

**THE EXETER DIOCESAN BOARD OF FINANCE LIMITED**

**ANNUAL REPORT**

**AND CONSOLIDATED FINANCIAL STATEMENTS**

**for the year ended 31 December 2019**

**Company limited by guarantee (No. 00186001)  
Registered charity (No. 249798)**



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### **Key to abbreviations**

EDBF	The Exeter Diocesan Board of Finance Limited
EDPS	EDPS Limited – the Board's Trading Company
SOFA	Statement of Financial Activities
SORP	Charities SORP (Statement of Recommended Practice) 'Accounting and Reporting by Charities' 2019
PCC	Parochial Church Council

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**OUR VISION**

*'I know the plans I have for you, says the Lord, plans for your welfare and not for harm, to give you a future with hope.'* Jeremiah 29.11

**We seek to be people who together are:**

**Growing in prayer**

We want to grow in prayer, living a life close to God. This means taking risks as we become more honest with ourselves and more honest with God. Prayer opens up deep places within us to God's grace, which is why it is such a life-giving activity. Growing in prayer is essential if we are to witness to God's Kingdom and become the people God has called us to be.

**Making new disciples**

A disciple is someone who follows Jesus Christ. With him as our companion and guide, we can travel through life differently, and we hope others will share the adventure with us. We want to be more faithful in our discipleship and allow God to shape our priorities and values. The Christian gospel is good news and we need to find new ways of telling the story, of explaining the faith and giving a reason for the hope that is in us.

**Serving the people of Devon with joy**

We want to make a difference in the world and witness to God's love and justice, especially in the communities and schools where we live. Working in partnership with others who are transforming lives, we seek to address the global issues confronting our generation so that everyone may flourish.

+ Robert Exon

(Bishop of Exeter)

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

The directors/trustees are the same and in signing as Trustees, they are offering the strategic report sections in their capacity as directors.

The 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 Exeter cover the entire county of Devon.

The principal object of The Exeter Diocesan Board of Finance (EDBF) is to promote, assist and advance the work of the Church of England in the Diocese of Exeter by acting as the financial executive of the Exeter Diocesan Synod.

EDBF has the following statutory responsibilities:

- i. The management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976 and the Church Property Measure 2018;
- ii. The repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972 and the Church Property Measure 2018;
- iii. The management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991; and
- iv. The custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of EDBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Exeter. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally, and to implementation of the outcomes. This includes a series of consultations on specific matters relating to the priorities for the forthcoming year and further ahead and taking forward the commitments arising from the Diocesan Synod and church nationally, including the Diocesan Budget.

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**STRATEGIC REPORT**

**STRATEGIC AIMS**

The main role of EDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, Deaneries, Mission Communities and parishes to further the mission and strategic priorities of the Diocese and in particular the strategic priorities set out in the Vision Statement, which can be found on the diocesan website at [www.exeter-anglican.org](http://www.exeter-anglican.org).

**We seek to work together in Mission Communities**

Communities are how we relate to one another. We discover both what we need from others and what we can offer so that all may flourish. In the same way Mission Communities help us as the Church to work together across boundaries and break down any sense of isolation. They enable us to be flexible in our mission and more adept at responding to the different contexts and cultures of Devon.

Not every parish can offer every aspect of the Church's life and ministry, but by joining in partnership with neighbouring churches and forming a Mission Community we can work together more effectively.

There are 119 mission communities across the Diocese of Exeter. We aim to be mission-oriented, community-focussed and locally-rooted. As God's people we are called to live out our faith and continue the mission of God as revealed in the life, death and resurrection of Jesus Christ.

The strategy of the Trustees for achieving these priorities is to maintain a sound financial structure which will enable it to resource ministry and mission.

Each year a request is made to every parish for contributions towards the Common Fund, the parish share scheme, which is designed to distribute the financial costs of the Diocese equitably. The Common Fund pays for a significant proportion of the costs of the clergy, their training, housing and central costs, but it only works properly if each parish in each Mission Community contributes regularly and fully. We support all PCCs and Mission Communities in their financial administration to develop efficient ways to collect and manage resources including through the Parish Giving Scheme.

The Board reviews the financial plan on an annual basis and this was most recently undertaken in May 2019, with the current plan covering the years 2019 to 2024. The plan requires stringent cost control across all areas of the budget and includes a planned increase in the number of unpaid licensed ministers (self-supporting clergy and readers) and unpaid lay people involved in ministry, alongside a reduction in the number of stipendiary clergy working within the Diocese. One of the key aims is to increase vocations, including the number of self-supporting ministers deployed. This should also now be read in the context of the Covid-19 Financial update on pages 14 and 15.

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**OBJECTIVES FOR THE YEAR**

The strategic aims were established by the Diocesan Synod in March 2016 and have informed decisions and policies at all levels over the past three years. The vision is what we would like the future to look like and the strategy sets out how we seek to work together in Mission Communities to enable this to happen. It is vital that our planning continues to reflect our priorities, whilst continuing to meet our statutory and operational requirements.

Following an initial review with the Bishop's Strategy Group, four strategic focus groups were set up to consider how we can build on the growth we have seen in our Mission Communities over the past three years. These groups looked at how we may continue to bring more people to Christ and make new disciples across four key demographic groups:

- **Children, young people and families**
  - Establish a 'platform' to hear and respond to the views of children and young people;
  - Coordinate a group of church schools to provide additional leadership, support and resources for parents and grandparents; and
  - Provide support to better equip existing and future clergy to minister more effectively with children, young people and families.
- **17 – 25 year olds**
  - Invite key leaders (lay and clergy) to refine the strategy and build a 17 – 25 focus group by early 2020;
  - Develop a digital engagement strategy and create a Media Advisory Group to support social media/digital giving; and
  - Explore and develop possible lay chaplaincies for Further Education colleges by identifying key colleges and facilitating links to local church.
- **People over the age of 55**
  - Welcome and hospitality at a range of events, such as 'Retyrement' sessions led by Bishop Robert and Bishops in Mission;
  - Focus on grandparents with annual 'Grandparents' days' in schools with church engagement; and
  - Addressing social isolation by exploring 'Anna Chaplains' roles, social engagement hubs and sharing of good practice in pastoral care.
- **Fringe Christians**
  - Know your church and community by using Growing the Rural church resources for community and church audits;
  - Enable effective outward-facing leadership by reviewing Continuing Ministerial Development to focus on collaborative models; and
  - Plan pathways and stepping stones from encounter to engagement by reviewing and redefining our understanding of participation, including key life events such as Baptism.

Diocesan Synod approved these priorities at the meeting held on 15 June 2019 and these strategic actions are being implemented over the next five years.

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**ACTIVITIES AND ACHIEVEMENTS IN THE YEAR**

“Growing in Prayer, making new disciples and serving the people of Devon with joy” was adopted by Synod as an integral part of our diocesan vision and strategy in March 2016, although it was from the very first moment the vision which Bishop Robert has called us to, and the vision and strategy flows naturally from it.

There was a re-focussing in late 2018 of the diocesan policy on clergy vacancies in places where there have been historic and/or current shortfalls in the amount of Common Fund contributions received, so 2019 was the first full year where this policy was applied. As a result the improvement seen in the percentage of Common Fund contributions received in 2018 was sustained in 2019. The total contributions received by the end of February 2020 were £9.0m (2018: £8.9m), which represented 95.59% (2018: 95.68%) of the amount requested from parishes. As ever, we are very grateful to the continuing generosity of the people in our worshipping communities.

2019 also saw the conclusion of the largest consultation ever undertaken across the Diocese to refresh our Common Fund system. Diocesan Synod reviewed the findings and recommendations at its meeting held in June 2019 and approved a number of changes to the existing system, rather than opting for the alternative cost of clergy model.

The number of those going forward into training for diaconal/priestly/reader ministry in 2019 was 13 – 8 women and 5 men (2018: 17 – 11 women and 6 men). Stipends were paid to an average of 191 clergy, which was broadly in line with the budget.

Safeguarding continued to have a high priority, with the Diocese providing training courses, advice to parishes, case management, formal risk assessment work and active support of Mission Community leaders. The second half of 2019 also saw the Past Cases Review 2 get underway, with an independent review of all case files commencing.

The Parish Giving Scheme has continued to grow across the Diocese, following the launch in March 2015, encouraging a deeper understanding of generous giving, streamlining administration in parishes, improving parishes’ cash flows by returning gift aid to parishes every month, and giving donors the option to increase their future giving in line with inflation. At 31 December 2019 there were 2,708 (2018: 2,382) people in our Diocese making donations to 216 (2018: 195) churches, contributing a total (including gift aid) of £2.5m (2018: £2.1m) during the year. The average gift (including gift aid) was £17.68 per week (2018: £16.98). EDBF does not carry out any significant fundraising activities.

The Mission and Ministry team work in close collaboration with Growing the Rural Church, Communications and Mission Resources teams. Our purpose is to support mission communities as they seek to live out the diocesan vision. In 2019 we said farewell to Barry Dugmore who joined the Diocese of Coventry as archdeacon for mission and Katherine Lyddon who became a pioneer minister in Somerset. The team welcomed Chris Keppie (Church & Society officer), Clare Cook (under 5s and their families advisor), James Grier (Mission Enabler), Mike Clark (Mission Community Development team) and Jenny Beesley (Administrator).



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**ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)**

In addition to the now established prayer focus of Thy Kingdom Come and the growing support network of Mission Sheds, 2019 saw a very popular retreat for children's workers at Lee Abbey. We also began a partnership with South West Youth Ministries to support our ministry to young people. In November we launched Grassroots, a Devon based discipleship resource available in a variety of formats and the first part of a lay training strategy being rolled out in 2021.

In terms of training, Bishop Robert and Bishop Jackie led a very special study tour to the Holy Land for curates from the diocese and in November we hosted a study day for clergy and readers. Meanwhile the capacity of our Foundations in Christian Ministry Course has increased to 50. We continue to provide a range of Continuing Ministerial Development courses for clergy and readers.

Our relationship with both of our local training providers (SWMTC and St Mellitus) remains strong and fruitful.

This has been another busy and fruitful year for the Exeter Diocesan Board of Education. We have seen the family of church schools strengthen through more intentional partnership and collaborative activity. The team managed to ensure that they had a meaningful engagement with every one of our 133 church schools through either a personal school visit or attendance at an EDBE training event. Increasingly we are delivering our services to multi-school groupings (federations, clusters or MATs). There is greater opportunity to add value and improve local sustainability when geography and community are common priorities together with our collective ethos and mission.

The new Statutory Inspection of Anglican and Methodist Schools (SIAMS) framework went live at the beginning of the year. The Board has been reassured that schools are now receiving better preparation from the team in that, for a further year, no school has received a less than 'good' judgement despite facing more challenging expectations.

Some of our other most memorable achievements this year included:

- New SIAMS hubs established right across the diocese providing termly opportunities for senior leaders, incumbents and subject specialists to delve deeper into the inspection framework and their schools' vision and values;
- SIAMS inspection results have increased the number of good or better Church of England schools which now stands at 94% with 97% of all schools being judged as having at least good collective worship provision;
- Very successful and well attended launch events for the new Agreed Syllabus for RE in Devon, Torbay and Plymouth; and
- Active involvement in the diocesan vision 'growth' focus groups for children young people and families and youth with some exciting priorities being established for the coming years.

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**KEY PERFORMANCE INDICATORS**

Comprehensive quarterly operational reports are now produced and these are presented to the trustees following the end of each quarter, through the Bishop's Diocesan Council, and shared more widely with staff and other key stakeholders. The reports are also available on the diocesan website. It is hoped to adopt an enhanced suite of key performance indicators in 2020. The key measures are shown in the table below:

Area	Target for 2019	Actual delivery in 2019
Common Fund collection rate	94.75%	95.59%
Total number of parishes signed up as members of the Parish Giving Scheme	225	216
Total EDBF Income (excluding asset sales and revaluations)	£13,442k	£13,416k
Total EDBF Expenditure (excluding capital works and asset revaluations)	£14,129k	£13,801k

Please note that the income and expenditure figures in the table above are based on EDBF's management accounts, which show net income/expenditure for some services.

**FUTURE PLANS**

The strategic aims were reviewed by Diocesan Synod in June 2019 and the review will guide where EDBF's resources are focussed over the next five years. Sadly, the Covid-19 pandemic has prevented progress being made in the early part of 2020 and the plans will need to be refreshed and recalibrated once we have a clearly idea what the post-Covid-19 future looks like (see the section on the impact of Covid-19 on pages 14 and 15).

It is important at this time to remain focussed on our key aims to make new disciples, grow in prayer and serve the people of Devon with joy. The current situation gives us the opportunity to think differently and try new things, whilst being mindful of the financial challenges that our parishes will face. Setting a budget for 2021 will be a major challenge, as the impact of Covid-19 is not yet known and cannot be easily predicted.

On a more practical level, we remain committed to submitting an application for Strategic Development Funding support in Torbay, as we look to grow the church in one of our more socially deprived areas.

**SECTION 172(1) STATEMENT**

The Trustees act in good faith to continually balance the success of EDBF against many other factors, including ensuring that:

- Business is conducted morally and ethically, in line with the EDBF's Code of Conduct;
- Short term gains do not have an adverse consequence on EDBF's long-term strategy, success and benefits;
- Employee welfare, training and interests are taken care of;
- Customer and supplier relationships are strong, mutually beneficial and comply with EDBF's policies; and

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**SECTION 172(1) STATEMENT (continued)**

- Any community and environmental impacts as a result of EDBF's operations are considered.

