



# Diocese in Europe

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

*for the year ended 31 December 2022*

*Company No. 106580  
Registered Charity No. 250186*

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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*for the year ended 31 December 2022*

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# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **Foreword from Bishop Robert**

I am very pleased to introduce this annual report for the Diocese in Europe.

2022 was the year when lockdowns and Covid-related travel restrictions came to an end. Across the Diocese we have seen people returning to Church, the holiday trade picking up and visitor numbers increasing. Nonetheless, some have remained nervous of physical gatherings; many of our chaplains continue 'hybrid' provision of services, and there has been pastoral work to do in rebuilding congregational life, filling the rotas and helping people to feel confident in re-gathering.

In 2022 the Diocesan Board of Finance planned for a financial deficit, and that is what we had – though not such a big deficit as we expected. For this good financial outcome, we are extremely thankful to our chaplaincies for the very high rate of Common Fund receipts. We are also grateful for significant financial support from the National Church – where, incidentally, our profile has never been higher. Central financial and human resources however remain slender, and we continue to run a very tight ship. Careful stewardship at every level is the order of the day.

Going into 2023, we still live with the dreadful Ukraine-Russia war and its impact on the lives of many Ukrainians and citizens of bordering countries. The impact of climate change is already upon us in mainland Europe with heat and drought experienced especially in the south of the Diocese. We do not neglect these big issues. A special appeal for Ukraine has raised 400,000 euros, and we share with the wider Church of England the aspiration to be net carbon neutral by 2030.

Within the Diocese there is much about which we can feel encouraged. Worship is vibrant, our clergy and lay leaders are very able, our congregations are frequently diverse in terms of ethnic mix and age, and there are exciting mission projects. New folk are joining our congregations and there are many examples of people finding Christian faith. Our overall morale is high.

So I hope you enjoy reading this report. I trust you are encouraged and reassured by the great care taken over the management of our resources and our efforts to present our results clearly and transparently.

I remain thankful to God for the vitality of our Diocese in Europe, as evidenced by this report, and pray for its continued flourishing.

Robert Gibraltar in Europe

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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The Trustees, who are also Directors for the purposes of company law, present their annual report together with the audited financial statements, for the year ended 31 December 2022.

### OBJECTIVES

The Diocese in Europe has almost 300 congregations in 40 countries in Europe, Russia and North Africa. These congregations are organised within 147 (2021: 147) separate chaplaincies. The Company's principal activity is to promote, assist and advance the mission and ministry of the Church of England in the Diocese in Europe by acting as the financial executive of the Diocesan Synod.

The main objectives of the charitable Company or Diocese in Europe Board of Finance ("DBF") are:

- To manage the financial aspects of providing a priestly and pastoral presence where needs arise and as resources permit across the Diocese.
- To provide appropriate personnel, financial grants and other resources including safeguarding to support the mission of the Diocese.
- To engage with the community as part of the Church's response to God's mission to His people in the area covered by the Diocese.
- To manage funds on behalf of the churches in the Diocese, and related trust funds.
- To provide services to churches and help the flow of communications across the Diocese, including the provision of various publications.

Funds and other support are given to encourage fresh expressions for worship and mission; to support the ongoing mission of the Diocese, and to provide a service to our chaplaincies. Priorities for Diocesan support are identified at regular meetings of the Bishop's staff and at the Diocesan and archdeaconry synods. Significant financial issues are delegated to the Finance, Audit and Personnel Committee ("FAPC") between meetings of the Diocesan Synod and the Bishop's Council. The Terms of Reference and scheme of financial delegation for the FAPC are routinely reviewed by the Bishop's Council.

The Trustees aim to operate a balanced budget, meeting current expenditure from current income, so that capital growth can be set aside to support the work of the Diocese in future years and be available at times of particular hardship. This strategy has been very significant during the years of the Covid-19 pandemic and, during this period, the DBF paused its programme of increasing revenue through the Common Fund requests and has used reserves to fund deficits. The Trustees have agreed five-year financial plans at its meetings in 2020, 2021 and 2022. The latest plan agreed in October 2022 envisages the cumulative deficit over the years 2020 to 2026 inclusive reaching £1.6 million.

Financing deficits from reserves enabled the Common Fund request to be frozen in the years 2020-2022. An increase of 10% has been approved for 2023 and the plan envisages some further increases in the next 3 years as the DBF policy is to keep the deficit under £100,000 by 2026 and maintain reserves at between 1.5 and 2.0 times the annual expenditure of the DBF.

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### STRATEGIC AIMS

The Diocesan strategy, 'Walking Together in Faith' commits us to:

- Building up the Body of Christ and fostering growth.
- Sharing with other churches and agencies in the evangelisation of Europe.
- Striving for the creation of a just society and a sustainable environment.
- Working for Reconciliation in communities and in the wider world.
- Providing the Resources to do these things.

Across our far-flung Diocese, the Diocesan staff team and the chaplaincies work together in fulfilling this strategic vision by making good clergy appointments, fostering vocations; forging partnerships with mission agencies, working with refugees and providing encouragement and support to our people. Increasingly this work is supported by pan diocesan working groups such as the Caring for Creation Group or the Racial Justice Working Party as well as increased co-operation between chaplaincies at an archdeaconry level.

The following 4 priority areas of activity agreed by the Bishop's Council continue to be a focus for attention within the strategy.

1. The environment and the stewardship of creation.
2. Growing ministry to young people.
3. Growing training and development of both lay leaders and clergy with a particular focus on the Ministry of Women and of Black, Asian and Minority Ethnic people both lay and ordained.
4. Embracing lower income groups and learning how to function better with less.

Although the strategic priorities are clear the resources available to the DBF to help in their delivery are limited. Some funding may be available from the Archbishops Council and the challenge for the DBF leadership is to access this funding, recruit the right staff and adapt so that the management overhead of this extra work can be absorbed in a thin central team. Progress on these objectives can be made although the amount that can be achieved from the centre by the DBF is constrained by the diffused nature of the diocese.

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### FINANCIAL SUMMARY

The year's outcome for the total unrestricted fund, including Designated Funds, is a deficit, before investment losses, of £(212,133), as shown on the Statement of Financial Activities on page 32 (2021: Deficit before investment gains of £(282,758)).

The deficit is considerable but it is a significant improvement on the expectations when the budget was set in October 2021. Income was higher than forecast with 95% of the Common Fund request being paid. Cost savings resulted from delays in recruitment and deployment of some staff positions as well as the absence of an in-person meeting of the Bishop's Council. This has to be set against the higher than expected cost of the Safeguarding Past Cases Review 2. Since 2020, a total of £360,000 of grants have been made to chaplaincies from the Covid Hardship Fund. £280,000 remains in the Hardship Fund. This will be used to meet other economic hardship needs of chaplaincies in the coming years, in particular cost of living increases. The fund has benefited from a grant from the Archbishops' Council.

The war in Ukraine, global economic uncertainty and inflation all contributed to a challenging year for the markets. The Diocesan unrestricted listed investments are managed by fund managers at CCLA. They performed well against comparable fund managers but, in line with the market, the capital value of our investments fell by £0.6 million (11.8%) to £4.5 million at the year end (2021 £5.1 million with an increase of 14.4%). Investments are regarded by the DBF as long term, low risk holdings. The fund managers managed to maintain the investment income.

The Common Fund request was frozen for a third successive year and the generosity of chaplaincies resulted in a 95% return against the request. Common Fund contributions make up 70% of unrestricted income. This excludes grants made to specific Designated Funds. The continued generosity of chaplaincies in paying Common Fund is dependent on both sentiment and on their financial health. However, any increases in Common Fund are a small proportion of the chaplaincy's overall income. A 10% increase in the request is 1% of the income of all the chaplaincies. Chaplaincy finances are fragile and the DBF is investing in fundraising advice for chaplaincies. The recovery in attendance and increasing giving after Covid is crucial to the finances of everyone in the Diocese.

In 2022, £147,000 was received from the Archbishops' Council to be added to this fund (See Note 18a for further details).

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### FINANCIAL SUMMARY (continued)

The Trustees review and approve the five year financial plan in October each year at the Bishop's Council. The plan has currently been extended to 2026 and includes the assumption that inflation will increase by 5% in each year across the period. The objectives are to reduce the annual operating deficit to less than £100,000 by 2026 and to ensure that the unrestricted reserves remain at between 1.5 and 2 times the annual expenditure whilst maintaining the existing services of the DBF. This plan has required a 10% increase in the total Common Fund request in 2023 and further increases in future years are envisaged by the financial plan. The Trustees approve the financial plan and the Common Fund request on an annual basis.

Alternative funding streams continue to be explored by senior staff particularly, but not only, grants from the Archbishops' Council. These grants however tend to be targeted at new strategic priorities as opposed to the 'business as usual'.

The DBF has consistently kept costs down and staffing levels remain lower than any other diocese in the Church of England apart from Sodor and Man. Reviewing costs is a constant activity but scope for further reductions is limited.

This Annual Report bears witness to the considerable generosity of chaplaincies, and to the careful stewardship of the DBF with the funds provided. The review of activities shows the impact chaplaincies and the Diocese can have. The Diocese is entering the post Covid and post Brexit era which brings challenges and opportunities which must be balanced between the DBF and the chaplaincies.

### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE

#### War in Ukraine

On 24 February 2022 Russia invaded Ukraine and began bomb attacks on Kyiv. Christchurch Kyiv is a chaplaincy in the Diocese. The impact of the war was also significant at St Andrew's Moscow and in all the chaplaincies in places to which refugees fled in the immediate aftermath of the invasion. The economic and political effects reverberated everywhere.

The first response of the Diocese was to pray. Online vigils were led by Bishop Robert on zoom on the day of the invasion and services were held online weekly throughout Lent. These events were attended by friends across the Diocese, the Church of England and the Anglican Communion and were viewed more than 35,000 times.

8 days after the invasion the Diocese launched an appeal for aid for refugees of the war working in partnership with the mission agency United Society Partners in the Gospel (USPG). This was also promoted as the Bishop's Easter Appeal. Over £400,000 was donated for projects inside and outside Ukraine. It has funded work sponsored by or initiated by chaplaincies as well as giving direct aid to Christchurch Kyiv. Chaplaincies in Budapest, Riga, Helsinki, Prague, Bucharest, and Warsaw continue to receive support for their work. The fund has supported the work of ecumenical partners Caritas International, and Lutheran World Foundation who were active in Ukraine and in other countries where the Diocese has no chaplaincy.

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### War in Ukraine (continued)

At the end of 2022, 50% of the funds had been distributed which was in line with the objective of being able to continue support in the medium term. It is expected that most of the funds held by the Diocese and by USPG will be spent by the end of 2024.

Throughout the year, online reports and blogs have documented how chaplaincies helped Ukrainian refugees. Examples include:

*Warsaw:* Accommodation in the city. Also providing transport to support Ukrainian refugees integrating into a forest school.

*Kyiv:* Provision for immediate needs (primarily health or fuel) for chaplaincy members and those known to the chaplaincy

*Budapest:* Food distribution, accommodation provision, education and day-care provision (child-friendly spaces) and support for community centre space across borders in western Ukraine working alongside the Jesuits.

*Helsinki:* Food distribution/ humanitarian aid as part of an holistic 'Help Centre'.

*Riga:* Space for fellowship, psycho-social care and trauma support

Clergy and lay leaders in the Diocese particularly in Kyiv and in Moscow played a significant advocacy role in explaining the impact of the war to many in the UK and beyond, both by addressing Church of England forums and making numerous media appearances .

Bishop Robert made a pastoral visit to Moscow to conduct confirmations and spend time with clergy and lay leaders in the chaplaincy. He also held meetings with representatives of the Russian Orthodox Church and with UK Diplomats.

In December 2022 Bishop Robert accompanied Archbishop Justin Welby on a visit to Kyiv and Warsaw. This included meetings with ecumenical and interfaith groups, the UN representatives in the city, diplomats and members of Christchurch Kyiv. The visit received extensive media coverage.

