

THE CHICHESTER DIOCESAN FUND AND
BOARD OF FINANCE (INCORPORATED)



**Annual Report and Financial Statements
For the year ended 31 December 2019**

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

A printed copy is available on request from Church
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Mission Statement

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

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2019.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

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

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

The CDBF has the following statutory responsibilities:-

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

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

In reviewing the charity's aims, and putting them into action, the trustees have taken account of the Charity Commission's guidance on public benefit.

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STRATEGIC REPORT

STRATEGIC AIMS

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

At Pentecost in May 2015, the Diocesan Synod launched a five year Diocesan Strategy with the following three priorities modelled on the priorities of the Archbishops' Council's Renewal and Reform body of work:

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

Four years with different themes were aimed to help Anglicans in Sussex address these priorities. 2016 was the Year of Mercy, recognising our condition before God and need of forgiveness as a preparation for the Year of the Bible in 2017, where we listened to God's voice as it comes to us in Scripture. That in turn led into the Year of Prayer in 2018, where as well as continuing to listen, we learned to respond to what God is saying. This took us into 2019 and the Year of Vocation where we explored how God is calling us to live out our Christian faith. At Diocesan Synod in November 2019 a new Vision for Growth was launched, building on those three priorities, to provide focus for 2020 to 2025, under which we will strive to be More Open, More Converted to Jesus Christ, More Generous and More Engaged.

OBJECTIVES FOR THE YEAR

The CDBF seeks to respond to its mission of growth in Christ and to its strategic aims by focusing on the following objectives for this and subsequent years:

- To resource a Christian presence in every parish by:
 - The appointment of stipendiary and self-supporting clergy, lay ministers and Christian leaders and governors in our schools
 - Enabling the laity in congregations to play their part in ministry
 - The payment of stipends and pensions
 - The provision and maintenance of housing which is safe, fit for purpose, and welcoming
 - The selection and training of ordinands and lay ministers, and the provision of financial support to those training for ministry
 - Providing ministerial development reviews and continuing ministerial development for clergy

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- Providing pastoral care and welfare support to clergy, including financial assistance where needed
 - Planning and delivering improvements to mission and pastoral organisation
- To develop the ability to ensure a Christian presence in future by:
 - Encouraging vocations to both lay and ordained ministry, especially young vocations, and developing apostolic pathways for all, in particular re-imagined forms of lay ministry
 - Supporting apostolic partnerships to reinvigorate communities and establish a presence in areas of new housing
 - Enabling church schools to reach out to families in their communities
- To support clergy, lay leaders, parishes and chaplains and enable their work by providing training, information, advice, guidance, services and good governance
- To support schools and in particular head teachers and governors to provide the best possible education and Christian witness through training and support services and the provision of assistance and advice
- To support schools with planning pupil places and ensuring their buildings are fit for purpose, facilitating capital expenditure and the expansion of schools where possible
- To provide support for parishes and individuals in all aspects of safeguarding casework, liaising with the public authorities as necessary
- To promote a care for the environment and a sustainable use of resources, and work towards becoming an Eco Diocese
- To support the Anglican church, nationally and internationally, and other particular ministries to groups and communities
- To run an effective organisation in order to deliver these objectives, including the provision of support to the senior clergy and management of assets.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Resourcing a Christian presence

Appointments, enabling the ministry of the laity, and payment of stipends and pensions

The presence of clergy and lay ministers in the parishes and communities of the Diocese is an important part of delivering the Diocese's mission. They engage in a wide variety of community and church projects and carry out over 1,200 weddings or blessings, 3,900 funerals and 2,500 baptisms each year. Almost 400 licensed clergy and over 100 licensed readers minister in the 363 parishes in the Diocese, with 14 new full time and 5 new part time stipendiary clergy appointments and 7 new readers licensed during 2019.

The Education Department appointed 101 new foundation governors and reappointed 32 existing foundation governors for church schools and helped to appoint 19 new head teachers, 11 of which were diocesan deputy heads moving into headship.

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During the year the CDBF paid stipends, pensions and other employment costs totalling £10.1 million for incumbents, curates and other clergy, increasing stipends in line with national recommendations. The payroll is administered by a separate charity, the Church Commissioners for England, and the CDBF reimburses the costs, which form by far its largest financial commitment. The average rate of vacancies was 24 which was slightly below the budgeted rate of 26. Rural deans and churchwardens of vacant parishes work closely together to maintain worship and other community activities, aided by a large pool of retired and self-supporting ministers. The CDBF funds fees and expenses for those clergy during interregna.

Parish clergy are not employed by the CDBF, but the CDBF does have responsibilities in respect of their engagement. In addition to paying their stipends and National Insurance, paying into their pension funds, and housing them, it is responsible for training (see below). Under new terms of service, called Common Tenure, introduced in 2011, clergy have greater clarity on their rights and obligations and have access to Employment Tribunals and other useful services. These apply to all new appointments and some of those in post before 2012; others chose to retain their freehold. The CDBF's external HR consultants provide HR services in respect of clergy as well as lay staff to improve the care and service provided. During 2019 this service was enhanced by the engagement of an employment law service from local solicitors. The full-time in-house HR Officer left the Diocese in summer 2019 and, as an interim solution, her work has been reallocated internally to other members of staff and the external consultants. The most effective way to provide HR services continues to be monitored.

In addition to training and support for the laity, detailed below, the Order of St Richard award was launched to recognise outstanding contributions by lay people. 40 recipients attended the first award service at the cathedral in November.

Provision of housing

The annual quinquennial repair programme covered 45 of the diocese's 380 properties, spending c.£756k, and 50 properties were made ready for incoming clergy and private tenants (to derive a rent) at a cost of c. £480k. The following improvement works were also carried out:

- One property was re-roofed.
- 16 properties had replacement boilers or upgrades to their central heating systems
- 11 properties had replacement bathrooms
- 15 properties had replacement kitchens
- 8 properties had replacement UPVC windows and doors.

In addition to this major repair was undertaken to the boundary wall at the vicarage in Hurstpierpoint a cost of £105k.

Work has commenced on the rebuilding of the parsonage at Chichester St Wilfrid which will be completed in summer 2020.

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Selection and training of ordinands and lay ministers

The training of curates (IME 2) includes the development and running of a diocesan course, which is a Common Awards programme validated through the University of Durham via St. Augustine's College of Theology (our local training institution). Curates are formally assessed at the end of their training to ensure they have reached an appropriate level of competency, a process overseen by the Department for Apostolic Life.

Grants of over £364k were made to ordinands to support them and their families during their training. There are currently 48 people in training.

Authorised Lay Ministry (ALM) training began in 2018 and the first 37 candidates were commissioned in January 2019 for ministries of pastoral care and children's work. In autumn 2019, 59 candidates began training across four electives: family ministry; pastoral care; preaching and community ministry. We aim to increase the number of electives in 2020. A very successful lay conference was held in March 2019 on the theme of 'Every day discipleship', attended by more than 100 people, including parish champions for the national Setting God's People Free initiative which seeks to help lay Christians live out their faith in their daily lives.

Ministerial Development Review (MDR) and Continuing Ministerial Development (CMD)

MDR continued to be run successfully with some minor changes. Most clergy are now on their second review.

During the year, a new CMD officer was recruited and started in the summer. We built on the previous year's programme of ongoing training for clergy, offering a wider range of courses. These focussed on theological development, enhancing ministerial skills and wellbeing.

The second cohort of clergy undertaking the Galilee Programme started, which is a diocesan programme for clergy ministerial development (including leadership). The CMD Officer took over oversight of the programme.

CMD 1 started, which is a programme designed to support and mentor those who are in their post of first responsibility.

Pastoral care and welfare support

During this year, we recruited a new officer to oversee the service supporting clergy and their families and changed the job title to Officer for Wellbeing for Clergy and their Families. This marked a move towards offering proactive training and support in issues of well-being. Alongside this, the confidential counselling service for clergy and their families continued to receive a significant number of referrals; over 100 since the service was launched. We continue to be grateful for the generous legacy which has enabled this work.

In addition, welfare grants of approximately £75k have been awarded to 86 clergy and their families in time of need.

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Implementing improvements to pastoral organisation

Twelve Mission and Pastoral schemes and orders were completed in 2019: four pastoral reorganisation schemes, six bishop's pastoral orders to terminate defunct group ministries, one pastoral order to create a plurality, and one pastoral order to rationalise parish boundaries. A further nine cases were progressed. Significant progress was also made towards finding new uses for seven churches that have already been closed.

Developing Christian presence for the future

Encouraging vocations

There was a change in staff during this year, with both the Diocesan Director of Ordinands (DDO) and Deputy DDO being appointed to new roles in the Diocese. A new DDO began in November.

The discernment processes for the selection of ordained ministers and specific lay ministries were further refined during the year. The enlarged team of Vocations Guides and Assistant DDOs continued to receive training in their work, including training on understanding bias & error. The focus of the year for the diocese was vocations including a Lent course which sought to encourage all Christians to better engage with their baptismal calling. Of those who attended a Bishops Advisory Panel in 2019, 20 individuals were recommended for ordination training (14 men and 6 women, of whom 17 will train to be stipendiary ministers and 3 to be self-supporting ministers).

Supporting apostolic partnerships

The process for monitoring and measuring the Strategic Development Fund (SDF) projects was reviewed and simplified. The Deputy Director for Apostolic Life took over the role of managing the projects and there was progress on how we demonstrate success. All three of the partnerships currently supported by SDF have shown significant growth, both in numbers and in spiritual depth. Significant groundwork was undertaken for a 2020 bid.

Enabling church schools to reach out

Throughout 2019, church schools within the Diocese have continued to look at their vision statements in line with the SIAMS inspection schedule. This revised schedule is now embedded and whilst it does present new levels of challenge, our schools are engaging positively with our training and support. Within the schedule, schools are being encouraged to engage in "courageous advocacy" and reach out to their local communities through engagement in both social action and charitable activities.

Supporting clergy, lay leaders, parishes and chaplains

Apostolic Life

Living Faith continued as a programme for nurturing faith and discipleship, alongside a diocesan Year of Vocation Lent course.

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Following a confidential review, it was decided to bring the diocesan network of spiritual directors to an end. Directors on the network and those looking for a spiritual director were asked to consider engaging with the London Centre for Spiritual Direction, who extend their networks across Sussex and the south east.

The second phase of the diocesan strategy was prepared and launched at November Diocesan Synod.

Youth and Children

2019 saw the beginning of the development of a new children's and youth strategy. Part of this has been the setting up of hubs across the diocese as centres of excellence and support for those involved in youth and children's work in parishes.

Partnering with the Diocesan Mission Fund led to churches appointing more youth and children's workers across the diocese. Networking events saw stronger cohesive working between churches across the diocese and regular ongoing training for salaried workers and volunteers.

The Pursuit programme, a year out leadership development scheme for young adults, did not run due to a lack of suitable candidates and parishes. May Camp, our diocesan youth festival, continued to see a healthy growth in numbers participating and over 60 young people made a personal commitment to Christ.

Communications

Throughout a busy 2019 the communications team continued to provide a proactive and reactive service to Church House departments, the senior clergy team, parishes, and partner organisations.

Partnership with the Church of England to engage with national initiatives continued with Thy Kingdom Come, Setting God's People Free and the Christmas campaign #FollowtheStar which is now in its second year. Increased engagement was made possible by the appointment of a communications assistant at the start of 2019.

Social media has been a key feature throughout the year. Two fully attended workshops saw laity and clergy gaining an insight into the opportunities and issues around social media as a key tool for digital evangelism. Also, two workshops were held for training incumbents to help them gain a greater understanding of the issues and challenges that training curates face. Positive feedback was received, with the top rating given by most attendees.

In 2019 resources for the diocesan Year of Vocation were issued with in-house materials produced to enhance engagement, including DVDs, USBs and videos of those being ordained in the summer. Seventy parishes ordered resources direct from CHH for Lent groups of all sizes. Parishes ordered a total of 2,785 lent booklets direct from CPO.

Thy Kingdom Come, an ecumenical event forming part of the Archbishops' call for nine days of prayer between Pentecost and Ascension, was held at the Dome Brighton and attracted around 800-1,000 people of all traditions from churches across the diocese.

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An in-house video to be shown at the Autumn deanery meetings received much positive feedback and requests to make it available for PCCs and other audiences. This was also an opportunity to feature areas of the diocese that may not usually feature in promotional material.

The Faith in Sussex magazine continues to be valued as a mission tool that connects the whole of the diocese. A key development agreed in 2019 was to set up an editorial group which will help to hear from a company of voices to share the good news and best practice across the diocese.

Parish development and stewardship

In 2019, staff in the Apostolic Life department worked directly with 70 parishes across the diocese, reflecting a diverse range of context and theological tradition. We ran the Leading Your Church into Growth programme for the first time, with eight selected parishes.

In addition to providing manuals, templates and ad hoc advice throughout the year, the parish adviser on finance, governance and stewardship delivered 18 parish finance workshops across the diocese covering topics such as accounting regulations for PCCs, essentials of charity law, Gift Aid, regular giving, legacies and use of contactless devices. 544 people in total attended. When invited to PCC meetings or to speak to churches, he continued to encourage parishes to put together a strategy to raise their levels of regular giving, consider using legacies, contactless giving and the Parish Giving Scheme to facilitate their giving. 21 more churches adopted PGS in 2019.

Education

Autumn briefings were held in 6 venues across the diocese, with c.90 people attending including head teachers, chairs of governors and clergy. These briefings gave an opportunity to give information about the future focus of the department as well as sharing the wider context of education issues such as the small schools agenda and academisation.

The training programme offered by the Education department has continued to support Head Teachers, governors and clergy with a variety of courses covering topics from Understanding Christianity to SIAMS and Church School governance. All church school governors are expected to attend safeguarding training.

Safeguarding

The Independent Inquiry into Child Sexual Abuse, IICSA, published its report of the case study into the Diocese of Chichester and the case of the former Bishop of Lewes, Peter Ball, in May 2019. This report produced significant criticism of the history of the Diocese, and of the recent past up until 2011. However, the Inquiry noted considerable improvement in the Diocese's safeguarding procedures and culture since that time, in particular noting the Diocese's co-working with Sussex Police, and the support given to victims of abuse during police investigations. Both were noted as examples of national best practice that other Dioceses were recommended to follow.

The Diocese continues to implement the National Safeguarding Training Framework. 96% of licensed clergy and over 88% of PTO clergy have the full up-to-date training requirement, with the numbers of licensed clergy with no in-date training at 0.5% (and explained due to long-term

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absence). Over 7,500 safeguarding course completions were achieved across the Diocese during 2017, 2018 and 2019, with demand for training remaining extremely high.