During the financial year, EDBF:

- Moved to making all payments by BACS, using suppliers' standard payment terms, whilst also recognising the needs of small local suppliers;
- Established an Employee Forum, with representation from across EDBF, that meets regularly with senior management; and
- Continued to follow the investment principles established by the Church of England's Ethical Investment Advisory Group, leading to EDBF divesting its holding in M&G Charifund;

**FINANCIAL REVIEW**

**Financial performance**

The Consolidated Statement of Financial Activities (page 30) for the year shows that the income (before investment gains) totalled £15.2m (2018: £15.3m) and expenditure amounted to £12.9m (2018: £14.4m) resulting in net income (before investment gains/losses) of £2.3m (2018: £0.9m). Expenditure includes a credit of £2.1m in respect of the Church of England's Funded Pension Scheme (for clergy). This credit arose as a consequence of a change to the basis of assessing the Scheme's value for the purposes of the triennial valuation of the Scheme as at 31 December 2018 (see note 27).

The net income, after allowing for net investment gains of £3.4m on investment properties and financial investments, resulted in a net increase in funds amounting to £5.7m. Total fund balances increased from £97.3m to £103.0m over the year.

At 31 December 2019 the unrestricted reserves (see Notes 21 and 22) amounted to £7.1m (2018: £3.4m).

Income from listed securities totalled £954k together with interest on cash balances of £6k. Net rental income received from glebe property amounted to £358k.

There was an aggregate gain on the revaluation of investment assets of £3.4m, based on the value at the start of the year or subsequent purchase price of £3.6m (13.7%) for listed investments and a loss of £0.2m (1.2%) for investments held as property.

**Significant Property Transactions**

Two properties were purchased during the year for an aggregate of just under £1m, both for the accommodation of vicars. Our policy continues to be:

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

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**FINANCIAL REVIEW (continued)**

**Significant Property Transactions (continued)**

In relation to the last bullet point, planning permission has been obtained for an additional house within the grounds of a parsonage (anticipated increase in value of £225k), for a replacement parsonage house as part of a larger development and for a significant extension to a parsonage house.

In addition to the repairs programme of works, £150k was invested in improving existing properties.

Two houses were sold and following a review to seek to maximise income return and to adjust the balance of EDBF's asset holdings, eight further properties were identified for sale and the relevant local consultations were undertaken.

**Balance sheet position**

The Trustees consider that the balance sheet together with details in note 22 show that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £103.0m (2018: £97.3m) it must be remembered that included in these totals are properties, mostly in use for the ministry, whose carrying value amounted to £59.3m (2018: £58.2m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot be used for the general purposes of EDBF.

**Reserves policy**

*Unrestricted reserves*

EDBF needs unrestricted reserves for the following purposes:

- a) To cover Common Fund shortfalls in the short-term;
- b) To ensure that funds are available to cover the legal employment entitlements of all employees and stipendiary clergy;
- c) To cover expenditure during the time it would take for the Diocese to adjust to a major change resulting from external and irresistible forces;
- d) To provide a fund for specific aspects of diocesan work earmarked as coming from reserves; and
- e) Excess reserves being necessary in an individual year, in line with the expectations in the long term finance plan.

The Diocese aims for an ongoing level of unrestricted reserves of 25% to 30% of annual budgeted expenditure, in order to cover items a) to c), above. Any amounts required to cover items d) and e), above, are considered on an annual basis. The unrestricted reserves as at 31 December 2019 are outside this range at 49.6% of the 2020 budgeted expenditure of £14.3m, although it should be noted that this is mainly the result of moving property assets from the designated fund to unrestricted (in order to improve the income return). EDBF also holds endowment and restricted reserves which are legally limited in use to specific purposes. Both EDBF's reserve policy and the level of reserves are reviewed annually.

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**FINANCIAL REVIEW (continued)**

*Reserves tied up in fixed assets*

The general (unrestricted) fund comprises net assets amounting to £7.1m of which £1.7m is tied up in tangible fixed assets.

*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 the intended use of the reserve is set out in note 23. At 31 December 2019 total designated reserves were £21.0m (2018: £21.7m), of which £19.6m was tied up in tangible fixed assets.

*Restricted and endowment funds*

As set out in note 21 to 23 EDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £5.5m (2018: £5.6m) and endowment funds totalled £69.4m (2018: £66.7m). Neither is available for the general purposes of EDBF.

**Grant making and donations policies**

All grants and donations are made in furtherance of EDBF's strategic aims and objectives – see note 12.

The policies on the making of principal grants are:

- Ordinands – grants for living expenses are paid to ordinands against an assessment of need in line with national policy;
- Removal and resettlement grants – grants normally covering the full cost of removal expenses and resettlement grants in line with national guidelines are available to stipendiary clergy on moving to or within the Diocese;
- Archbishops' Council – the Board continues to contribute to the various costs of the national church as requested; and
- Strategic Development Fund – grants made from this fund relate to grants received from the Archbishops' Council for specific projects.

All grants are taken into account when a non-cancellable commitment to pay has arisen.

**Investment policy**

All investments held by EDBF have been acquired under powers available to the Trustees.

The investment of diocesan funds aims to achieve the income requirements of the diocesan budget, whilst maintaining, so far as possible, the purchasing power of the investments, year-on-year. Investment decisions will take account of the ethical considerations implicit in investing on behalf of the Diocese.

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**FINANCIAL REVIEW (continued)**

**Investment policy (continued)**

	<b>Funds at 31 December 2019 £'000</b>	<b>Proportion of Portfolio</b>	<b>Income yield in year</b>	<b>Total Return in year</b>
CCLA Managed				
CBF Investment Fund	25,827	86.1%	3.19%	+22.82%
CBF Property Fund	2,865	9.6%	4.37%	+1.82%
CBF Deposit Fund	1,283	4.3%	0.59%	+0.59%
Other Funds	5	0%		
	<u>29,980</u>	<u>100.0%</u>		

EDBF also holds investment properties, in the form of three commercial properties and historic glebe land and property. These are all held within the Diocesan Stipends Capital Account (see notes 21 – 23).

	<b>Funds at 31 December 2019 £'000</b>	<b>Income yield in year</b>	<b>Total Return in year</b>
Investment Properties	14,107	2.54%	1.29%

**Operational relationships**

EDBF fosters relationships with the Parishes across the Diocese, through the provision of clergy, support and training and by engaging with them where it is important to obtain their views, a recent example being the Common Fund consultation. EDBF fosters relationships with suppliers by seeking to work with them to build mutually beneficial relationships and by paying invoices within agreed credit terms.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees are responsible for the identification, mitigation and or management of risk and have carried out a formal risk management process to assess business risks and to implement risk management strategies.

To help achieve this, a register of all the risks identified is maintained (the Risk Register) and, alongside it, a management and mitigation strategy formed. This is reviewed annually by the Trustees.

The above process has been delegated to the Assets Group with the responsibility for delivery of the mitigation identified by the annual review being delegated to the Diocesan Director of Finance.

The Risk Register identifies the types of risks that EDBF faces, prioritising them in terms of potential impact and likelihood of occurrence, and the means of mitigating them. The Assets Group in conjunction with officers keep under review known risks and seek to identify new circumstances which may pose a risk to EDBF as part of their ongoing work.

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**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

The risks will be fully reviewed in the light of the current Covid-19 pandemic, although they are currently being reviewed by a small group on a monthly basis.

In addition to the Covid-19 considerations, the current principal risks and the steps taken by senior management to mitigate them are as follows:

- EDBF becoming responsible for (multiple) church buildings where there is no longer a PCC;
  - Through Growing the Rural Church initiative and pastoral reorganisation, the Church Buildings Strategy group ensures that information and support is available for the extended use of church buildings.
- Affordability of Pension Scheme Deficits (both clergy and lay);
  - Actuarial valuations (quantifies scale of risk)
  - Review of affordability by EDBF
  - Review of staff terms and conditions (lay)
  - National lobbying (clergy)
- Unexpected departure or protracted unavailability of a key member of management team;
  - Members of staff have been trained to a level where should this situation arise, there is resource available to cover key areas of responsibility
  - Annual appraisals and regular one to one meetings provide support and high level communication
  - Pastoral care and counselling services are available to all members of staff
- A continuing fall in the number of people within our worshipping communities;
  - Clear statement of our vision and strategy is constantly reinforced by the Bishops and the senior leadership team
  - Provision of additional diocesan-wide support through the new Lay Discipleship project and the Mission Community Development Team
  - A number of mission initiatives have been adopted to encourage and improve participation in church life, with support through Strategic Development Funding
- A stock market collapse;
  - EDBF's portfolio is diversified to help minimise risk
  - A statement of Investment Principles was adopted in January 2015
  - Regular review of the financial position is performed by the Assets Group
- Claims under child protection and safeguarding legislation (including schools);
  - Risks are minimised through an up-to-date, comprehensive Safeguarding policy and training, backed by appropriate insurance policies

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**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

- Disclosure & Barring Service checks are carried out on appropriate staff and volunteers
- Insufficient people with the necessary qualities offering themselves for ministerial training;
  - Increased provision through Vocations Development Officer, backed by a team of voluntary vocations advisers
  - National drive to encourage younger vocations
- Failure of multi-academy trusts;
  - St Christopher's MAT set-up as standalone company
  - EDBF protected from financial failure through the oversight and ownership of any issues by EDEN
  - Maintain a strong network of MAT CEOs with transparent communication and best practice shared

Four additional risks in relation to IT and data security have also been identified as risks which now have a higher residual risk score:

- Software corruption or loss of data integrity;
  - Contracts with IT consultant and external support provider
  - Regular software updates, firewall and virus protection
  - IT policies and password controls and IT policies
- Theft of data (hacking, denial of service attacks, etc.);
  - Contracts with IT consultant and external support provider
  - Regular software updates, firewall and virus protection
  - IT policies and password controls and IT policies
- Unauthorised access to network systems and inappropriate use of public Wi-Fi;
  - Provision of basic public network
  - Procedures for access to public Wi-Fi
  - Passwords changed regularly
- Security risk associated with "Bring Your Own Device" and access to emails on non-diocesan equipment.
  - Working towards solely using diocesan IT equipment for home working

The trustees are satisfied that all major risks have been reviewed and systems or procedures have been established to manage these risks.



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**COVID-19 FINANCIAL UPDATE**

The impact of the Covid-19 global pandemic started to be felt within the Diocese of Exeter in the second half of March 2020. Following national government guidance our offices were closed with effect from 23 March 2020, with all staff working from home. At the time of writing (June 2020), a partial re-opening of the offices is planned for September 2020.

The first priority was to ensure the safety of our staff, so significant time was invested in enabling staff to work remotely. This went remarkably smoothly, despite encountering local problems with internet connectivity in some locations. After an initial settling in period, the majority of staff have been able to work successfully from home, making use of Zoom for both internal and external meetings.

In the early days of the national lockdown, EDBF saw an initial drop in many people's workloads, so was able to take advantage of the government's Job Retention Scheme (Furlough), with 40% of employees being placed in the scheme. The Senior Management Team continued to meet remotely each week to review the situation and plan the appropriate response to what seemed to be daily changes in the early days of the lockdown.

The Finance team focussed on the anticipated impact of the pandemic on EDBF's income, recognising that 70% comprises Common Fund contributions from our parishes, who would themselves be affected by the consequences of the lockdown. Significant time was invested in reviewing the cashflow projections and modelling possible scenarios, to come up with a set of working assumptions, which were initially reviewed on a weekly basis and subsequently monthly. The initial cashflow projections showed that cash could become an issue in the second half of 2020 without some action being taken.

The following steps were taken to address the potential shortfall in the second half of 2020:

- The Archbishops' Council agreed to pay the remaining balance of the 2020 Lowest Income Communities funding support due for the remainder of the year to the qualifying dioceses (which includes Exeter) in advance;
- The government's Job Retention Scheme (Furlough) was used where possible;
- All non-essential spending on clergy housing properties was paused; and
- The NatWest bank was approached to provide loan funding support under the government's scheme, with a facility of £2m being subsequently secured as short term cashflow support to avoid having to sell properties.

It is still too early to predict the impact on PCC finances and therefore parishes' ability to continue making the requested Common Fund contributions. The early signs were very positive, although those with a greater reliance on local collections and fund raising are likely to struggle more than those with a higher proportion of regular giving through the bank by standing order or direct debit. The impact of the lockdown is expected to increase as restrictions stay in place on opening church buildings and church halls. The impact of various reduced levels of income have been fully modelled.

Whilst there was an initial sharp fall in the value of EDBF's investments, at the time of writing this report these have recovered to now only be 2.9% below the 31 December 2019 value. EDBF has so far not seen any impact on property values.

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**COVID-19 FINANCIAL UPDATE (continued)**

Prior to the Covid-19 pandemic, EDBF had earmarked 8 properties as being available for sale, and a number were under offer. Following an initial freeze on all property transactions by the government, all of those where offers were received have now moved to exchange of contracts or completion, which has significantly helped the cashflow position.

Planning a budget for 2021 will prove incredibly challenging, as the full impact on 2020 will not be known until later in the year. The Bishop's Diocesan Council and Diocesan Synod will therefore be asked to approve an interim budget in the autumn of 2020, with a further opportunity to review this in early 2021. Whilst many challenges lie ahead for EDBF, the short term measures already taken mean there are currently no concerns about the immediate viability of the company.

**STRUCTURE AND GOVERNANCE**

**Summary information about the structure of the Church of England**

The Church of England is the established church and HM The Queen is the 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 that 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 representations from each diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each diocese, overall leadership lies with the Diocesan Bishop, who exercises that responsibility as bishop within the Diocesan Synod. The Diocese of Exeter is itself divided into twenty-two deaneries, each with its own synod and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each diocese to seek support from and application for partnership with neighbouring dioceses.