#### The Death of Her Majesty Queen Elizabeth II

The Diocese had prepared for the death of the Queen with clear procedures and liturgies. The scale of the desire to mark the death in our churches across Europe expressed by local people and in particular by diplomatic communities in the cities where the Diocese is represented was significant and exceeded expectations.

Memorial services took place across the Diocese – a reflection of the affection felt towards the Queen and the grief at her loss and of the profile and status of the chaplaincies. Underpinning the Diocesan response was a huge and very effective communications exercise. Many chaplains played key roles in the coverage of the death of the Queen in their local media including TV and Radio commentary. Expert staff in the London Diocesan office played a significant role in preparing clergy for media appearances.



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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### **The Death of Her Majesty Queen Elizabeth II (continued)**

A positive outcome from the war in Ukraine and the death of Queen Elizabeth is that stronger central communications increased the sense in many chaplaincies of belonging to a greater international entity. These events also show how chaplaincies in the Diocese can make a significant impact in the wider communities they serve.

#### **Cost of living and inflation**

The rate of inflation across Europe began to rise rapidly in the first quarter of 2022. This has brought significant financial challenges to chaplaincies and the DBF. Paramount amongst these is the pressure on the remuneration of clergy and DBF staff whose income will not be likely to keep pace with the increased cost of living. For chaplaincies, congregations may feel less able to give as generously as usual. For the DBF the rate of inflation built into the budget is less than the current rates, so savings may have to be found or deficits may increase. Travel budgets are particularly hard hit, at the point where volume of travel in the Diocese is returning to at least 60% of pre-covid levels. Chaplaincies may be less able to make their Common Fund contributions.

The hardship fund will be particularly directed to assisting those chaplaincies hardest hit by increase costs particularly of fuel and will seek to ensure that stipendiary clergy are able to afford increases in fuel bills in places where the climate is colder and bills have risen most rapidly. The funds will be distributed according to relative need with particular priority given to chaplaincies with low levels of reserves. The DBF is seeking to reduce variable costs wherever possible.

In the medium term it is likely that the rate of inflation will fall given that it is an annual measure and the big increase was more than a year ago. However, many of the increase in costs are unlikely to be reversed.

The Archbishops' Council has shown a willingness during Covid to make grants to assist with sudden economic shocks and this has assisted with the hardship funds that are available.

#### **Brexit**

Covid-19 and then the war in Ukraine obscured the true effects of Brexit on the life of the Diocese in Europe in 2022. Many members of chaplaincies who did not qualify for residency are now limited in the amount of time they can spend in the European Union. This is reported to have reduced attendance at some chaplaincies particularly in the South of the Diocese as seasonal residents do not return as frequently or for as long as they did in the past. This increases the need to encourage regular giving beyond the plate.

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### **Brexit (continued)**

Visa regulations have complicated and slowed the process for clergy taking up new roles in the Diocese. The insistence on language qualifications requiring expensive courses can be another potential barrier to some clergy. Some of these issues were already experienced by clergy from parts of the Anglican Communion beyond England. Restrictions can apply to locum clergy with a consequent increase in the workload of Locum Administrators. Despite Brexit, it is gratifying that strong candidates continue to apply for roles and manage to overcome the hurdles in their way. Clergy across the Diocese are a more diverse group than ever with an increased number of appointments of Anglicans from across the globe.

In the longer-term Brexit may accelerate the trend in the Diocese which, at least anecdotally, shows increases in the proportion of English speaking people from around the world in our congregations whilst the numbers of UK migrants in some places may remain flat or in decline. It is apparent that some international companies which had previously held a base in London are now moving to have an EU base. This will present opportunities for growth for chaplaincies in some cities. The coming year will provide more evidence as to the general thrust of the Brexit effect which appears negative for the Diocese with regard to attendance.

The value of sterling continues to be a concern. Church members may have their costs in euros but rely on pensions received in the UK in sterling. The value of sterling has not fallen appreciably since the initial devaluation after the Brexit vote. Volatility in 2022 reflected the state of the UK economy but the fall in sterling was most marked against the dollar.

With regard to the ability of chaplaincies to pay the Common Fund, the euro exchange rate was 1.19 for the 2022 request and has fallen to 1.14 for 2023 which reflects a 4.2% reduction in the cost of any unchanged Common Fund amount if paid from funds held in Euros.

#### **Significant International Gatherings**

The Lambeth Conference in Canterbury and the World Council of Churches' General Assembly in Karlsruhe took place within six weeks of each other in 2022. Both had been delayed by the Covid pandemic. These are significant gatherings particularly for an international diocese. Both Bishops were in Canterbury, and Bishop Robert led the Diocesan representation at Karlsruhe. The conferences both showed due concern for the response to the war in Ukraine about which the Diocese provided important input. They shared similar preoccupations with social justice, climate change, Christian unity and reversing a trend towards an older demographic in church communities. There were important debates about human sexuality and marriage. As Bishop Robert reported from the Lambeth conference in the European Anglicans online magazine: *'We discussed human sexuality as part of one session. (Media coverage implied it was far more than that). At the conclusion, Archbishop Justin received a standing ovation for a speech which succeeded in holding people together. I think there was a higher degree of communion at the end of the conference than there was at the beginning although human sexuality is an area where faithful Christians disagree deeply'*.

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### **Covid-19**

The pandemic did not dominate Diocesan life in 2022 to the same extent as it had in the previous two years. However, the return to normal was slower than might have been expected. New variants and the rapid increase in cases towards the end of 2021 continued to reduce activity and church attendance in the early part of 2022. Travel was slow to get back to normal which reduced the normal visitor levels in some chaplaincies.

There continue to be reports of a nervousness about returning to church amongst older church members in particular whilst in other groups the pandemic resulted in people 'losing the habit' of church attendance. These continue to be challenges for the future.

Online worship continued to be significant. It is estimated that an average of 2,480 people joined online services in the Diocese each Sunday. Maintaining hybrid worship is an extra task for church officers and clergy but also represents a continuing opportunity for growth in engagement.

Archdeaconries were divided with regard to holding their synods online or in person. France, Gibraltar and Switzerland remained online in 2022 whereas the Eastern Archdeaconry, Italy and Malta, North-West Europe, and Germany and Northern Europe met in person. In some cases, these were the first face to face gatherings since 2019.

A Bishop's Instrument remained in place to enable governance meetings in the Diocese and in chaplaincies to be conducted remotely and many chaplaincies and the Bishop's Council availed themselves of this opportunity. It was seen as practical and nervousness about in person gatherings persisted.

#### **The Wider Church of England**

Senior Staff and Clergy of the Diocese have continued to maintain a high profile within the Church of England. Bishop Robert was appointed to chair the Faith and Order Commission which is the senior advisory body to the Church of England on theological matters. He is also on the House of Bishops' Standing Committee and the Clergy Discipline Commission. The Head of Safeguarding sits on a number of National Advisory groups and the Diocesan secretary is a member of the National Diocesan Secretaries Liaison Group. The Archdeacon of France and Switzerland is a member of the executive committee of the College of Archdeacons.

Bishop David has a number of significant ecumenical roles including Anglican Co-Chairman of the International Anglican-Roman Catholic Commission for Unity and Mission (IARCCUM), Anglican Co-President of the Anglican Lutheran Society, Governor of the Anglican Centre in Rome and Chairman of the (Church of England) Porvoo Panel.

The Church of England announced plans for a significant increase in funding for the next three years 'to support God's mission and ministry across the country, supporting local parishes and growing many more new worshipping communities to serve the whole nation.' This funding can apply to Europe as it does all the dioceses.

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### The Wider Church of England (continued)

The Church Commissioners for England intend to distribute £1.2 billion between 2023 and 2025, up 30% from £930 million in the current three-year period, and plan to maintain this level of funding in the subsequent six years.

Funds will be made available for large scale strategic development and there are focussed funds to support the Carbon Net Zero targets, work on Racial Justice and continued support for Low Income Communities. The Diocese in Europe had already benefitted from funding for stipendiary curates of £159,000 in 2021 and received a further £185,000 in 2022 as well as guarantees for new curates in 2023 and 2024 (Note 18a). Archbishops' Council grants are seldom targeted at what is regarded as 'business as usual' in the Diocese but are in support of new objectives that the Diocese shares with the Archbishops' Council's Vision and Strategy for the Church of England.

### ACTIVITIES AND ACHIEVEMENTS

#### Ministry

The number of clergy in the Diocese holding a Bishop's licence as at 31 December 2022 was 144 (2021: 139). This includes 115 clergy in post as Chaplains (2021: 90) and 21 assistant priests who hold a licence in a chaplaincy (2021: 24) as well as the Dean, the Archdeacons and the Director of Ministerial Development. In addition there are 19 curates. At the close of 2022, the Diocese had 21 vacancies (2021: 30) which, when filled, will have licensed clergy (including both Chaplains and assistant priests). Posts requiring a licensed priest total 169 (2021: 169). There were 7 appointments out of 9 advertised during 2022 (2021: 10). There was also 2 appointments that was not advertised (Option B process applied).

72 Readers held a Bishop's licence or Permission to Officiate at the end of the year (2021: 72). In addition, 3 Readers were awaiting new licences. 21 people were licenced or granted PTO as readers in 2022.

There were 22 ordinands in either residential or non-residential training (2021: 12) at the end of December 2022 and 8 Readers in training (2021: 17).

#### Chaplaincy membership and attendance

The total number on chaplaincy electoral rolls is 10,061 (2021: 9,284), an increase of 8.4%. This shows a healthy increase in numbers following the pandemic and is now very close to the 2019 figure of 10,299.

The number of life events in the Diocese returned to near 2019 figures which is indicative of the return to normality following the pandemic. The extent to which these events represent 'catch up' from events that were postponed as opposed to a return to normal levels will not be clear for another year but at least it is a cause for optimism.

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Chaplaincy membership and attendance (continued)

There were 331 baptisms (2021: 277) and 92 marriages (2021: 37) recorded in the Diocese with an additional 92 (2021: 81) marriage blessings. The number of marriages in particular, represents a significant financial matter for some chaplaincies. These events are a source of engagement and income particularly when families travel from the UK for ceremonies. The number of marriages is only 3 fewer than the pre pandemic position in 2019.

34 confirmation services (2021: 13) were held with 173 candidates (2021: 116)

Easter Day attendance was recorded as 11,752 (2021: 4,752). This number was limited by the pandemic in some places making some of the usual celebrations impossible. Christmas Day attendance was recorded at 15,176 (2021: 8,025).

The Usual Sunday Attendance is recorded as 8,887 (2019 – The last pre Covid year, 9364) Chaplaincies report 2,480 attendees as the average attendance online in 2022.

Analysis of the attendance figures indicates some areas of post Covid recovery but also some areas of significant challenge as chaplaincies continue to rebuild after Covid and absorb the effect of Brexit. Christmas and Easter are substantially increased on the year but have a little way to go to reach the pre covid levels.

#### Finance

Financial oversight was provided by the Finance, Audit and Personnel Committee (“FAPC”) which met formally online four times during the year as well as providing advice through correspondence. The Committee is a source of essential expertise and challenge to the executive as well as representing the concerns of chaplaincies about financial matters. The Chair, Mike Fegan, is continuing in his role as chair of the DBF and of the committee. The FAPC has recruited a Church Finance and HR expert who has long service as a Diocesan Secretary and is an experienced accountant and auditor.

A significant task of the Committee has been to scrutinise and approve the refreshed financial plan that was presented to and approved by the Trustees at the October 2022 Bishop’s Council. The plan includes an increase in the Common Fund request of 10% for 2023 and envisages further increases in subsequent years to be approved at future Council meetings. The need for these will depend on financial outcomes and inflation. The plan extended the planning period by a year to 2026, the target being for the DBF to return a deficit less than £100,000. It also envisages a reduction in the amount to be held in unrestricted reserves to 1.5 years of annual expenditure by 2026, from 2 years proposed in 2021 as a target for 2025. This plan presents a stable if brittle position and a clear path in uncertain times, which is essential for stakeholders and prospective donors alike. The plan will be updated each year to reflect developing circumstances.