Simple Quality Protects ('SQP'), the online parish safeguarding tool, was launched in 2017 and has had a very good take-up across the Diocese. Deanery assessment events have been completed or are scheduled in every Deanery across the Diocese, with the majority of those parishes attending these events having passed Level 1 of SQP. Both the enthusiasm and achievement of parishes across the Diocese in SQP is extremely encouraging.

The Diocese has been working with the Survivors' Network, via a Service Level Agreement, in 2018 and 2019 and into 2020. The SLA provides for an Independent Sexual Violence Adviser (ISVA) to work alongside the Safeguarding Team in providing specialist support to survivors of abuse, particularly during criminal investigations. This continues a successful model of casework pioneered in Chichester, which is now forming the basis of a national model of best practice.

Property

The Property Department continues to support parishes and clergy by providing advice on the management and development of property. The department also provides guidance to parishes regarding the Charities Act and the process to obtain diocesan consent for property sales.

Church Buildings and DAC

The Diocesan Advisory Committee for the Care of Churches has continued to fulfil its statutory role in the faculty jurisdiction system and has provided advice and guidance to the Chancellor, Archdeacons and parishes on issues relating to the care of church buildings.

The DAC issued written advice in relation to 168 applications (116 for Formal advice and 52 requests for Informal advice) and made 36 site visits to assist parishes in the early stages of planning major church building projects. The Church Buildings team and DAC also assisted the Archdeacons in processing 120 permissions for minor works under the List B process. The team also offered guidance on day-to-day issues relating to the care of churches and organised a series of training events, including four Roadshows, three training sessions aimed at new clergy and churchwardens on 'Looking after church buildings and permissions', and four training sessions in conjunction with Ecclesiastical Insurance on health and safety and insurance issues.

The Fundraising Adviser provided fundraising advice to 72 parishes by phone or email in 2019 and visited 28 churches (independent of DAC site visits) and representatives of a further 4 churches came to Church House. The Fundraising Adviser spoke at three deanery or diocesan-wide events, and ran an information day on the National Lottery Heritage Fund attended by 47 people from across the diocese, including the Cathedral.

Finance

The Diocese acts as custodian trustee for many trust funds; the Finance Department holds investments on behalf of almost 500 parish and chancel trusts and 65 school trusts.

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Governance

The Governance team continued to advise parishes on matters of governance, record-keeping, and the like.

2019 was the start of the new triennium for the new membership of the boards and committees. Training was arranged for the new and returning Bishop's Council members who are trustees of the CDBF. Twenty governing committee meetings were held, including the Bishop's Council, the Operating Committee, Assets Committee, Audit Committee, Education Finance Committee, Remuneration Committee and Credit for Mission.

Seventeen Autumn Deanery meetings were held on autumn evenings throughout the diocese, some deaneries joining together to share a meeting: to reflect on and celebrate the work of all those in our deaneries and parishes and to plan for the future. Two Diocesan Synod meetings were held for over 200 representatives across the diocese and topics included reflections on the Independent Inquiry into Child Sexual Abuse, planning for the new diocesan strategy, growing faith, deanery motions, and the latest reports from General Synod.

Supporting schools

During 2019, the programme of continuing professional development and school-based reviews for 155 schools in the diocese continued, funded through a combination of diocesan funding and contributions from schools made under a partnership agreement.

All schools have benefitted from the support of a named Diocesan Effectiveness Partner. The team of DEPs support schools on a local level, with a focus on school improvement and effectiveness. The programme of CPD offered by the department is designed to support school leaders, governors and clergy through a wide variety of topics that are relevant to school life. Courses offered around the new Statutory Inspection of Anglican and Methodist Schools (SIAMS) schedule have continued to be popular with governors and headteachers alike, with additional bespoke sessions being arranged for groups of schools and the Diocese of Chichester Academy Trust (DCAT).

Academisation remains a key part of the strategy of the department. Although the pace of academisation across the diocese is slow, DCAT have taken on a further school in West Sussex and have strengthened their team during 2019.

By the end of 2019, 90% of our schools were judged to be graded good or above by Ofsted. This is encouraging as the number of good or better schools has steadily risen over the past four years, despite the Ofsted framework having increasingly raised expectations of schools.

The education department has worked closely with the University of Brighton to develop a non-hierarchical peer to peer mentoring programme for headteachers across the diocese. This has been received well by headteachers and has had 18 participants within the first cohort.

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Facilitating of capital expenditure on schools

The Education Department continues to support the remaining Voluntary Aided Schools via capital funding from the government through the Locally Co-ordinated Voluntary Aided Programme (LCVAP), through which £2 million was allocated in 2019. There has been a gradual decrease in funding over the last few years mainly due to VA schools converting to academy status. Projects funded through the LCVAP route have primarily been to complete necessary maintenance with several central heating projects. In addition, in 2019 schools had access to the government's Healthy Pupil Capital Funding (HPCF) for mental and physical well-being, which was a one-off fund in 2018. A variety of projects were funded through this, with £221k allocated to the diocese and an additional £9k match funding from schools, giving a total value of £230k across the diocese spent on HPCF projects.

Safeguarding casework

The Safeguarding Team continues to work with Sussex Police and other statutory partners across Sussex, and with the Church's National Safeguarding Team, as required, and to assist churches across the Diocese in responding to issues they raise. A number of criminal investigations continued in 2018 and into 2019, involving a very considerable degree of co-working between the Diocese and the statutory agencies in Sussex. The quality of these working relationships were highlighted by Sussex Police in their evidence to IICSA, and in IICSA's findings in their Case Study report.

The environment

At the beginning of 2019 the Diocesan Rural Officer moved to take on the National Rural Officer role for the Church of England. A new Diocesan Environment Officer has been appointed who chairs the environment committee and has reformed its structures and work. The Environment Officer represents the Diocese on national committees and is currently preparing a report on how well the diocese is progressing towards its aim of becoming an Eco Diocese.

Supporting the wider church and specific ministries

Support for parish projects within diocese

The Diocesan Mission Fund deployed part of the grant from the AllChurches Trust as well as an amount from the Pastoral Fund to support outreach mission initiatives within the Diocese. It supports both new projects and development of current activities that need further financial assistance. During 2019 the Mission Fund awarded about £150,000 towards projects including parish youth workers, a schools worker and a series of small grants which enable local work to start including school pastors. All projects are linked closely to the Diocesan Strategy.

Due to funding changes there is now less money to give away and the committee has started to consider applications annually. A key priority for 2019 was to consider how to fund mission projects within the Diocese. The Committee resolved to invite parishes to consider contributing to the Mission Fund in 2020 to supplement the grant from the AllChurches Trust, and to produce a short

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film for PCCs and parishes showcasing some of the incredible ministry that the Mission Fund has funded and its outcomes. This may however be affected by the impact of Covid-19.

Grants are made to other connected charities, notably Chichester Diocesan Association for Family Support Work and St Bartz Trust to support their work with disadvantaged families and youth work respectively. In 2019 the Diocese paid its third grant to the Church Urban Fund to support the Together in Sussex project. Together in Sussex is a joint venture between the Church Urban Fund and the Diocese of Chichester to support churches and others to bring positive change to their wider community. This occurs by enabling reflection on the needs of the parish and providing a broader understanding of what else is available in the community, linking groups and individuals where possible. Particular focuses have been mental health projects, Hear Here providing hearing aid maintenance, homelessness projects, and modern day slavery. An analysis of grants made by the CDBF to support the furtherance of its objects can be found in note 11 to the financial statements.

Support for the wider church nationally

Contributions are made to the Archbishops' Council to cover a proportion of its central costs relating to the activities of various national boards and councils including General Synod, and also to cover a proportion of the cost of national training for ministry and the provision of housing for retired clergy (see note 9 to the financial statements).

Support for the wider church internationally

2019 was a year of consolidation and planning for the Diocesan Overseas Council. The grant application process has been overhauled and there are new forms in place for applying for student support grants and for organisational grant applications. Two more of our sponsored students in Kenya graduated in 2019 and have moved on to Diaconal ordination and curacy. We have also issued two new student grants to parish clergy in the Diocese of Kericho who would like to engage in further study. They have been encouraged in and endorsed for their studies by their local diocesan Bishop and the funding has been administered through St Paul's University, Limuru, Kenya and the Diocese of Kericho. During the latter half of 2019, much of DOC action was directed towards preparations for the pre-Lambeth hospitality which was to be offered by our Diocese to the Bishops of our Companion Link Dioceses in July 2020. A specific task group was set up to take the planning further, chaired by Canon Mark Payne, and although the Lambeth conference was postponed due to Covid-19, the planning will restart nearer the adjourned conference.

A meeting for representatives from all our diocesan schools with links to schools in our link dioceses was held at Church House in September, with constructive discussions about building and maintaining school links. The Companion Links Officer, Revd Christine Keyte, attended the Partnership for World Mission Conference at the Hayes Centre in Swanwick in Derbyshire in November, a meeting for Link Officers and representatives for World Mission in the Church of England and Anglican Communion, and preparations for Lambeth 2020 hospitality was one of the points of discussion on the agenda. We look to continue to build and celebrate our continued heritage in links of fellowship and friendship with our Companion Dioceses in the years to come.

The Diocesan European Ecumenical Committee (DEEC) continued to foster ecumenical links between the diocese and Roman Catholic and Lutheran churches in Germany. In October 2019, the Diocese hosted the Coburg Conference in Chichester. This biennial ecumenical meeting between

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delegates from this Diocese, the Lutheran and Roman Catholic churches in North Bavaria and the Protestant Church in Berlin had as its theme for 2019 'The Church's response to populism: Bishop George Bell and Dietrich Bonhoeffer as exemplars'.

Support for particular ministries

The work of the Rural Business Chaplaincy shared with the Diocese of Canterbury and the Chaplain to Gatwick Airport have continued to offer a Christian presence in these contexts/sectors during 2019. Direct diocesan support for other ministries has reduced to focus resources on parochial ministry, but parishes continue to be encouraged to develop their own locally appropriate projects.

Running an effective organisation

The Diocese makes great efforts to be a good steward of its assets, and to manage its investments effectively, balancing the need to maximise the long term return from our assets with the need to generate income to reduce the pressure on parishes. Following the change in church law allowing the capital accounts of Diocesan Stipends Funds to be invested on a total return basis, the Assets Committee adopted a new investment policy taking into account this new approach, and appointed Cazenove in December 2016 to manage part of the investment portfolio on a total return basis.

Progress continues to be made on the various glebe projects in the diocese although none came to fruition in 2019. The Property Department also continues to focus on letting empty houses where it can, generating rental income of c. £423k for parsonage houses and c. £257k for glebe houses and land.

During 2018 the accounting system for the DBF was changed. Further functionality was implemented during 2019 and the new system continues to work well. A new handbook of financial policies and procedures was also launched in 2019.

Following the migration to a new IT supplier at the end of 2018, the focus for IT in 2019 was to embed the new systems. Staff have received external and in-house training, a good relationship has been built with the IT supplier and efficient processes have been established. In addition, priority has been given to improving cybersecurity - multi-factor authentication has been set up on all Office 365 accounts and staff have received training in this area. Work has also taken place towards the Government's Cyber Essentials accreditation scheme leading to an application at the end of 2019.

During 2019 the trustees reviewed their practice against the Charity Governance Code, applying the template for larger charities. The review identified no major points of concern but has highlighted a number of issues for consideration which will be taken forward by the appropriate staff members and committees.

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FUTURE PLANS

Any future plans are subject to the impact and consequences of the Covid-19 pandemic. Places of Worship have been closed for the immediate future and this is likely to have a major impact on income, particularly from parish share. Expenditure plans are being reviewed as a result, with the situation and its impact on cashflow being continuously monitored. Diocesan staff have, however, taken advantage of the improvements in information technology that have been implemented over the last couple of years, meaning that at the time of writing of this report there has been little impact on the services provided, subject to the restrictions being placed on day-to-day life. Unfortunately, in common with the rest of society, events have had to be postponed or cancelled. Innovative ways of keeping the service provision at a high level across the whole of the household of faith are being developed, along with new programmes of support for people affected by the crisis.

Subject to the above, the strategic aims established by Diocesan Synod in May 2015 detailed on page 4 will continue to direct the activities of the CDBF for the coming year, although perhaps not at the pace originally envisaged. During 2019, the new Vision for Growth was launched which will be rolled out during 2020 to provide a new strategic focus for the next five years.

Our major commitment continues to be the maintenance of a Christian presence across the parishes of Sussex. As well as encouraging more vocations to the ordained ministry we plan to train and develop lay members of the Church, including the staff and governors of our church schools, as part of our strategic intention to re-imagine ministry. Ensuring that our parishes and schools are safe and welcoming places remains a priority.

The Diocese is a pilot diocese for 'Setting God's People Free', focussing on setting the laity who form 98% of our worshipping communities free to live out and share their faith Monday to Saturday. We are also encouraging community schools and academies to join the church family by developing a school affiliation programme to enable them to benefit from the support and training offered by the Education department as part of our family of schools.

The Education team will be focussing on providing support to rural and small schools through the development of a strategic guidance document which will help schools ensure that they are able to provide the best education available for the children that they serve. Measured growth of both the Diocese of Chichester Academy Trust and Bishop Otter Academy Trust will continue to be supported to ensure that they are strong and effective Multi-Academy Trusts for our schools to join.

Another key priority is to strengthen the partnership between the school and its related Household of Faith. Schools present us with significant opportunities for mission in our local communities and we are developing a Covenant between Schools and their local church that will seek to increase our impact.

Our central structures are designed to support the vision and the priorities of the diocese and, as such, are kept under review to ensure that they are fit for that purpose.

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FINANCIAL REVIEW

Financial Performance

The main incoming resource for the Diocese is Parish Share, the money given by the parishes to the Diocese to fund its mission and ministry and in particular the costs of clergy stipends, pensions and housing. This provides 75.6% of the CDBF's income (2018: 73.6%).

The current year's Parish Share receipts represent 98.7% (2018: 97.8%) of the total pledges made for 2019. Additionally when the receipts for prior years are included the collection rate increases to 99.7% (2018: 98.4%). The Trustees are grateful to all parishes who pledge so generously and meet those pledges, especially to those parishes that make their contribution payments by monthly instalments which enables the Diocese to manage cash flow efficiently.

The total income for the year was £18.5m (2018: £18.4m). The changes to income in 2019 are due to:

- An increase in the number of people training for ordination has led to an increase in grant income received of £194k and also an increase in expenditure on ordination training.
- In 2018 £132k of restricted donations represented income recognised in the Aided Schools Fund to correct misallocations in the past. Donations have returned to their usual level in 2019.
- Decrease of £147k in rental income from vacant parsonages. This is due to a reduction of the number of available houses because of the lower number of vacancies and an increased emphasis on selling properties with no strategic purpose.
- Investment income increased by £160k as the investment market was stronger than expected despite economic uncertainty.