**Organisational structure**

EDBF is a company limited by guarantee (No. 00186001) and a registered charity (No. 249798) 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 Exeter. It was established in its present form in 1922 and is successor in title to the Exeter Diocesan Trustees.

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**STRUCTURE AND GOVERNANCE (continued)**

**Organisational structure (continued)**

Governance and policy of EDBF is the responsibility of the trustees, who are also members of the company and trustees for the purposes of charity law.

The trustees/directors of EDBF can comprise:

- Eleven ex-officio members consisting of the diocesan and two suffragan bishops, the dean, four archdeacons and the chairs of the Synod House of Clergy and Synod House of Laity and the Chair of the Board;
- Four clergy elected from the house of clergy from among their number on the basis of one per archdeaconry;
- Eight lay persons elected by members of the house of laity on the basis of two per archdeaconry; and
- A minimum of three and a maximum of five members nominated by the diocesan bishop.

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 Staff Team. The Synod membership is elected every three years, with the current members elected to take office from 1 August 2018. Whilst EDBF 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 EDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

**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 Exeter are set by the Diocesan Synod and EDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary.

EDBF meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by EDBF.

The Trustees, meeting within the context of the Bishop's Diocesan Council, hold up to six meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

- Initiating proposals for action by the Synod and advising it on matters of policy;
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders;
- Acting as the Trustees of EDBF;
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion;

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**STRUCTURE AND GOVERNANCE (continued)**

**Decision making structure (continued)**

- Advising the Bishop on any matters he may refer to the committee;
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership;
- Carrying out such other functions as the Synod delegates to it; and
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

Other than the Board's Standing Committee, which may make urgent decisions on behalf of the Board between meetings and has responsibility for staffing and personnel matters, EDBF has the following sub committees, each of which have written terms of reference:

*Assets Group*

This Group has responsibility for monitoring all diocesan income and expenditure and the investment and protection of assets.

*The Bishop's Strategy Group*

This Group is comprised of the Bishop's Staff Team and members of the Senior Management Team, who attend as required, depending on the subject matter. The Group has a strategic focus and the subjects discussed are in line with the Diocesan Vision & Strategy. The Group's decisions will be directed by the Board and Bishop's Diocesan Council in accordance with the policies agreed by the Diocesan Synod. The Group is also responsible for considering and advising the Board on key financial considerations and the annual budget setting process.

In addition to these sub-committees EDBF is assisted in its work by the following other committees:

*Exeter Diocesan Board of Education*

The Board which has responsibility for 67 academies, 31 voluntary aided and 35 voluntary controlled schools across the Diocese, provides pastoral and professional support to all its schools and has particular commitment to enhancing the provision for religious education, collective worship and the spiritual, moral, social and cultural development of all pupils.

*Parsonages Committee*

This committee, which has the same membership as the Assets Group, is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting policy for buying, repairing, maintaining and any disposal of parsonage houses, team vicarages and houses owned by EDBF. There are four archidiaconal parsonage committees which exercise delegated powers for the day to day decisions on clergy housing.

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**STRUCTURE AND GOVERNANCE (continued)**

*Glebe Committee*

This committee, which has the same membership as the Assets Group, is responsible for determining policy and making decisions concerning the management of glebe property and investments for the benefit of the diocesan stipends fund.

*Diocesan Mission and Pastoral Committee*

This committee, which has the same membership as the Bishop's Diocesan Council and the Trustees of EDBF, is responsible for the reorganisation of parishes, benefices, church buildings, deaneries and archdeaconries, taking account of available clergy numbers and making use of new patterns of ministry.

*Diocesan Advisory Committee for the Care of Churches*

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

*Exeter Diocesan Board of Patronage*

The Board is constituted under the provisions of the Patronage (Benefices) Measure 1986 and is sole patron or joint patron of a number of benefices.

*Church Building Strategy Committee*

This committee carries out statutory functions with regard to churches, which either have been closed for regular worship, or where that option is being considered.

*Vacancy in See Committee*

This committee under the Vacancy in See Regulations 1993 (as amended) assumes certain responsibilities in the event of any vacancy in the post of diocesan bishop.

**Diocesan Synod**

The Diocese of Exeter has its origins in the creation of a diocese for Devon in 909AD and took broadly its present form in 1877 when the Diocese of Truro was created as a separate diocese. The ecclesiastical boundaries of the Diocese equate almost exactly to the county of Devon, which covers an area of 6,707 square kilometres (2,589 square miles). Devon is predominantly rural, with two major moorland areas, but also includes the two cities of Plymouth and Exeter and the urban area of Torbay. The overall resident population of the county is 1.15 million, with the north and south coastal areas attracting many tourists in the summer months.

The governance of the Diocese provides for elected clergy and lay members alongside the Bishop in Diocesan Synod, which also includes ex-officio members such as Suffragan Bishops, Archdeacons and the Dean, as well as co-opted members appointed for their skill or experience. Diocesan Synod is presided over by the Diocesan Bishop. Its role is to:

- Consider matters affecting the Church of England in the Diocese;

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**STRUCTURE AND GOVERNANCE (continued)**

**Diocesan Synod (continued)**

- Act as a forum for debate of Christian opinion on matters of religious or public interest;
- Advise the Diocesan Bishop where requested;
- Deal with matters referred to it by General Synod; and
- Provide for the finances of the Diocese through EDBF.

**At archdeaconry and deanery levels**

The Diocese consists of 489 parishes arranged into 22 deaneries within the four archdeaconries of Exeter, Totnes, Barnstaple and Plymouth. Within these parishes there are 596 Church of England places of worship in the Diocese, the 4<sup>th</sup> highest number in England.

Each deanery has a Synod consisting of a house of clergy and a house of laity. The Synod is chaired jointly by the Lay Chair, elected by the lay members from among their number, and the Rural Dean, who is appointed by the clergy and commissioned by the Diocesan Bishop.

The role of the Deanery Synod is to:

- Give effect to the decisions made by Diocesan Synod;
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- Act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- Raise with Diocesan Synod such matters as it considers appropriate; and
- Elect members of the deanery to Diocesan Synod and of the Diocese to General Synod.

**Mission Communities**

Whilst Mission Communities are a central part of the structure and governance of the Diocese they are not of themselves, legal entities.

Mission Communities will vary from place to place, but will usually involve 150 or more worshiping adults, together with children and young people, in order to form a critical mass. The commitment to work together may be formalised as a united benefice, as a single parish, as a team ministry, or be expressed through a looser partnership.

Each Mission Community is encouraged to have a Mission Action Plan. This should be a working document which helps the local church look outwards, to grow in prayer, to make new disciples and to serve the people of Devon with joy.

**At a parish level**

Each ecclesiastical parish has a Parochial Church Council (PCC), whose members include the local parochial clergy, locally elected members of the Diocesan and Deanery Synods, the Churchwardens, a number of elected representatives and, possibly, a small number of co-opted members. Its members are trustees and therefore have trustee responsibilities.

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**STRUCTURE AND GOVERNANCE (continued)**

**At a parish level (continued)**

Under current charity law, PCC's with an income of under £100,000 a year are classified as charities but excepted from registration with the Charity Commission. PCC's with an income in excess of £100,000 in any year are required to register as charities with the Charity Commission. The financial transactions and balances of PCC's are not reflected in these financial statements.

**Exeter Cathedral**

The Cathedral is the seat of the Bishop and a centre of worship, teaching and mission. It has its own separate legal charitable constitution and prepares its own financial statements, copies of which may be obtained from the Cathedral Office, 1 The Cloisters, Exeter, EX1 1HS. Exeter Cathedral does not form part of EDBF group for accounting purposes.

**Trustee recruitment, selection and induction**

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the beginning of each three year term (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 terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest.

**Standing Committee of the Exeter Diocesan Board of Finance**

Emoluments of senior employees are determined by the Standing Committee of the Bishop's Council, consisting of the Chair of EDBF, the Diocesan Secretary (non-voting), and up to four other Directors (normally the Chairs of the three Houses of Synod or their deputies, plus one further member elected by EDBF).

The terms of reference for this group is established by the Bishop's Diocesan Council and include: agreeing the annual increases in salaries for all lay staff; considering and determining changes in the grading of any lay staff; to respond to requests from staff to alter working hours, levels of responsibility or other elements of their employment contract; to make recommendations regarding staffing levels, needs or problems in any area; to assess options and proposals for structural changes in the way in which EDBF operates; and to take decisions on behalf of EDBF on matters which must be decided urgently and for which it is impossible for the normal processes to apply.

**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 his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of EDBF in accordance with the policies framed by the Trustees.

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**STRUCTURE AND GOVERNANCE (continued)**

**Funds held as Custodian Trustee**

EDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are PCCs and others. These assets are not aggregated in the financial statements as they do not form part of EDBF's assets. They are segregated from EDBF's own assets in separate bank and investments accounts and are accounted for separately.

Further details of financial trust assets, whose market value amounted to £21.7m at 31 December 2019 (2018: £18.9m), are available from EDBF on request, and are summarised in note 30. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by EDBF's solicitor, Stephens Scown LLP.

**Funds held on behalf of schools**

The Board of Education (as incorporated within EDBF) 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 amounts included in creditors as at 31 December 2019 were:

- £887,000 (2018: £1,041,000) received from governors and the Department for Education in advance of repairs and improvements to schools, held in the general bank account; and
- £542,000 (2018: £507,000) held in a separate CCLA deposit account on behalf of the governors of Church of England schools in respect of building funds devolved from the Department for Education.

The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1.4m and £2.3m respectively in 2019 (2018: £3.1m and £3.1m). The Excess expenditure over income in the year is due to the timing of receipt of funding (mainly in advance) in the previous year for school capital projects.

**TRUSTEES' RESPONSIBILITIES**

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

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



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**TRUSTEES' RESPONSIBILITIES (continued)**

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP 2019 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent charitable company will continue in operation.

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

**STATEMENT OF DISCLOSURE TO THE AUDITORS**

In so far as the Trustees are aware:

- a) There is no relevant audit information of which EDBF's auditor is unaware; and
- b) The Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that EDBF's auditor is aware of that information.

**APPOINTMENT OF AUDITORS**

The re-appointment of Bishop Fleming LLP as auditors to EDBF will be proposed at the Annual General Meeting.

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**ADMINISTRATIVE DETAILS**

**Trustees**

The Trustees and Directors of EDBF are either ex-officio, nominated, elected or appointed as detailed in the standing orders of Exeter Diocesan Synod, a copy of which can be inspected at EDBF's registered office. The following were directors throughout the year (unless otherwise stated):

*Ex officio*

The Rt Rev Robert Atwell, Lord Bishop of Exeter  
The Rt Rev Nicholas McKinnel, Bishop of Plymouth  
The Rt Rev Jacqueline Searle, Bishop of Crediton  
The Ven Andrew Beane, Archdeacon of Exeter (from 25 September 2019)  
The Ven Mark Butchers, Archdeacon of Barnstaple  
The Ven Douglas Dettmer, Archdeacon of Totnes  
The Ven Christopher Futcher, Archdeacon of Exeter (until 31 July 2019)  
The Ven Nicholas Shutt, Archdeacon of Plymouth (from 18 June 2019)  
The Very Rev Jonathan Greener, Dean of Exeter  
The Rev Preb Michael Partridge (Chair, House of Clergy)  
Mr Giles Frampton (nominated by the Bishop as Chair)  
Mrs Annie Jefferies (Chair, House of Laity)

*Appointed by the Bishop*

The Rev Preb Simon Franklin  
Mr Robert Mills (Vice Chair)  
The Rev Jacqueline Taylor (from 1 September 2019)  
The Rev Canon Dr Michael Williams (Vice Chair)  
Dr Michael Wykes

*Elected by Barnstaple Archdeaconry*

Mrs Marguerite Shapland  
Mr Raymond Shapland  
The Rev Samantha Stayte

*Elected by Exeter Archdeaconry*

Mrs Antoinette Foreman  
The Rev Edward Hobbs  
Mr Philip Mumby

*Elected by Plymouth Archdeaconry*

The Rev David Bailey  
Mr Michael Jefferies  
Mr Julian Payne

*Elected by Totnes Archdeaconry*

Ms Hannah Dunn  
The Rev William Hazlewood  
Mr Stephen Macey

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**ADMINISTRATIVE DETAILS (continued)**

**Senior staff and advisers**

Diocesan Secretary	Stephen Hancock
Assistant Diocesan Secretary	Ed Moffatt
Director of Mission & Ministry	Philip Sourbut
Director of Education	John Searson
Director of Finance and Company Secretary	Neil Williams
Director of People & Safeguarding	Anthea Carter-Savigear
Director of Property	Graham Davies
Director of Communications (from 11/02/19)	Chloe Axford
Director of Church & Society (until 04/01/19)	Martyn Goss
Strategic Programme Manager	Rafael Krasnodebski
Operations Manager	Annemarie Kendell

Registered Office:	The Old Deanery The Cloisters Exeter. EX1 1HS
Bankers:	NatWest Bank plc 59 High Street Exeter. EX4 3DP
Auditors:	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor, Stratus House, Emperor Way, Exeter Business Park Exeter. EX1 3QS
Solicitors:	Stephens Scown LLP Curzon House Southernhay West Exeter. EX1 1RS
Investment advisers:	CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London. EC4V 4ET
Insurers:	Ecclesiastical Insurance Group plc Montpellier House Montpellier Gloucester. GL1 1LF

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**ADMINISTRATIVE DETAILS (continued)**

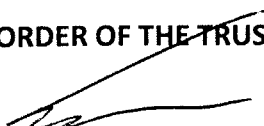
The directors and trustees of the Board's subsidiary undertakings who served throughout the year (unless otherwise stated) were as follows:

**DIRECTORS OF EDPS LIMITED**

Mr Giles Frampton (Chair)  
Mrs Jan Keliher  
The Rev Canon Dr Michael Williams  
Mr Neil Williams

In approving this Annual Report, the Trustees are also approving the Strategic Report included on pages 3 – 15 within their capacity as company directors.