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Finance (continued)

The FAPC approves grants made through the Covid Hardship fund. So far a total of £360,000 has been distributed to 28 chaplaincies. £280,000 remains in the fund and this is expected to be used over the next 2-3 years to alleviate special needs faced by chaplaincies as a result of inflation in particular. Priority in grants will continue to be given to covering stipendiary clergy costs, subsidising housing costs and bills for those with part time or house for duty licences. Chaplaincies with 4-6 months or less expenditure in reserve are likely to be the priority for such grants.

At the end of 2022 the DBF negotiated a new lease on its rented office space in Church House. There is no increase in cost and the offices are to be refurbished at the expense of the landlord. The staff will occupy a smaller, reordered space from the end of 2023.

#### Loans and Liquidity

In January 2021 a loan of £500,000, was obtained from CCLA, the DBF's investment manager, under the Diocesan Loan Scheme. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years, with no requirement of repayment of capital in the interim. The DBF is continuing to make regular repayments to meet that objective. The interest is payable every six months. The rate to October 2022 was 1.93%. No other loans have been obtained.

No investments were sold in the year.

The DBF has availed itself of the interest bearing deposit accounts at CCLA, which returned 3.95% on cash invested as of April 2023.

#### Diocesan Investments

The Diocesan unrestricted investments were monitored weekly throughout the year and their value was reported regularly to the FAPC. The DBF's investment manager, CCLA, attended FAPC meetings to update the committee on investment performance and strategy. There were sharp falls in values in the first quarter and again towards the end of the year. By the end of 2022 the total reserves held in investments had fallen by £1.4 million or 11.2% to £10.9 million. This figure includes £6.2 million restricted funds for which the DBF is the Trustee on behalf of other beneficiaries in the Diocese. The capital value of the DBF's own unrestricted funds held as listed investments decreased by 11.8% or £0.6 million to £4.5 million. See Note 14 for further details.

Many chaplaincies and trust funds, of which the DBF is the custodian Trustee, are managed by CCLA alongside the DBF's own unrestricted funds. These have declined in value but the view of the FAPC is that CCLA are outperforming other fund managers. Income is constant and the medium term outlook is stable. Of course markets may continue to be volatile, and so no market gains (or losses) are assumed in preparing the budget and financial plan.

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Pensions

Following revaluation as at 31 December 2021, the Church of England Funded Pension Scheme is now in surplus, and so deficit contributions have ceased, and the cost to chaplaincies has reduced. The contributions requested from chaplaincies paying towards clergy pensions has reduced from £11,800 in 2021 to £11,124 in 2022, and the expected figure for 2023 is £8,981. This represents a 24% decrease over the two years. The saving is entirely to the 35 chaplaincies who contribute in this way. There is also a saving to the DBF in respect of pension payments for senior clergy funded by the DBF. The contributions now represent 28% of the clergy benchmark stipend; a reduction from 38% in 2021.

#### Common Fund Allocation

The Bishop's Council devolved the decision about how to allocate the Common Fund request to the Finance, Audit and Personnel committee. The FAPC examined the impact of using the existing Common Fund process and formula for the 2022 request. This would have been based on the 2018, 2019 and 2020 chaplaincy accounts and decided that the notion of a flat Common Fund total amount would be highly confusing if chaplaincies saw big fluctuations in their own contribution requests. In addition the figures used would not adequately reflect the varied impact of Covid-19 on the financial health of chaplaincies. Therefore the committee decided not to use the formula in 2022. It was also agreed that the formula should return in 2023 but the final decision on that matter would be taken early in 2023 when the Common Fund requests for that year are determined.

#### Staff Changes

There were no changes in the clergy amongst the senior staff. There has been significant recruitment for the lay DBF staff.

Damian Thwaites left his post as Head of Communications in February. Adrian Butcher, of Meads Media, joined as a consultant in an interim capacity for much of the rest of the year. The arrangement was very effective and care was taken to recruit his replacement, Ruth Blanco, who is now in post.

Juliet Evans joined the team as the Fundraising Advisor, a role that is part funded by the Archbishops' Council.

There have also been some changes and new appointments in the administration of the safeguarding and ministry teams.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### **Support from the National Church**

The Diocese in Europe is treated in a similar way to all other dioceses in the Church of England with regard to grants that are available. £147,000 was added to the Hardship Fund by virtue of grants applied for to cover unexpected needs due to inflation. The DBF is engaged in fundraising towards meeting the Net Zero target and Racial Justice initiatives. 2023 will see further efforts towards receiving broader strategic grants allied to the National Church Vision and Strategy which focusses particularly on young people and new worshipping communities.

#### **Safeguarding and the Past Cases Review 2 (PCR2)**

The Diocese completed the review of all personnel files in accordance with the Archbishops' Council mandate issued in 2019. The work was completed later in Europe than in other dioceses due to delays due to Covid which prevented independent reviewers being able to work in Brussels where the serving clergy files are held. The requirement to review the files in situ in Brussels and the unusually large number of files held by the Diocese gave rise to significant costs being incurred in the year (Note 18a). The Archbishops' Council provided £60,000 towards the project. The final report will be published in May 2023.

The DBF benefits from the expert oversight of the Diocesan Safeguarding Advisory Committee which met five times in 2022 and also acted as the PCR2 review group. In addition to the required casework, the Diocesan Safeguarding Team conducted over 400 safeguarding police checks in the year, trained 270 people and held 9 workshops or conferences for chaplaincy safeguarding officers. A significant project was started to migrate all the safeguarding data to a new platform 'My Concern' from the CPOMS system which is designed for education institutions and is no longer fit for purpose.

#### **Progress towards Net Zero Carbon Target**

The Church of England General Synod resolved that the Church of England should be Carbon Net Zero by 2030. The Diocese is actively pursuing its contribution to meeting this objective. A thorough policy and programme of activity for chaplaincies was adopted by the Diocesan Synod in June 2022. The next stage is to make detailed plans for each chaplaincy and identify where action can be taken effectively given the range of models of building ownership. 14 chaplaincies have achieved the A Rocha Bronze award which has also been given to the London DBF headquarters and the Bishop's office in Brussels. The Diocesan Caring for Creation Working Group will be supported by some professional resource funded by the Archbishops' Council in the latter part of 2023.



# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Communications

The range and impact of Diocesan communications increased significantly in 2022 with continued progress made on the digital diocese project. Over 35,000 people attended the online prayer vigils for Ukraine and coverage of the war contributed to significant increases in digital engagement. 116 news stories were published and the website generated over 350,000 page views. The Diocese had 9,487 followers across its social media platforms, a year on year increase of 32%. Significant progress was made towards the launch of the new Diocesan website which is expected to go live in May 2023. Scoping of a project to improve a number of chaplaincy websites in a simple and low cost manner is also underway.

Senior staff acquired an increased media profile in the coverage of the war and the death of HM Queen Elizabeth II.

#### Volunteers

The DBF is dependent on the huge number of people involved in chaplaincies. The number of active volunteers (or volunteer hours) dedicated to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the DBF greatly values the considerable time given by all Committee members and other volunteers across the Diocese in pursuit of the church's mission.

Measuring in a meaningful way the in-kind value of volunteer time to the operations of the DBF is particularly difficult. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Volunteer recruitment is now carried out in a way that takes account of the new guidelines on safer recruitment.

#### Diocesan Synod and Bishop's Council

For the first time since 2019 the Diocesan Synod met in person (in Cologne) in early June 2022. Significant business included the adoption of the Anti-Bullying policy for the Diocese, and the Carbon Net Zero policy and action plan. There was a thorough discussion of the Diocesan finances at the Annual Meeting of the Members of the DBF. Guest speakers included Revd Hilary Ison who led two sessions on trauma focussing on the changes and challenges brought about by the pandemic.

The Bishop's Council met online in October due to the increased risk of Covid transmission at the time as well as a decision to save both money and carbon consumption. The main business was to approve the budget and revised financial plan.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Events

- The Diocese's lay learning course 'Walking Together in Faith' was launched in the Autumn after 3 years of preparation led by the Diocesan Director of Lay Discipleship, Clare Amos. The course, which is on the online learning platform Moodle, comprises four modules each with five sessions and runs over 12 months. Those taking the whole course who choose to submit work for assessment will be awarded a 'Bishop's Certificate'.  
It is also intended as offering a foundational basis for those thinking of exploring some form of authorised ministry in the Church but is also available to anyone seeking a deeper understanding of their faith.
- Bishop Robert accompanied the Archbishop of Canterbury on a visit to Kyiv and made a pastoral visit to St Andrew's Moscow following the outbreak of the war in Ukraine.
- Bishop David Hamid celebrated 20 years as Suffragan Bishop in Europe and he became the longest serving bishop in the Church of England. The milestone was celebrated at a Eucharist for staff in St Matthew's Westminster and at the Bishop's Senior Staff residential meeting and at the online meeting of the Bishop's Council.
- The anniversaries of the founding of a number of chaplaincies were celebrated including the 200<sup>th</sup> anniversary of the chaplaincy in Nice, the 150<sup>th</sup> anniversary of Holy Ghost, Genoa, the 125<sup>th</sup> anniversary of St Olav's Balestrand, the centenaries of St George's Taormina and of the Church of the Resurrection in Bucharest.
- Ordinations were celebrated in Madrid and in Ghent.
- The Chancellor of the Pro Cathedral of St Paul's Valetta Fr Simon Godfrey retired after 13 years service.
- The Ministry Experience Scheme pilgrimage to the Holy Land was the first such venture since 2019.
- IME2 events returned to their normal pattern with the curates meeting in person along with the training incumbents in Cologne in November 2022.
- The move to holding some events online has been so successful that this has continued. Notable successes have been the vocations seminars which are now held over a number of sessions and the clergy induction which includes sessions for all clergy new to the Diocese as well as a programme for clergy new to the Church of England.
- The Association of the Church of England in Italy (ACDI) completed the approval process for its treaty with the Italian government. The process has taken 14 years and stands to benefit all the chaplaincies in the archdeaconry both operationally and financially through the ability residents will have to allocate a portion of their tax to their chaplaincy. The treaty recognises the historic presence of our Church of England chaplaincies in Italy and enables chaplaincies to integrate more fully into the Italian legal, social and fiscal system.
- The Diocese hosted visits from the Archbishop of Canterbury to Romania, Turkey and Ukraine.
- Archdeacons hosted pan archdeaconry online gatherings of all Churchwardens
- The first face to face meeting for the Reuilly Working group for over three years was co-chaired by Bishop Robert in Lyon.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

*for the year ended 31 December 2022*

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#### ACTIVITIES AND ACHIEVEMENTS (continued)

##### Events (continued)

- French translations of Morning and Evening Prayer were finalised by the French Anglican and Roman Catholic working group. These have been officially authorised and published.
- The graduation of the first cohort of students from Holy Trinity Brussels' Peace and Conflict Transformation training course was celebrated.