The total expenditure for the year was £16.8m (2018: £19.5m). The decrease in expenditure of £2.6m was principally due to the movement of £2.615m on the Clergy pension scheme. Other significant changes included:

- An increase of £49k in the amount payable to the Archbishops' Council in respect of Chichester's share of national responsibilities.
- A decrease of £44k on clergy removal and resettlement grants due to fewer moves in 2019.
- An increase in the cost of clergy training of £144k which includes ordination training and continuing ministerial development. This is due to an increase in the number of ordination candidates plus the new arrangements for paying tuition and accommodation to theological colleges. The total increase of these costs has been offset by the saving due to the vacancy in the CMD Officer post for half of 2019.
- A decrease of £113k in the Apostolic Life department as the 2018 expenditure included the costs of the clergy conference.
- A decrease of £20k on Common Good following the departure of the Rural Officer in early 2019.
- An increase of £23k in the Church Buildings department (DAC) following the appointment of the new Fundraising Adviser.

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- A decrease in SDF grants of £105k as the project set up costs were incurred in 2017-8 and the grants have mainly been to fund ongoing staff costs in 2019.
- A decrease in expenditure on IT of £149k. There was a large project in 2018 to transfer IT services from the consortium service provider to a new service provider for Chichester which resulted in large one-off costs. In addition, the IT Officer left in February 2019 and that work is now covered as part of the service agreement with the IT provider.
- An increase in depreciation costs of £25k following the purchase of new IT equipment in 2018.

Overall the net surplus before investment gains was £1.64m. Taking account of realised and unrealised gains on investments of £5.8m, and unrealised gains on revaluations of property fixed assets of £2.2m, the resulting increase in funds was £9.67m which increased the total assets of the CDBF from £276.3m to £285.9m.

A deficit budget has been set for 2020. Parish Share and investment income are not expected to increase in line with inflation while expenditure does continue to rise with inflation. In addition, the number of people training for ordination is planned to increase which increases the cost of supporting those in training.

Significant Property Transactions

Nine properties (two parsonages, six glebe houses and one DBF investment property) were sold during the year for a total of £6,421k. One property (parsonage) was purchased during the year for £436,466.

Several properties are currently being marketed for sale, but market conditions are predicted to be slow during 2020.

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

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

Balance sheet

The Trustees consider that the balance sheet together with note 20, show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While net assets at balance sheet date totalled £286m (2018: £276m), it must be remembered that included in this total are properties, mostly in use as clergy housing, whose value amounted to £229m (2018: £233m). Much of the remainder of the assets shown in the balance sheet is held in restricted funds and cannot be used for the general purposes of the CDBF.

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Reserves policy

Free reserves

Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year and in particular the fact that 75.6% of diocesan income comes from contributions from parishes who have their own cash flow challenges, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 2 months' budgeted expenditure. At 31 December 2019 the amount required under this policy totalled £3.1m (2018: £3.1m). Actual free reserves as at 31 December totalled £5.5m (2018: £4.6m). The Trustees are aware, particularly in the light of the COVID-19 pandemic, that levels of parish contributions may reduce in future years and that there could be a deficit against the policy level of free reserves and have with Diocesan Synod's agreement released some of the restricted Diocesan Pastoral account (DPA) to help fund increased property and education spend. The ultimate impact of the COVID-19 crisis on asset values, income levels and ultimately on free reserves is, as yet, unclear.

Designated funds

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with its intended use is set out in notes 19, 20 and 23. At 31 December 2019 total designated reserves were £6.3m (2018: £6.4m), the majority of which is tied up in fixed assets.

Restricted and endowment funds

As set out in note 19, 20 and 23 the CDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £22.1m (2018: £19.1m) and endowment funds totalled £252m (2018: £246 m). Neither are available for the general purposes of the CDBF.

Grant making policy

The Memorandum of Association of the CDBF explicitly permits the CDBF to make grants in pursuance of its objects. The nature of grants made in 2019 is indicated in note 11. The principal grants were made to parishes to support mission projects.

Investment policy

The CDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. Responsibility for the management of diocesan assets is delegated (through the Finance Committee) to the Assets Committee which oversees investment policy, monitors performance and reviews strategy with its advisers.

The CDBF is subject to the Charities Acts, the Trustee Investment Act 2000 and Measures passed by the General Synod of the Church of England.

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There are no restrictions on the CDBF's power to invest subject only to the Acts and Measures set out above plus Charity Commission guidance CC14 and the ethical policy referred to below. Specific Trustee permission is required for investments in Private Equity, Hedge Funds, Commodities or Derivatives.

The CDBF endorses the Church of England Ethical Investment Policy and requires its investment managers to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography, tobacco, thermal coal or tar sands. The CDBF's investment objectives are to maintain and enhance the real value of the Fund over the long term, whilst producing an annual income which grows at least in line with inflation and having due regard for the possible need for liquidity.

The risk profile is medium high with a commensurate level of volatility in capital value being acceptable. The permitted asset classes are detailed within the DBF's investment policy as recommended by the Assets Committee. The base currency of the portfolio is sterling. The minimum acceptable credit rating for bond issuing or deposit taking institutions is BB.

The portfolio is split among a number of investment managers who each have a different brief in order to achieve diversification and spread risk. Each manager operates on a discretionary basis with a normal weighting in favour of equities. Managers may be appointed to perform principally to an Income target (while maintaining capital value) or a Total Return basis. It is expected that funds will be fully invested. Benchmarks are agreed with each Investment Manager.

In addition, the CDBF acts as trustee of a number of trust funds, which are invested in accordance with the related trusts.

Note 20 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

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

| | Funds at 31 December 2019 £'000s | Proportion of Portfolio | Income yield in year | Total Return in year |
|-------------------------|---|----------------------------|-------------------------|----------------------------|
| CCLA Managed | | | | |
| CBF F.I.S. Fund | 470 | 1.05% | 1.34% | 12.19% |
| M&G Managed | | | | |
| Charifund | 15,941 | 35.61% | 5.81% | 21.87% |
| Charibond | 25 | 0.06% | 2.29% | 2.29% |
| Charles Stanley Managed | 13,101 | 29.26% | 5.72% | 20.40% |
| J M Finn Managed | 7,332 | 16.38% | 3.61% | 15.70% |
| Cazenove | 7,898 | 17.64% | 3.00% | 12.35% |
| | <u>44,767</u> | <u>100.00%</u> | | |

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Fundraising

Chichester DBF is aware of the Charities (Protection and Social Investment) Act 2016, the Fundraising Code of Practice and the Charity Commission's guidance on fundraising. The trustees fully support the aims of the legislation and guidance. The majority of the DBF's income comes from other charitable bodies and it undertakes very little direct fundraising activity involving individual donors. The main exceptions are the annual Harvest Appeal and Lent Appeal which are promoted through general communications rather than targeting specific individuals. The DBF considers the origin of unsolicited donations and legacies when received. The DBF did not share or purchase any donor data with third parties and did not engage any professional fundraisers during the year. The DBF did not receive any complaints in relation to fundraising in 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy. This is subject to review by the Trustees on an annual basis, and by the Audit Committee at each meeting, with responsibility for delivery of the mitigation strategies delegated to the Diocesan Secretary. A refreshed risk register was compiled in February 2016 with the assistance of consultants. The register is reviewed at least three times a year and is regularly updated. During 2019 a subcommittee of the Trustees formed and met to categorise risks and update the register.

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

Significant loss of income or increase in expenditure:

- Improved forward planning
- Close monitoring of income, expenditure, investments and cash flow
- Close communication with parishes to maintain parish share payments
- Exploration of alternative funding avenues.

Falling clergy and congregation numbers

- A larger team is in place to foster more vocations
- Increased training and support for clergy and parishes
- Developing deanery deployment plans
- Re-imagining ministry is a core part of the diocesan strategy
- The diocese is a pilot diocese for Setting God's People Free to engage the whole church in ministry, discipleship and evangelism

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

- The CDBF employs a safeguarding adviser and two deputies, supported by an administrator and an independent sexual violence adviser
- The diocese has a strong independent safeguarding advisory panel to review and challenge its actions, and excellent relationships with statutory agencies, who are all represented on the panel

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- Policies are aligned with those of the national church
- All parishes are required to undertake a full audit of their practices and take action as appropriate based on the finding.
- Training is compulsory for all relevant staff, office holders and volunteers.
- The CDBF has engaged a communications consultant in addition to its communications officer to handle matters which come into the public arena, including matters relating to non-recent abuse

Trustees and Diocesan Officers are assessing the risks and uncertainties brought about by the COVID-19 pandemic. Cashflow is continuously monitored, along with the impact of the crisis on income levels. A number of scenarios are being modelled, assessing the consequences on easily available funds, and the asset portfolio reviewed to ascertain the potential source of additional short term financing.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

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

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

Organisational structure

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

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Chichester. It was established in its present form in 1914. Every eligible member

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of Diocesan Synod is a member of the company for company law purposes and has a personal liability limited to £1 under their guarantee as a member in the event of the company being wound up.

Governance and policy of the CDBF are the responsibility of the Trustees acting as the Finance Committee, who are also directors of the company and trustees for the purposes of charity law. The Bishop of Chichester is the ex-officio president of the Diocesan Board of Finance, and appoints a chair and vice-chair of the Finance Committee after consulting with the chairs of the Diocesan Synod House of Clergy and House of Laity.

The members of the Finance Committee are the members of the Bishop's Council and Standing Committee of the Diocesan Synod from time to time. The Bishop of Chichester, the chair and vice-chair of the Finance Committee, the two suffragan bishops and the four archdeacons, the Dean of Chichester, the chairs of the Diocesan Synod House of Clergy and House of Laity, and the Deans of Women's Ministry and of Self-Supporting Ministry are ex-officio members, together with one member of the House of Clergy and two members of the House of Laity from each archdeaconry elected from and by the members of Diocesan Synod every three years and up to five additional members of Diocesan Synod co-opted by the Bishop after consulting with the chairs of the Diocesan Synod House of Clergy and House of Laity. The details of Trustees who served during the year, who were elected in 2018 to serve from 1 January 2019, are set out on page 29.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Council and Bishop's Senior Staff Team. The Synod membership is elected every three years; the current members were elected in 2018 to serve from November 2018. The Synod elects twelve of the Trustees of the Diocesan Board of Finance. Whilst the CDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the CDBF is subject to the direction of Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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

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

Decision making structure

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

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The Trustees, meeting within the context of the Bishop's Council and Standing Committee of the Diocesan Synod, hold at least four meetings during the year to formulate and monitor the implementation of policies on mission, ministry and finance by:-

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

The Trustees met four times during the year.

| Trustee | Meetings Attended (*Trustee for part of year) |
|-------------------------------|---|
| The Rt Revd Dr Martin Warner | 4 |
| The Rt Revd Mark Sowerby | *2 |
| The Rt Revd Richard Jackson | 4 |
| The Very Revd Stephen Waine | 1 |
| The Ven Martin Lloyd Williams | 3 |
| The Ven Luke Irvine-Capel | *2 |
| The Ven Dr Edward Dowler | 4 |
| The Ven Fiona Windsor | 3 |
| Mr Philip Bowden | 4 |
| Mrs Lesley Lynn | 4 |
| Revd Canon Mark Gilbert | 3 |
| Mr John Booth | 2 |
| Revd Canon Ann Waizeneker | 3 |
| Revd Canon Julia Peaty | 3 |
| Revd James Hollingsworth | 3 |
| Revd Canon David Twinley | 3 |
| Revd Philip Coekin | 3 |
| Revd Martin King | 4 |
| Mr Martin Cruttenden | 4 |
| Mrs Milly Murphy | 4 |
| Mr Bradley Smith | 4 |
| Mrs Janine Hobbs | *4 |
| Mr Jacob Vince | 4 |
| Miss Alison Marchant | 3 |
| Mrs Valerie Burgess | 4 |
| Mrs Lesley Webster | 2 |
| Mrs Sara Stonor | 4 |

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

Operating Committee: monitors management accounts and the budget, the collection of Parish Share pledged by parishes, and the acquisition, use and disposal of parsonages and other assets, and exercises the authority delegated to it by the Trustees in areas such as approval of capital expenditure, grants and loans. It also undertakes the CDBF's responsibilities as Diocesan Authority with respect to parochial property under the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964.

Audit Committee: supports the Finance Committee in its responsibilities regarding issues of risk, control and governance and associated assurance.

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

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

Trustee recruitment, selection and induction

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

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by a remuneration committee consisting of the Chair and Vice-chair of the Finance Committee, the Chair of the House of Clergy, the Chair of the House of Laity, and a suffragan bishop or archdeacon nominated by the Bishop of Chichester. The terms of reference for this group are established by the Bishop's Council and include recommending policy on remuneration to the Finance Committee and determining the remuneration for employees of the CDBF. In 2015, a full independent benchmarking exercise was carried out, taking into account comparable jobs in the local area, in the sector nationally, and in another Diocese. Further independent benchmarking of specific posts is undertaken whenever a post is filled, responsibilities substantially amended, or a review is requested.

Delegation of day to day delivery

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

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Funds held as Diocesan Authority

The CDBF is Diocesan Authority (akin to custodian trustee) in respect of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the CDBF does not control them, and they are segregated from the CDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £20.24m at 31 December 2019 (2018: £17.27m), are available from the CDBF on request, and are summarised in note 31. Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the CDBF's solicitor, Winckworth Sherwood.

Funds held on behalf of schools

The Board of Education (as incorporated within the CDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in current assets as at 31 December 2019 is £434k (2018 £416k).

Connected Bodies and Related Parties

- The Church Commissioners, which acts on behalf of clergy with HM Revenue and Customs and through which the CDBF pays for clergy stipends.
- The Church of England Pensions Board, to which the CDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- Chichester Diocesan Association for Family Support Work and St Bartz Trust with whom the CDBF works and to whom grants are made.
- Mother Agnes Trust whose trustees are all members of, or secretary to, the Finance Committee.
- Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of transactions merits more detailed disclosure, this is given in note 30 to the financial statements.
- The only related corporate party with whom the DBF has transacted is the Diocese of Chichester Academy Trust ('DCAT') which manages eight Church of England Schools in the Diocese. DCAT is accountable to the DBE and the Bishop of Chichester in relation to their Christian distinctiveness and to the Diocese of Chichester Education Trust (DoCET) via its members for its operation. The Director of Education, one of the DBF's key management personnel, is a Trustee of DCAT. During the year the DBF provided office facilities free of charge to DCAT as well as performing due diligence on schools intending to convert or join

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the Trust. DoCET is also a related party, which shares trustees with the DBF, but no transactions have taken place.