**BY ORDER OF THE TRUSTEES**



Giles Frampton  
Chair  
7 July 2020



Michael Williams  
Vice Chair

**The Exeter Diocesan Board of Finance Limited**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EXETER DIOCESAN BOARD OF FINANCE LIMITED**

We have audited the financial statements of the Exeter Diocesan Board of Finance Limited (the 'parent charitable company') and its subsidiaries ('the group') for the year ended 31 December 2019 which comprise the consolidated statement of the financial activities, the consolidated income and expenditure account, the consolidated and EDBF balance sheets, the consolidated cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom 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 group's and the parent charitable company's affairs as at 31 December 2019, and of the groups incoming resources and application of resources, 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 of 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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:

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EXETER DIOCESAN  
BOARD OF FINANCE LIMITED (continued)**

- 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 group's or parent 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 annual report and consolidated financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- The information given in the trustees' report (incorporating 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EXETER DIOCESAN BOARD OF FINANCE LIMITED (continued)**

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 parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made;
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 21 and 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent 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 group or the parent 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**

We have been appointed auditors under the Companies Act 2006 and report in accordance with this Act.

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.

**The Exeter Diocesan Board of Finance Limited  
Annual Report & Consolidated Financial Statements  
For the year ended 31 December 2019**

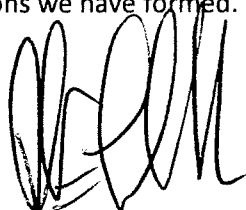
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EXETER DIOCESAN  
BOARD OF FINANCE LIMITED (continued)**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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 group and its members as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Borton FCA DChA (Senior Statutory Auditor)

For and on behalf of:

Bishop Fleming LLP, Chartered Accountants & Statutory Auditors

2nd Floor, Stratus House, Emperor Way, Exeter Business Park, Exeter, EX1 3QS

16 September 2020



**The Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
**For the year ended 31 December 2019**

**CONSOLIDATED STATEMENT OF THE 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
<b>Income and endowments from</b>							
Donations	2						
Parish contributions		9,079	-	-	-	9,079	9,060
Archbishop's Council		95	-	1,265	-	1,360	1,385
Other donations		217	-	1,012	-	1,229	734
Charitable activities	3	716	-	40	-	756	824
Other trading activities	4	1,437	-	-	-	1,437	1,483
Investments	5	339	-	979	-	1,318	1,388
Other	6	-	-	-	-	-	460
<b>Total income and endowments</b>		<b>11,883</b>	<b>-</b>	<b>3,296</b>	<b>-</b>	<b>15,179</b>	<b>15,334</b>
<b>Expenditure on</b>							
Costs of raising funds	7	212	-	49	-	261	290
Charitable activities	8	9,204	(18)	3,456	-	12,642	14,095
Other	9	-	-	2	-	2	-
<b>Total expenditure</b>		<b>9,416</b>	<b>(18)</b>	<b>3,507</b>	<b>-</b>	<b>12,905</b>	<b>14,385</b>
<b>Net income/(expenditure) before investment gains</b>		<b>2,467</b>	<b>18</b>	<b>(211)</b>	<b>-</b>	<b>2,274</b>	<b>949</b>
Net gain/(loss) on investments	17	908	(2)	298	2,237	3,441	(405)
<b>Net income/(expenditure)</b>		<b>3,375</b>	<b>16</b>	<b>87</b>	<b>2,237</b>	<b>5,715</b>	<b>544</b>
<b>Transfers between funds</b>	14	<b>378</b>	<b>(665)</b>	<b>(200)</b>	<b>487</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>3,753</b>	<b>(649)</b>	<b>(113)</b>	<b>2,724</b>	<b>5,715</b>	<b>544</b>
<b>Total funds brought forward</b>		<b>3,397</b>	<b>21,672</b>	<b>5,566</b>	<b>66,675</b>	<b>97,310</b>	<b>96,766</b>
<b>Total funds carried forward</b>	21	<b>7,150</b>	<b>21,023</b>	<b>5,453</b>	<b>69,399</b>	<b>103,025</b>	<b>97,310</b>

All activities derive from continuing activities. The notes on pages 35 to 78 form part of the financial statements.

**The Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
**For the year ended 31 December 2019**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 2019**

	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
<b>Total incoming resources</b>	15,179	15,322
<b>Resources expended</b>	12,905	14,385
<b>Operating surplus/(deficit) for the year</b>	2,274	937
Net gain/(loss) on investments	1,204	(165)
<b>Net income for the year</b>	3,478	772
<b>Other comprehensive income:</b>		
Net assets transferred from/(to) endowments	(487)	112
<b>Total comprehensive income</b>	2,991	884

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 Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
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**CONSOLIDATED AND EDBF BALANCE SHEETS**  
**At 31 December 2019**

*Company Number – 186001*

		2019		2018	
	Note	Group £'000	EDBF £'000	Group £'000	EDBF £'000
<b>FIXED ASSETS</b>					
<i>Intangible Assets</i>	15	6	6	9	9
<i>Tangible assets</i>	16	59,561	59,561	58,441	58,441
<i>Investments</i>	17	44,088	44,088	40,912	40,266
<b>Total fixed assets</b>		103,655	103,655	99,362	98,716
<b>CURRENT ASSETS</b>					
<i>Debtors</i>	18	1,530	1,561	2,203	2,225
<i>Cash on deposit</i>		34	34	34	34
<i>Cash at bank and in hand</i>		1,103	1,017	2,030	1,947
<b>Total current assets</b>		2,667	2,612	4,267	4,206
<b>CREDITORS: amounts falling due within one year</b>	19	(1,542)	(1,496)	(1,681)	(1,629)
<b>NET CURRENT ASSETS</b>		1,125	1,116	2,586	2,577
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		104,780	104,771	101,948	101,293
<b>CREDITORS: amounts falling due after one year</b>	20	(224)	(224)	(257)	(257)
<b>NET ASSETS excluding Pension Liability due after one year</b>		104,556	104,547	101,691	101,036
<i>Defined Benefit Pension scheme liabilities</i>	20	(1,531)	(1,531)	(4,381)	(4,381)
<b>TOTAL NET ASSETS</b>		103,025	103,016	97,310	96,655
<b>FUNDS</b>					
<b>Endowment funds</b>					
<i>(Including investment revaluation reserve of £18,657k (2018: £17,134k))</i>		69,399	69,399	66,675	66,029
<b>Restricted income funds</b>					
<i>(Including investment revaluation reserve of £1,024k (2018: £725k))</i>		5,453	5,453	5,566	5,566
<b>Unrestricted income funds:</b>					
<i>General Funds (Including investment revaluation reserve of £2,960k (2018: £2,051k))</i>		7,141	7,141	3,388	3,388
<i>Designated Funds (Including investment revaluation reserve of (£2k) (2018: (£1k))</i>		21,023	21,023	21,672	21,672
<i>Trading subsidiary</i>		9	-	9	-
<b>TOTAL CHARITY FUNDS</b>	22	103,025	103,016	97,310	96,655

**The Exeter Diocesan Board of Finance Limited  
Annual Report & Consolidated Financial Statements  
For the year ended 31 December 2019**

**CONSOLIDATED AND EDBF BALANCE SHEETS (continued)  
At 31 December 2019**

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The Cash Flow Statement and the notes on pages 35 to 78 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 7 July 2020 and signed on behalf of the Board by:



**Giles Frampton  
Chair of the Board**

**The Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
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**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 December 2019**

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Net cash inflow/(outflow) from operating Activities</b>		(2,632)		(1,664)
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	2,486		2,546	
Proceeds from the sale of:				
Tangible fixed assets	278		751	
Fixed asset investments	4,085		-	
Purchase of:				
Tangible fixed assets for the use of the EDBF	(1,174)		(1,957)	
Fixed asset investments	(4,085)		-	
<b>Net cash provided by/(used in) investing Activities</b>		1,590		1,340
<b>Cash flows from financing activities</b>				
Loans repaid by the EDBF	(35)		(34)	
New lending by EDBF	(125)		(109)	
Loans repaid to EDBF	275		102	
<b>Net cash provided by/(used in) financing Activities</b>		115		(41)
<b>Change in cash and cash equivalents in the reporting period</b>		(927)		(365)
<b>Cash and cash equivalents at 1 January</b>		2,064		2,429
<b>Cash and cash equivalents at 31 December</b>		1,137		2,064
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>				
<b>Net movement in funds for the year ended 31 December</b>		2,274		949
<b>Adjustments for:</b>				
Depreciation charges		42		35
Dividends, interest and rent from investments		(2,486)		(2,546)
Surplus/(deficit) on sale of functional assets		2		(460)
Decrease/(increase) in debtors		523		542
(Decrease)/increase in creditors		(2,987)		(184)
<b>Net cash provided by/(used in) operating activities</b>		(2,632)		(1,664)
<b>Analysis of cash and cash equivalents</b>				
Cash in hand		1,103		2,030
Notice deposits (less than 3 months)		34		34
		1,137		2,064

**The Exeter Diocesan Board of Finance Limited**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019 (FRS 102)), the Companies Act 2006 and applicable accounting standards (FRS 102) (effective 1 January 2019).

EDBF meets the definition of a public benefit entity under FRS 102. It is a company limited by guarantee and is constituted under a memorandum and articles of association. The company is also a registered charity. The address of the registered office is given in the administrative details on page 24. The nature of the charity's operations and its principle activities are set out in the annual report.

These financial statements consolidate the results of the company and its wholly owned subsidiaries (see Note 33) on a line by line basis. A separate Statement of Financial Activities and income and expenditure account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

The principle accounting policies and estimation techniques are as follows:

**a) Income**

All income is included in the Statement of Financial Activities (SOFA) when EDBF is legally entitled to the income or capital respectively, ultimate receipt is more likely than not and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Common Fund (Parish contributions)** is recognised as income of the year in respect of which it is receivable, with a cut-off date of 29 February 2020 for the 2019 year.
- ii) **Rental income** is brought into the accounts when receivable.
- 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) **Statutory Parochial fees** are recognised as income of the year to which they relate with a cut-off date of 29 February 2020 for the 2019 year.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the EDBF'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 resources expended.

**The Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
**For the year ended 31 December 2019**

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

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**1. ACCOUNTING POLICIES (continued)**

**b) Expenditure**

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

- i) **Expenditure on raising funds** are constrained to costs relating to the investment management costs of glebe and any other investment properties and the running costs of EDPS Ltd, EDBF's trading subsidiary.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure on education and Church of England schools in the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient, except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of EDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** EDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pension Scheme (see note 27). The pension costs charged as resources expended represent EDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which EDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year, with any adjustments required reflected in the SOFA.
- vi) **Irrecoverable VAT** is charged as a cost against the activity for which the expenditure was incurred.

**c) Tangible fixed assets and depreciation**

*Freehold properties*

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. EDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence.

**The Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

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**1. ACCOUNTING POLICIES (continued)**

**c) Tangible fixed assets and depreciation (continued)**

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 original value of the related loan at the balance sheet date.

*Investment properties*

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

*Parsonage houses*

EDBF 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. EDBF 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 historic cost value.

**d) Other tangible fixed assets**

All capital expenditure over £1,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Motor vehicles	25% per annum	reducing balance basis
Fixtures and fittings	10% per annum	straight line basis
Equipment	25% per annum	straight line basis
Telephone system	10% per annum	straight line basis
Photovoltaic panels	4% per annum	straight line basis

- e) Fixed asset investments** are included in the balance sheet at fair value and the gain or loss taken to the Statement of Financial Activities. The investments in the subsidiary undertaking are valued at cost less any provisions for impairment.



**The Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

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**1. ACCOUNTING POLICIES (continued)**

- f) Leases.** EDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.
- g) Debtors.** Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.
- h) Cash at bank and in hand and cash on deposit.** Cash at bank and in hand and cash on deposit includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening.
- i) Creditors and provisions.** Creditors and provisions are recognised where the charity 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.
- j) Financial instruments.** EDBF only has material financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**k) Fund balances**

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

- **Unrestricted funds** are EDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of EDBF. There are two types of unrestricted funds:
  - **General funds** which EDBF intends to use for the general purposes of EDBF; and
  - **Designated funds** set aside out of unrestricted funds by EDBF 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 or group as a capital fund. In the case of the endowment funds administered by EDBF (Stipends Fund Capital, Benefice Properties and Schools), 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

**The Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

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**1. ACCOUNTING POLICIES (continued)**

provision for expenditure of capital are classified as permanent endowment.

Trusts where EDBF 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.

- l) Preparation of the accounts on a going concern basis.** Having undertaken a review of the impact of the Covid-19 pandemic (see Strategic Report, pages 14 and 15), the Trustees have no concerns about the ability of EDBF to meet its liabilities and on that basis the company is a going concern.
- m) Significant accounting estimates.** The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

**Revaluation of investment properties**

EDBF carries its investment property at fair value, with changes in fair value being recognised in the Statement of Financial Activities. Commercial investment properties are revalued each year by an independent valuation specialist. Glebe property is revalued by an independent valuation specialist every five years, with annual reviews of fair value made by management with reference to appropriate indices, or to reflect any changes in the status of the property.