#### FUTURE PLANS

- 2 significant conferences are planned for 2023. A conference of Licenced Women Clergy will be held in Hamburg and a conference on Racial Justice in Freiburg. These events are self-financing and have received support from the investment managers CCLA and the mission agency USPG respectively. Each event focusses attention on key strategic priorities for the Diocese.
- Revd Canon Smitha Prasad, Chaplain of St Alban's Copenhagen, will be consecrated Bishop of Huddersfield in June 2023.
- In August 2023 the chaplaincy of St Georges Lisbon is hosting young people who are attending *Rooted in Unity* an event for young Christians of all denominations taking place at the heart of the *World Youth Day (WYD)*.
- A pilgrimage to the 'Seven Churches of Asia' is being organised for clergy in the Diocese by Revd James Buxton in Izmir.
- The celebration of the 150th anniversary of the Anglican Church in Belgium, with King Philippe of Belgium
- The mission to refugees in Calais will be extended with the appointment of a refugee officer co funded by the Diocese, the Diocese of Canterbury and USPG.
- New registration of all French Chaplaincies and creation of a Union Nationale for the CofE in France is expected to be created.
- A significant advance in ecumenical work will be achieved with the creation of two split role Ministers with French Protestant Church in Lyon and Strasbourg.
- The new Diocesan website will launch in May 2023 with improved functionality, a new church finder product and a revised Diocesan handbook.
- In 2023 Bishop Robert and Archdeacon David Waller will each be taking long awaited 3-month sabbaticals which are an important contribution to the welfare of long serving clergy.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### FINANCIAL REVIEW

#### Financial performance summary

The overall deficit for the year including all funds, before investment gains, per the Statement of Financial Activities on page 32, was £(166,853) (2021: £(228,941)). No one off grants or other income were received in the year. Total losses on Investments in the year were £(1,372,812) (2021: gain £1,405,735). The DBF's unrestricted investments made losses in the year of £(604,919) (2021: gains £648,190) with a value at the year end of £4,534,729 (2021: £5,139,648) (See Note 14).

#### Income

Total income for the year was £2,263,011 (2021: £2,155,560). This includes unrestricted income of £1,598,194 (2021: £1,323,543) and restricted income of £663,834 (2021: £830,953) received for a number of activities such as the training of ordinands and Strategic Ministry Funding for Curates (See Note 18a).

There was a slight fall in the year in total contribution from chaplaincies through the Common Fund, from £917,576 to £912,142.

#### Expenditure

During the year total charitable expenditure was £2,429,864 (2021: £2,384,501), made up largely of direct ministry and mission costs and grants (See Note 8). Included in this was total designated expenditure of £316,530 (2021: £287,322) and restricted expenditure of £619,537 (2021: £778,200) (See Notes 8 and 18a).

#### Balance sheet

As shown on the Balance Sheet on page 34, net assets at December 31 2022 were £11,363,646 (2021: £12,903,311).

- Unrestricted funds were £4,318,548 (2021: £5,135,600)
- Restricted funds were £530,902 (2021: £486,605)
- Endowment funds were £6,514,196 (2021: £7,281,106)

The unrestricted and endowed funds include the losses incurred on the investments. See Note 18a for the detail of each reserve and Note 14 on Investments.

#### Remuneration of key management personnel

The responsibility for setting salaries for all staff, including senior personnel, lies with the Finance, Audit and Personnel Committee ("FAPC"). Prevailing market conditions are taken into account.

#### Legacies

A small number of chaplaincies benefitted from legacy income in the past year. Following the recruitment at the end of the year of the Fundraising Advisor, who is partly funded by the Archbishops' Council, the promotion of giving by legacy to chaplaincies is being further developed with due regard to the very varied tax regimes across the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### **FINANCIAL REVIEW (continued)**

#### **Grant making policy**

The Trustees award grants principally through the FAPC. These are normally to establish new chaplaincies via the Diocesan Development Fund or develop new mission initiatives within a chaplaincy or archdeaconry via the Mission Opportunity Fund.

#### **Investment policy**

The policy of the Trustees is to invest in a diversified portfolio of quoted equity and fixed interest securities. They take into account the requirements of the law in relation to the investment of charitable monies, while seeking the best possible returns and having due regard to preservation of capital. Investment decisions also take account of the funds' ethical policies and ensure that these fall within the guidelines approved by Church of England General Synod. The Company invests through common investment funds and does not invest directly in the stock market. For operational reasons, it also has certain limited interests in property.

The portfolio held is diverse and designed to withstand pressures that may come in various parts of the global economy.

The FAPC meets at least quarterly and is updated on the portfolio's performance. Any need to draw down on investments is approved at these meetings. Representatives of CCLA, who manage the DBF's unrestricted investments and the vast majority of the endowment funds, regularly attend FAPC meetings. The Committee has considered the distribution of the investments between the various funds administered by CCLA and resolved not to change the distribution but to review this matter on a regular basis.

The amount held in reserve is a relatively high proportion of expenditure compared to other dioceses. However the Diocese in Europe has few other assets such as land or buildings and little flexibility in its cost base. Hence these funds are the only sources of finance in the event of significant financial challenges.

#### **Reserves policy**

The Trustees consider it important to carry reserves to cover unforeseen eventualities and the possibility of future operating deficits, taking into account the fact that more than half of all funds are endowed for specific purposes. In the case of unrestricted funds, the Trustees seek to maintain general reserves that will support the ongoing mission of the Diocese and allow the company to operate as a going concern.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### FINANCIAL REVIEW (continued)

#### Reserves policy (continued)

The Unrestricted General Fund was £3,812,282 (2021: £4,802,009) at the end of the year. The DBF has been accustomed to holding two years' operating costs in reserves. In the financial plan approved to 2026 the Trustees indicated that they would approve the possibility of the unrestricted reserve falling to 1.5 years of expenditure if necessary but such an approach would need to come in tandem with a reduction in the annual deficit to less than £100,000. Within unrestricted reserves, the Trustees also have five Designated Funds totalling £506,266 (2021: £333,591) at the end of the year (See Note 18(a) for further details). Current accounts with chaplaincies, which are not matched with specific investments, are retained in the DBF's balance sheet as creditors due within one year. These amounted to £1,257,914 at the year end (2021: £1,157,970) (See Note 16).

#### Other funding which has an influence on the life of the Diocese

All chaplaincies in the Diocese are required to be financially self-sufficient. They are funded largely by electoral rolls members and visitors and in some cases by returns on investments and local commercial activity. Some chaplaincies receive significant support from mission agencies working in the Diocese, including Mission to Seafarers (which funds several port chaplains), and ICS (which retains patronage of 23 churches and supports some seasonal work), and the Benefact Trust (formerly Allchurches) which supports both the DBF and Holy Trinity Cathedral in Gibraltar as well as giving a "Transformational Grant" of £250,000 over a period of 3-4 years. The first big project to be completed with this grant is the new Diocesan website.

#### Going concern

In light of the financial impact of Covid-19, the financial position and forecasts have been reviewed, taking into account the levels of investment reserves and cash. As a result of this review, the Trustees believe that the Diocese will be able to manage operational and financial risks successfully.

As explained in the Investment Policy above, the portfolio is very diverse and is designed to withstand adverse market conditions, such as those currently being experienced. The DBF will seek to avoid selling investments at low points in market valuations.

In January 2021, a ten-year loan of £500,000 was obtained from CCLA, the DBF's investment managers, on favourable terms. £50,000 has been repaid each year and £400,000 remains outstanding at December 2022 (See Note 17).

It continues to be the Trustees' policy to invest surplus funds in fixed asset investments for the long-term so that the best returns are achieved. The Trustees are confident that the DBF can access these resources at short notice should the need arise to satisfy current liabilities.

Accordingly, the Trustees have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis of accounting in preparing the annual accounts.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### PRINCIPAL RISKS

The Trustees are responsible for maintaining a sound system of financial control to safeguard the Company's assets. The FAPC identifies the major risks to which the Company is exposed, and such systems and procedures as are practicable are in place to mitigate those risks. A formal risk assessment review is conducted annually at the Winter meeting of FAPC, which monitors the risks and the effectiveness of the system of internal control operated by the Company.

The most significant risks are as follows:

#### *Safeguarding failure*

A big case could have a significant reputational or financial impact. This is mitigated by a strongly led Safeguarding Advisory Committee, the engagement of professional safeguarding staff, Diocesan safeguarding policy and training and the DBF's insurance. The Past Cases Review 2 is designed to give confidence that historic cases have been dealt with appropriately or ensure that required action is taken.

#### *Investment underperformance*

Poor investment performance could have an adverse effect on the ability of the DBF to meet its financial commitments. However, to reduce the chance of this, funds are invested with an established and reputable fund manager. Funds are widely spread, and performance is monitored

#### *Chaplaincy finances*

Chaplaincies face a range of issues, including Brexit, which in some cases make payment of Common Fund very challenging. This is mitigated by prudent financial planning and encouragement of appropriate stewardship and giving. Communication with chaplaincies about the Diocesan finances has increased in recent years and there is some evidence that greater understanding has assisted in chaplaincies being more prepared to contribute.

#### *Global pandemic*

The widespread impact of the virus may continue for 2-5 years with an impact on chaplaincy and hence Diocesan income. This might be partially mitigated by improved stewardship by chaplaincies and improved cost control at all levels within the Diocese as well as some changes in the pattern and deployment of ministry in chaplaincies.

#### *Reliance on key staff*

The DBF is run by a smaller number of staff than any other diocese in the Church of England. Changes to or unavailability of senior staff has potential to seriously hamper Diocesan operations.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### PRINCIPAL RISKS (continued)

#### *Hazards*

Fire, flood and computer failure. The Diocese has insurance in place with a reputable insurer to cover these risks. The Diocese is also a tenant of Church House in Westminster and uses services provided by Church House. It can therefore rely on disaster recovery and computer back-up routines employed by the National Church Institutions.

#### *Costs related to property held by the DBF*

Properties in the Diocese both churches and accommodation are normally maintained by the chaplaincy which uses them. There are a small number including a church and a cemetery in Italy which do not have that cover and which may incur unexpected costs. The DBF is seeking to divest itself of such properties.

#### *Funds held as custodian Trustee*

The DBF holds investments and cash on behalf of chaplaincy councils. Care is taken to ensure the funds are managed correctly and that sufficient liquidity is maintained to ensure any demands for repayment can be met. This matter was reviewed by the FAPC in 2021 (See Note 21).



# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### STRUCTURE AND GOVERNANCE

The Diocese in Europe is a Diocese of the Church of England in the Province of Canterbury. The legal framework for the Diocese is the 'Diocese in Europe Measure 1980' and the Constitution of the Diocese 1995. While The Diocese in Europe Board of Finance is autonomous for most practical purposes, decisions may be influenced by those taken by the Church of England.

The DBF is a Company which is limited by guarantee and which does not have share capital. It is incorporated in England and Wales with the registration number: 106580.

#### Directors and Trustees

Under the Memorandum and Articles of Association, members of the Bishop's Council are designated as Directors for the purposes of the Companies Act 2006 and are Trustees under charity law. The members of the Diocesan Synod are the members of the Company.

The members of the board may derive no benefit, income or capital interest from the Company's affairs from their position, other than the reimbursement of out-of-pocket expenses. In the event of the Company being wound up, each member, who is a member at that time, has undertaken to contribute £1 to the Company. The FAPC agreed to the management contracting the current Chair of the DBF to offer some financial consultancy during the year outside of his trustee duties.

#### Constitution

The constitution of the DBF is set out in its memorandum and articles of association. Episcopally led, the DBF's activities are directed by the Diocesan Synod and Bishop's Council which also meets as the Board of the DBF and as the Trustees of the charity (together "The Trustees").

#### Organisation and decision-making structure

Members of Diocesan Synod are also members of the Company and the charity. They set priorities and the overall financial strategy for the DBF in its prime imperative to participate in God's mission by and to Anglicans across the area covered by the Diocese in Europe.

The Trustees meet once a year at Bishop's Council to approve the budget for the following year; to consider strategic financial matters and monitor the implementation of financial policies. Members of the Company meet annually during Diocesan Synod to approve the Annual Report and Financial Statements and consider the forecasts.

The FAPC meets at least four times a year to review the DBF's overall activities against budget, consider investment policy and performance, and approve requests for grants. It also reviews the budgets prior to their presentation to Bishop's Council and the Annual Report prior to its presentation to the DBF members at the Diocesan Synod. Membership of the Committee is a balance of ex-officio appointments and members elected by the Trustees every three years

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### STRUCTURE AND GOVERNANCE (continued)

#### **Appointment and induction of Trustees**

At the start of each new triennium new Trustees and members participate in an induction process and receive information about roles and responsibilities.

#### **Other organisations with which the Board co-operates in achieving its objectives**

The Company's activities involve regular and routine financial transactions with chaplaincy councils in the Diocese as well as the central Church authorities, though none of these bodies are a connected charity as defined by charity law. In addition, there are links (in respect of finance and activities) with various related agencies, together with Diocesan-wide voluntary and statutory organisations.