Volunteers

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

TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the CDBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the CDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

ANNUAL REPORT

For the year ended 31 December 2019

STATEMENT OF DISCLOSURE TO THE AUDITOR

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITOR

The re-appointment of Haysmacintyre LLP as auditor to the CDBF will be proposed at the Annual General Meeting.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

ANNUAL REPORT

For the year ended 31 December 2019

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2019. The following Trustees served during the reporting year or were in post at the date of this report:

| | |
|--|---|
| President: | The Right Revd Dr M Warner (Bishop of Chichester) |
| Ex-officio: | The Right Reverend M Sowerby (Bishop of Horsham) (to 13.07.19) The Right Reverend R Jackson (Bishop of Lewes) The Venerable M Lloyd Williams (Archdeacon of Brighton & Lewes) The Venerable L Irvine-Capel (Archdeacon of Chichester) (from 09.05.19) The Venerable Dr REM Dowler (Archdeacon of Hastings) The Venerable JF Windsor (Archdeacon of Horsham) The Very Revd S Waine (Dean of Chichester) The Revd Canon J Peaty (Dean of Self Supporting Ministry) The Revd Canon A Waizeneker (Dean of Women's Ministry) The Revd Canon PM Gilbert (Chair of House of Clergy) Mr J Booth (Chair of House of Laity) |
| Appointed by the Bishop: | Mr P Bowden (Chair of the Finance Committee) Mrs L Lynn (Vice Chair of the Finance Committee) Mrs S Stonor |
| Elected by Diocesan Synod: Archdeaconry of Chichester | The Revd Canon D Twinley (from 01.01.19) Mr B Smith (from 01.01.19) Mrs J Hobbs (from 01.01.19 to 17.11.19) |
| Archdeaconry of Horsham | The Revd M King (from 01.01.19) Mrs V Burgess Mrs L Webster (from 01.01.19) |
| Archdeaconry of Brighton and Lewes | The Revd J Hollingsworth (from 01.01.19) Mr M Cruttenden Mrs A Murphy (from 01.01.19) |
| Archdeaconry of Hastings | The Revd P Coekin (from 01.01.19) Miss A Marchant (from 01.01.19) Mr J Vince |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

ANNUAL REPORT

For the year ended 31 December 2019

Senior staff and advisers

| | |
|-----------------------------|-------------------|
| Diocesan Secretary | Gabrielle Higgins |
| Finance Director | Catherine Dawkins |
| Director of Education | Trevor Cristin |
| Director for Apostolic Life | Rebecca Swyer |
| Property Director | Scott Ralph |

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

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

Independent Auditor Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG

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

Investment advisers CCLA Investment Management Ltd, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
M&G Securities Ltd, M&G House, Victoria Road, Chelmsford, Essex CM1 1FB
J M Finn & Co, 4 Coleman Street, London EC2R 5TA
Charles Stanley & Co Ltd, 25 Luke Street, London EC2A 4AR
Cazenove Capital, 31 Gresham Street, London EC2V 7QA

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

In approving this Trustees' Report, the Trustees are also approving the Strategic Report in their capacity as company directors.

ON BEHALF OF THE TRUSTEES

The Right Revd Dr Martin Warner
President of the CDBF
23 April 2020

Mr Philip Bowden
Chair of the Trustees
23 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

Opinion

We have audited the financial statements of Chichester Diocesan Fund and Board of Finance (Incorporated) for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019, and of its net movement in funds, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

Conclusions relating to going concern

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE (INCORPORATED)

Use of our report

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

Adam Halsey

(Senior Statutory Auditor)

for and on behalf of Haysmacintyre LLP, Statutory Auditor

Date:.....

10 Queen Street Place
London
EC4R 1AG

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2019

| | Note | Unrestricted Funds General £'000 | Designated £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total Funds 2019 £'000 | Total Funds 2018 £'000 |
|---|------|--|---------------------|------------------------------|-----------------------------|------------------------------|------------------------------|
| Income and endowments from | | | | | | | |
| Donations | | | | | | | |
| Parish share | 3a | 13,954 | - | - | - | 13,954 | 13,556 |
| Other donations | 3b | 151 | 50 | 614 | - | 815 | 807 |
| Charitable activities | 4 | 762 | - | 106 | - | 868 | 987 |
| Other activities | 5 | 423 | - | 33 | - | 456 | 603 |
| Investments | 6 | 823 | - | 1,359 | - | 2,182 | 2,049 |
| Other | 7 | 29 | - | 152 | 4 | 185 | 409 |
| | | <u>16,142</u> | <u>50</u> | <u>2,264</u> | <u>4</u> | <u>18,460</u> | <u>18,411</u> |
| Expenditure on | | | | | | | |
| Raising Funds | 8 | 73 | - | 385 | - | 458 | 272 |
| Charitable activities | 9 | 13,002 | 121 | 3,237 | - | 16,360 | 19,191 |
| | | <u>13,075</u> | <u>121</u> | <u>3,622</u> | <u>-</u> | <u>16,818</u> | <u>19,463</u> |
| Net income/(expenditure) before investment gains | | <u>3,067</u> | <u>(71)</u> | <u>(1,358)</u> | <u>4</u> | <u>1,642</u> | <u>(1,052)</u> |
| Unrealised gains on investments | 15 | 16 | - | 2,429 | 3,087 | 5,532 | (5,151) |
| Realised gains on investments | | 321 | - | 91 | - 138 | 274 | 902 |
| Net gains/(losses) on investments | | <u>337</u> | <u>-</u> | <u>2,520</u> | <u>2,949</u> | <u>5,806</u> | <u>(4,249)</u> |
| Net income/(expenditure) | | <u>3,404</u> | <u>(71)</u> | <u>1,162</u> | <u>2,953</u> | <u>7,448</u> | <u>(5,301)</u> |
| Transfer between funds | 13 | (2,557) | 54 | 1,839 | 664 | - | - |
| Other recognised gains/(losses) | | | | | | | |
| Gains/(losses) on revaluation of fixed assets | 14 | - | - | - | 2,223 | 2,223 | (8,130) |
| Net movement in funds | | <u>847</u> | <u>(17)</u> | <u>3,001</u> | <u>5,840</u> | <u>9,671</u> | <u>(13,431)</u> |
| Total funds brought forward | | 4,641 | 6,359 | 19,100 | 246,178 | 276,278 | 289,709 |
| Total funds carried forward | 19 | <u>5,488</u> | <u>6,342</u> | <u>22,101</u> | <u>252,018</u> | <u>285,949</u> | <u>276,278</u> |

All activities derive from continuing activities. The notes on pages 38 to 75 form part of the financial statements

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2019

| | Total 2019 £'000 | Total 2018 £'000 |
|---|---------------------------------|---------------------------------|
| Total incoming resources | 18,456 | 18,365 |
| Resources expended | <u>(16,818)</u> | <u>(19,463)</u> |
| Operating surplus/(deficit) for the year | 1,638 | (1,098) |
| Net gains on investments | <u>2,857</u> | <u>(1,720)</u> |
| Net gain/(loss) for the year | 4,495 | (2,818) |
| Other comprehensive income : | | |
| Revaluation of fixed assets | <u>-</u> | <u>-</u> |
| Total comprehensive gain/(loss) | <u>4,495</u> | <u>(2,818)</u> |

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

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

BALANCE SHEET

At 31 December 2019

| Company Number - 00133558 | | 2019 | | 2018 | |
|--|-------|-----------------|----------------|-----------------|----------------|
| | Note | £'000 | £'000 | £'000 | £'000 |
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 229,454 | | 233,102 |
| Investments | 15 | | 49,801 | | 44,449 |
| | | | <u>279,255</u> | | <u>277,551</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 16 | 2,765 | | 2,413 | |
| Cash on deposit | | 2,146 | | 2,052 | |
| Cash at bank and in hand | | <u>6,752</u> | | <u>3,454</u> | |
| | | 11,663 | | 7,919 | |
| CREDITORS: amounts falling due within one year | 17 | <u>(3,804)</u> | | <u>(4,831)</u> | |
| NET CURRENT ASSETS | | | <u>7,859</u> | | <u>3,088</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 287,114 | | 280,639 |
| CREDITORS: amounts falling due after more than one year | 18 | | | | |
| Pension scheme liabilities | | | (1,165) | | (4,231) |
| Other creditors | | | - | | (130) |
| NET ASSETS | | | <u>285,949</u> | | <u>276,278</u> |
| FUNDS | | | | | |
| Endowment funds | | | 252,018 | | 246,178 |
| Restricted income funds | | | 22,101 | | 19,100 |
| Unrestricted income funds | | | | | |
| General funds | | | 5,488 | | 4,641 |
| Designated funds | | | <u>6,342</u> | | <u>6,359</u> |
| TOTAL FUNDS | 19/20 | | <u>285,949</u> | | <u>276,278</u> |

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 23 April 2020 and signed on behalf of the Board by:

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

.....
Mr Philip Bowden
 Chair of the Trustees

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

CASH FLOW STATEMENT

For the year ended 31 December 2019

| | 2019 | | 2018 | |
|--|-----------------|---------------------|-----------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Net cash outflow from operating activities (see below) | | (5,111) | | (3,446) |
| Cash flows from investing activities | | | | |
| Dividends / interest and rent from Investments | 2,182 | | 2,049 | |
| Proceeds from the sales of: | | | | |
| Tangible fixed assets | 5,822 | | 1,926 | |
| Fixed assets Investments | 2,938 | | 3,979 | |
| Purchase of: | | | | |
| Tangible fixed assets | (442) | | (2,777) | |
| Fixed assets Investments | <u>(2,027)</u> | | <u>(2,488)</u> | |
| Net Cash provided by investing activities | | 8,473 | | 2,689 |
| Cash flows from financing activities | | | | |
| Loans (repaid) | <u>30</u> | | <u>(260)</u> | |
| Net cash used in financing activities | | 30 | | (260) |
| Change in cash and cash equivalents in the reporting period | | <u>3,392</u> | | <u>(1,017)</u> |
| Cash and cash equivalents at 1 January | | <u>5,506</u> | | <u>6,523</u> |
| Cash and cash equivalents at 31 December | | <u><u>8,898</u></u> | | <u><u>5,506</u></u> |
| Analysis of Cash and Cash equivalents | | | | |
| Cash in Hand | | 6,752 | | 3,454 |
| Notice deposits (less than 3 months) | | <u>2,146</u> | | <u>2,052</u> |
| | | <u><u>8,898</u></u> | | <u><u>5,506</u></u> |
| Reconciliation of net movements in funds to net cash flow from operating activities | | | | |
| Net expenditure before investment gains | | 1,642 | | (1,052) |
| Adjustments for | | | | |
| Losses/(gains) on the disposal of fixed assets | | (31) | | (402) |
| Depreciation charges | | 35 | | 10 |
| Investment income | | (2,182) | | (2,049) |
| Change in loans | | | | 258 |
| Decrease (Increase) in Debtors | | (352) | | (75) |
| Increase (Decrease) in Creditors | | <u>(4,223)</u> | | <u>(136)</u> |
| Net Cash used in operating activities | | <u>(5,111)</u> | | <u>(3,446)</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1 ACCOUNTING POLICIES

a) General Information

The Chichester Diocesan Fund and Board of Finance Incorporated is a charitable company limited by guarantee incorporated in England and Wales (company registration number 00133558) and registered with the Charity Commission (charity registration number 243134). The registered office address is Diocesan Church House, 211 New Church Road, Hove BN3 4ED. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1.

The CDBF meets the definition of a public benefit entity under FRS102.

b) Accounting convention and basis of preparation

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

c) Going concern

The financial statements are approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). The ultimate impact of the COVID 19 pandemic is still unclear, but Diocesan Officers are modelling scenarios should there be a material effect on income, especially considering the temporary closure of places of worship. Expenditure plans are being reviewed as a result of this.

However, having reviewed the funding facilities available to CDBF together with the expected future cash flows, the trustees have a reasonable expectation that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

d) Income

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

- i) **Parish Share** is recognised as income in the year in which it is received.
- ii) **Rent** is recognised as income in the period in which it is received.
- 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 when received.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the CDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. The income is fully expended within the year of receipt and the legal restrictions are therefore satisfied.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

1 ACCOUNTING POLICIES (continued)

e) 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** includes 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 through Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the CDBF, in which case the grants are recognised when the conditions are fulfilled. Records of grants offered subject to such conditions which have not been met at the year-end are kept, but committed grants are not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount of support costs spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff usage basis.
- v) **Pension contributions.** The CDBF's staff are members of the Church Workers Pension Fund or the Teachers Pension Scheme and clergy are members of the Church of England Funded Pensions Scheme (see note 25). The pension costs charged as resources expended represent the CDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes in which the CDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year. Movements in the value of these schemes are recognised in the statement of financial activities.

f) Tangible fixed assets and depreciation

Freehold properties

The CDBF measures freehold property assets in accordance with an estimate of fair value as required by FRS 102. The methodology employed includes the use of market data for relevant property sales and where possible, specific recent sales data from property websites and estate agents. It is planned that twenty percent of the property portfolio is revalued each year on a rolling basis. The rest of the portfolio is adjusted by the average house price change in the South East over the year.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

1 ACCOUNTING POLICIES (continued)

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

Properties subject to value linked loans

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

Investment properties

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

Parsonage houses

The CDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The CDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their fair value. The goal is that parsonage houses are revalued on a five year cycle, with 20% being valued each year on a rolling basis.

g) Other tangible fixed assets

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

- Fixtures and fittings - 25% per annum - reducing balance basis
- Computer Equipment - 20% per annum - straight line basis

h) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The CDBF has entered into operating leases for the use of certain assets. The rental is charged as expenditure in the year to which it relates.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

1 ACCOUNTING POLICIES (continued)

i) Financial Instruments - assets and liabilities

- i) **Debtors:** Debtors are recognised at the settlement amount due
- ii) **Cash and cash equivalents:** Cash at bank and cash in hand includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- iii) **Creditors and provisions:** Creditors and provisions are recognised where the CDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- iv) **Value Linked Loans:** The CDBF has a number of loans for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS102 these loans have been recognised at fair value and are revalued at each reporting date. Any gains or losses arising at year end are recognised in the SOFA.
- v) **Concessionary Loans:** Loans obtained or made by the CDBF to further its charitable purposes at rates below the prevailing market rates are classified as concessionary loans and accounted for in accordance with section 34 of FRS 102. Such loans are initially recognised and measured at the amount received or paid and subsequently amended to reflect any repayments, interest and impairment.

j) Fund balances

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

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

There are two types of unrestricted funds:

- i) **General funds** which the CDBF uses for the general purposes of the CDBF
- ii) **Designated funds** which are set aside out of unrestricted funds by the CDBF for a purpose specified by the Trustees

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

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the Stipends Fund Capital, Parsonage Houses and the Aided Schools Fund there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

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

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key areas subject to judgement and estimation are fair values estimated for property assets and investment properties. All properties were valued between 2015 and 2018 using data available on public websites to estimated market value. In 2019 the value of all properties has been adjusted by the average house price change in the South East during 2019. The DBF is responsible for the maintenance of the houses and employees visit the properties on a regular basis. Any improvements are capitalised at cost and added to the carrying value of the properties. The occupants of the houses notify the DBF promptly of any damage or disrepair. Any variances from actual fair market value and the estimated value of the portfolio will affect the value of tangible fixed assets reported on the balance sheet, and other gains and losses reported in the Statement of Financial Activities. Income and expenditure are not impacted except to the extent that profit or loss is calculated on the sale of a property. The trustees consider this methodology and the resulting balance sheet values to be an appropriate estimate of fair value for reporting purposes. The values at 31st December 2019 are a snapshot based on information available at that date. Whilst the Covid-19 pandemic is likely to have an impact on resale values, it is the intention of trustees to hold the majority of property for the long term with plans to dispose of up to three houses following the outbreak. No adjustment has therefore been made to the 31st December 2019 values.

