losses) | Transfers | As at 31st December 2015 |
|-------------------------------|---------------------------|----------------|------------------|--------------------|----------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ |
| Corporate Properties | 8,548,886 | - | - | - | 271,044 | 8,819,930 |
| Parsonages | 1,121,909 | 259,300 | (734,394) | 13,901 | 450,000 | 1,110,716 |
| Ordinands' Support | 747,633 | 27,959 | (101,323) | 9,784 | - | 684,053 |
| Watts Legacy | 668,687 | 25,900 | (25,900) | 9,099 | - | 677,786 |
| Morley Fund | 585,245 | 22,186 | (2,067) | 7,770 | (20,119) | 593,015 |
| Church Growth | 60,000 | 140,000 | (2,501) | - | - | 197,499 |
| Total designated funds | 11,732,360 | 475,345 | (866,185) | 40,554 | 700,925 | 12,082,999 |

Corporate Properties - represents property transferred at no cost and gains less losses on the sale of corporate houses. The fund is designated for use to finance corporate property.

Parsonages - amounts transferred from unrestricted funds set aside for purposes of the Parsonages Committee.

Ordinands' Support - transfers from unrestricted funds made available for ordination candidates' support grants.

Watts Legacy - available for general purposes and designated for general income support.

Morley Fund - proceeds from the sale of Morley Retreat House set aside with a proportion of annual income to be made available for the Spirituality Group.

Church Growth - amount set aside for seed-corn funding of strategic church growth projects.

28. Restricted income funds

| | As at 1st January 2015 | Income | Expenditure | Gains/ (losses) | Transfers | As at 31st December 2015 |
|--------------------------------------|---------------------------|----------------|------------------|--------------------|------------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ |
| Diocesan Pastoral Account | 1,762,141 | 87,519 | (229,717) | 93,053 | (437,293) | 1,275,703 |
| Local Mission Fund | 216,261 | 2,746 | (112,568) | - | - | 106,439 |
| Capital Resources | 501,661 | 26,174 | - | 32,437 | (26,174) | 534,098 |
| Milligan Pension Fund | 421,847 | 15,936 | - | 5,582 | - | 443,365 |
| Bishop Allen Legacy | 310,418 | 11,804 | (11,804) | 4,136 | - | 314,554 |
| Stafford Legacy (Church Trust Fund) | 317,197 | 68,927 | (68,927) | 3,708 | - | 320,905 |
| Poorer Clergy Fund | 237,638 | 9,204 | (9,204) | 3,233 | - | 240,871 |
| Benham Legacy | 161,529 | 6,098 | (6,098) | 2,135 | - | 163,664 |
| Faith in Action | 58,058 | 2,214 | - | 778 | - | 61,050 |
| Board of Readers | 1,964 | 11 | - | - | - | 1,975 |
| Clemson Legacy | - | 42,990 | (42,990) | - | - | - |
| Stipends Trusts | - | 8,555 | (8,555) | - | - | - |
| Total restricted income funds | 3,988,714 | 282,178 | (489,863) | 145,062 | (463,467) | 3,462,624 |

Diocesan Pastoral Account - represents the proceeds of redundant churches and parsonages which have not yet been applied to the purposes permitted by the Pastoral Measure 1983. Parsonage house improvements are funded from the sale proceeds of redundant parsonage houses through the Diocesan Pastoral Account.

Local Mission Fund - Parish Mission Funding made available by the Archbishops' Council for "the additional provision for the cure of souls in parishes where such assistance is most required, in such a manner as shall be conducive to the efficiency of the Established Church" set aside for mission development. Of the balance of £106,439 remaining, an amount of £105,293 has been committed to future projects.

Capital Resources - proceeds of sale from two former parsonage houses available for property expenditure.

Milligan Pension Fund - for clergy pensions and retired clergy. An annual grant is paid to the Clergy Widows & Orphans Fund (see Note 12).

DERBY DIOCESAN BOARD OF FINANCE LIMITED
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28. Restricted income funds (continued)

Bishop Allen Legacy - for clergy welfare, ordination training, new halls and church repair. The Bishop in consultation with the Board may decide to use the funds for any charitable purpose.

Stafford Legacy (Church Trust Fund) - 10% of the permanent endowment income made available to a specific parish with the balance available for such charitable purposes as the Board in its absolute discretion shall decide.

Poorer Clergy Fund - available for stipend support.

Benham Legacy - available for clergy pension contribution support.

Faith in Action - historic balance of funds specifically available for 'social responsibility' purposes.

Board of Readers - historic balance of funds available for Readers and Reader Training.

Clemson Legacy - funds are for "the maintenance of services" and are used to support the costs of stipendiary clergy.

Stipend Trusts - funds are made up of a number of historic trusts, the income of which is used to augment clergy stipends.