#### **Decision making and delegation policy**

Diocesan Synod sets and approves strategy and policies. The Board sets the annual budget and makes decisions on the financial policy for the diocese. The day-to-day management and implementation of agreed strategies and policies is undertaken by senior staff.

#### **Funds held as Custodian Trustee on behalf of others**

The DBF holds investments and cash as custodian Trustee on behalf of its chaplaincy councils and trusts. Where amounts owed to chaplaincies and trusts are matched by specific investment and cash balances these are excluded from the DBF's balance sheet and are recorded in Note 21.

#### **Public benefit**

The Trustees are aware of the Charity Commission's guidance on public benefit "The Advancement of Religion for the Public Benefit" and have regard to that guidance in their administration of the charity. The DBF believes that this report provides evidence of the public benefit of the charity's work in 2022.

As described more fully throughout the report, the DBF provides funds to support the work of Anglican Chaplaincies in Europe, part of North Africa and Russia. The vast majority of churches are available to the public at large and none is restricted to members of the Church of England.

#### **Trustees' indemnity**

The DBF provides insurance to Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity insurance remains in force as of the date of approving the Trustees' Annual Report.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the charitable company for the purpose of Company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the DBF and of the surplus or deficit of the DBF for that period.

In preparing these financial statements the Trustees are required to:

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

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### Statement of disclosure to the Auditor

As far as the Trustees are aware, there is no relevant audit information of which the charitable Company's auditor is unaware. The Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable Company's auditor is aware of that information.

### Appointment of Auditor

A resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the Annual General Meeting.

On behalf of the Board of Trustees on 23 June 2023



M Fegan – Chair

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### ADMINISTRATIVE DETAILS

#### Trustees

No Trustee had any beneficial interest in the Company during the year. The following served as Directors and Trustees throughout the year, except where stated. Triennial Elections to Diocesan Synod were held in the Summer of 2022 which is the point where some members retire from office.

#### Ex officio

Mr. M Fegan (Chair)

The Right Revd Dr. R Innes – Bishop of Gibraltar in Europe

The Right Revd Dr. D Hamid – Suffragan Bishop

The Venerable P Hooper – Archdeacon of France

The Revd T Makipää (Chair, House of Clergy) – (Term of office ended June 2022)

The Revd Canon S Prasadham (Chair, House of Clergy) - (elected June 2022)

Mr. D Coulston (Chair, House of Laity) (Term of Office ended June 2022)

Ms. M Talbot (Chair, House of Laity) (elected June 2022)

The Venerable L Nathaniel – Archdeacon of the East, Germany & Northern

The Very Revd I Tarrant – The Dean

The Venerable S Van Leer – Archdeacon of North West Europe

The Venerable D Waller – Archdeacon of Gibraltar and Archdeacon of Italy and Malta

#### ***Elected - House of Laity***

Ms S. Boyd

Mr. D Bean

Mrs. J Berry

Ms. J Cole (elected June 2022)

Mr R. Hall (elected June 2022)

Mrs. M Kopetzky

Ms. M Talbot (Term of office as elected House of Laity member ended June 2022 but continued as a Trustee having been elected chair of the House of Laity in June 2022)

Mr S Urquhart

#### ***Elected– House of Clergy***

The Rev'd C Cook (appointed June 2022)

The Rev'd Tony Dickenson (Term of office ended June 2022)

The Rev'd Canon D Flach

The Rev'd R Gardener (elected June 2022)

The Rev'd Dr. F Hegedus (Term of office ended June 2022)

The Rev'd A Lowen (Term of office ended June 2022)

The Rev'd G Read (elected June 2022)

The Rev'd R Seabrook (elected June 2022)

The Rev'd A Strange (resigned April 2022)

The Rev'd R Warren (elected June 2022)

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### ADMINISTRATIVE DETAILS (continued)

#### Trustees (continued)

##### ***Nominated by the Bishop of Gibraltar in Europe***

Mr. D Coulston (appointed June 2022)  
The Rev'd Canon S Godfrey (Term of office ended June 2022)  
The Rev'd P Jackson (died August 30, 2022)  
Mr. D White  
The Revd T Makipää (from June 2022)

#### **Finance, Audit and Personnel Committee ("FAPC")**

The following served on the FAPC throughout the year and to date, except where otherwise stated:

Mr. M Fegan (Chair)  
The Rt Rev'd Dr. R Innes – Bishop of Gibraltar in Europe  
The Rt Rev'd Dr. D Hamid – Suffragan Bishop  
Ms. J Almvang - Committee nominee September 2022  
Mr. D Bean – re- elected House of Laity October 2022  
The Rev'd Canon Dr. P Hooper – Archdeacon of France - appointed 14 February 2022  
The Rev'd P Jackson – Elected House of Clergy (died August 2022)  
Ms R Pearce – Committee nominee December 2022  
The Revd Richard Seabrook – Elected House of Clergy October 2022  
Ms. H Thomas – Committee nominee resigned January 2022  
The Rev'd R Williams - Committee nominee

#### **Senior staff and principal advisers**

A Caspari – Chief Operating Officer (Diocesan Secretary) / Company Secretary

#### **Registered office**

14 Tufton Street  
London, SW1P 3QZ  
Telephone: 00 44 (0)207 898 1155  
e-mail: [bron.panter@churchofengland.org](mailto:bron.panter@churchofengland.org)  
[www.europe.anglican.org](http://www.europe.anglican.org)

#### **Bankers**

Barclays Bank plc  
Media, 27 Soho Square  
London W1D 3QR

National Westminster Bank plc  
PO Box 34, 15 Bishopsgate  
London EC2N 3NW

#### **Independent Auditor**

Haysmacintyre LLP  
10 Queen Street Place  
London EC4R 1AG

#### **Investment manager**

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

#### **Legal registrar**

Aiden Hargreaves-Smith  
Partner, Winckworth Sherwood  
Minerva House, 5 Montague Close  
London SE1 9BB

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2022*

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#### Opinion

We have audited the financial statements of The Diocese in Europe Board of Finance for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2022*

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#### **Other information**

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

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

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

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

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

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2022*

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#### **Responsibilities of Trustees for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:



## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2022*

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- Reviewing minutes of trustee and committee meetings for evidence of non-compliance with laws and regulations and fraud;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted that significantly impact on the result for the year, posting in areas subject to significant judgements or estimates, postings in accounts that are considered higher risk; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

#### Use of our report

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



Adam Halsey (Senior Statutory Auditor)  
for and on behalf of Haysmacintyre LLP, Statutory Auditor

Date: 3 July 2023

10 Queen Street Place  
London  
EC4R 1AG

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2022

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2022	Total funds 2021
	Note	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies						
- Common Fund		912,142	-	-	912,142	917,576
- Archbishops' Council grant	3	178,799	-	-	178,799	172,836
- Other donations	4	326,118	454,837	-	780,955	474,994
Charitable activities	5	-	14,695	-	14,695	255,467
Investments	6	177,273	194,302	983	372,558	324,465
Other	7	3,862	-	-	3,862	10,222
<b>Total income</b>		<b>1,598,194</b>	<b>663,834</b>	<b>983</b>	<b>2,263,011</b>	<b>2,155,560</b>
<b>Expenditure on:</b>						
Charitable activities	8 / 9	(1,810,327)	(619,537)	-	(2,429,864)	(2,384,501)
<b>Net (deficit) / surplus before gain on investments</b>		<b>(212,133)</b>	<b>44,297</b>	<b>983</b>	<b>(166,853)</b>	<b>(228,941)</b>
Net (loss) / gain on fixed asset investments	14	(604,919)	-	(767,893)	(1,372,812)	1,405,735
<b>Net (deficit) / income in year</b>		<b>(817,052)</b>	<b>44,297</b>	<b>(766,910)</b>	<b>(1,539,665)</b>	<b>1,176,794</b>
<b>Transfers between funds</b>	12	-	-	-	-	-
<b>Net movement in funds</b>		<b>(817,052)</b>	<b>44,297</b>	<b>(766,910)</b>	<b>(1,539,665)</b>	<b>1,176,794</b>
<b>Total funds brought forward</b>		<b>5,135,600</b>	<b>486,605</b>	<b>7,281,106</b>	<b>12,903,311</b>	<b>11,726,517</b>
<b>Total funds carried forward</b>	18	<b>4,318,548</b>	<b>530,902</b>	<b>6,514,196</b>	<b>11,363,646</b>	<b>12,903,311</b>

All activities derive from continuing activities. The Notes on pages 37 to 57 form part of these financial statements.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INCOME AND EXPENDITURE ACCOUNT

*for the year ended 31 December 2022*

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		<b>2022</b>	<b>2021</b>
	Note	£	£
Total income	8	2,262,028	2,154,496
Total expenditure		(2,429,864)	(2,384,501)
		<hr/>	<hr/>
<b>Operating (deficit)</b>		<b>(167,836)</b>	<b>(230,005)</b>
Net (loss) / gain on fixed asset investments	14	(604,919)	648,190
		<hr/>	<hr/>
<b>Total comprehensive (deficit) / income</b>		<b>(772,755)</b>	<b>418,185</b>
		<hr/>	<hr/>

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 DIOCESE IN EUROPE BOARD OF FINANCE

## BALANCE SHEET

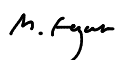
as at 31 December 2022

	Note	<b>2022</b>		<b>2021</b>	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	13		536,819		543,999
Investments	14		<u>10,886,836</u>		<u>12,259,648</u>
			11,423,655		12,803,647
Debtors	15	532,885		463,364	
Short term deposits and cash at bank		<u>1,747,830</u>		<u>1,578,211</u>	
		2,280,715		2,041,575	
Creditors: amounts falling due within one year	16	<u>(1,940,724)</u>		<u>(1,490,973)</u>	
<b>Net current assets</b>			<u>339,991</u>		<u>550,602</u>
<b>Total assets less current liabilities</b>			11,763,646		13,354,249
Creditors: amounts falling due after one year	17		<u>(400,000)</u>		<u>(450,938)</u>
<b>Net Assets</b>			<u><b>11,363,646</b></u>		<u><b>12,903,311</b></u>
<b>Funds</b>					
Unrestricted Funds					
- General		3,812,282		4,802,009	
- Designated Funds		<u>506,266</u>		<u>333,591</u>	
	18		4,318,548		5,135,600
Restricted Funds	18		530,902		486,605
Endowment Funds	18		6,514,196		7,281,106
			<u><b>11,363,646</b></u>		<u><b>12,903,311</b></u>

The notes on pages 37 to 57 form part of these financial statements.

The financial statements were approved by the Board of Trustees, and authorised for issue on 23 June 2023.

The financial statements are signed on behalf of the Board of Trustees by:



Mike Fegan  
Chair

Company reg. number: 106580

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### CASH FLOW STATEMENT

*for the year ended 31 December 2022*

	<b>2022</b>		<b>2021</b>	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Net cash (outflow) from operating activities		<b>(150,841)</b>		<b>(481,221)</b>
<b>Cash flows from investing activities</b>				
Interest and dividends received	372,558		324,465	
Purchase of:				
Tangible fixed assets	<u>(2,098)</u>		<u>(2,614)</u>	
<b>Net cash provided by investing activities</b>		370,460		321,851
<b>Cash flows from financing activities</b>				
Cash inflow from new borrowing	-		500,000	
Repayment of borrowing	<u>(50,000)</u>		<u>(50,000)</u>	
<b>Net cash provided by financing activities</b>		(50,000)		450,000
<b>Change in cash and cash equivalents in the year</b>		<b>169,619</b>		<b>290,630</b>
Cash and cash equivalents at 1 January		1,578,211		1,287,581
<b>Cash and cash equivalents at 31 December</b>		<b>1,747,830</b>		<b>1,578,211</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 2022

	2022 £	2021 £
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income before investment gains for the year	(1,539,665)	1,176,794
Adjustments for:		
Depreciation	9,278	10,495
Loss / (gain) on investments	1,372,812	(1,405,735)
Investment income	(372,558)	(324,465)
(Increase) / decrease in debtors	(69,521)	153,735
Increase / (decrease) in creditors	448,813	(92,045)
<b>Net cash (outflow) from operating activities</b>	<b>(150,841)</b>	<b>(481,221)</b>

	2022 £	2021 £
<b>Analysis of cash and cash equivalents</b>		
Short term deposits and cash at bank	<b>1,747,830</b>	<b>1,578,211</b>

	At 1 Jan 22 £	Cash flows £	At 31 Dec 22 £
<b>Analysis of changes in net debt</b>			
Short term deposits and cash at bank	1,578,211	169,619	1,747,830
Loans falling due after more than one year	(450,000)	50,000	(400,000)
	<b>1,128,211</b>	<b>219,619</b>	<b>1,347,830</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

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### 1. Accounting Policies

#### a) General information

The DBF is a charitable Company limited by guarantee incorporated in England and Wales and registered with the Charity Commission.