Other areas of judgement relate to the valuation of liabilities arising from the CDBF's obligation to meet deficit reduction payments for its multi employer pension scheme which are revalued each year end using discount rates.

3 DONATIONS

3a Parish Share

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

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|----------------------------|--------------------|------------|------------|-----------|---------------|---------------|
| | General | Designated | Funds | Funds | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Current Year pledges | 13,999 | - | - | - | 13,999 | 13,769 |
| Shortfall in contributions | (183) | - | - | - | (183) | (302) |
| | <u>13,816</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,816</u> | <u>13,467</u> |
| Receipts for previous year | 138 | - | - | - | 138 | 89 |
| Total Income | <u>13,954</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,954</u> | <u>13,556</u> |

Current year parish share receipts represent 98.7% of the total pledges (2018 – 97.8%), or, when receipts for previous years are included, 99.7% of the total pledges (2018 – 98.4%)

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

3 DONATIONS (continued)

3b Other donations

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total Funds | |
|---------------------------------|--------------------|------------|------------------|-----------------|-------------|------------|
| | General | Designated | | | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| All Churches Trust Grant | 121 | 50 | - | - | 171 | 170 |
| Strategic Development Funding | | | 170 | | 170 | 165 |
| RME Block Grant | | | 419 | | 419 | 225 |
| Grants from other organisations | 9 | - | - | - | 9 | 16 |
| Donations | 21 | - | 25 | - | 46 | 231 |
| | <u>151</u> | <u>50</u> | <u>614</u> | <u>-</u> | <u>815</u> | <u>807</u> |

4 CHARITABLE ACTIVITIES

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total Funds | |
|--|--------------------|------------|------------------|-----------------|-------------|------------|
| | General | Designated | | | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Statutory fees for parochial services | 560 | - | - | - | 560 | 612 |
| Church Commissioners' guaranteed annuities | - | - | 13 | - | 13 | 16 |
| Parish trust Income | - | - | 93 | - | 93 | 94 |
| Generated Income | 83 | - | - | - | 83 | 130 |
| Church Schools Training & other | 119 | - | - | - | 119 | 135 |
| | <u>762</u> | <u>-</u> | <u>106</u> | <u>-</u> | <u>868</u> | <u>987</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

5 OTHER ACTIVITIES

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total Funds 2019 | Total Funds 2018 |
|-------------------------------|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Rents receivable - Properties | 423 | - | 33 | - | 456 | 603 |
| | <u>423</u> | <u>-</u> | <u>33</u> | <u>-</u> | <u>456</u> | <u>603</u> |

6 INVESTMENT INCOME

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total Funds 2019 | Total Funds 2018 |
|--|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Dividends receivable & interest receivable | 823 | - | 1,102 | - | 1,925 | 1,765 |
| Rents receivable - Glebe | - | - | 257 | - | 257 | 284 |
| | <u>823</u> | <u>-</u> | <u>1,359</u> | <u>-</u> | <u>2,182</u> | <u>2,049</u> |

7 OTHER INCOMING RESOURCES

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total Funds 2019 | Total Funds 2018 |
|----------------------------------|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Other income | 2 | - | 152 | - | 154 | 7 |
| Gain/ (Loss) on sale of property | 27 | - | - | 4 | 31 | 402 |
| | <u>29</u> | <u>-</u> | <u>152</u> | <u>4</u> | <u>185</u> | <u>409</u> |

8 FUND RAISING COSTS

| | Unrestricted Funds | | Restricted Funds | Endowment Funds | Total Funds 2019 | Total Funds 2018 |
|------------------------------|--------------------|------------|------------------|-----------------|------------------|------------------|
| | General | Designated | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Investment Manager fees | 73 | - | 74 | - | 147 | 133 |
| Glebe repairs & improvements | - | - | 311 | - | 311 | 139 |
| | <u>73</u> | <u>-</u> | <u>385</u> | <u>-</u> | <u>458</u> | <u>272</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

9 CHARITABLE ACTIVITIES

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|------------------------------|--------------------|------------|------------|-----------|--------------|--------------|
| | General | Designated | Funds | Funds | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Contributions to | | | | | | |
| Archbishops' Council | | | | | | |
| Training for Ministry | 632 | - | - | - | 632 | 615 |
| National Church | | | | | | |
| Responsibilities | 502 | - | - | - | 502 | 490 |
| Grants and Provisions | 54 | - | - | - | 54 | 53 |
| Mission agency pension costs | 7 | - | - | - | 7 | 6 |
| Retired clergy housing costs | 216 | - | - | - | 216 | 207 |
| Pooling of ordinands | | | | | | |
| maintenance grants | 38 | - | - | - | 38 | 29 |
| | <u>1,449</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,449</u> | <u>1,400</u> |

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|----------------------------------|--------------------|------------|--------------|-----------|---------------|---------------|
| | General | Designated | Funds | Funds | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Resourcing Ministry and | | | | | | |
| Mission - Parish Ministry | | | | | | |
| Stipends and national | | | | | | |
| Insurance | 6,736 | - | 838 | - | 7,574 | 7,457 |
| Pension contributions | 1,736 | - | - | - | 1,736 | 1,695 |
| Defined benefit pension | | | | | | |
| scheme movement (see Note 24) (| 2,614) | - | - | - | (2,614) | 64 |
| Housing costs | 1,570 | - | 1,447 | - | 3,017 | 2,876 |
| Mission Fund grants | - | 121 | - | - | 121 | 258 |
| Removal, resettlement & grants | 231 | - | - | - | 231 | 546 |
| Clergy welfare | 23 | - | 163 | - | 186 | 270 |
| Ministry Support | 229 | - | 1 | - | 230 | - |
| | <u>7,911</u> | <u>121</u> | <u>2,449</u> | <u>-</u> | <u>10,481</u> | <u>13,166</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

9 CHARITABLE ACTIVITIES (continued)

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|--|--------------------|------------|--------------|-----------|---------------|---------------|
| | General | Designated | Funds | Funds | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Resourcing Ministry and | | | | | | |
| Mission - support for Parish Ministry | | | | | | |
| Ordination Training | 693 | - | 495 | - | 1,188 | 1,044 |
| Adult Education | 112 | - | 8 | - | 120 | 128 |
| Children and youth work | 162 | - | 10 | - | 172 | 166 |
| Apostolic Life | 257 | - | - | - | 257 | 370 |
| Common Good | 33 | - | - | - | 33 | 53 |
| Safeguarding | 229 | - | - | - | 229 | 223 |
| Diocesan Advisory Committee | 81 | - | - | - | 81 | 58 |
| Pastoral and Redundant | | | | | | |
| Churches uses | 45 | - | - | - | 45 | 37 |
| Redundant churches | 104 | - | - | - | 104 | 93 |
| Communications | 108 | - | - | - | 108 | 97 |
| Chaplains | - | - | - | - | - | 3 |
| Mission projects (SDF) | - | - | 117 | - | 117 | 222 |
| Chancellor & Registrar | 69 | - | - | - | 69 | 54 |
| Grants | 88 | - | 135 | - | 223 | 121 |
| | <u>1,981</u> | <u>-</u> | <u>765</u> | <u>-</u> | <u>2,746</u> | <u>2,669</u> |
| Support and Governance | | | | | | |
| for parish ministry (note 10) | 812 | - | - | - | 812 | 1,018 |
| | <u>2,793</u> | <u>-</u> | <u>765</u> | <u>-</u> | <u>3,558</u> | <u>3,687</u> |
| Resourcing Ministry and | | | | | | |
| Mission - Church Schools | | | | | | |
| Church Schools department | 781 | - | 23 | - | 804 | 844 |
| Support and Governance for Church Schools (note 10) | 68 | - | - | - | 68 | 94 |
| | <u>849</u> | <u>-</u> | <u>23</u> | <u>-</u> | <u>872</u> | <u>938</u> |
| Total Charitable activities | <u>13,002</u> | <u>121</u> | <u>3,237</u> | <u>-</u> | <u>16,360</u> | <u>19,191</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

10 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

| | Resourcing ministry and mission Support for Ministry £'000 | Education Church Schools £'000 | Total Funds 2019 £'000 | Total Funds 2018 £'000 |
|-----------------------------|--|---|------------------------------|------------------------------|
| Support | | | | |
| Central services department | 161 | 20 | 181 | 211 |
| General office department | 275 | - | 275 | 278 |
| Finance department | 188 | 24 | 212 | 284 |
| IT department | 140 | 18 | 158 | 307 |
| Depreciation | 31 | 4 | 35 | 10 |
| | <u>795</u> | <u>66</u> | <u>861</u> | <u>1,090</u> |
| Governance | | | | |
| External Audit | 17 | 2 | 19 | 22 |
| | <u>812</u> | <u>68</u> | <u>880</u> | <u>1,112</u> |

11 ANALYSIS OF GRANTS MADE

| | Number | Individuals £'000 | Institutions £'000 | Total Funds 2019 £'000 | Total Funds 2018 £'000 |
|--|------------|----------------------|-----------------------|------------------------------|------------------------------|
| From unrestricted funds for national Church responsibilities: | | | | | |
| Contributions to Archbishops' Council | 6 | - | 1,449 | 1,449 | 1,400 |
| From unrestricted | | | | | |
| The Chichester Diocesan Association for | | | | | |
| Family Support Work | 1 | - | 36 | 36 | 36 |
| Together in Sussex | 1 | - | 10 | 10 | 10 |
| St Bartz Trust - Youth work | 1 | - | 19 | 19 | 18 |
| Clergy Training | 58 | 12 | - | 12 | - |
| Clergy Moves | 45 | 231 | - | 231 | - |
| Other organisations | 4 | - | 11 | 11 | - |
| | <u>110</u> | <u>243</u> | <u>76</u> | <u>319</u> | <u>64</u> |
| From designated | | | | | |
| PCCs for Mission projects | 14 | - | 121 | 121 | 258 |
| From restricted | | | | | |
| PCCs for Mission projects | 6 | - | 158 | 158 | 29 |
| Clergy and families for Welfare | 86 | 75 | - | 75 | 102 |
| Overseas mission agencies | 7 | - | 13 | 13 | 13 |
| Ordinands in training | 51 | 553 | - | 553 | 281 |
| AD Care of Churches | 2 | - | 4 | 4 | 7 |
| Other organisations | 4 | - | 26 | 26 | - |
| | <u>156</u> | <u>628</u> | <u>201</u> | <u>829</u> | <u>432</u> |
| Totals | <u>286</u> | <u>871</u> | <u>1,847</u> | <u>2,718</u> | <u>2,154</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

12 STAFF COSTS

| Employee costs during the year were as follows: | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Wages and salaries | 1,881 | 1,915 |
| National insurance contributions | 186 | 188 |
| Pension costs | 259 | 251 |
| | <u>2,326</u> | <u>2,354</u> |

| The average number of persons employed by the group during the year: | 2019 Number | 2018 Number |
|--|----------------|----------------|
| Administration and financial management | 25 | 23 |
| Apostolic Life | 15 | 17 |
| Common Good | - | 2 |
| Property | 7 | 7 |
| Education - Church Schools | 13 | 11 |
| Safeguarding & inclusion | 6 | 4 |
| | <u>66</u> | <u>64</u> |

| The average number of persons employed by the group during the year based on full-time equivalents: | 2019 Number | 2018 Number |
|---|----------------|----------------|
| Administration and financial management | 22 | 21 |
| Apostolic Life | 11 | 14 |
| Common Good | - | 1 |
| Property | 7 | 7 |
| Education - Church Schools | 10 | 9 |
| Safeguarding & inclusion | 4 | 3 |
| | <u>54</u> | <u>55</u> |

| The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows: | 2019 Number | 2018 Number |
|---|----------------|----------------|
| £60,001 - £70,000 | 2 | 1 |
| £70,001 - £80,000 | 2 | 1 |
| | <u>2</u> | <u>1</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

12 STAFF COSTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2019 they were:

| | |
|--|-------------------|
| Diocesan Secretary and Company Secretary | Gabrielle Higgins |
| Diocesan Director for Apostolic Life | Rebecca Swyer |
| Diocesan Director of Education | Trevor Cristin |
| Diocesan Director of Property | Scott Ralph |
| Diocesan Finance Director | Catherine Dawkins |

Remuneration (including Employer NI) and pensions for these employees/posts amounted to £411,003 (2018 - £409,371).

Termination payments

During the year termination payments totalling £1,719 were paid (2018 - £1,832).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £17,143 (2017 - £18,914) in respect of General Synod duties, duties as archdeacon or rural dean, and other duties as Trustees.

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

| | Stipend | Housing |
|--|---------|---------|
| The Right Revd M Sowerby (to 13.7.19) | No | Yes |
| The Right Revd R Jackson | No | Yes |
| The Venerable L Irvine-Capel (from 9.5.19) | Yes | Yes |
| The Venerable J F Windsor | Yes | Yes |
| The Venerable M Lloyd-Williams | Yes | Yes |
| The Venerable Dr R E M Dowler | Yes | Yes |
| The Revd Canon PM Gilbert | Yes | Yes |
| The Revd Canon A Waizeneker | Yes | Yes |
| The Revd J Hollingsworth | Yes | Yes |
| The Revd Canon D Twinley | Yes | Yes |
| The Revd P Coekin | Yes | Yes |
| The Revd M King | Yes | Yes |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

12 STAFF COSTS (continued)

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

| | 2019 | 2018 |
|--|---------------|--------------|
| | £'000 | £'000 |
| Stipends | 6,992 | 6,887 |
| National insurance contributions | 582 | 570 |
| Pension costs - current year | 1,736 | 1,695 |
| Pension costs - deficit reduction contributions paid | 752 | 728 |
| | <u>10,062</u> | <u>9,880</u> |

The stipends of the Diocesan Bishop and Suffragan Bishops are paid and funded by the Church Commissioners and are in the range £36,930 - £45,270 (2018 range £36,210 - £44,380). The annual rate of stipend, funded by the CDBF, paid to Archdeacons in 2019 was £36,110 (2018 range £35,395 - £36,760) and other clergy who were Trustees were paid in the range £25,980 - £26,890 (2018 range £25,470 - £26,490).