29. Endowment funds

| | As at 1st January 2015 Restated | Income | Expenditure | Gains/ (losses) | Transfers | As at 31st December 2015 |
|-------------------------------------|---------------------------------------|---------------|-------------|--------------------|----------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ |
| Expendable endowment | | | | | | |
| Benefice Houses | 21,456,812 | 30,739 | - | - | 78,730 | 21,566,281 |
| Stipends Fund Capital (Glebe funds) | 22,961,592 | - | - | 871,251 | 509,000 | 24,341,843 |
| Permanent endowment funds | | | | | | |
| Stafford Legacy (Church Trust Fund) | 1,514,525 | - | - | 20,439 | - | 1,534,964 |
| Clemson Legacy Fund | 1,109,889 | - | - | 15,103 | - | 1,124,992 |
| Parsonages | 295,794 | - | - | 4,025 | - | 299,819 |
| Stipends Trusts | 220,868 | - | - | 3,005 | - | 223,873 |
| Partington Legacy | 80,175 | - | - | 1,084 | - | 81,259 |
| | 47,639,655 | 30,739 | - | 914,907 | 587,730 | 49,173,031 |

Benefice Houses - represents the value of parsonage houses at the balance sheet date. These houses are used to provide accommodation for ministers. The Board is not free to dispose of the houses except in accordance with appropriate measures.

Stipends Fund Capital (Glebe funds) - represents the proceeds of the sale of glebe, parsonages transferred by Pastoral Scheme and gifts to the fund. The fund generates income for the payment of stipends and can be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Church of England (Miscellaneous Provisions) Measure 1992.

Stafford Legacy (Church Trust Fund) - capital to be held as permanent endowment with income available as to 10% to a specific parish in the diocese and 90% at the discretion of the Board.

Clemson Legacy fund - funds are for "the maintenance of services" and income is used to support the costs of stipendiary clergy.

Parsonages - represents permanent endowment of the Parsonages Committee with income used to finance the repair and maintenance of parsonage houses.

Stipends Trusts - historic permanent endowment trusts with income for stipends.

Partington Legacy - funds are for "general religious purposes" and annual income is mandated directly to unrestricted funds.

30. Funds held as custodian trustee on behalf of others

The Board holds investments on behalf of Parochial Church Councils (PCCs) and others as custodian trustee. Each year an annual statement of financial investments held by the Board in its capacity as custodian trustee is made available to PCCs. The market value of investments held on behalf of PCCs and others is £1.9million (2014 - market value £1.9million), and all such investments are held separately from those of the Board. Historic cost figures are not available.

DERBY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
as at 31st December 2015

30. Funds held as custodian trustee on behalf of others (continued)

Financial investments held by the Board, in its capacity as custodian trustee, are broken down as follows:

| | 2015 | 2014 |
|--|------------------|------------------|
| | £ | £ |
| CCLA Investment Management Ltd | | |
| Central Board of Finance of the Church of England Funds: | | |
| Investment fund income shares | 1,153,124 | 1,141,942 |
| Investment fund accumulation shares | 329,463 | 312,370 |
| Fixed Interest Securities Fund income shares | 81,032 | 84,129 |
| Deposit Fund | 226,842 | 226,216 |
| COIF Charities Funds: | | |
| Investment fund income shares | 72,042 | 71,161 |
| Investment fund accumulation shares | 24,186 | 22,996 |
| Other common investment fund holdings | 32,186 | 31,846 |
| | <u>1,918,875</u> | <u>1,890,660</u> |

31. Related party transactions & controlling parties

Diocesan governance is by Diocesan Synod, elected from both clergy and laity under the leadership of the Diocesan Bishop, who is appointed by the Church of England nationally.

The Board pays an annual grant to the Derby Diocesan Board of Education to meet salary and operating costs (see Note 12). The Rt Revd Dr A Redfern and Canon D Illiffe, were directors of both companies.

Ven C Wilson, director of the Board is also a director of Ecclesiastical Insurance Office plc. Amounts paid to Ecclesiastical Insurance Office plc for insurance during the year were £64,090 (2014 - £63,291).

Canon M Titterton, Executive Chair and director of the Board, is also a member of Derby Cathedral Chapter (see Note 12).

In respect of all related party transactions there were no outstanding balances at the year end (2014 - no balances outstanding).

DERBY DIOCESAN BOARD OF FINANCE LIMITED
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as at 31st December 2015

32. Transition to Financial Reporting Standard (FRS) 102

This is the first year that the Board has presented its results under Financial Reporting Standard (FRS) 102 and the new Statement of Recommended Practice (SORP (FRS 102)) for charities. The last financial statements under previous UK GAAP were for the year ended 31st December 2014. The date of transition to FRS 102 was 1st January 2014. Set out below are a reconciliation of the net surplus for the year and the reserves from the amounts previously stated in the 2014 financial statements following the change in accounting policies.