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

The financial statements have been prepared under the historical cost convention, with the exception of fixed and current asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP FRS 102), second edition effective 1 January 2019, the Companies Act 2006, and applicable accounting standards (FRS102). The DBF meets the definition of a public benefit entity under FRS102.

#### c) Going concern

The Trustees consider that there are no material uncertainties regarding the DBF's ability to continue as a going concern (see page 20 for further details).

#### d) Income

All incoming resources are included in the Statement of Financial Activities ("SOFA") when the Board is legally entitled to them as income or capital respectively, when ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy.

The principal source of income of the DBF is Common Fund donations. These monies are recognised in the SOFA in the period for which they are receivable. Monies received after the new Common Fund request is made are included in the current year on an entitlement basis.

Grants received which are subject to pre-conditions for entitlement or where use is specified by the donor are included in creditors where these pre-conditions have not been met at the balance sheet date.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is recognised when receivable.

#### e) Expenditure

Expenditure is accounted for on an accruals basis and has been aggregated under the relevant SOFA category. Expenditure includes irrecoverable VAT.

*Charitable expenditure* consists of expenditure on resourcing ministry and mission in the chaplaincies of the Diocese.

*Grants payable* are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF. These grants are recognised as expenditure when the conditions attaching to the grant are fulfilled. Grants offered which are subject to conditions which have not been met at the year-end are noted as commitments, but not accrued as expenditure.

*Support costs* consist of central management, administration and governance costs. Administrative support associated with making grants is insignificant and all costs are allocated to resourcing ministry and mission charitable expenditure.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2022*

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### 1 Accounting Policies (continued)

#### e) Tangible fixed assets

Assets in excess of £300 are capitalised as tangible fixed assets and are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	100 years
Leasehold property	Over the term of lease
Leasehold improvements	Over the term of lease
Equipment	5 years

Properties included in fixed assets only include those properties acquired after 1974. The details of properties owned by the DBF prior to 1974 are recorded in a property register, but the historic cost is not known and therefore not included in the balance sheet. None of these are "Heritage Assets".

#### f) Investments

Investments are included in the balance sheet at market value with the gain or loss taken to the SOFA.

#### g) Social investments

Social investments are at cost less any necessary impairment. They are not amortised.

#### h) Leases

The DBF is only party to operating leases and has no finance leases. The rental on these operating leases 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 included in the SOFA over the lease term.

#### i) Foreign exchange

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Foreign currency balances are translated at the balance sheet date and any differences are included in the SOFA.

#### j) Chaplaincy accounts

Where the Diocese invests money on behalf of individual chaplaincies, these assets and the associated liability to the chaplaincy are not included in the balance sheet. However, where the Diocese operates a "current account" with a chaplaincy, and the amount owed to a chaplaincy is not covered with specific assets in the chaplaincy name, these liabilities to the chaplaincies are recorded in creditors. If these obligations to chaplaincies were required to be settled, they would be settled out of the general unrestricted assets of the Diocese.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

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### 1 Accounting Policies (continued)

#### k) Pensions

The accounting treatment for the pension schemes in which the DBF participates is described in further detail in See Note 24.

Actuarial gains and losses are recognised immediately in other recognised gains and losses. Where the scheme is deemed to be in a deficit position, this is recognised in full as a liability. Where the scheme is determined to be in a surplus position, a surplus is recognised as an asset only to the extent that this can be recovered in future years through reduction in employer contributions or through a specific refund / reimbursement from the scheme.

#### l) Financial instruments – assets and liabilities

*Debtors:* Debtors are recognised at the settlement amount due.

*Cash and cash equivalent:* Cash at bank and cash in hand, held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

*Creditors and provisions:* These are recognised where the DBF 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. They are normally recognised at their settlement amount after allowing for any trade discounts due.

#### m) Fund balances

##### *Unrestricted Funds*

The DBF's corporate funds are freely available for any purpose within the Company's objects, at the discretion of the DBF. There are two types of unrestricted funds:

- *General Funds* which the Diocese intends to use for the general purposes of the Diocese.
- *Designated Funds* which are allocated to a specific purpose but which are, nonetheless, unrestricted.

##### *Restricted Funds*

Income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

##### *Endowment Funds*

Funds held on trust to be retained for the benefit of the donor charity as a capital fund. In the case of endowment funds administered by the DBF, there is no provision for expenditure of capital and all are classed as permanent endowments. A management charge of 5% of income is applied to all funds to cover accountancy and administration costs.

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2022*

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### 2 Critical accounting judgements and estimates

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

Key area subject to judgement and estimation:

#### **Recognition of defined benefit pension scheme creditor**

The DBF is different to many other English Diocesan boards of finance in that the clergy for overseas churches are legal employees of those local churches in order to comply with the different legal and tax frameworks in place across the wide geographical area in which the DBF operates. Consistent with this practice, the relevant stipendiary and pension expenses for overseas clergy are recognised in the financial statements of the local churches and not in the financial statements of the DBF.

FRS102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS102 section 28.13 and 28.13A. The DBF has a payment plan with the Church of England's Pensions Board to make additional contributions to the clergy pension scheme to fund the estimated deficit under the recovery plan until 31 December 2022.

The Trustees consider that, while the DBF is the legal member of the scheme responsible for making contributions to the Church of England pension scheme, the substance of the arrangements in place is that the DBF only acts as a conduit for pension contributions for overseas clergy and therefore the liability lies with those overseas churches. On this basis, the Trustees consider it appropriate to recognise the deficit only for those members of the clergy that the DBF is directly responsible for. At the balance sheet date this was four individuals.

The DBF has estimated the asset should not be recognised in its financial statements as it is determined a surplus and is only recognised as an asset only to the extent this can be recovered in future years through a reduction in contributions or through a specific refund/reimbursement from the scheme. This has resulted in the recognition of a nil balance at the balance sheet date (2021: £938). A full explanation of the DBF's pension arrangements and the presentation in the financial statements is included in See Note 24.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 3 Archbishops' Council income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Lower income communities funds	178,799	-	-	-	178,799
	2021 £	2021 £	2021 £	2021 £	2021 £
Lower income communities funds	172,836	-	-	-	172,836

A further three years low income communities grant was approved by the Archbishops' Council in 2022.

### 4 Other donations income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Ordination candidates donations	-	85,544	-	-	85,544
Other donations	25,840	214,734	-	-	240,574
Ministry division RME Ordinands' grant	-	-	226,214	-	226,214
Strategic ministry fund	-	-	185,130	-	185,130
Ministry Experience Scheme	-	-	43,493	-	43,493
	25,840	300,278	454,837	-	780,955
	2021 £	2021 £	2021 £	2021 £	2021 £
Ordination candidates donations	-	16,784	-	-	16,784
Other donations	17,536	16,317	-	-	33,853
Ministry division RME Ordinands' grant	-	-	210,798	-	210,798
Strategic ministry fund	-	-	159,071	-	159,071
Ministry Experience Scheme	-	-	54,488	-	54,488
	17,536	33,101	424,357	-	474,994

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 5 Charitable activities income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
UKNSF (FCDO) grant	-	-	14,695	-	14,695
	2021 £	2021 £	2021 £	2021 £	2021 £
UKNSF (FCDO) grant	-	-	255,467	-	255,467

### 6 Investment Income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Income from listed investments	172,483	-	194,302	983	367,768
Interest receivable	4,790	-	-	-	4,790
	177,273	-	194,302	983	372,558
	2021 £	2021 £	2021 £	2021 £	2021 £
Income from listed investments	163,847	-	151,129	1,064	316,040
Interest receivable	8,425	-	-	-	8,425
	172,272	-	151,129	1,064	324,465

### 7 Other Income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Sundry income	3,862	-	-	-	3,862
	2021 £	2021 £	2021 £	2021 £	2021 £
Sundry income	10,222	-	-	-	10,222

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 8 Expenditure on Charitable Activities

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Ministry and mission costs	793,364	200,702	436,484	-	1,430,550
Housing costs	25,344	-	-	-	25,344
Grants	14,409	78,311	158,896	-	251,616
Charitable activities	-	37,517	17,360	-	54,877
Allocated support costs	660,680	-	6,797	-	667,477
	<b>1,493,797</b>	<b>316,530</b>	<b>619,537</b>	<b>-</b>	<b>2,429,864</b>
	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>
Ministry and mission costs	718,564	100,280	393,252	-	1,212,096
Housing costs	13,896	-	-	-	13,896
Grants	-	53,381	129,618	-	182,999
Charitable activities	-	133,661	248,986	-	382,647
Allocated support costs	586,519	-	6,344	-	592,863
	<b>1,318,979</b>	<b>287,322</b>	<b>778,200</b>	<b>-</b>	<b>2,384,501</b>

### 9 Analysis of expenditure including allocation of support costs

	Activities undertaken directly 2022 £	Grant funding of activities 2022 £	Charitable activities 2022 £	Support Costs 2022 £	Total funds 2022 £
<u>Charitable Activities</u>					
Ministry and mission costs	1,430,550	-	54,877	667,477	2,152,904
Housing	25,344	-	-	-	25,344
Grants	-	251,616	-	-	251,616
	<b>1,455,894</b>	<b>251,616</b>	<b>54,877</b>	<b>667,477</b>	<b>2,429,864</b>
	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>
<u>Charitable Activities</u>					
Ministry and mission costs	1,212,096	-	129,618	592,863	1,934,577
Housing	13,896	-	-	-	13,896
Grants	-	382,647	53,381	-	436,028
	<b>1,225,992</b>	<b>382,647</b>	<b>182,999</b>	<b>592,863</b>	<b>2,384,501</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 10 Analysis of support costs

	Unrestricted funds	Designated funds	Restricted funds	Total funds
	2022	2022	2022	2022
	£	£	£	£
Central staff costs	408,210	-	-	408,210
Central office and premises	51,704	-	-	51,704
Depreciation	9,278	-	-	9,278
Legal and professional fees	88,865	-	-	88,865
Trust management costs	-	-	6,797	6,797
Other support costs	22,880	-	-	22,880
Governance				
Auditors fee:				
- Current year statutory audit	20,790	-	-	20,790
- Non audit fee payroll services	1,944	-	-	1,944
Synod and Bishop's Council	57,008	-	-	57,008
	<b>660,680</b>	<b>-</b>	<b>6,797</b>	<b>667,477</b>
	2021	2021	2021	2021
	£	£	£	£
Central staff costs	350,734	-	-	350,734
Central office and premises	62,942	-	-	62,942
Depreciation	10,495	-	-	10,495
Legal and professional fees	84,361	-	-	84,361
Trust management costs	-	-	6,344	6,344
Other support costs	48,264	-	-	48,264
Governance				
Auditors fee:				
- Current year statutory audit	19,800	-	-	19,800
- Non audit fee payroll services	4,000	-	-	4,000
Synod and Bishop's Council	5,923	-	-	5,923
	<b>586,519</b>	<b>-</b>	<b>6,344</b>	<b>592,863</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

#### 11 Staff costs

	2022	2021
	£	£
Salaries	408,338	439,950
Social security costs	43,108	40,976
Other pension costs	45,281	49,292
	<b>496,727</b>	<b>530,218</b>
	2022	2021
Average number included in staff costs above during the year:	11.5	10.7
Average number of Full Time Equivalents in the year:	10.3	9.0

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

	2022 Number	2021 Number
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1

#### 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 activities of the Diocese. The remuneration totalled £91,960 (2021: £91,132).