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS

| | Unrestricted Funds | | Restricted Funds | Endowment Funds |
|--|---------------------------|-------------------|-------------------------|------------------------|
| | General | Designated | | |
| | £'000 | £'000 | £'000 | £'000 |
| Transfer of net proceeds from sale of redundant parsonages | - | - | 1,951 | (1,951) |
| Movement on defined benefit pension scheme | - | - | - | 2,615 |
| Administration charge - Aided Schools fund | (2,615) | - | (42) | - |
| Mission Fund | 42 | - | (70) | - |
| Undesignated Ecumenical Officer Fund | - | 70 | - | - |
| | <u>16</u> | <u>(16)</u> | <u>-</u> | <u>-</u> |
| | <u>(2,557)</u> | <u>54</u> | <u>1,839</u> | <u>664</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

13 ANALYSIS OF TRANSFERS BETWEEN FUNDS (continued)

Defined benefit pension scheme movement. Transfer of the movement to the Diocesan Stipends fund.

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

Redundant Parsonages The net proceeds resulting from the disposal of redundant parsonages can be transferred from the parsonage fund to the pastoral fund after due process has been completed. There was an exercise in 2019 to serve notices in respect of former sales.

14 TANGIBLE FIXED ASSETS

| | Freehold Land £'000 | Leasehold Property £'000 | Office Equipment £'000 | Total £'000 |
|--------------------------|------------------------------------|---|---------------------------------------|------------------------|
| Cost or valuation | | | | |
| At 1 January 2019 | 232,365 | 573 | 693 | 233,631 |
| Additions | 436 | - | 6 | 442 |
| Disposals | (6,278) | - | - | (6,278) |
| Revaluation | 2,223 | - | - | 2,223 |
| At 31 December 2019 | <u>228,746</u> | <u>573</u> | <u>699</u> | <u>230,018</u> |
| Depreciation | | | | |
| At 1 January 2019 | - | - | 529 | 529 |
| Charge for the year | - | - | 35 | 35 |
| At 31 December 2019 | <u>-</u> | <u>-</u> | <u>564</u> | <u>564</u> |
| | | | 519 | 519 |
| Net Book Value | | | | |
| At 31 December 2019 | <u>228,746</u> | <u>573</u> | <u>135</u> | <u>229,454</u> |
| At 31 December 2018 | <u>232,365</u> | <u>573</u> | <u>164</u> | <u>233,102</u> |

All but one of the properties in the balance sheet are freehold and are vested in the CDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to £1,542,514 (2018: £1,542,514). Properties are subject to a five-year cycle of survey and valuation and consequent repairs are charged as expenditure with the SoFA.

Trustees are aware of the potential impact of the COVID-19 pandemic on property values. The intention is to hold the majority of property for the long term, with plans currently to sell up to three houses. No adjustment has therefore been made to valuations as a result of the crisis.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

15 FIXED ASSETS INVESTMENTS

| | At 1 January 2019 £'000 | Additions £'000 | Disposal £'000 | Transfer £'000 | Change in Market Value £'000 | At 31 December 2019 £'000 |
|---------------------------|----------------------------------|--------------------|-------------------|-------------------|---------------------------------------|------------------------------------|
| Unrestricted Funds | | | | | | |
| Listed investments | 110 | 8 | (8) | - | 16 | 126 |
| Unlisted investments | 5 | - | - | - | - | 5 |
| Investment property | 588 | - | - | - | - | 588 |
| | <u>703</u> | <u>8</u> | <u>(8)</u> | <u>-</u> | <u>16</u> | <u>719</u> |
| Restricted Funds | | | | | | |
| Listed investments | 18,003 | 1,439 | (1,541) | - | 2,429 | 20,330 |
| | <u>18,003</u> | <u>1,439</u> | <u>(1,541)</u> | <u>-</u> | <u>2,429</u> | <u>20,330</u> |
| Endowment Funds | | | | | | |
| Listed investments | 21,259 | 736 | (814) | - | 3,132 | 24,313 |
| Investment property | 4,484 | - | - | - | (45) | 4,439 |
| | <u>25,743</u> | <u>736</u> | <u>(814)</u> | <u>-</u> | <u>3,087</u> | <u>28,752</u> |
| Total | <u>44,449</u> | <u>2,183</u> | <u>(2,363)</u> | <u>-</u> | <u>5,532</u> | <u>49,801</u> |

Trustees are aware of the potential impact of the COVID-19 pandemic on the value of investment assets, with some portfolios having decreased in value by in excess of 30% since the start of the crisis. The DBF is a long term investor and currently has no plans to realise investments. With the uncertainty over the ultimate impact on values, no adjustment has been made in these financial statements to the values at 31st December 2019.

16 DEBTORS

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Concessionary (interest free) loans to Parishes | 441 | 525 |
| Loans to Parishes | 1,015 | 773 |
| Loans to Schools | 434 | 416 |
| Other Debtors and prepayments | 875 | 699 |
| | <u>2,765</u> | <u>2,413</u> |
| Included within the above are debtors amounts due after more than one year as follows: | | |
| Loans to Parishes | 994 | 427 |
| | <u>994</u> | <u>427</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

| 17 CREDITORS: amounts falling due within one year | 2019 | 2018 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Loans due in one year | | |
| Church Commissioners value-linked loans | 1,727 | 1,763 |
| Deferred income | | |
| Payments received in advance from Education Funding authority | 797 | 493 |
| Loan repayment instalments due in less than one year | | |
| Central Board of Finance other loans | 100 | - |
| Other Taxes and social security | 45 | 667 |
| Other creditors and accruals | 635 | 1,108 |
| Clergy Pension Scheme | 500 | 800 |
| | <u>3,804</u> | <u>4,831</u> |

Value-linked loans (VLLs) represent amounts advanced to the CDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. Three of these loans are for the benefit of parishes and have been used to purchase houses for curates. Five of the loans have been used by the DBF for the purchase of houses for deserted spouses. As at 31st December 2019 the Board had no intention of disposing of any of those properties funded via VLLs. As the timing of the repayment is uncertain the loans are shown as due within one year.

| 18 CREDITORS: amounts falling due after more than one year | 2019 | 2018 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Loan repayment instalments due in more than one year | | |
| Central Board of Finance other loans | - | 130 |
| Pension Scheme liabilities (see note 24) | | |
| Clergy Pension Scheme | 1,128 | 4,188 |
| Church Workers Pension Scheme - DBS | 37 | 43 |
| | <u>1,165</u> | <u>4,361</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

19 SUMMARY OF FUND MOVEMENTS

| | Balances at 1 January 2019 £'000 | Income £'000 | Expenditure £'000 | Transfer £'000 | Gains and Losses £'000 | Balances at 31 December 2019 £'000 |
|---------------------------|---|-----------------|----------------------|-------------------|------------------------------|---|
| UNRESTRICTED FUNDS | | | | | | |
| General | 4,641 | 16,142 | (13,075) | (2,557) | 337 | 5,488 |
| Designated Funds | | | | | | |
| Property | 6,086 | - | - | - | - | 6,086 |
| Parish Mission | 242 | 50 | (121) | 70 | - | 241 |
| Other designated funds | 31 | - | - | (16) | - | 15 |
| | <u>6,359</u> | <u>50</u> | <u>(121)</u> | <u>54</u> | <u>-</u> | <u>6,342</u> |
| Restricted Funds | | | | | | |
| Diocesan Pastoral | 12,553 | | (1,519) | 1,876 | 2,161 | 15,071 |
| Diocesan Stipend | - | 1,141 | (1,141) | | | - |
| Clergy Welfare | 1,109 | 133 | (72) | | | 1,170 |
| Clergy Welfare (B Wild) | 900 | 29 | (85) | | 96 | 940 |
| Jenkinson Trust | 18 | 2 | (1) | - | - | 19 |
| Training | - | 46 | (46) | | | - |
| University chaplaincy | 37 | 1 | - | - | - | 38 |
| Hayllar trust | 74 | 4 | - | - | - | 78 |
| Poling endowment | 9 | 31 | (22) | | | 18 |
| The Arnold Bequest | 40 | 18 | (18) | | | 40 |
| Clergy Widows | 45 | - | (18) | | | 27 |
| SDF | - | 170 | (175) | 5 | | - |
| RME | (9) | 419 | (456) | | | (46) |
| Archdeacons' loans | 1,703 | 37 | (3) | | 112 | 1,849 |
| Aided Church Schools | 2,415 | 210 | (21) | (42) | 151 | 2,713 |
| Diocesan Overseas Council | 117 | 9 | (12) | | - | 114 |
| Other restricted funds | 88 | 14 | (33) | | - | 69 |
| | <u>19,100</u> | <u>2,264</u> | <u>(3,622)</u> | <u>1,839</u> | <u>2,520</u> | <u>22,101</u> |
| Endowment Funds | | | | | | |
| <u>Expendable</u> | | | | | | |
| Parsonage/Benefice houses | 180,473 | 4 | | (1,951) | 1,787 | 180,313 |
| Diocesan Stipends | 53,935 | | | 2,615 | 2,488 | 59,038 |
| Clergy Welfare | 2,056 | | | | 309 | 2,365 |
| Elfinward | 2,018 | | | | 303 | 2,321 |
| Terry's Cross | 5,167 | | | | | 5,167 |
| <u>Permanent</u> | | | | | | |
| Jenkinson | 44 | | | | 6 | 50 |
| Training | 820 | | | | 123 | 943 |
| University chaplaincy | 659 | | | | 4 | 663 |
| Hayllar trust | 67 | | | | 10 | 77 |
| Poling endowment | 581 | | | | 88 | 669 |
| The Arnold Bequest | 358 | | | | 54 | 412 |
| | <u>246,178</u> | <u>4</u> | <u>-</u> | <u>664</u> | <u>5,172</u> | <u>252,018</u> |
| Total funds | <u>276,278</u> | <u>18,460</u> | <u>(16,818)</u> | <u>-</u> | <u>8,029</u> | <u>285,949</u> |

The restricted fund above for RME relates to a grant received from Ministry Division to be used to meet the cost of ordination training. Grants are made by reference to the age of ordinands in each year, in the expectation that younger ordinands will follow more expensive training pathways. Depending on the actual pathway chosen for each ordinand, expenditure may be more or less than the grant. Surpluses must be held in reserve to be spent on future ordinands in years where there is a deficit. Deficits may be made good from future years where there is a surplus. If deficits persist, the Ministry Division of the Church of England will review the position. If no further funding can be made available, the deficit must be met from general funds.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

20 SUMMARY OF ASSETS BY FUND

| | Fixed assets | | Current Assets £'000 | Creditors £'000 | Net Assets £'000 |
|---------------------------|-------------------|----------------------|----------------------------|--------------------|------------------------|
| | Tangible £'000 | Investments £'000 | | | |
| UNRESTRICTED FUNDS | | | | | |
| General | 134 | 125 | 5,876 | (647) | 5,488 |
| Designated Funds | | | | | |
| Property | 5,513 | 589 | (16) | - | 6,086 |
| Parish Mission | - | - | 241 | - | 241 |
| Other designated funds | - | 5 | 10 | - | 15 |
| | <u>5,513</u> | <u>594</u> | <u>235</u> | <u>-</u> | <u>6,342</u> |
| Restricted Funds | | | | | |
| Diocesan Pastoral | | 17,414 | (2,343) | | 15,071 |
| Clergy Welfare | 1,543 | | 1,355 | (1,727) | 1,171 |
| Clergy Welfare (B Wild) | | 748 | 192 | | 940 |
| Jenkinson Trust | | | 19 | | 19 |
| University chaplaincy | | | 38 | | 38 |
| Hayllar trust | | | 78 | | 78 |
| Poling endowment | | | 18 | | 18 |
| The Arnold Bequest | | | 40 | | 40 |
| Clergy Widows | | | 27 | | 27 |
| SDF | | | | | - |
| RME | | | (46) | | (46) |
| Archdeacons' loans | | 957 | 892 | | 1,849 |
| Aided Church Schools | | 1,207 | 2,473 | (967) | 2,713 |
| Diocesan Overseas Council | - | - | 114 | - | 114 |
| Other restricted funds | - | 4 | 65 | - | 69 |
| | <u>1,543</u> | <u>20,330</u> | <u>2,922</u> | <u>(2,694)</u> | <u>22,101</u> |
| Endowment Funds | | | | | |
| <u>Expendable</u> | | | | | |
| Parsonage/Benefice houses | 174,012 | - | 6,301 | - | 180,313 |
| Diocesan Stipends | 42,454 | 21,992 | (3,780) | (1,628) | 59,038 |
| Clergy Welfare | - | 2,322 | 43 | - | 2,365 |
| Elfinward | - | 2,279 | 42 | - | 2,321 |
| Terry's Cross | 5,167 | - | - | - | 5,167 |
| <u>Permanent</u> | | | | | |
| Jenkinson | - | 51 | (1) | - | 50 |
| Training | - | 926 | 17 | - | 943 |
| University chaplaincy | 631 | 31 | 1 | - | 663 |
| Hayllar trust | - | 76 | 1 | - | 77 |
| Poling endowment | - | 668 | 1 | - | 669 |
| The Arnold Bequest | - | 407 | 5 | - | 412 |
| | <u>222,264</u> | <u>28,752</u> | <u>2,630</u> | <u>(1,628)</u> | <u>252,018</u> |
| Total funds | <u>229,454</u> | <u>49,801</u> | <u>11,663</u> | <u>(4,969)</u> | <u>285,949</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