**Pension and other post-employment benefits**

The liabilities in respect of defined benefit pension schemes and other pension related provisions are determined using actuarial calculations. The calculations involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

**Depreciation of freehold properties**

The board does not depreciate its freehold properties as it judges any depreciation charge to be immaterial on the basis of the long life of the asset and high residual value on the basis of the board policy of regular maintenance. The board carries out an annual impairment review.

**Benefice houses recognition**

Benefice houses are legally vested in the incumbent of the benefice. However the board recognises these as functional assets of the board on the basis that the board carries both obligations in terms of maintenance and improvement and beneficial entitlements of ownership.

**The Exeter Diocesan Board of Finance Limited**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**2. DONATIONS**

**Parish Contributions**

The majority of donations are collected from the parishes of the Diocese through the common fund system.

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Current Year assessments	9,377	-	-	-	9,377	9,323
Shortfall in contributions	(414)	-	-	-	(414)	(414)
	<u>8,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,963</u>	<u>8,909</u>
Receipts for previous years	116	-	-	-	116	151
Total Income	<u>9,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,079</u>	<u>9,060</u>

Current year common fund receipts represent 95.59% of the total assessed (2018: 95.68%).

**Archbishop's Council**

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Lowest Income	-	-	1,265	-	1,265	1,280
Communities Funding						
Transitional funding	95	-	-	-	95	105
	<u>95</u>	<u>-</u>	<u>1,265</u>	<u>-</u>	<u>1,360</u>	<u>1,385</u>

The Lowest Income Communities Funding is the annual grant for either supporting specific parish mission and development projects or for clergy stipends.

**The Exeter Diocesan Board of Finance Limited**  
**Annual Report & Consolidated Financial Statements**  
**For the year ended 31 December 2019**

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

**2. DONATIONS (continued)**

**Other donations and grants**

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2019	2018
					£'000	£'000
All Churches Trust Grant	180	-	-	-	180	191
Donations and grants	37	-	781	-	818	396
Resourcing Ministerial Education	-	-	231	-	231	147
	<u>217</u>	<u>-</u>	<u>1,012</u>	<u>-</u>	<u>1,229</u>	<u>734</u>

**3. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2019	2018
					£'000	£'000
Statutory fees	591	-	-	-	591	665
Chaplaincy income	35	-	40	-	75	56
Feed in/Export Tariffs						
- PV panels	26	-	-	-	26	33
Course/training fees	24	-	-	-	24	44
Miscellaneous income	40	-	-	-	40	26
	<u>716</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>756</u>	<u>824</u>

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2019	2018
					£'000	£'000
Housing income	1,155	-	-	-	1,155	1,145
Other rental income	13	-	-	-	13	13
Trading – EDPS Ltd	269	-	-	-	269	325
	<u>1,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,437</u>	<u>1,483</u>

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**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2019	Total funds 2018
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividends receivable	333	-	621	-	954	1,009
Interest receivable	6	-	-	-	6	5
Rents receivable	-	-	358	-	358	374
	<u>339</u>	<u>-</u>	<u>979</u>	<u>-</u>	<u>1,318</u>	<u>1,388</u>

**6. OTHER INCOMING RESOURCES**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2019	Total funds 2018
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Gains on sale of: Properties	-	-	-	-	-	460
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460</u>

**7. COSTS OF RAISING FUNDS**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2019	Total funds 2018
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Glebe agents' fees	-	-	34	-	34	36
Other glebe expenses	24	-	15	-	39	57
Trading activities – EDPS Ltd	188	-	-	-	188	197
	<u>212</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>261</u>	<u>290</u>

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**8. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2019	Total funds 2018
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
<b>Contributions to Archbishops' Council</b>						
Training for Ministry	346	-	-	-	346	335
National Church Responsibilities	275	-	-	-	275	267
Grants and provisions	29	-	-	-	29	29
Mission agency pension Costs	4	-	-	-	4	3
Retired clergy housing Costs	-	-	118	-	118	113
Pooling of ordinands maintenance grants	80	-	-	-	80	35
	<u>734</u>	<u>-</u>	<u>118</u>	<u>-</u>	<u>852</u>	<u>782</u>
<b>Resourcing Ministry and Mission</b>						
Parish Ministry						
Stipends and national Insurance	3,322	-	2,191	-	5,513	5,491
Pension costs	1,268	-	16	-	1,284	1,263
Housing costs	2,480	-	-	-	2,480	2,209
Removal, resettlement and grants	176	-	-	-	176	184
Clergy Pension Fund Deficit	(2,149)	-	-	-	(2,149)	113
Other expenses	257	-	40	-	297	309
	<u>5,354</u>	<u>-</u>	<u>2,247</u>	<u>-</u>	<u>7,601</u>	<u>9,569</u>
Support for parish ministry						
Mission and Ministry	1,170	(18)	1,042	-	2,194	1,646
Church and Society	41	-	-	-	41	119
Cooper Legacy grants	-	-	18	-	18	37
Cooper Armstrong Legacy	-	-	16	-	16	9
Support services	1,271	-	-	-	1,271	1,100
Lay Pension Fund Deficit	25	-	-	-	25	208
	<u>2,507</u>	<u>(18)</u>	<u>1,076</u>	<u>-</u>	<u>3,565</u>	<u>3,119</u>
	<u>7,861</u>	<u>(18)</u>	<u>3,323</u>	<u>-</u>	<u>11,166</u>	<u>12,688</u>
<b>Expenditure on Education and Church of England Schools</b>						
Support for church schools and parishes	609	-	15	-	624	625
	<u>9,204</u>	<u>(18)</u>	<u>3,456</u>	<u>-</u>	<u>12,642</u>	<u>14,095</u>

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The year-on-year increase of £548k within Mission & Ministry is mainly the result of the additional spending on the Strategic Development funded projects. These include the new church planting projects in Plymouth and Exeter, as well as the continued support for the Growing the Rural Church project. The year-on-year increase in support costs of £171k is mainly due to a combination of prior year vacancies being filled and higher IT and consultancy costs.

**9. OTHER RESOURCES EXPENDED**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2019	Total funds 2018
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Loss on sale of assets	-	-	2	-	2	-

**10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS**

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Pension Funds Deficit Adjustment	Total costs 2019	Total costs 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Raisings funds	261	-	-	-	261	290
Charitable activities:						
Contributions to Archbishop's Council	-	852	-	-	852	782
Resourcing parish ministry	11,029	990	1,271	(2,124)	11,166	12,688
Education	624	-	-	-	624	625
Other resources expended	2	-	-	-	2	-
	<u>11,916</u>	<u>1,842</u>	<u>1,271</u>	<u>(2,124)</u>	<u>12,905</u>	<u>14,385</u>

Net income/(expenditure) for the year is stated after charging amortisation £6k (2018: £4k), depreciation £36k (2018: £31k) and audit fees EDBF £23k, EDPS £3k (2018: EDBF £23k, EDPS £3k).

**11. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2019	Total funds 2018
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Central support/administration	1,124	-	-	-	1,124	1,038
Governance:						
External audit of EDBF	23	-	-	-	23	23
External audit of EDPS	3	-	-	-	3	3
Registrar and Chancellor	90	-	-	-	90	83
Synodical costs	31	-	-	-	31	30
	<u>1,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,271</u>	<u>1,177</u>

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<b>12. ANALYSIS OF GRANTS MADE</b>	<b>Nbr.</b>	<b>Individuals</b>	<b>Institutions</b>	<b>Total 2019</b>	<b>Total 2018</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishop's Council	5	-	734	734	673
<b>From unrestricted funds:</b>					
Ordinands in training	38	137	-	137	107
Clergy ordination	14	35	-	35	24
Clergy resettlement	26	58	-	58	67
Clergy removals	33	77	-	77	73
Clergy 1 <sup>st</sup> incumbency	7	17	-	17	19
Rural Deans hospitality	-	-	-	-	10
Churches together in Devon	1	-	5	5	5
Church schools – Repairs/improvement	1	-	8	8	-
Church schools – Learn Teach Read	1	-	35	35	13
Mustard Seed Fund	10	-	4	4	3
Unlimited Church	1	-	15	15	-
Growth and mission	13	-	51	51	64
Other small grants	26	5	5	10	12
Adjustments for grants not claimed	-	-	(36)	(36)	-
	171	329	87	416	397
<b>From restricted funds for national Church responsibilities:</b>					
Contributions to Archbishop's Council	1	-	118	118	113
<b>From restricted funds for various purposes within resourcing parish ministry:</b>					
Cooper Legacy Fund	6	-	18	18	37
Cooper Armstrong Legacy	1	-	16	16	9
Agricultural Fund	-	-	-	-	1
New Church Schools	1	-	15	15	62
Strategic Development Fund	5	-	525	525	72
<b>Total</b>	13	-	574	574	181
<b>Total</b>	190	329	1,513	1,842	1,364

Cooper Legacy grants approved by the Board at 31 December 2019 but not yet disbursed at that date were £20k.



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**13. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Employee costs during the year were as follows:		
Wages and salaries	1,965	1,905
National insurance contributions	188	181
Pension costs – current year	422	430
– deficit (decrease)/increase	(119)	(30)
	<u>2,456</u>	<u>2,486</u>

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

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Administration and financial management	25	21
Grant funded projects	4	3
Property	4	4
Mission, Ministry and Stewardship	16	16
Safeguarding	4	2
Archdeacons' staff	5	4
Education and Schools	14	14
	<u>72</u>	<u>64</u>

The average number of persons employed by the group during the year based on full-time equivalents:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Administration and financial management	20.7	16.8
Grant funded projects	2.9	2.7
Property	3.4	3.5
Mission, Ministry and Stewardship	12.3	13.0
Safeguarding	3.3	1.9
Archdeacons' staff	2.1	2.1
Education and Schools	10.3	10.6
	<u>55.0</u>	<u>50.6</u>

The numbers of staff whose emoluments (including benefits in kind, but excluding pension contributions) amounted to more than £60,000 were as follows:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	3	3
£70,001 - £80,000	2	2
£80,001 - £90,000	1	-
	<u>6</u>	<u>5</u>

Pension payments of £56k (2018: £62k) were made for these employees.

During the year redundancy benefits were provided to one member of staff totalling £2k (2018: £8k). All benefits are recognised when either a legal or contractual obligation arises.

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**13. 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. There members of the Senior Management Team were:

Diocesan Secretary	Stephen Hancock
Assistant Diocesan Secretary	Ed Moffatt
Director of Mission & Ministry	Philip Sourbut
Director of Education	John Searson
Director of Finance and Company Secretary	Neil Williams
Director of People & Safeguarding	Anthea Carter-Savigear
Director of Property	Graham Davies
Director of Communications (from 11/02/19)	Chloe Axford
Director of Church & Society (until 04/01/19)	Martyn Goss
Strategic Programme Manager	Rafael Krasnodebski
Operations Manager	Annemarie Kendell

Remuneration, pensions and expenses for these 11 employees (2018: 9) amounted to £692k (2018: £602k). The Senior Management Team was restructured in 2019.

**Trustees' emoluments**

No Trustee received any remuneration for services as Trustee (2018: none). Sixteen Trustees received travelling and out of pocket expenses, totalling £38k (2018: £39k) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

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**13. STAFF COSTS (continued)**

The following table gives details of those Trustees who were in receipt of a stipend and/or housing and then whether this was provided by EDBF during the year:

	<b>Stipend</b>	<b>Housing</b>
The Right Rev R Atwell	No	No
The Right Rev N McKinnel	No	Yes
The Right Rev J Searle	No	Yes
The Very Rev J Greener	No	No
The Ven A Beane	Yes	Yes
The Ven M Butchers	Yes	Yes
The Ven D Dettmer	Yes	Yes
The Ven C Futcher	Yes	Yes
The Ven N Shutt	Yes	Yes
The Rev D Bailey	Yes	Yes
The Rev S Franklin	Yes	Yes
The Rev W Hazlewood	Yes	Yes
The Rev E Hobbs	Yes	Yes
The Rev M Partridge	Yes	Yes
The Rev S Stayte	Yes	Yes
The Rev J Taylor	Yes	Yes
The Rev Canon Dr M Williams	No	No

**Clergy costs**

EDBF paid an average of 190.68 full time equivalent (2018: 198.74) stipendiary clergy and stipendiary licensed lay workers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	5,050	5,018
National insurance contributions	397	396
Pension costs - current year	1,857	1,817
- deficit reduction	(573)	(554)
	<b>6,731</b>	<b>6,677</b>

The above figures do not include contributions made towards stipends paid by other organisations, e.g. chaplaincies. During the year non-contractual severance benefits totalling £23k (2018: £91k) were provided to two clergy. All benefits are recognised when either a legal or constructive obligation arises.

In addition to the stipendiary clergy, the Diocese also has the following other licensed ministry:

- Self-supporting ministers 53 (2018: 64),  
of which 18 (2018: 32) are in training curacies
- Readers 158 (2018: 172)
- Clergy holding licence under seal 39 (2018: 39)

The stipends of the Diocesan Bishop and Suffragan Bishops are 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 EDBF, paid to Archdeacons in 2019 was £35,933 (2018: £35,225) and other clergy who were Trustees were paid £26,510 (2018: £25,993).