The Diocesan and Suffragan Bishops are stipend office holders in the Diocese, however unlike other stipended office holders, the Diocese is not asked directly to reimburse the Bishops' costs. Instead these are met by the Church Commissioners and thus the costs not included in these accounts. The three full time and one part time Archdeacon are paid a stipend and these costs are included in the Charitable Activities Note 8, under Ministry and Mission costs and not included in this Staff costs note. Contractors are not included in the above as they are not staff.

#### Trustees reimbursed expenses and remuneration

Prior to the Covid pandemic, all trustees usually attended a minimum of two meetings a year and received reimbursement for travel and accommodation costs. Since the pandemic, the Diocesan Synod, Bishop's Council and Finance and Personnel and Audit Committee meetings have been not held in person but online with the result no costs were incurred. In 2022 however, the first face to face Diocesan and General Synods were held and £4,190 expenses incurred.

No trustee was paid any remuneration from the DBF as a result of their position.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 12 Analysis of transfers between funds

	Unrestricted Funds		Restricted funds
	General funds	Designated funds	
	2022	2022	2022
	£	£	£
Transfer from unrestricted to designated funds:			
- Hardship Fund	(50,000)	50,000	-
- Safeguarding Past Case review 2	(138,927)	138,927	-
Transfer from unrestricted to restricted funds:			
- UKNSF (FCDO) grant			(3,816)
- Digital Diocese		-	3,816
	<b>(188,927)</b>	<b>188,927</b>	<b>-</b>

	Unrestricted Funds		Restricted funds
	General funds	Designated funds	
	2021	2021	2021
	£	£	£
Transfer from unrestricted to designated funds:			
- Grants	(10,000)	10,000	-
- Hardship Fund	(150,000)	150,000	-
- Safeguarding Past Case review 2	(100,000)	100,000	-
Transfer from unrestricted to restricted funds:			
- Digital Diocese	(12,695)	-	12,695
	<b>(272,695)</b>	<b>260,000</b>	<b>12,695</b>

### 13 Tangible Fixed Assets

	Freehold	Leasehold	Equipment	Total
	£	£	£	£
<b>Cost</b>				
Brought forward 1 January 2022	685,012	53,390	42,187	780,589
Additions	-	-	2,098	2,098
Disposals	-	-	(27,146)	(27,146)
Carry forward 31 December 2022	<b>685,012</b>	<b>53,390</b>	<b>17,139</b>	<b>755,541</b>
<b>Depreciation</b>				
Brought forward 1 January 2022	148,970	53,390	34,230	236,590
Depreciation charge for the year	6,850	-	2,428	9,278
Written back on disposal	-	-	(27,146)	(27,146)
Carry forward 31 December 2022	<b>155,820</b>	<b>53,390</b>	<b>9,512</b>	<b>218,722</b>
<b>Net book value</b>				
At 31 December 2022	<b>529,192</b>	<b>-</b>	<b>7,627</b>	<b>536,819</b>
At 1 January 2022	<b>536,042</b>	<b>-</b>	<b>7,957</b>	<b>543,999</b>



# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 14 Investments

	Listed investments		Social investments	Total
	Unrestricted £	Restricted £	Unrestricted £	£
Brought forward 1 January 2021	5,139,648	6,920,000	200,000	12,259,648
Loss on investments	(604,919)	(767,893)	-	(1,372,812)
Carry forward 31 December 2022	<b>4,534,729</b>	<b>6,152,107</b>	<b>200,000</b>	<b>10,886,836</b>

The majority of the listed investments are held in collective investment funds managed by CCLA. The historic cost of these investments at 31st December 2022 was £6,475,031 (2021: £6,475,031).

### 15 Debtors

	2022 £	2021 £
Amounts due from chaplaincies	125,000	125,000
Prepayments and accrued income	75,151	71,630
Other debtors	332,734	266,734
	<b>532,885</b>	<b>463,364</b>

### 16 Creditors: falling due within 1 year

	2022 £	2021 £
Amounts owed to chaplaincies	1,257,914	1,157,970
Other creditors	136,661	73,945
Accruals and deferred income	546,149	259,058
	<b>1,940,724</b>	<b>1,490,973</b>

### 17 Creditors: falling due after more than 1 year

	2022 £	2021 £
Loan (see note below)	400,000	450,000
Pension deficit repayment creditor (see note 24)	-	938
	<b>400,000</b>	<b>450,938</b>

In January 2021 a loan of £500,000 was obtained from CCLA, the DBF's investment managers, under the Diocesan Loan Scheme. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years, with no requirement of repayment of capital in the interim. The loan is being repaid in equal instalments of £50,000 over the 10 year period. The interest is payable every six months.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 18 (a) Summary of fund movements - current year

	As at 1.1.22	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.22
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<b>General funds:</b>						
Diocesan Fund	4,802,009	1,297,916	(1,493,797)	(604,919)	(188,927)	3,812,282
<b>Designated funds:</b>						
Ordination Candidates	45,640	85,544	(57,655)	-	-	73,529
Mission Opportunities	166,434	-	(20,656)	-	-	145,778
Hardship	112,642	154,734	(37,517)	-	50,000	279,859
Safeguarding Past Case Review 2	1,775	60,000	(200,702)	-	138,927	0
Diocesan grants	7,100	-	-	-	-	7,100
<b>Total Unrestricted Funds</b>	<b>5,135,600</b>	<b>1,598,194</b>	<b>(1,810,327)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,318,548</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,565	(1,565)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,852	(4,852)	-	-	-
Armstrong Trust (Istanbul)	65,684	5,778	(5,989)	-	-	65,473
Bagneres de Bigorre Fund (France)	-	1,741	(1,741)	-	-	-
Bertie Watson (Algarve)	36,107	16,211	-	-	-	52,318
Clement Jones (Suffragan Bishop)	4,710	2,666	(2,506)	-	-	4,870
Col Doughty Wylie Fund (FCO)	14,482	262	(983)	-	-	13,761
Crimean Memorial Church (Istanbul)	-	2,578	(2,578)	-	-	-
Daphne Willoughby - Waters (Palma)	5,279	2,146	(7,107)	-	-	318
Diocesan Development Fund	78,739	15,212	(5,761)	-	-	88,190
Emma Tebbs Trust (Rome)	-	3,762	(3,762)	-	-	-
Frank Pratt Barlow (Monte Carlo)	33,310	40,194	(54,993)	-	-	18,511
Houlton Fund (Malta)	-	1,243	(1,243)	-	-	-
Lindley Fund (Germany)	-	1,722	(1,722)	-	-	-
MMS (Gibraltar & Marseilles)	(15,366)	10,426	(10,521)	-	-	(15,461)
Overseas Bishoprics Fund	25,874	6,261	-	-	-	32,135
Philip Coleman Trust (Palma)	-	1,153	(1,153)	-	-	-
Riga Mission Trust	25,604	21,387	(14,916)	-	-	32,075
Spicer Trust (Needy clergy)	13,087	39,273	(25,834)	-	-	26,526
St Andrew's (Tangier)	9,158	10,566	(6,365)	-	-	13,359
St Georges (Berlin)	-	2,956	(2,956)	-	-	-
Stephenson Bequest (Malaga)	-	2,349	(2,349)	-	-	-
Ministry division RME Ordinands' grant	31,663	226,214	(189,423)	-	-	68,454
UKNSF (FCDO) grant	6,481	14,695	(17,360)	-	(3,816)	-
Strategic ministry fund	2,000	185,130	(180,675)	-	-	6,455
Digital Diocese (Benefact grant)	115,864	-	(42,422)	-	3,816	77,258
Ministry Experience Scheme	33,929	43,492	(30,761)	-	-	46,660
	<b>486,605</b>	<b>663,834</b>	<b>(619,537)</b>	<b>-</b>	<b>-</b>	<b>530,902</b>
<b>Balance c/f</b>	<b>5,622,205</b>	<b>2,262,028</b>	<b>(2,429,864)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,849,450</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 18 (a) Summary of fund movements - current year (continued)

	As at 1.1.22	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.22
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>5,622,205</b>	<b>2,262,028</b>	<b>(2,429,864)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,849,450</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	50,936	-	-	(5,969)	-	44,967
All Saints (Dresden) Trust (Germany)	182,160	-	-	(21,348)	-	160,812
Armstrong Trust (Istanbul)	177,332	-	-	(26,679)	-	150,653
Bagnères de Bigorre Fund (France)	54,913	-	-	(6,435)	-	48,478
Bertie Watson (Algarve)	600,261	-	-	(63,539)	-	536,722
Clement Jones (Suffragan Bishop)	100,655	-	-	(12,596)	-	88,059
Col Doughty Wylie Fund (FCO)	134,551	-	-	(15,995)	-	118,556
Continental Chaplaincies	1,238,300	-	-	(120,510)	-	1,117,790
Crimean Memorial Church (Istanbul)	98,134	-	-	(11,501)	-	86,633
Daphne Willoughby - Waters (Palma)	130,050	983	-	(14,829)	-	116,204
Diocesan Development Fund	476,247	-	-	(63,673)	-	412,574
Emma Tebbs Trust (Rome)	143,173	-	-	(16,779)	-	126,394
Frank Pratt Barlow (Monte Carlo)	1,669,629	-	-	(134,016)	-	1,535,613
Houlton Endowment Fund (Malta)	47,335	-	-	(5,547)	-	41,788
Lindley Endowment Fund (Germany)	65,546	-	-	(7,682)	-	57,864
MMS (Gibraltar & Marseilles)	418,276	-	-	(44,621)	-	373,655
Overseas Bishoprics Fund	268,865	-	-	(27,923)	-	240,942
Philip Coleman Trust (Palma)	46,253	-	-	(6,259)	-	39,994
Riga Mission Trust	519,108	-	-	(67,976)	-	451,132
Spicer Trust (Needy clergy)	34,362	-	-	(4,450)	-	29,912
St Andrew's (Tangier)	560,787	-	-	(64,630)	-	496,157
St. George's (Berlin)	170,251	-	-	(13,303)	-	156,948
Stephenson Bequest (Malaga)	93,982	-	-	(11,633)	-	82,349
	<b>7,281,106</b>	<b>983</b>	<b>-</b>	<b>(767,893)</b>	<b>-</b>	<b>6,514,196</b>
<b>Total funds</b>	<b>12,903,311</b>	<b>2,263,011</b>	<b>(2,429,864)</b>	<b>(1,372,812)</b>	<b>-</b>	<b>11,363,646</b>

### Details of Funds

#### Unrestricted

- *Diocesan Fund*  
The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.
- *Ordination Candidates Fund*  
This Designated Fund is available to support ordination candidates.
- *Mission Opportunities Fund*  
The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese.
- *Hardship Fund*  
A Designated Fund established to support chaplaincies with insolvency or the inability to pay their clergy following the outbreak of COVID-19. This will now cover financial hardship occasioned by the big increase in inflation in 2022.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2022*

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### Details of Funds- continued

#### Unrestricted - continued

- *Safeguarding Past Case Review 2*  
A Designated Fund to cover the cost of the requirement to independently review files relating to all serving and past (living) clergy & church officers, to ensure safeguarding matters have been appropriately handled.

#### Restricted

Restricted funds may only be applied for the purposes specified in the measures, trust deeds and the ecclesiastical statutory regulations. Generally all income generated on restricted funds is paid to the chaplaincies to which the fund relates. Grants and expenditure includes a 5% management fee levied by the Diocese.