21 PRIOR YEAR SUMMARY OF FUND MOVEMENTS

| | Balances at | | | | Gains and | Balances at |
|---------------------------|----------------|---------------|------------------|---------------|------------------|----------------|
| | 1 January | Income | Expenditure | Transfer | Losses | 31 December |
| | 2018 | £'000 | £'000 | £'000 | £'000 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| UNRESTRICTED FUNDS | | | | | | |
| General | 4,131 | 15,823 | (15,411) | 112 | (14) | 4,641 |
| Designated Funds | | | | | | |
| Property | 6,080 | - | - | 6 | - | 6,086 |
| Parish Mission | 376 | 54 | (258) | 70 | - | 242 |
| Other designated funds | 115 | 54 | (138) | - | - | 31 |
| | <u>6,571</u> | <u>108</u> | <u>(396)</u> | <u>76</u> | <u>-</u> | <u>6,359</u> |
| Restricted Funds | | | | | | |
| Diocesan Pastoral | 15,878 | - | (1,674) | 8 | (1,659) | 12,553 |
| Diocesan Stipend | - | 1,120 | (1,120) | - | - | - |
| Clergy Welfare | 1,141 | 103 | (135) | - | - | 1,109 |
| Clergy Welfare (B Wild) | 846 | 34 | (104) | - | 124 | 900 |
| Jenkinson Trust | 18 | 2 | (2) | - | - | 18 |
| Training | - | 40 | (40) | - | - | - |
| University chaplaincy | 35 | 2 | - | - | - | 37 |
| Hayllar trust | 72 | 3 | (1) | - | - | 74 |
| Poling endowment | 5 | 29 | (25) | - | - | 9 |
| The Arnold Bequest | 39 | 18 | (17) | - | - | 40 |
| Clergy Widows | 45 | - | - | - | - | 45 |
| SDF | (17) | 165 | (255) | 107 | - | - |
| RME | (7) | 225 | (227) | - | - | (9) |
| Archdeacons' loans | 1,751 | 32 | (1) | - | (79) | 1,703 |
| Aided Church Schools | 1,940 | 617 | (8) | (42) | (92) | 2,415 |
| Diocesan Overseas Council | 107 | 24 | (14) | - | - | 117 |
| Other restricted funds | 101 | 20 | (33) | - | - | 88 |
| | <u>21,955</u> | <u>2,434</u> | <u>(3,656)</u> | <u>73</u> | <u>(1,706)</u> | <u>19,100</u> |
| Endowment Funds | | | | | | |
| <u>Expendable</u> | | | | | | |
| Parsonage/Benefice houses | 187,021 | 46 | - | - | (6,594) | 180,473 |
| Diocesan Stipends | 57,485 | - | - | (249) | (3,301) | 53,935 |
| Clergy Welfare | 2,342 | - | - | (24) | (262) | 2,056 |
| Elfinward | 2,218 | - | - | 57 | (257) | 2,018 |
| Terry's Cross | 5,262 | - | - | (95) | - | 5,167 |
| <u>Permanent</u> | | | | | | |
| Jenkinson | 50 | - | - | - | (6) | 44 |
| Training | 924 | - | - | - | (104) | 820 |
| University chaplaincy | 624 | - | - | 38 | (3) | 659 |
| Hayllar trust | 75 | - | - | - | (8) | 67 |
| Poling endowment | 661 | - | - | (2) | (78) | 581 |
| The Arnold Bequest | 390 | - | - | 14 | (46) | 358 |
| | <u>257,052</u> | <u>46</u> | <u>-</u> | <u>(261)</u> | <u>(10,659)</u> | <u>246,178</u> |
| Total funds | <u>289,709</u> | <u>18,411</u> | <u>(19,463)</u> | <u>-</u> | <u>(12,379)</u> | <u>276,278</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

22 PRIOR YEAR SUMMARY OF ASSETS BY FUND

| | Fixed assets | | Current Assets £'000 | Creditors £'000 | Net Assets £'000 |
|---------------------------|-------------------|----------------------|----------------------------|--------------------|------------------------|
| | Tangible £'000 | Investments £'000 | | | |
| UNRESTRICTED FUNDS | | | | | |
| General | 164 | 109 | 5,090 | (722) | 4,641 |
| Designated Funds | | | | | |
| Property | 5,513 | 589 | (16) | - | 6,086 |
| Parish Mission | - | - | 242 | - | 242 |
| Other designated funds | - | 5 | 26 | - | 29 |
| | <u>5,513</u> | <u>594</u> | <u>252</u> | <u>-</u> | <u>6,357</u> |
| Restricted Funds | | | | | |
| Diocesan Pastoral | - | 15,366 | (2,813) | - | 12,553 |
| Clergy Welfare | 1,542 | - | 1,330 | (1,763) | 1,109 |
| Clergy Welfare (B Wild) | - | 728 | 173 | (1) | 900 |
| Jenkinson Trust | - | - | 18 | - | 18 |
| University chaplaincy | - | - | 37 | - | 37 |
| Hayllar trust | - | - | 74 | - | 74 |
| Poling endowment | - | - | 9 | - | 9 |
| The Arnold Bequest | - | - | 40 | - | 40 |
| Clergy Widows | - | - | 45 | - | 45 |
| SDF | - | - | - | - | - |
| RME | - | - | (9) | - | (9) |
| Archdeacons' loans | - | 850 | 853 | - | 1,703 |
| Aided Church Schools | - | 1,055 | 2,357 | (997) | 2,415 |
| Diocesan Overseas Council | - | - | 117 | - | 117 |
| Other restricted funds | - | 4 | 84 | - | 88 |
| | <u>1,542</u> | <u>18,003</u> | <u>2,316</u> | <u>(2,761)</u> | <u>19,100</u> |
| Endowment Funds | | | | | |
| <u>Expendable</u> | | | | | |
| Parsonage/Benefice houses | 176,139 | - | 4,334 | - | 180,473 |
| Diocesan Stipends | 43,946 | 19,841 | (4,143) | (5,709) | 53,935 |
| Clergy Welfare | - | 2,028 | 28 | - | 2,056 |
| Elfinward | - | 1,990 | 28 | - | 2,018 |
| Terry's Cross | 5,167 | - | - | - | 5,167 |
| <u>Permanent</u> | | | | | |
| Jenkinson | - | 44 | - | - | 44 |
| Training | - | 809 | 11 | - | 820 |
| University chaplaincy | 631 | 28 | - | - | 659 |
| Hayllar trust | - | 67 | - | - | 67 |
| Poling endowment | - | 581 | - | - | 581 |
| The Arnold Bequest | - | 355 | 3 | - | 358 |
| | <u>225,883</u> | <u>25,743</u> | <u>261</u> | <u>(5,709)</u> | <u>246,178</u> |
| Total funds | <u>233,102</u> | <u>44,449</u> | <u>7,919</u> | <u>(9,192)</u> | <u>276,276</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

23 DESCRIPTION OF FUNDS

| | |
|-------------------------|---|
| General | The general fund is the CDBF's unrestricted undesignated fund available for any of the CDBF's purposes. |
| Property | The fund value is set at the level equivalent to the net book value of corporate properties. Church House, Hove and various houses used by retired clergy make up the value of this fund. |
| Parish Mission | Fund made available from the All Churches Trust and diocesan sources to support parish mission projects throughout the Diocese. |
| Diocesan Stipends | The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. |
| Clergy Welfare | Fund is governed by a 1993 Charity Commission scheme with income being used for the welfare of clergy, their spouses or other licensed staff who work or have worked in the diocese. |
| Clergy Welfare (B Wild) | Fund derives from the sale of a property, Lapwings, bequeathed for purposes connected with clergy welfare. The fund is used for the clergy wellbeing service |
| Clergy Widows | Fund represents a legacy from Charles Peckham to provide financial grants or other benefits for widows of the clergy. |
| University chaplaincy | Fund is governed by a trust deed dated 21 July 1961. The fund is to provide a house for the University of Sussex chaplain and to assist that chaplain in the fulfilment of his/her duties. |
| Jenkinson Trust | Fund represents a legacy from William Jenkinson. Income from the fund is used for necessitous Church of England gentlewomen or as the diocesan fund finds most fitting. |
| Hayllar trust | Fund represents a legacy from Sidney Hayllar. Income from the fund is used to help clergy with personal costs such as education and personal support and general financial problems. |
| Poling endowment | A fund to be used for the welfare of clergy and their families in need or hardship, serving, in training or retired, of the Diocese of Chichester. |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

23 DESCRIPTION OF FUNDS (continued)

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

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

23 DESCRIPTION OF FUNDS (continued)

| | |
|----------------------------|---|
| Strategic Development Fund | The Diocese has been awarded funding from the Church Commissioners towards three parish based mission projects in the Diocese. The funds received are restricted to be used on these projects. |
| RME Block Grant | A restricted grant received from Ministry Division to be used to meet the costs of ordination training. |
| Parsonage/Benefice houses | The parsonage/benefice property fund consists of resources restricted to provision of benefice houses in the diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the CDBF is obliged to maintain them, and to ensure that there are sufficient benefice houses for the pastoral structure of the diocese; where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the CDBF. |
| Elfinsward | The fund was created by the sale of a former retreat house. The income from the fund is used to support stipends, communications work and retreat grants. |
| Terry's Cross | The fund represents the value of a house, originally given as a gift to the diocese, to provide accommodation for retired clergy and church workers. |
| Training | This fund has been built up by various bequests. The income is used to support ordination training costs and for modest discretionary grants to assist ordinands in need. |

24 CAPITAL COMMITMENTS

At 31 December 2019 the CDBF had capital expenditure commitments authorised but not contracted for of £NIL (2018 - £NIL), and contracted for but not yet due of £82,429 (2018 - £218,189).

25 OPERATING LEASES

Future minimum rentals payable until the end of the lease under non-cancellable operating leases are as follows:

| | 2019 | 2018 |
|---|--------------|--------------|
| | £ | £ |
| | £'000 | £'000 |
| Other operating leases: | | |
| Total amount payable within one year | 29 | 40 |
| Total amount payable in the second to fifth years inclusive | 18 | 34 |
| | <u>47</u> | <u>74</u> |

Total lease payments recognised as an expense in the year were £47,882 (2018 £39,999).

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

26 PENSIONS

The CDBF participates in four pension schemes.

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

A. Church of England Funded Pensions Scheme (CEFPS)

The CDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table below as being recognised in the SOFA.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 2.3% p.a. ;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

26 PENSIONS (continued)

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

| Percentage of pensionable stipends | Jan-18 to Dec-20 | Jan-21 to Dec-22 |
|------------------------------------|------------------------|------------------------|
| Deficit repair contributions | 11.9% | 7.1% |

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at the time were 11.9% of pensionable stipends until December 2025. As at 31 December 2019 the deficit recovery recovery contributions under the recovery plan in force were as set out in the above table.

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

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

| | 2019 | 2018 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Balance sheet liability at 1 January | 4,988 | 5,646 |
| Deficit contribution paid | (745) | (722) |
| Interest cost (recognised in SoFA) | 97 | 74 |
| Remaining change to the balance sheet liability (recognised in SoFA)* | (2,712) | (10) |
| Balance sheet liability at 31 December | <u>1,628</u> | <u>4,988</u> |

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

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

| | 2019 | 2018 | 2017 |
|---------------------------------------|-------------|-------------|-------------|
| Discount Rate | 1.1% pa | 2.1% pa | 1.4% pa |
| Price inflation | 2.8% pa | 3.1% pa | 3.0% pa |
| Increase to total pensionable payroll | 1.3% pa | 1.6% pa | 1.5% pa |

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

Trustees are aware that the volatile investment market is expected to have an impact on the pension scheme in terms of asset values and the measure of liabilities. No information has been received to date as to the quantum of the impact of COVID-19 on the pension scheme, and no requests for any change to deficit funding have been received.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

26 PENSIONS (continued)

B. Church Workers Pension Fund (CWPF)

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

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

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

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

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £5,900 per year. In addition deficit payments of £7,387 per year have been agreed for 7 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

26 PENSIONS (continued)

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

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Balance sheet liability at 1 January | 43 | - |
| Deficit contribution paid | (7) | (6) |
| Interest cost (recognised in SoFA) | 1 | - |
| Remaining change to the balance sheet liability (recognised in SoFA)* | - | 49 |
| Balance sheet liability at 31 December | <u>37</u> | <u>43</u> |

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

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

| | 2018 | 2017 | 2016 |
|---------------|---------|---------|---------|
| Discount Rate | 2.1% pa | 0.0% pa | 0.0% pa |

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

The next valuation of the scheme will be carried out as at December 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

26 PENSIONS (continued)

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

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

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

Pension Builder Scheme

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

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable.

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016.

For the PB Classic section the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

26 PENSIONS (continued)

D) Teachers Pension Scheme (TPS)

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

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

The employer's pension costs paid to the TPS in the year amounted to £60,099 (2018 £24,405).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS102 the TPS is a multi employer scheme. CDBF has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- (a) employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge from 1 September 2019 (16.48% from September 2015 to August 2019);
- (b) total scheme liabilities for service to the effective date of £218,100 million, and notional assets of £196,100 million, giving a notional past service deficit of £22,000 million; and
- (c) an employer cost cap of 7.3% of pensionable pay will be applied to future valuations.
- (d) the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

Up to August 2019 the employer contribution rate was 16.48%. The TPS valuation for 2016 determined an employer rate of 23.68% from September 2019.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

27 PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted Funds | | Restricted | Endowment | Total Funds |
|---|--------------------|---------------|-----------------|------------------|------------------|
| | General | Designated | Funds | Funds | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income and endowments from | | | | | |
| Donations | | | | | |
| Parish contribution | 13,553 | 3 | - | - | 13,556 |
| Archbishops' Council | - | 54 | - | - | 54 |
| Other donations | 185 | 51 | 568 | - | 804 |
| Charitable activities | 823 | - | 113 | - | 936 |
| Other activities | 511 | - | 92 | - | 603 |
| Investments | 744 | - | 1,305 | - | 2,049 |
| Other | 7 | - | 356 | 46 | 409 |
| | <u>15,823</u> | <u>108</u> | <u>2,434</u> | <u>46</u> | <u>18,411</u> |
| Expenditure on | | | | | |
| Raising Funds | 69 | - | 203 | - | 272 |
| Charitable activities | 15,342 | 396 | 3,453 | - | 19,191 |
| Other | - | - | - | - | - |
| | <u>15,411</u> | <u>396</u> | <u>3,656</u> | <u>-</u> | <u>19,463</u> |
| Net Income/(expenditure) before investment gains | | | | | |
| | <u>412</u> | <u>(288)</u> | <u>(1,222)</u> | <u>46</u> | <u>(1,052)</u> |
| Net gains on investments | (14) | - | (1,706) | (2,529) | (4,249) |
| Net income/(expenditure) | <u>398</u> | <u>(288)</u> | <u>(2,928)</u> | <u>(2,483)</u> | <u>(5,301)</u> |
| Transfer between funds | 112 | 76 | 73 | (261) | - |
| Other recognised gains/(losses) | | | | | |
| Gains/(losses) on revaluation of fixed assets | - | - | - | (8,130) | (8,130) |
| Net movement in funds | <u>510</u> | <u>(212)</u> | <u>(2,855)</u> | <u>(10,874)</u> | <u>(13,431)</u> |
| Total funds brought forward | 4,131 | 6,571 | 21,955 | 257,052 | 289,709 |
| Total funds carried forward | <u>4,641</u> | <u>6,359</u> | <u>19,100</u> | <u>246,178</u> | <u>276,278</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

28a PRIOR YEAR NOTES TO ACCOUNTS - 3 DONATIONS

Parish Contributions

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

| | Unrestricted Funds | | Restricted Funds £'000 | Endowment Funds £'000 | Total Funds | |
|---|--------------------|------------|------------------------------|-----------------------------|---------------|---------------|
| | General | Designated | | | 2018 | 2017 |
| | £'000 | £'000 | | | £'000 | £'000 |
| Current Year pledges | 13,769 | - | - | - | 13,769 | 13,658 |
| Current Year pledges - attributable to insurance | | | | | | 872 |
| Transfer to Deanery reserves | - | - | - | - | - | (33) |
| Shortfall in contributions | (302) | - | - | - | (302) | (213) |
| | <u>13,467</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,467</u> | <u>14,284</u> |
| Receipts for previous year | 86 | 3 | - | - | 89 | 171 |
| Total Income | <u>13,553</u> | <u>3</u> | <u>-</u> | <u>-</u> | <u>13,556</u> | <u>14,455</u> |