Reconciliation of the net income for the financial year as previously stated to that restated:

| | Unrestricted funds | Restricted funds | Endowment funds | Total funds 2014 Restated |
|--|--------------------|------------------|-----------------|---------------------------|
| | £ | £ | £ | £ |
| Surplus/(deficit) as previously reported (before investment gains) | 129,908 | 218,872 | (311,494) | 37,286 |
| Defined benefit pension scheme | | | | |
| Church of England Funded Pension Scheme (Clergy Pension Scheme) | (32,000) | - | - | (32,000) |
| Gross transfers between funds | 32,000 | - | (32,000) | - |
| Net income for the year under FRS 102 (before investment gains) | 129,908 | 218,872 | (343,494) | 5,286 |

Reserves reconciliation - 1st January 2014

| | Unrestricted funds | Restricted funds | Endowment funds | Total funds 2014 Restated |
|---|--------------------|------------------|-----------------|---------------------------|
| | £ | £ | £ | £ |
| As at 1st January 2014 as previously reported | 14,243,168 | 3,613,697 | 50,979,377 | 68,836,242 |
| Defined benefit pension scheme | | | | |
| Church of England Funded Pension Scheme (Clergy Pension Scheme) | - | - | (4,622,000) | (4,622,000) |
| As at 1st January 2014 restated | 14,243,168 | 3,613,697 | 46,357,377 | 64,214,242 |

Reserves reconciliation - 31st December 2014

| | Unrestricted funds | Restricted funds | Endowment funds | Total funds 2014 Restated |
|---|--------------------|------------------|-----------------|---------------------------|
| | £ | £ | £ | £ |
| As at 31st December 2014 as previously reported | 14,570,845 | 3,988,714 | 52,293,655 | 70,853,214 |
| Defined benefit pension scheme | | | | |
| Church of England Funded Pension Scheme (Clergy Pension Scheme) | - | - | (4,654,000) | (4,654,000) |
| As at 31st December 2014 restated | 14,570,845 | 3,988,714 | 47,639,655 | 66,199,214 |

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 Board has a payment plan with the Church of England Pensions Board to pay the Clergy Pension Scheme deficit over a ten year period (until 2022). Upon transition, the Board has recognised the present value of deficit funding contributions. As at 31st December 2015, this amounted to £4,145,000 for the Clergy Pension Scheme (2014 - £4,654,000).

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NOTES TO THE ACCOUNTS
as at 31st December 2015

33. Prior year comparative Statement of Financial Activities

| | Unrestricted funds | Restricted funds | Endowment funds | Total funds 2014 Restated |
|--|-----------------------|---------------------|--------------------|---------------------------------|
| | £ | £ | £ | £ |
| Income and endowments from: | | | | |
| Donations | | | | |
| Common Fund | 4,489,298 | - | - | 4,489,298 |
| Archbishops' Council | 1,565,385 | 141,470 | - | 1,706,855 |
| Other donations | 141,543 | 14,160 | - | 155,703 |
| Charitable activities | 600,815 | 1,689 | 506 | 603,010 |
| Other activities | 195,042 | - | - | 195,042 |
| Investment income | 1,194,774 | 224,295 | - | 1,419,069 |
| Other incoming resources | - | - | 156,196 | 156,196 |
| Total income and endowments | 8,186,857 | 381,614 | 156,702 | 8,725,173 |
| Expenditure on: | | | | |
| Raising funds | 83,652 | - | - | 83,652 |
| Charitable activities | 8,213,297 | 422,938 | - | 8,636,235 |
| Total expenditure | 8,296,949 | 422,938 | - | 8,719,887 |
| Net income/(expenditure) before investment gains and losses | (110,092) | (41,324) | 156,702 | 5,286 |
| Net gains on investments | 275,394 | 156,145 | 1,625,772 | 2,057,311 |
| Net income for the year | 165,302 | 114,821 | 1,782,474 | 2,062,597 |
| Transfers between funds | 240,000 | 260,196 | (500,196) | - |
| Other recognised gains/(losses) | | | | |
| Actuarial loss on defined benefit pension scheme | (77,625) | - | - | (77,625) |
| Net movement in funds | 327,677 | 375,017 | 1,282,278 | 1,984,972 |
| Reconciliation of funds | | | | |
| As at 1st January 2014 as previously reported | 14,243,168 | 3,613,697 | 50,979,377 | 68,836,242 |
| Transitional adjustment FRS 102 | | | | |
| Defined benefit pension scheme | | | | |
| Church of England Funded Pension Scheme (Clergy Pension Scheme) | - | - | (4,622,000) | (4,622,000) |
| Funds restated as at 1st January 2015 | 14,243,168 | 3,613,697 | 46,357,377 | 64,214,242 |
| Total funds at 31st December 2015 | 14,570,845 | 3,988,714 | 47,639,655 | 66,199,214 |