The management charge is applied to all trusts to cover accountancy and administration for those trusts. This charge has been accounted for as income to the unrestricted general fund, and as a cost to the funds concerned. The total charge within restricted funds was £6,797 (2021: £6,344).

- *Diocesan Development Fund*  
A Special Trust for the purposes of Charities Act 2011.
- *Ministry Division RME Ordinand's Grant*  
Block grant received from the ministry division, Archbishops' Council, to fund the training of Ordinands.
- *UKNSF (FCDO) grant*  
A restricted grant from the Foreign Commonwealth and Development Office to help UK nationals with their residency applications in France following Brexit.
- *Strategic ministry fund*  
A fund from the Archbishops' Council to provide financial support for growth in the number of stipendiary curates in the Diocese.
- *Digital Diocese (Benefact Trust (previously known as Allchurches) grant*  
A transformational grant to create and distribute inspiring content that seeks to build and grow congregations across demographic groups.
- *Ministry Experience Scheme*  
A scheme for people aged 18 to 30, who desire to discern their vocation in the Church of England.

#### Endowment

Endowment funds may only be applied for the purposes specified in the measures, trust deeds and the ecclesiastical statutory regulations. They are only generally available for specified purposes.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 18 (b) Summary of fund movements - previous year

	As at 1.1.21	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.21
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<b>General funds:</b>						
Diocesan Fund	4,455,051	1,290,442	(1,318,979)	648,190	(272,695)	4,802,009
<b>Designated funds:</b>						
Ordination Candidates Fund	51,274	16,784	(22,418)	-	-	45,640
Mission Opportunities Fund	194,497	-	(28,063)	-	-	166,434
Hardship Fund	79,986	16,317	(133,661)	-	150,000	112,642
Safeguarding Past Case Review 2	2,055	-	(100,280)	-	100,000	1,775
Diocesan grants	-	-	(2,900)	-	10,000	7,100
<b>Total Unrestricted Funds</b>	<b>4,782,863</b>	<b>1,323,543</b>	<b>(1,606,301)</b>	<b>648,190</b>	<b>(12,695)</b>	<b>5,135,600</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,303	(1,303)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,632	(4,632)	-	-	-
Armstrong Trust (Istanbul)	65,236	5,741	(5,292)	-	-	65,685
Bagneres de Bigorre Fund (France)	-	1,684	(1,684)	-	-	-
Bertie Watson (Algarve)	86,430	13,855	(64,178)	-	-	36,107
Clement Jones (Suffragan Bishop)	2,935	2,697	(922)	-	-	4,710
Col Doughty Wylie Fund (FCO)	15,050	10	(578)	-	-	14,482
Crimean Memorial Church (Istanbul)	-	2,494	(2,494)	-	-	-
Daphne Willoughby - Waters (Palma)	8,257	2,128	(5,106)	-	-	5,279
Diocesan Development Fund	66,895	14,625	(2,781)	-	-	78,739
Emma Tebbs Trust (Rome)	-	3,638	(3,638)	-	-	-
Frank Pratt Barlow (Monte Carlo)	-	35,075	(1,765)	-	-	33,310
Houlton Fund (Malta)	-	1,203	(1,203)	-	-	-
Lindley Fund (Germany)	-	1,666	(1,666)	-	-	-
MMS (Gibraltar & Marseilles)	(13,909)	10,045	(11,502)	-	-	(15,366)
Overseas Bishops' Fund	20,122	6,055	(303)	-	-	25,874
Philip Coleman Trust (Palma)	-	1,303	(1,303)	-	-	-
Riga Mission Trust	14,416	20,322	(9,134)	-	-	25,604
Spicer Trust (Needy clergy)	11,427	3,154	(1,494)	-	-	13,087
St Andrew's (Tangier)	4,642	14,014	(9,498)	-	-	9,158
St Georges (Berlin)	-	2,879	(2,879)	-	-	-
Stephenson Bequest (Malaga)	-	2,606	(2,606)	-	-	-
Ministry division RME Ordinands' grant	29,656	210,798	(208,791)	-	-	31,663
UKNSF (FCDO) grant	-	255,467	(248,986)	-	-	6,481
Strategic ministry fund	-	159,071	(157,071)	-	-	2,000
Digital Diocese (Allchurches grant)	110,000	-	(6,832)	-	12,695	115,863
Ministry Experience Scheme	-	54,488	(20,559)	-	-	33,929
	<b>421,157</b>	<b>830,953</b>	<b>(778,200)</b>	<b>-</b>	<b>12,695</b>	<b>486,605</b>
<b>Balance c/f</b>	<b>5,204,020</b>	<b>2,154,496</b>	<b>(2,384,501)</b>	<b>648,190</b>	<b>-</b>	<b>5,622,205</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 18 (b) Summary of fund movements - previous year (continued)

	As at 1.1.21	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.21
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>5,204,020</b>	<b>2,154,496</b>	<b>(2,384,501)</b>	<b>648,190</b>	<b>-</b>	<b>5,622,205</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	44,533	-	-	6,403	-	50,936
All Saints (Dresden) Trust (Germany)	159,260	-	-	22,900	-	182,160
Armstrong Trust (Istanbul)	156,853	-	-	20,479	-	177,332
Bagneres de Bigorre Fund (France)	48,010	-	-	6,903	-	54,913
Bertie Watson (Algarve)	532,104	-	-	68,157	-	600,261
Clement Jones (Suffragan Bishop)	93,461	-	-	7,194	-	100,655
Col Doughty Wylie Fund (FCO)	121,099	-	-	13,452	-	134,551
Continental Chaplaincies	1,139,363	-	-	98,937	-	1,238,300
Crimean Memorial Church (Istanbul)	85,797	-	-	12,337	-	98,134
Daphne Willoughby - Waters (Palma)	117,323	1,064	-	11,663	-	130,050
Diocesan Development Fund	410,419	-	-	65,828	-	476,247
Emma Tebbs Trust (Rome)	125,174	-	-	17,999	-	143,173
Frank Pratt Barlow (Monte Carlo)	1,453,190	-	-	216,439	-	1,669,629
Houlton Endowment Fund (Malta)	41,384	-	-	5,951	-	47,335
Lindley Endowment Fund (Germany)	57,306	-	-	8,240	-	65,546
MMS (Gibraltar & Marseilles)	371,395	-	-	46,881	-	418,276
Overseas Bishops Fund	238,913	-	-	29,952	-	268,865
Philip Coleman Trust (Palma)	49,520	-	-	(3,267)	-	46,253
Riga Mission Trust	505,500	-	-	13,608	-	519,108
Spicer Trust (Needy clergy)	31,522	-	-	2,840	-	34,362
St Andrew's (Tangier)	491,460	-	-	69,327	-	560,787
St. George's (Berlin)	157,046	-	-	13,205	-	170,251
Stephenson Bequest (Malaga)	91,865	-	-	2,117	-	93,982
	<b>6,522,497</b>	<b>1,064</b>	<b>-</b>	<b>757,545</b>	<b>-</b>	<b>7,281,106</b>
<b>Total funds</b>	<b>11,726,517</b>	<b>2,155,560</b>	<b>(2,384,501)</b>	<b>1,405,735</b>	<b>-</b>	<b>12,903,311</b>

### 19 Commitments under operating leases

At 31 December 2022, the DBF had future minimum payments under non cancellable operating lease as follows:

	2022	2021
	£	£
Land and Buildings		
Not later than 1 year	-	30,000

The old lease expired at the end of 2022 and there is currently a licence to occupy Church House, with effect from 15 February 2023, whilst the office at Tufton Street is being refurbished by the landlord. This licence expires the later of 15 August 2023 or not less than one month's notice given by the licensee. A new five year lease will be signed once the building work has been completed.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 20 Net assets by fund

	Tangible fixed assets	Investments	Current assets	Current liabilities	Amounts falling due after 1 year	Total Funds
	£	£	£	£	£	£
<b>2022</b>						
<b>Unrestricted</b>						
General	536,819	4,734,729	881,460	(1,940,726)	(400,000)	3,812,282
Designated	-	-	506,266	-	-	506,266
<b>Restricted</b>	-	-	530,902	-	-	530,902
<b>Endowment</b>	-	6,152,108	362,088	-	-	6,514,196
<b>Total Funds</b>	<b>536,819</b>	<b>10,886,837</b>	<b>2,280,716</b>	<b>(1,940,726)</b>	<b>(400,000)</b>	<b>11,363,646</b>
<b>2021</b>						
<b>Unrestricted</b>						
General	543,999	5,339,648	860,272	(1,490,973)	(450,938)	4,802,009
Designated	-	-	333,591	-	-	333,591
<b>Restricted</b>	-	-	486,605	-	-	486,605
<b>Endowment</b>	-	6,920,000	361,106	-	-	7,281,106
<b>Total Funds</b>	<b>543,999</b>	<b>12,259,648</b>	<b>2,041,575</b>	<b>(1,490,973)</b>	<b>(450,938)</b>	<b>12,903,311</b>

### 21 Funds held as custodian trustee

	2022 £	2021 £
Investments (at Market Value 31st December)	1,602,537	1,794,792
Cash on deposit	489,941	511,465
<b>Total assets held on behalf of chaplaincies</b>	<b>2,092,478</b>	<b>2,306,257</b>

### 22 Capital commitments

As at 31 December 2022 there were no capital commitments.

### 23 Post balance sheet events and contingent liabilities

There are no post balance sheet events and contingent liabilities

### NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2022*

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#### 24 Pensions

The DBF participates in two pension schemes.

These are:

1. Church of England Funded Pensions Scheme ("CEFPS") for stipendiary clergy and
2. Church Workers Pension Fund ("CWPF") for Diocesan lay employees

##### (a) Church of England Funded Pensions Scheme ("CEFPS")

The Diocese in Europe 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, therefore 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. In 2022 these amounted to £50,483 (2021: £49,779), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge in the year of £50,483 (2021: £47,021.)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.



## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

#### 24 Pensions (continued)

##### (a) Church of England Funded Pensions Scheme ("CEFPS") (continued)

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2021
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £	2021 £
Balance 1 January	938	3,695
Deficit contribution paid	(1,212)	(2,027)
Remaining change to balance sheet liability	274	(730)
Balance 31 December	-	938

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

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

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2022*

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#### **(b) Church Workers Pension Fund ("CWPF")**

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

The Church Workers Pension Fund has two sections

1. The Defined Benefits Scheme
2. The Pension Builder Scheme, which has two subsections;
  - i) a deferred annuity section known as Pension Builder Classic and
  - ii) a cash balance section known as Pension Builder 2014.

#### **Pension Builder Scheme**

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

1. *Pension Builder Classic* provides a pension, 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. Discretionary increases may also be added, depending on investment returns and other factors.
2. *Pension Builder 2014* is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced, from age 65.

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are the contributions payable of £39,613 (2021: £34,872).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

#### 25 Related party transactions

The Chair of the DBF received £6,300 for professional consultancy provided during the year (2021: £6,300). This sum was unpaid at the end of both financial years and included in accruals. There were no other related party transactions. (See Note 11).

#### 26 Prior year comparative SOFA

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2021
	Note	£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies					
- Common Fund		917,576	-	-	917,576
- Archbishops' Council grant	3	172,836	-	-	172,836
- Other donations	4	50,637	424,357	-	474,994
Charitable activities	5	-	255,467	-	255,467
Investments	6	172,272	151,129	1,064	324,465
Other	7	10,222	-	-	10,222
<b>Total income</b>		<b>1,323,543</b>	<b>830,953</b>	<b>1,064</b>	<b>2,155,560</b>
Expenditure on:					
Charitable activities	8 / 9	(1,606,301)	(778,200)	-	(2,384,501)
<b>Net surplus before gain on investments</b>		<b>(282,758)</b>	<b>52,753</b>	<b>1,064</b>	<b>(228,941)</b>
Net gain on fixed asset investments	14	648,190	-	757,545	1,405,735
<b>Net movement in funds</b>		<b>365,432</b>	<b>52,753</b>	<b>758,609</b>	<b>1,176,794</b>