Current year parish share receipts represent 97.8% of the total pledges (2017 – 98.3%), or, when receipts for previous years are included, 98.4% of the total pledges (2017 – 99.5%)

Other donations

| | Unrestricted Funds | | Restricted Funds £'000 | Endowment Funds £'000 | Total Funds | |
|-------------------------------------|--------------------|------------|------------------------------|-----------------------------|-------------|------------|
| | General | Designated | | | 2018 | 2017 |
| | £'000 | £'000 | | | £'000 | £'000 |
| All Churches Trust Grant | 120 | 50 | - | - | 170 | 170 |
| Strategic Development Funding | | | 165 | | 165 | 158 |
| RME Block grant | | | 225 | | 225 | 51 |
| Grants from other organisations* | 16 | - | - | - | 16 | - |
| Donations | 49 | 4 | 178 | - | 231 | 68 |
| | <u>185</u> | <u>54</u> | <u>568</u> | <u>-</u> | <u>807</u> | <u>447</u> |

*In 2017 the SDF grant of £158k was reported in other income. In 2018 it was reported separately as a grant within Other Donations. The figures above have been amended to reflect this change.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

28b PRIOR YEAR NOTES TO ACCOUNTS - 4 CHARITABLE ACTIVITIES

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|--|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Statutory fees for parochial services | 612 | - | - | - | 612 | 561 |
| Church Commissioners' guaranteed annuities | - | - | 16 | - | 16 | 19 |
| Parish trust Income | - | - | 94 | - | 94 | 96 |
| Generated Income | 76 | 51 | 3 | - | 130 | - |
| Church Schools Training & other | 135 | - | - | - | 135 | 171 |
| | <u>823</u> | <u>51</u> | <u>113</u> | <u>-</u> | <u>987</u> | <u>847</u> |

28c PRIOR YEAR NOTES TO ACCOUNTS - 5 OTHER ACTIVITIES

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|-------------------------------|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Rents receivable - Properties | 511 | - | 92 | - | 603 | 429 |
| | <u>511</u> | <u>-</u> | <u>92</u> | <u>-</u> | <u>603</u> | <u>429</u> |

28d PRIOR YEAR NOTES TO THE ACCOUNTS - 6 INVESTMENT INCOME

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|--|--------------------|------------|--------------|-----------|--------------|--------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Dividends receivable & interest receivable | 744 | - | 1,021 | - | 1,765 | 1,828 |
| Rents receivable - Glebe | - | - | 284 | - | 284 | 288 |
| | <u>744</u> | <u>-</u> | <u>1,305</u> | <u>-</u> | <u>2,049</u> | <u>2,116</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

28e PRIOR YEAR NOTES TO THE ACCOUNTS - 7 OTHER INCOMING RESOURCES

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|----------------------------------|--------------------|------------|------------|-----------|-------------|--------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Other income* | 7 | - | - | | 7 | 25 |
| Gain/ (Loss) on sale of property | - | - | 356 | 46 | 402 | (63) |
| | <u>7</u> | <u>-</u> | <u>356</u> | <u>46</u> | <u>409</u> | <u>(38)</u> |

*In 2017 the SDF grant of £158k was reported in other income. In 2018 it was reported separately as a grant within Other Donations. The figures above have been amended to reflect this change.

28f PRIOR YEAR NOTES TO THE ACCOUNTS - 8 FUND RAISING COSTS

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|--|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Investment Manager fees ⁽ⁱ⁾ | 69 | - | 64 | - | 133 | 134 |
| Glebe repairs & improvements | - | - | 139 | - | 139 | 50 |
| | <u>69</u> | <u>-</u> | <u>203</u> | <u>-</u> | <u>272</u> | <u>184</u> |

(i) Investment Manager fees have been moved from Support and Governance to fundraising costs for 2017

28g PRIOR YEAR NOTES TO THE ACCOUNTS - 9 CHARITABLE ACTIVITIES

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|--|--------------------|------------|------------|-----------|--------------|--------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Contributions to Archbishops' Council | | | | | | |
| Training for Ministry National Church Responsibilities | 615 | - | - | - | 615 | 603 |
| Grants and Provisions | 490 | - | - | - | 490 | 480 |
| Mission agency pension costs | 53 | - | - | - | 53 | 53 |
| Retired clergy housing costs | 6 | - | - | - | 6 | 6 |
| Pooling of ordinands maintenance grants | 207 | - | - | - | 207 | 198 |
| | <u>29</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29</u> | <u>28</u> |
| | <u>1,400</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,400</u> | <u>1,368</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

28g PRIOR YEAR NOTES TO THE ACCOUNTS - 9 CHARITABLE ACTIVITIES (continued)

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|--|--------------------|------------|--------------|-----------|---------------|---------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Resourcing Ministry and Mission - Parish Ministry | | | | | | |
| Stipends and national | | | | | | |
| Insurance | 6,497 | - | 960 | - | 7,457 | 7,097 |
| Pension contributions | 1,695 | - | - | - | 1,695 | 1,517 |
| Defined benefit pension | | | | | | |
| scheme movement (see Note 24) | 64 | - | - | - | 64 | (78) |
| Housing costs | 1,429 | - | 1,447 | - | 2,876 | 3,274 |
| Mission Fund grants | - | 258 | - | - | 258 | 249 |
| Removal, resettlement & grants | 546 | - | - | - | 546 | 527 |
| Clergy welfare | - | - | 270 | - | 270 | 187 |
| Church Insurance | - | - | - | - | - | 872 |
| | <u>10,231</u> | <u>258</u> | <u>2,677</u> | <u>-</u> | <u>13,166</u> | <u>13,645</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

28g PRIOR YEAR NOTES TO THE ACCOUNTS - 9 CHARITABLE ACTIVITIES (continued)

| | Unrestricted Funds | | Restricted | Endowment | Total Funds | Total Funds |
|--|--------------------|------------|--------------|-----------|---------------|---------------|
| | General | Designated | Funds | Funds | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Resourcing Ministry and | | | | | | |
| Mission - support for Parish Ministry | | | | | | |
| Diocesan support of | | | | | | |
| Ordinands in training | 781 | - | 263 | - | 1,044 | 883 |
| Adult Education | 128 | - | - | - | 128 | 103 |
| Children and youth work | 151 | - | 15 | - | 166 | 141 |
| Apostolic Life | 232 | 138 | - | - | 370 | 209 |
| Common Good | 53 | - | - | - | 53 | 116 |
| Safeguarding | 223 | - | - | - | 223 | 220 |
| Diocesan Advisory Committee | 58 | - | - | - | 58 | 57 |
| Pastoral and Redundant | | | | | | |
| Churches uses | 37 | - | - | - | 37 | 38 |
| Redundant churches | 93 | - | - | - | 93 | 71 |
| Communications | 97 | - | - | - | 97 | 81 |
| Chaplains | 3 | - | - | - | 3 | 69 |
| Mission projects (SDF) | - | - | 222 | - | 222 | 174 |
| Chancellor & Registrar | 54 | - | - | - | 54 | 41 |
| Grants | 66 | - | 55 | - | 121 | 713 |
| | <u>1,976</u> | <u>138</u> | <u>555</u> | <u>-</u> | <u>2,669</u> | <u>2,916</u> |
| Support and Governance | | | | | | |
| for parish ministry (note 10) | <u>1,018</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,018</u> | <u>810</u> |
| | <u>2,994</u> | <u>138</u> | <u>555</u> | <u>-</u> | <u>3,687</u> | <u>3,726</u> |
| Resourcing Ministry and | | | | | | |
| Mission - Church Schools | | | | | | |
| Church Schools department | 623 | - | 221 | - | 844 | 668 |
| Training courses | - | - | - | - | - | 2 |
| Support and Governance | | | | | | |
| for Church Schools (note 10) | <u>94</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>94</u> | <u>71</u> |
| | <u>717</u> | <u>-</u> | <u>221</u> | <u>-</u> | <u>938</u> | <u>741</u> |
| Total Charitable activities | <u>15,342</u> | <u>396</u> | <u>3,453</u> | <u>-</u> | <u>19,191</u> | <u>19,480</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

28h PRIOR YEAR NOTES TO THE ACCOUNTS - 10 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

| | Resourcing ministry and mission Support for Ministry £'000 | Education Church Schools £'000 | Total Funds 2018 £'000 | Total Funds 2017 £'000 |
|-----------------------------|--|---|------------------------------|------------------------------|
| Support | | | | |
| Central services department | 187 | 24 | 211 | 178 |
| General office department | 278 | - | 278 | 262 |
| Finance department | 252 | 32 | 284 | 224 |
| IT department | 272 | 35 | 307 | 190 |
| Depreciation | 9 | 1 | 10 | 6 |
| | <u>998</u> | <u>92</u> | <u>1,090</u> | <u>860</u> |
| Governance | | | | |
| External Audit | 20 | 2 | 22 | 26 |
| | <u>1,018</u> | <u>94</u> | <u>1,112</u> | <u>886</u> |

28i PRIOR YEAR NOTES TO THE ACCOUNTS - 11 ANALYSIS OF GRANTS MADE

| | Number | Individuals £'000 | Institutions £'000 | Total Funds 2018 £'000 | Total Funds 2017 £'000 |
|--|------------|----------------------|-----------------------|------------------------------|------------------------------|
| From unrestricted funds for national Church responsibilities: | | | | | |
| Contributions to Archbishops' Council | 6 | - | 1,400 | 1,400 | 1,368 |
| From unrestricted | | | | | |
| The Chichester Diocesan Association for Family Support Work | 1 | - | 36 | 36 | 36 |
| Together in Sussex | 1 | - | 10 | 10 | 10 |
| St Bartz Trust - Youth work | 1 | - | 18 | 18 | 19 |
| | <u>3</u> | <u>-</u> | <u>64</u> | <u>64</u> | <u>65</u> |
| From designated | | | | | |
| PCCs for Mission projects | 19 | - | 258 | 258 | 249 |
| From restricted | | | | | |
| Archbishop Council | | | | | 100 |
| PCCs for Mission projects | 2 | - | 29 | 29 | 374 |
| Clergy for Welfare and healthcare | 101 | 102 | - | 102 | 78 |
| Overseas mission agencies | 6 | - | 13 | 13 | 57 |
| Ordinands in training | 35 | 281 | - | 281 | 207 |
| AD Care of Churches | 3 | - | 7 | 7 | - |
| | <u>147</u> | <u>383</u> | <u>49</u> | <u>432</u> | <u>816</u> |
| Totals | <u>175</u> | <u>383</u> | <u>1,771</u> | <u>2,154</u> | <u>2,498</u> |

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

29 POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

Since the year end, the COVID-19 pandemic has had a huge impact across the world. Global financial markets have suffered as a result, and this volatility is likely to have an impact on the value of investment assets, along with property values and Pension Fund deficits. With regard to the impact on property values, as stated in Note 14, the intention is to hold the majority of property for the long term, with plans currently to sell only up to three houses. No adjustment has therefore been made to valuations as a result of the crisis. For investment assets, as stated in Note 15, some portfolios have decreased in value by in excess of 30% since the start of the crisis. The DBF is, however, a long term investor and currently has no plans to realise investments. With the uncertainty over the ultimate impact on values, no adjustment has been made in these financial statements to the values at 31st December 2019.

The crisis has also had an impact on the operations of CDBF. A number of events have been cancelled and Diocesan Officers are modelling the impact of a number of scenarios involving reductions in income streams and the possibility of cancelling or postponing areas of expenditure. Most employees are, however, able to work effectively from home and every effort is being made to continue to provide as many of our services as possible.

Trustees will continue to monitor the changing operational landscape and impact on assets and related income. In particular, cashflow is being monitored closely and potential cost savings identified, either as a natural consequence of the crisis or by postponement of certain expenditure, to ensure that the DBF can operate within its available resources. In particular, quinquennial works and recruitment to vacant posts have been put on hold. The identification of assets which potentially could be realised to raise additional cash and the investigation of other possible funding sources is also in progress.

30 RELATED PARTY TRANSACTIONS

The Mother Agnes Trust is an unincorporated charity of which The Right Revd Dr M Warner, the Ven DR E Dowler and Gabrielle Higgins, Diocesan Secretary of the CDBF, are trustees. During the year Mr G Leonard (until 31 December 2018) and Mrs S Stonor (from 1 January 2019) were also trustees of the Mother Agnes Trust. Between 2004 and 2017 Chichester DBF paid the running expenses of the Magnet Centre in Hastings on behalf of the Mother Agnes Trust. The Magnet Centre transferred into new ownership in 2017. The total amount expended by CDBF on behalf of the Mother Agnes Trust as at 31 December 2019 in respect of the Magnet Centre is £375,841. In addition the DBF paid the salary of the Clerk to the Trustees of the Mother Agnes Trust on behalf of the Trust until 31 January 2019. As at 31 December 2019 the amount expended by Chichester DBF in respect of staff costs was £35,304. Chichester DBF has invoiced these sums but will not pursue payment until the sale of land by the Mother Agnes Trust.

The only related corporate party with whom the DBF has transacted is the Diocese of Chichester Academy Trust ('DCAT') which manages eight Church of England Schools in the Diocese. DCAT is accountable to the DBE and the Bishop of Chichester in relation to their Christian distinctiveness and to the Diocese of Chichester Education Trust (DoCET) via its members for its operation. The Director of Education, one of the DBF's key management personnel, is a Trustee of DCAT. During the year the DBF provided office facilities free of charge to DCAT as well as performing due diligence on schools intending to convert or join the Trust.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

31 FUNDS HELD AS CUSTODIAN TRUSTEE

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

| | 2019 | 2018 |
|---|---------------|---------------|
| | £'000 | £'000 |
| CBF Church of England Investment Fund income shares | 13,717 | 11,220 |
| CBF Church of England Investment Fund accumulation shares | 204 | 183 |
| CBF Church of England Fixed Interest Securities Fund shares | 1,794 | 1,814 |
| CBF Church of England Property Fund shares | 259 | 266 |
| CBF Church of England UK Equity Shares | 11 | 9 |
| CBF Church of England Global Equity Shares | 145 | 127 |
| Other common investment fund holdings | 1,861 | 1,657 |
| Direct holdings in UK equities | 363 | 240 |
| CBF Church of England Deposit Fund | 1,742 | 1,630 |
| Sundry debtors | - | - |
| Cash at bank | 143 | 274 |
| Sundry creditors | - | (146) |
| Total assets held as custodian trustee | <u>20,239</u> | <u>17,274</u> |