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**14. ANALYSIS OF TRANSFERS BETWEEN FUNDS**

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Improvements to Board properties	(124)	36	-	88
Property transfers from Benefice to Board	-	602	-	(602)
Purchase of replacement Benefice properties	(1,001)	-	-	1,001
From Clergy Housing Repairs to General Fund	91	(91)	-	-
From General Fund for Clergy Conference	(30)	30	-	-
From Designated to General fund for properties earmarked for sale	1,446	(1,446)	-	-
Separation of SDF allocations Restricted/Designated	-	200	(200)	-
From General Fund to Miscellaneous Designated Funds for Grants	(4)	4	-	-
	<u>378</u>	<u>(665)</u>	<u>(200)</u>	<u>487</u>

**15. INTANGIBLE FIXED ASSETS – GROUP and EDBF**

	Website & Software £'000
<b>Cost</b>	
At 1 January 2019	22
Additions	3
	<u>25</u>
At 31 December 2019	
<b>Amortisation</b>	
At 1 January 2019	13
Charge for the year	6
	<u>19</u>
At 31 December 2019	
<b>Net Book Value</b>	
At 31 December 2019	<u>6</u>
At 31 December 2018	<u>9</u>

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**16. TANGIBLE FIXED ASSETS – GROUP and EDBF**

	Freehold Properties & Land £'000	Office Equipment £'000	Fixtures & Fittings (inc. PV Panels £'000	Motor Vehicles & Car Park £'000	Total £'000
<b>Cost</b>					
At 1 January 2019	58,150	268	368	16	58,802
Additions	1,155	12	4	-	1,171
Disposals	(15)	-	(3)	-	(18)
At 31 December 2019	59,290	280	369	16	59,955
<b>Depreciation</b>					
At 1 January 2019	-	218	134	9	361
Disposals	-	-	(3)	-	(3)
Charge for the year	-	17	18	1	36
At 31 December 2019	-	235	149	10	394
<b>Net Book Value</b>					
At 31 December 2019	59,290	45	220	6	59,561
At 31 December 2018	58,150	50	234	7	58,441

Freehold properties and land fall into a number of asset classes:

	Glebe Houses (Endowment) £'000	Parsonage Houses (Endowment) £'000	Education Property (Endowment) £'000	Other Houses (Restricted) £'000	Board Property (Designated) £'000	Total £'000
At 1 January 2019	12,000	25,237	119	383	20,411	58,150
Additions	28	1,091	-	-	36	1,155
Disposals	-	-	-	(15)	-	(15)
Transfers (note 14)	-	(602)	-	-	602	-
At 31 December 2019	12,028	25,726	119	368	21,049	59,290

All of the properties in the balance sheet are freehold and are vested in EDBF, except for benefice houses which are vested in the incumbent. Two properties (2018: 2) were previously purchased with the help of value-linked loans 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 £118k (2018: £118k).

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**17. FIXED ASSETS INVESTMENTS – GROUP and EDBF**

	At 1 January 2019 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2019 £'000
<b>EDBF</b>						
<b>Unrestricted funds</b>						
Listed investments	5,389	468	(468)	-	906	6,295
Unlisted investments	5	-	-	-	-	5
	<u>5,394</u>	<u>468</u>	<u>(468)</u>	<u>-</u>	<u>906</u>	<u>6,300</u>
<b>Restricted funds</b>						
Listed investments	2,522	-	-	-	298	2,820
<b>Endowment funds</b>						
Investment property	14,546	-	(265)	-	(173)	14,108
Listed investments	17,804	4,265	(3,525)	-	2,316	20,860
	<u>32,350</u>	<u>4,265</u>	<u>(3,790)</u>	<u>-</u>	<u>2,143</u>	<u>34,968</u>
<b>Total EDBF</b>	<u>40,266</u>	<u>4,733</u>	<u>(4,258)</u>	<u>-</u>	<u>3,347</u>	<u>44,088</u>
<b>CHURCH COLLEGE HOSTEL TRUST</b>						
<b>Endowment funds</b>						
Listed investments	646	92	(832)	-	94	-
<b>Total Church College Hostel</b>	<u>646</u>	<u>92</u>	<u>(832)</u>	<u>-</u>	<u>94</u>	<u>-</u>
<b>Total Group</b>	<u>40,912</u>	<u>4,825</u>	<u>(5,090)</u>	<u>-</u>	<u>3,441</u>	<u>44,088</u>

Please note that the previously separate Church College Hostel trust was formally wound up on 31 December 2019 and the listed investments transferred to EDBF Ltd (see note 33.2).

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**17. FIXED ASSETS INVESTMENTS – GROUP and EDBF (continued)**

The corresponding historical cost figures are:	<b>Group</b>	<b>EDBF</b>	<b>Group</b>	<b>EDBF</b>
	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Unrestricted funds</b>				
Listed investments	3,336	3,336	3,337	3,337
Unlisted investments	5	5	5	5
	<u>3,341</u>	<u>3,341</u>	<u>3,342</u>	<u>3,342</u>
<b>Restricted funds</b>				
Listed investments	1,797	1,797	1,797	1,797
<b>Endowment funds</b>				
Investment property	3,443	3,443	3,507	3,507
Listed investments	12,914	12,914	12,355	12,064
	<u>16,357</u>	<u>16,357</u>	<u>15,862</u>	<u>15,571</u>
<b>Total</b>	<u>21,495</u>	<u>21,495</u>	<u>21,001</u>	<u>20,710</u>

**Investment property**

- A full list of properties is available for inspection at The Old Deanery.
- All land and buildings held on 31 December 2019 are held on a freehold basis.
- Commercial investment properties were valued as at 31 December 2019 by Stratton Creber Commercial (Chartered Surveyors) on an open market basis and residential properties were revalued by the trustees on an open market value. Historic glebe was valued by Smith Gore, Michelmores Hughes and Philips, Smith and Dunn (all Chartered Surveyors) on an open market basis at 31 December 2017 and their value has been updated by the trustees to 31 December 2019, having regard to suitable indices.
- The investment properties form part of the Diocesan Stipends Capital Account – see notes 21 – 23.
- The return on the value of the property investments held as fixed assets in the year was 2.54% (2018: 2.57%).
- Investment properties are held to provide an investment return, rather than as programme investments.

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<b>18. DEBTORS – GROUP and EDBF</b>	<b>Group</b>	<b>EDBF</b>	<b>Group</b>	<b>EDBF</b>
	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Due within one year				
Loans to parishes	137	137	223	223
Loan to Society of Martha & Mary (Sheldon Centre)	-	-	25	25
Common Fund	201	201	353	353
Gift aid from EDPS Ltd	-	80	-	128
Department for Education/ governors	149	149	391	391
Prepayments	215	215	196	196
Other debtors	665	616	824	718
	<u>1,367</u>	<u>1,398</u>	<u>2,042</u>	<u>2,064</u>
Due after more than one year				
Loans to parishes	98	98	128	128
Loan to St Mellitus College	40	40	30	30
Other debtors and prepayments	25	25	33	33
	<u>163</u>	<u>163</u>	<u>161</u>	<u>161</u>
<b>Total debtors</b>	<u><u>1,530</u></u>	<u><u>1,561</u></u>	<u><u>2,203</u></u>	<u><u>2,225</u></u>
<b>19. CREDITORS: amounts falling due within one year</b>				
	<b>Group</b>	<b>EDBF</b>	<b>Group</b>	<b>EDBF</b>
	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	82	82	205	205
Taxation and social security	73	48	86	54
Other creditors and accruals	464	461	502	506
Proceeds of property sold by Board payable to external organisations	51	51	51	51
Receipts in advance	66	48	65	41
CBF Loans – Photovoltaic Panels (parsonages)	34	34	34	34
Pension scheme liabilities				
Lay Defined Benefit Scheme	153	153	119	119
Clergy Pension Scheme	619	619	619	619
<b>Total creditors: amounts falling due within one year</b>	<u><u>1,542</u></u>	<u><u>1,496</u></u>	<u><u>1,681</u></u>	<u><u>1,629</u></u>



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**20. CREDITORS: amounts falling due after more than one year**

	<b>Group 2019 £'000</b>	<b>EDBF 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>EDBF 2018 £'000</b>
Loan repayment instalments due after more than one year				
CBF Loans – Photovoltaic Panels (parsonages)	103	103	138	138
Church Commissioners value-linked loans	119	119	119	119
Other creditors and accruals	2	2	-	-
	<u>224</u>	<u>224</u>	<u>257</u>	<u>257</u>
Pension Scheme liabilities				
Lay Defined Benefits Scheme	928	928	1,056	1,056
Clergy Pension Scheme	603	603	3,325	3,325
	<u>1,531</u>	<u>1,531</u>	<u>4,381</u>	<u>4,381</u>
<b>Total creditors: amounts falling due after more than one year</b>	<u><u>1,755</u></u>	<u><u>1,755</u></u>	<u><u>4,638</u></u>	<u><u>4,638</u></u>

	<b>2019 £'000</b>	<b>2018 £'000</b>
The maturity of the above loans may be analysed as follows:		
Between one and two years	35	35
Between two and five years	68	103
In five years and more	119	119
	<u>222</u>	<u>257</u>

The loans with CBF are repayable over 10 years by equal annual instalments. Interest is calculated on a daily basis and is payable semi-annually. All of the CBF loans are repayable within 5 years. The monthly interest rate is the average rate declared by the CCLA Deposit Fund over the month, plus 0.55%.

Value-linked loans (VLLs) represent amounts advanced to EDBF for the purchase of two properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31 December 2019 the Board had no intention of disposing of either of the properties funded via VLLs.

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**21. SUMMARY OF FUND MOVEMENTS**

	Balances at 1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at December 2019 £'000
<b>UNRESTRICTED FUNDS</b>						
General	3,388	11,695	(9,228)	378	908	7,141
Church Buildings Fund	679	-	-	-	(2)	677
Board Properties	20,294	-	-	(808)	-	19,486
Clergy Housing Repairs	282	-	-	(91)	-	191
Diocesan Mission Funds	253	-	21	-	-	274
Clergy Conference Fund	67	-	-	30	-	97
Plymouth SDF Project	-	-	(3)	200	-	197
Miscellaneous Funds	97	-	-	4	-	101
	21,672	-	18	(665)	(2)	21,023
<b>RESTRICTED FUNDS</b>						
Diocesan Pastoral Account	3,224	71	-	-	302	3,597
Diocesan Stipends Income	26	2,163	(2,163)	-	-	26
Bampton School sale	329	-	(15)	-	-	314
Agricultural/Rural	10	-	-	-	-	10
Retired Clergy Housing	346	9	(120)	-	(4)	231
Growth & Mission Fund	1,258	117	(245)	-	-	1,130
Strategic Development Projects	206	664	(659)	(200)	-	11
Ministerial Education Training	-	231	(231)	-	-	-
Clergy Widows	99	-	-	-	-	99
Cooper Legacy	38	1	(18)	-	-	21
Cooper Armstrong Legacy	30	-	(16)	-	-	14
Miscellaneous Restricted Funds	-	40	(40)	-	-	-
	5,566	3,296	(3,507)	(200)	298	5,453
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Dr Nobbs	64	-	-	-	11	75
<b>Expendable</b>						
Diocesan Stipends Capital	37,013	-	-	-	1,925	38,938
Benefice Property	25,264	-	-	487	-	25,751
Church Schools	3,688	-	-	-	207	3,895
The Church College Hostel Trust	-	740	-	-	-	740
	66,029	740	-	487	2,143	69,399
<b>EDBF Total funds</b>	<b>96,655</b>	<b>15,731</b>	<b>(12,717)</b>	<b>-</b>	<b>3,347</b>	<b>103,016</b>
<b>Subsidiaries</b>						
<b>General Funds</b>						
EDPS Ltd	9	188	(188)	-	-	9
<b>Expendable endowment</b>						
The Church College Hostel Trust	646	-	(740)	-	94	-
Elimination of intergroup transactions	-	(740)	740	-	-	-
<b>Group Total</b>	<b>97,310</b>	<b>15,179</b>	<b>(12,905)</b>	<b>-</b>	<b>3,441</b>	<b>103,025</b>

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**22. SUMMARY OF ASSETS BY FUND**

	<b>Tangible/ Intangible Fixed Assets £'000</b>	<b>Investments £'000</b>	<b>Current Assets £'000</b>	<b>Creditors £'000</b>	<b>Net Assets £'000</b>
<b>Unrestricted funds – General</b>	1,724	6,197	924	(1,704)	7,141
<b>Unrestricted - designated</b>					
Church Buildings Fund	-	103	574	-	677
Board Properties	19,602	-	2	(118)	19,486
Clergy Housing Repairs	-	-	191	-	191
Diocesan Mission Funds	-	-	281	(7)	274
Clergy Conference Fund	-	-	97	-	97
Plymouth SDF Project	-	-	197	-	197
Miscellaneous Designated Funds	-	-	101	-	101
	19,602	103	1,443	(125)	21,023
<b>Restricted</b>					
Diocesan Pastoral Account	-	2,659	939	(1)	3,597
Diocesan Stipends Income	-	-	123	(97)	26
Bampton School sale	-	-	329	(15)	314
Agricultural/Rural	-	-	10	-	10
Retired Clergy Housing	347	161	(277)	-	231
Growth & Mission Fund	-	-	1,135	(5)	1,130
Strategic Development Fund Projects	-	-	13	(2)	11
Ministerial Education Training	-	-	1	(1)	-
Clergy Widows	21	-	78	-	99
Cooper Legacy	-	-	21	-	21
Cooper Armstrong Legacy	-	-	14	-	14
Miscellaneous Restricted Funds	-	-	66	(66)	-
	368	2,820	2,452	(187)	5,453
<b>Endowment</b>					
<b>Permanent</b>					
Dr Nobbs	-	69	6	-	75
<b>Expendable</b>					
Diocesan Stipends Capital	12,028	30,944	(2,812)	(1,222)	38,938
Benefice Property	25,726	-	37	(12)	25,751
Church Schools	119	3,215	561	-	3,895
Church College Hostel Trust	-	740	-	-	740
	37,873	34,968	(2,208)	(1,234)	69,399
<b>Total EDBF funds</b>	59,567	44,088	2,611	(3,250)	103,016
<b>Subsidiaries</b>					
EDPS Ltd	-	-	56	(47)	9
<b>Total Group funds</b>	59,567	44,088	2,667	(3,297)	103,025

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**23. DESCRIPTION OF FUNDS**

General fund	The general fund is EDBF's unrestricted undesignated fund, available for any of EDBF's purposes without restriction.
Church building fund	This designated fund was created from the previous balances within the new church building and church building repair funds and is used to provide loans for parishes undertaking strategic reviews or major improvements of church buildings.
Board properties	This designated fund is the properties owned and used by EDBF in the furtherance of its work and includes curates housing.
Clergy housing repairs	This designated fund is used to support spending on the repair and maintenance of clergy housing.
Diocesan Mission funds	These designated funds are all part of the mission and ministry development fund, which provide funds for one-off projects to promote the ministry of the church and its overall mission in the Diocese. The growth fund, together with the mustard seed funds has been set aside specifically to fund initiatives in mission communities.
Clergy conference fund	This designated fund was established to provide funding for the diocesan clergy conference, held every three to five years.
Plymouth SDF Project	This designated fund was established in 2019 to provide EDBF's agreed funding for the church planting SDF project in Plymouth.
Miscellaneous funds	This designated fund is used for holding monies received by EDBF for supporting specific projects/initiatives.
Diocesan Pastoral account	<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 under the more recent Diocesan and Pastoral Measure 2011 are:</p> <ul style="list-style-type: none"> <li>• To defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees;</li> <li>• To make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese;</li> <li>• Other purposes of the Diocese or any benefice or parish in the Diocese;</li> <li>• To make grants or loans to any other Diocese; and</li> <li>• To transfer funds to the diocesan stipends fund income or capital accounts.</li> </ul>

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**23. DESCRIPTION OF FUNDS (continued)**

Diocesan stipends income	This restricted fund represents the income from the Diocesan Stipends Capital account, which has not yet been applied to pay clergy stipends.
Bampton School sale	This fund was created in 2018 following the separation of previous Bampton School sale proceeds from the general Church School funds.
Agricultural/rural funds	This restricted fund represents donations received to enable the Diocese to provide support to the farming community across the Diocese.
Retired clergy housing	This restricted fund represents the properties and any sale proceeds held for this purpose.
Growth and Mission fund	This restricted fund was established in 2015 to provide funding for specific growth initiatives across the Diocese. Three have so far been approved by Diocesan Synod – Growing the rural church, new housing areas and local mission community support.
SDF Projects	This restricted fund was established in 2018 to hold any funding received or due in relation to those projects receiving Strategic Development Funding. EDBF is not deemed to have the benefit of the income associated with these projects until the expenditure has been incurred and claimed accordingly. Any changes to the original submission have to be approved by the Church Commissioners.
Ministerial Education Training	This restricted fund represents the balance at any time on the funding of ordinands training.
Clergy widows	This restricted fund represents properties purchased from donations to provide for clergy widows.
Cooper legacy	This restricted fund, arising from the legacy of Mrs Cooper and is used to provide grants to assist parishes with church building repairs.
Cooper Armstrong legacy	This is restricted fund, arising from the legacy of Mrs Evie Cooper, is used to provide grants and support for work with families and the homeless, in line with the trustees' wishes.

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**23. DESCRIPTION OF FUNDS (continued)**

**Miscellaneous Restricted Funds**

This restricted fund represents the unspent balance of the parish mission fund received from the Church Commissioners. The balance on this fund is usually zero.

**Dr Nobbs**

This is a permanent endowment held by EDBF for the support of clergy following marriage breakdown.

**Diocesan stipends capital**

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. The fund also represents the 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. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

**Benefice property fund**

The benefice property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, EDBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of EDBF.

**Church Schools funds**

This fund represents premises and endowments vested in EDBF under the Education Act 1993.

**Church College Hostel Trust**

This fund supports the Board of Education in all of its statutory powers and duties under various education acts together with the training of teachers in the principles of the Church of England. The Church College Hostel is also a registered charity.

**24. CAPITAL COMMITMENTS**

At 31 December 2019 EDBF had capital expenditure commitments authorised but not contracted for of £1,217,000 (2018: £2,090,000), and contracted for but not yet due of £130,000 (2018: £40,000).

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**25. OPERATING LEASES**

At 31 December 2020 EDBF had future minimum lease commitments under non-cancellable operating lease as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Non Land &amp; Buildings operating leases:</b>		
Within one year of the balance sheet date	22	21
In the second to fifth years inclusive of the balance sheet date	47	61
	<u>          </u>	<u>          </u>

**26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES**

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

**27. PENSIONS**

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

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

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

**Church of England Funded Pension Scheme**

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of

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**27. PENSIONS (continued)**

**Church of England Funded Pensions Scheme (continued)**

41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

EDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension 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 each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2019: £1,284k; 2018: £1,263k), after adjusting for the figures highlighted in the table below as being recognised in the SOFA, giving a total net credit of £865k (2018: net charge of £1,376k). In addition, a further £66k (2018: £59k) has been charged in relation to EDBF employees who are also in this scheme.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out 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 3.2% per annum;
- RPI inflation of 3.4% per annum (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% per annum; and



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**27. PENSIONS (continued)**

**Church of England Funded Pensions Scheme (continued)**

- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% per annum.

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

% of pensionable stipends	1 January 2018 to 31 December 2020	1 January 2021 to 31 December 2022
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 that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the table above.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2018 and 2019 is set out in the table below.

	2019	2018
Balance sheet liability at 1 January	3,944,000	4,385,000
Deficit contribution paid	(573,000)	(554,000)
Interest cost (recognised in SOFA)	77,000	58,000
Remaining change to the balance sheet liability* (recognised in SOFA)	(2,226,000)	55,000
Balance sheet liability at 31 December	1,222,000	3,944,000

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

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**27. PENSIONS (continued)**

**Church of England Funded Pensions Scheme (continued)**

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

	December 2019	December 2018	December 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 Responsible Body fails, EDBF could become responsible for paying a share of that Responsible Body's pension liabilities.

**Church Workers Pension Fund – Defined Benefits Scheme**

EDBF 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.

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.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SOFA during the year are contributions payable towards benefits and expenses accrued

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**27. PENSIONS (continued)**

**Church Workers Pension Fund – Defined Benefits Scheme (continued)**

in that year (2019: £202k; 2018: £212k), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SOFA, giving a total charge of £227k for 2019 (2018: £420k).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, 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 was 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 Section. 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 a contribution rate of 39% of pensionable salary and expenses of £10,800 per year. In addition deficit payments of £152,796 per year have been agreed for 9.25 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. 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 below:

	2019	2018
Balance sheet liability at 1 January	1,175,000	997,000
Deficit contribution paid	(119,000)	(30,000)
Interest cost (recognised in SOFA)	24,000	2,000
Remaining change to the balance sheet liability* (recognised in SOFA)	1,000	206,000
Balance sheet liability at 31 December	1,081,000	1,175,000

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

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

	December 2019	December 2018	December 2017
Discount rate	1.40%	2.20%	1.50%

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**27. PENSIONS (continued)**

**Church Workers Pension Fund – Defined Benefits Scheme (continued)**

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.

**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 on 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 a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and the 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 (2019: £154k; 2018: £159k).

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

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the on-going 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 on-going assumptions used. There is no requirement for deficit payments at the current time.

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**27. PENSIONS (continued)**

**Pension Builder Scheme (continued)**

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

**28. RELATED PARTY TRANSACTIONS**

There are no direct related party transactions involving trustees other than the provision of stipends, housing and expenses as set out in note 13 to the consolidated financial statements.

The wife of Giles Frampton (the Chair of the Board of Finance) is a Self-Supporting Minister (unpaid) leading one of our Mission Communities. A parsonage house is provided by EDBF for this role, with any expenses incurred being paid by the Mission Community.

The wife of the Venerable Christopher Futchter was a paid Assistant Curate working in one of our Mission Communities. This appointment was made within the normal course of training new stipendiary clergy and she was paid a stipend at the national recommended rate of £24,770. Any expenses incurred were paid by the local Mission Community. Christopher and Anne Futchter moved to the Diocese of Cyprus & the Gulf in July 2019.

**29. ANALYSIS OF NET DEBT**

	<b>As at 1 January 2019 £'000</b>	<b>Cash flows £'000</b>	<b>At 31 December 2019 £'000</b>
Cash at bank and in hand	2,030	(927)	1,103
Cash equivalents	34	-	34
Debt due after 1 year	(257)	35	(222)
Debt due within 1 year	(34)	-	(34)
	<u>1,773</u>	<u>(892)</u>	<u>881</u>

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**30. FUNDS HELD AS CUSTODIAN TRUSTEE**

EDBF acts as 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 EDBF does not control them.

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
CBF Church of England Investment Fund income shares	12,237	10,766
CBF Church of England Investment Fund accumulation shares	635	571
CBF Church of England Fixed Interest Securities Fund shares	310	322
CBF Church of England Property Fund shares	995	1,113
CBF Global Equity In Fund	925	835
Charifund – Income Units	2,941	2,520
Charibond Fixed Interest Income	8	8
Other common investment fund holdings	134	107
Direct holdings in UK gilts	41	37
Other fixed interest stocks	16	23
CBF Church of England Deposit Fund	1,308	558
Charles Stanley	809	790
Brewin Dolphin	1,279	1,148
Cash at bank	34	16
	<hr/>	<hr/>
Total assets held as custodian trustee	21,672	18,814
	<hr/>	<hr/>

**31. MONEY HELD AS INTERMEDIARY AGENT FOR OTHERS**

EDBF occasionally holds money as intermediary agents for others as follows:

- In respect of the Board of Education's involvement in the maintenance and improvement of Church of England schools buildings, money is sometimes held in advance of work being undertaken. At the end of 2019 the sum of £887,000 (2018: £1,041,000) was held in the general bank account for this purpose; and
- The board also holds the Department for Education's Formula Capital funding on behalf of Church of England schools in Devon and the sum so held on 31 December 2019 amounted to £542,000 (2018: £507,000) and was also held in the general bank account for this purpose.

Neither of the above sums is included in the Board's Balance Sheet at the year-end.

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**32. EDBF LIMITED – LIABILITY OF BOARD MEMBERS**

The Exeter Diocesan Board of Finance Limited is a company limited by guarantee and as such has no share capital. In the event of winding-up, the liability of Board members is limited to £1 each.

**33. SUBSIDIARY UNDERTAKINGS**

**33.1. EDPS Limited**

The wholly owned trading subsidiary, EDPS Limited, which is incorporated in the United Kingdom (Registered Company No. 4477446), provides services to Church of England academies and schools. EDBF owns 100% of the issued share capital of two ordinary shares of £1 each. A summary of the trading results is shown below:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Summary profit and loss account</b>		
Turnover	261	317
Cost of sales	(185)	(194)
Gross Profit	<u>76</u>	<u>123</u>
Administrative expenses	(3)	(3)
Other operating income	8	8
Operating profit	<u>81</u>	<u>128</u>
Gift made to parent company	(81)	(247)
Loss after tax	<u>-</u>	<u>(119)</u>
 <b>Assets and liabilities</b>		
Current assets	136	195
Current liabilities	(127)	(186)
Total net assets	<u>9</u>	<u>9</u>
 <b>Capital and reserves</b>		
Issued share capital and retained profit	<u>9</u>	<u>9</u>

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**33. SUBSIDIARY UNDERTAKINGS (continued)**

**33.2. The Church College Hostel Trust**

The Diocesan Board of Education is the managing trustee of the Church College Hostel Trust charity (Registered Charity No. 306935). EDBF, on behalf of the Board of Education, is the sole financial beneficiary. A summary of the results for the year is shown below:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Summary receipts and payments accounts</b>		
Investment income	21	22
Grants transferred to The Diocesan Board of Education	(21)	(22)
Surplus/(deficit) for the year	-	-
Gains/(losses) on investments	94	(20)
Net movement in funds	<u>94</u>	<u>(20)</u>
<b>Funds</b>		
Market value of investments at 1 January	646	666
Net realised and unrealised gains on investments	94	(20)
Transfer of investments to EDBF Ltd	(740)	-
Market value of investments at 31 December	<u>-</u>	<u>646</u>

On the 22 February 2017, the trustees approved a resolution to wind up the trust and transfer the funds to EDBF to be invested and the income used to fulfil the original purpose of the trust. The formal process of winding up the trust was finalised on 31 December 2019 and all funds transferred to EDBF.



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**34. 2018 Comparative figures by fund**

Due to space constraints within the main body of the accounts, this note shows the breakdown by fund for 2018 for the following notes:

**CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES**  
**For the year ended 31 December 2018**

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000
<b>Income and endowments from</b>						
Donations	2					
Parish contributions		9,060	-	-	-	9,060
Archbishop's Council		105	-	1,280	-	1,385
Other donations		283	-	451	-	734
Charitable activities	3	783	-	41	-	824
Other trading activities	4	1,483	-	-	-	1,483
Investments	5	379	1	1,008	-	1,388
Other	6	444	-	4	12	460
<b>Total income and endowments</b>		<b>12,537</b>	<b>1</b>	<b>2,784</b>	<b>12</b>	<b>15,334</b>
<b>Expenditure on</b>						
Raising funds	7	223	-	67	-	290
Charitable activities	8	11,158	8	2,929	-	14,095
Other	9	-	-	-	-	-
<b>Total expenditure</b>		<b>11,381</b>	<b>8</b>	<b>2,996</b>	<b>-</b>	<b>14,385</b>
<b>Net income/(expenditure) before investment gains</b>		<b>1,156</b>	<b>(7)</b>	<b>(212)</b>	<b>12</b>	<b>949</b>
Net gains on investments		(141)	1	(25)	(240)	(405)
<b>Net income/(expenditure)</b>		<b>1,015</b>	<b>(6)</b>	<b>(237)</b>	<b>(228)</b>	<b>544</b>
<b>Transfers between funds</b>	14	<b>(1,653)</b>	<b>1,362</b>	<b>403</b>	<b>(112)</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(638)</b>	<b>1,356</b>	<b>166</b>	<b>(340)</b>	<b>544</b>
<b>Total funds brought forward</b>		<b>4,035</b>	<b>20,316</b>	<b>5,400</b>	<b>67,015</b>	<b>96,766</b>
<b>Total funds carried forward</b>	21	<b>3,397</b>	<b>21,672</b>	<b>5,566</b>	<b>66,675</b>	<b>97,310</b>

All activities derive from continuing activities.

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**A2. DONATIONS**

**Parish Contributions**

The majority of donations are collected from the parishes of the Diocese through the common fund system.

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2018
	£'000	£'000	£'000	£'000	£'000
Current Year assessments	9,323	-	-	-	9,323
Shortfall in contributions	(414)	-	-	-	(414)
	<u>8,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,909</u>
Receipts for previous years	151	-	-	-	151
Total Income	<u>9,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,060</u>

**Archbishop's Council**

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2018
	£'000	£'000	£'000	£'000	£'000
Lowest Income	-	-	1,280	-	1,280
Communities Funding					
Transitional funding	105	-	-	-	105
New Opportunities Grant	-	-	-	-	-
	<u>105</u>	<u>-</u>	<u>1,280</u>	<u>-</u>	<u>1,385</u>

The Lowest Income Communities Funding is the annual grant either for supporting specific parish mission and development projects or for clergy stipends.

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**A2. DONATIONS (continued)**

**Other Donations and grants**

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	funds
	£'000	£'000	£'000	£'000	2018
					£'000
All Churches Trust Grant	191	-	-	-	191
Legacies	-	-	-	-	-
Donations and grants	92	-	304	-	396
Resourcing Ministerial Education	-	-	147	-	147
	<u>283</u>	<u>-</u>	<u>451</u>	<u>-</u>	<u>734</u>

**A3. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	funds
	£'000	£'000	£'000	£'000	2018
					£'000
Statutory fees	665	-	-	-	665
Chaplaincy income	16	-	40	-	56
Feed in/Export Tariffs					
- PV panels	33	-	-	-	33
Course/training fees	43	-	1	-	44
Miscellaneous income	26	-	-	-	26
	<u>783</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>824</u>

**A4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	funds
	£'000	£'000	£'000	£'000	2018
					£'000
Housing income	1,145	-	-	-	1,145
Other rental income	13	-	-	-	13
Trading – EDPS Ltd	325	-	-	-	325
	<u>1,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,483</u>

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**A5. INVESTMENT INCOME**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018
	General £'000	Designated £'000	£'000	£'000	£'000
Dividends receivable	375	-	634	-	1,009
Interest receivable	4	1	-	-	5
Rents receivable	-	-	374	-	374
	<u>379</u>	<u>1</u>	<u>1,008</u>	<u>-</u>	<u>1,388</u>

**A6. OTHER INCOMING RESOURCES**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018
	General £'000	Designated £'000	£'000	£'000	£'000
Gains on sale of Properties	444	-	4	12	460
	<u>444</u>	<u>-</u>	<u>4</u>	<u>12</u>	<u>460</u>

**A7. FUND RAISING COSTS**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018
	General £'000	Designated £'000	£'000	£'000	£'000
Glebe agents' fees	-	-	36	-	36
Other glebe expenses	26	-	31	-	57
Trading activities – EDPS Ltd	197	-	-	-	197
	<u>223</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>290</u>

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**A8. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	funds
	£'000	£'000	£'000	£'000	2018
					£'000
<b>Contributions to</b>					
<b>Archbishops' Council</b>					
Training for Ministry	335	-	-	-	335
National Church					
Responsibilities	267	-	-	-	267
Grants and provisions	29	-	-	-	29
Mission agency pension					
Costs	3	-	-	-	3
Retired clergy housing					
Costs	-	-	113	-	113
Pooling of ordinands'					
maintenance grants	35	-	-	-	35
	<u>669</u>	<u>-</u>	<u>113</u>	<u>-</u>	<u>782</u>
<b>Resourcing Ministry and</b>					
<b>Mission</b>					
Parish Ministry					
Stipends and national					
Insurance	3,348	-	2,143	-	5,491
Pension costs	1,263	-	-	-	1,263
Housing costs	2,201	-	8	-	2,209
Removal, resettlement					
and grants	184	-	-	-	184
Clergy Pension Fund Deficit	113	-	-	-	113
Other expenses	268	-	41	-	309
	<u>7,377</u>	<u>-</u>	<u>2,192</u>	<u>-</u>	<u>9,569</u>
Support for parish ministry					
Mission and Ministry	1,135	8	503	-	1,646
Church and Society	118	-	1	-	119
Cooper Legacy grants	-	-	37	-	37
Cooper Armstrong Legacy	-	-	9	-	9
Support services	1,100	-	-	-	1,100
Lay Pension Deficit Fund	208	-	-	-	208
	<u>2,561</u>	<u>8</u>	<u>550</u>	<u>-</u>	<u>3,119</u>
	<u>9,938</u>	<u>8</u>	<u>2,742</u>	<u>-</u>	<u>12,688</u>
<b>Expenditure on Education and Church of England Schools</b>					
Support for church schools					
and parishes	551	-	74	-	625
	<u>11,158</u>	<u>8</u>	<u>2,929</u>	<u>-</u>	<u>14,095</u>

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**A9. OTHER RESOURCES EXPENDED**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Loss on sale of assets	-	-	-	-	-

**A10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS**

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Pension Deficit Fund Adjustment	Total costs 2018
	£'000	£'000	£'000	£'000	£'000
Raisings funds	290	-	-	-	290
Charitable activities:					
Contributions to Archbishop's Council	-	782	-	-	782
Resourcing parish ministry	10,685	582	1,100	321	12,688
Education	625	-	-	-	625
	11,600	1,364	1,100	321	14,385

Net income/(expenditure) for the year is stated after charging amortisation £4,000, depreciation £31,000 and audit fees EDBF £23,000, EDPS £3,000.

**A11. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Central support/administration	961	-	-	-	961
Governance:					
External audit of EDBF	23	-	-	-	23
External audit of EDPS	3	-	-	-	3
Registrar and Chancellor	83	-	-	-	83
Synodical costs	30	-	-	-	30
	1,100	-	-	-	1,100

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<b>A12. ANALYSIS OF GRANTS MADE</b>	<b>Nbr.</b>	<b>Individuals</b>	<b>Institutions</b>	<b>Total 2018</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>From unrestricted funds for national Church responsibilities:</b>				
Contributions to Archbishop's Council	5	-	673	673
<b>From unrestricted funds:</b>				
Ordinands in training	31	107	-	107
Clergy ordination	10	24	-	24
Clergy resettlement	28	67	-	67
Clergy removals	34	73	-	73
Clergy 1 <sup>st</sup> incumbency	8	19	-	19
Rural Deans hospitality	23	10	-	10
Churches together in Devon	1	-	5	5
Church schools – Learn Teach Read	2	-	13	13
Mustard Seed Fund	6	-	3	3
Other small grants	25	2	10	12
	168	302	31	333
<b>From restricted funds for national Church responsibilities:</b>				
Contributions to Archbishop's Council	1	-	113	113
<b>From restricted funds for various purposes within resourcing parish ministry:</b>				
Cooper Legacy Fund	13	-	37	37
Cooper Armstrong Legacy	1	-	9	9
Agricultural Fund	3	1	-	1
New Church Schools	3	-	62	62
Growth & Mission Fund	14	-	64	64
Strategic Development Fund	3	-	72	72
<b>Total</b>	<b>37</b>	<b>1</b>	<b>244</b>	<b>245</b>
<b>Total</b>	<b>211</b>	<b>303</b>	<b>1,061</b>	<b>1,364</b>

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**A21. SUMMARY OF FUND MOVEMENTS**

	Balances at 1 January 2017	Income	Expenditure	Transfers	Gains and Losses	Balances at 31 December 2018
	£'000	£'000	£'000	£'000	£'000	£'000
<b>UNRESTRICTED FUNDS</b>						
General	3,907	12,459	(11,184)	(1,653)	(141)	3,388
Church Buildings Fund	677	1	-	-	1	679
Board Properties	19,102	-	-	1,192	-	20,294
Clergy Housing Repairs	102	-	-	180	-	282
Diocesan Mission Funds	261	-	(8)	-	-	253
Clergy Conference Fund	37	-	-	30	-	67
Miscellaneous Funds	137	-	-	(40)	-	97
	<u>20,316</u>	<u>1</u>	<u>(8)</u>	<u>1,362</u>	<u>1</u>	<u>21,672</u>
<b>RESTRICTED FUNDS</b>						
Diocesan Pastoral Account	3,179	72	-	-	(27)	3,224
Diocesan Stipends Income	26	2,209	(2,209)	-	-	26
Bampton School sale	-	-	(74)	403	-	329
Agricultural/Rural	9	2	(1)	-	-	10
Bampton School sale	-	-	(74)	403	-	329
Retired Clergy Housing	448	9	(113)	-	2	346
Growth & Mission Fund	1,323	182	(247)	-	-	1,258
Plymouth SDF Project	198	121	(113)	-	-	206
Ministerial Education Training	(4)	147	(143)	-	-	-
Clergy Widows	108	-	(9)	-	-	99
Cooper Legacy	74	2	(38)	-	-	38
Cooper Armstrong Legacy	39	-	(9)	-	-	30
Miscellaneous Restricted Funds	-	40	(40)	-	-	-
	<u>5,400</u>	<u>2,784</u>	<u>(2,926)</u>	<u>403</u>	<u>(25)</u>	<u>5,566</u>
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Dr Nobbs	65	-	-	-	(1)	64
<b>Expendable</b>						
Diocesan Stipends Capital	36,675	12	-	351	(25)	37,013
Benefice Property	25,324	-	-	(60)	-	25,264
Church Schools	4,285	-	-	(403)	(194)	3,688
	<u>66,349</u>	<u>12</u>	<u>-</u>	<u>(112)</u>	<u>(220)</u>	<u>66,029</u>
<b>EDBF Total funds</b>	<u>95,972</u>	<u>15,256</u>	<u>(14,188)</u>	<u>-</u>	<u>(385)</u>	<u>96,655</u>
<b>Subsidiaries</b>						
<b>General Funds</b>						
EDPS Ltd	128	78	(197)	-	-	9
<b>Expendable endowment</b>						
The Church College Hostel Trust	666	-	-	-	(20)	646
<b>Group Total</b>	<u>96,766</u>	<u>15,334</u>	<u>(14,385)</u>	<u>-</u>	<u>(405)</u>	<u>97,310</u>

Please note that the 'Balances at 1 January 2018' figures have been restated to reflect the reclassifying of the Growth & Mission Fund and Plymouth SDF Project from designated to restricted funds.



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**A22. SUMMARY OF ASSETS BY FUND**

	Tangible/ Intangible Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
<b>Unrestricted funds – General</b>	296	5,289	(299)	(1,898)	3,388
<b>Unrestricted - designated</b>					
Church Buildings Fund	-	105	575	-	680
Board Properties	20,411	-	2	(120)	20,293
Clergy Housing Repairs	-	-	282	-	282
Diocesan Mission Funds	-	-	298	(45)	253
Clergy Conference Fund	-	-	67	-	67
Miscellaneous Designated Funds	-	-	97	-	97
	20,411	105	1,321	(165)	21,672
<b>Restricted</b>					
Diocesan Pastoral Account	-	2,357	867	(7)	3,224
Diocesan Stipends Income	-	-	121	(95)	26
Bampton School Sale	-	-	329	-	329
Agricultural/Rural	-	-	10	-	10
Retired Clergy Housing	362	166	(182)	-	346
Growth & Mission Fund	-	-	1,264	(6)	1,258
Plymouth SDF Project	-	-	260	(54)	206
Ministerial Education Training	-	-	2	(2)	-
Clergy Widows	21	-	78	-	99
Cooper Legacy	-	-	38	-	38
Cooper Armstrong Legacy	-	-	30	-	30
Miscellaneous Restricted Funds	-	-	55	(55)	-
	383	2,523	2,872	(212)	5,566
<b>Endowment</b>					
<b>Permanent</b>					
Dr Nobbs	-	58	6	-	64
<b>Expendable</b>					
Diocesan Stipends Capital	12,001	29,283	(327)	(3,944)	37,014
Benefice Property	25,240	-	36	(12)	25,262
Church Schools	119	3,008	596	(35)	3,688
	37,360	32,349	311	(3,991)	66,029
<b>Total EDBF funds</b>	58,450	40,265	4,205	(6,265)	96,655
<b>Subsidiaries</b>					
EDPS Ltd	-	-	62	(53)	9
Church College Hostel Trust	-	646	-	-	646
<b>Total Group funds</b>	58,450	40,912	4,267	(6,319)	97,310

For Fund Descriptions, please see note 23 on pages 57 – 59.

