

**THE EXETER DIOCESAN BOARD OF FINANCE LIMITED**

**ANNUAL REPORT**

**AND CONSOLIDATED FINANCIAL STATEMENTS**

**for the year ended 31 December 2017**

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

**The Exeter Diocesan Board of Finance Limited  
Annual Report & Consolidated Financial Statements  
For the year ended 31 December 2017**

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**Key to abbreviations**

EDBF	The Exeter Diocesan Board of Finance Limited
EDPS	EDPS Limited – the Board's Trading Company
SOFA	Statement of Financial Activities
SORP	Statement of Recommended Practice (2015) (FRS 102)
PCC	Parochial Church Council

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**OUR VISION**

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

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

**Growing in prayer**

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

**Making new disciples**

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

**Serving the people of Devon with joy**

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

+ Robert Exon

(Bishop of Exeter)

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The trustees, who are also directors for the purposes of company law, present their annual report, together with the audited consolidated financial statements, for the year ended 31 December 2017.

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

The combined report satisfies the legal requirements for:

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

## **LEGAL OBJECTS**

The objects of the Diocese of Exeter cover the entire county of Devon.

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

EDBF has the following statutory responsibilities:

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

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

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**STRATEGIC REPORT**

**STRATEGIC AIMS**

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

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

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

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

There are 120 mission communities across the Diocese of Exeter. We aim to be mission-oriented, community-focussed and locally-rooted. As God's people we are called to live out our faith and continue the mission of God as revealed in the life, death and resurrection of Jesus Christ.

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

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

The Board reviews the financial plan on an annual basis and this was most recently undertaken in May 2018. The current plan covers the years 2018 to 2024 and is based on continuing, proportionately small, improvements in the level of Common Fund collection, whilst aiming to keep the level of increase in the sums requested achievable. The plan requires stringent cost control across all areas of the budget and includes a planned increase in the number of unpaid licensed ministers (self-supporting clergy and readers) and other lay people involved in ministry, alongside a reduction in the number of stipendiary clergy working within the Diocese. One of the key aims is to increase vocations, including the number of self-supporting ministers deployed.

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**OBJECTIVES FOR THE YEAR**

The vision was reviewed in 2015 and subsequently approved by the Diocesan Synod in March 2016. This led to the focus changing in 2016, as EDBF directed its resources to delivering the new priorities. Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that EDBF delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

The challenge for 2017 has been to embed the Vision & Strategy and to ensure it is linked to key pieces of work to deliver the priorities. Four key strands have been identified:

- Leadership, Finance and Governance;
- Transformative Ministry: exploring new models of church;
- Transformative Mission: creating capacity to enable change; and
- Engagement with church and community.

The key aims for 2018/19, many of which were started in 2017, are:

- Models to simplify and integrate governance;
- Common Fund review;
- Revised long term financial plan;
- Development of further Mission Sheds & Fresh Expressions;
- Development of rural church pilot projects;
- Continuing exploration of new models of urban ministry;
- Reflection on minster models in market/seaside towns;
- Development of a Self-Supporting Ministry & interim ministry strategy;
- Renewal of the Mission Community Development Team;
- Applications for strategic development funding through the Church Commissioners;
- Development of lay training capacity;
- Development of ways to strengthen children's/youth work;
- Fostering vocations to lay and ordained ministry;
- Focussing on engagement and mission with older people;
- Promoting mission and ministry in 131 church schools; and
- Bishops in Mission follow-up and vision roadshows.

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**ACTIVITIES AND ACHIEVEMENTS IN THE YEAR**

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

One significant event during the year was the retirement in February 2017 of Mark Beedell, who had been Diocesan Secretary for 20 years, making him the longest serving Diocesan Secretary in the country. Mark made a huge contribution to the life of our diocese during this time and achieved a great deal. We are most grateful to him and wish him a long and happy retirement. We are delighted to welcome Stephen Hancock as the new Diocesan Secretary. He joined us in July 2017, from HSBC, where he was a regional director.

For the second year running, we saw a small year on year reduction in the percentage of Common Fund contributions received in 2017. The total contributions received by the end of February 2018 were £8.6m, which represented 93.2% of the amount requested from parishes. We are very grateful to the continuing generosity of the people in our worshipping communities.

The number of those going forward into training for diaconal/priestly/reader ministry in 2017 was 16 (2016: 15). Stipends were paid to an average of 194 clergy, which was four posts higher than the budget, as the result of the general aim to shorten the length of vacancies in some places.

Safeguarding continued to have a high priority, with the Diocese providing training courses, advice to parishes, case management, formal risk assessment work and active support of Mission Community leaders.

2017 saw a further report to Diocesan Synod on ‘Shrinking the Footprint’ to reduce our carbon emissions in the Diocese as part of our response to caring for God’s Creation. The ten year strategy agreed by Bishop’s Diocesan Council still has four years to run before conclusion. Local churches continue to switch to greener suppliers, support local growers and engaged in Creationtide initiatives.

The Church & Society team also supported the development of community sponsorship schemes for Syrian refugees, a series of events organised through the churches Mental Health Roundtable and made further progress in addressing poverty and inequality in the City of Plymouth through Transforming Plymouth Together, including a ‘Hope for Summer’ cookery school for vulnerable children and families in St. Budeaux. Other work focussed on local interfaith activities, a visit to Dartmoor prison with Bishop Nick, Living Churchyards conference and a Bishops in Mission gathering at Dartmoor National Park.

The Parish Giving Scheme has continued to grow across the Diocese, following the launch in March 2015, encouraging a deeper understanding of generous giving, streamlining administration in parishes, improving parishes’ cash flows by returning gift aid to parishes every month, and giving donors the option to increase their future giving in line with inflation. At 31 December 2017 there were 2,065 (2016: 1,636) people in our Diocese making donations to 171 (2016: 150) churches, contributing a total of £1.7m (2016: £1.4m) during the year. The average gift (including gift aid) was £17.16 per week (2016: £16.40).

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

We continued to engage intensively with the national “Resourcing Ministerial Education” report, looking at new criteria and models for providing ministerial training. The new system for this went live in September 2017, following a period of ‘shadow running’ in 2016/17. All payments for initial ministerial training are now made by the Diocese, with grants received through the National Church.

The Mission & Ministry Department exists to support the work of Mission Communities as they seek to live out the vision to Pray, Grow and Serve with Joy. The work of the department covers a wide range of activities including training for spiritual directors, children and youth work, vocations, overseas links and ministry development review.

The work of our Mission Enabler continues to grow as we build on the success of four Mission Sheds (gatherings to share good practice and encourage local mission initiatives) and national mission initiatives such as Thy Kingdom Come. This saw people from all over the Diocese gathering at the Cathedral on Pentecost Sunday.

In September we held the clergy conference at the Royal Agricultural University in Cirencester. This was the first such gathering for five years and it was encouraging to see over 200 clergy worshipping and learning together over four days. Our Bible studies were ably led by Jane Williams and we had three excellent keynote speakers as well as a variety of workshops. Clergy continuing education has covered a wide range of topics and we began the eighth cohort of our leadership programme Servants and Stewards. We had over 600 attendees at different days across the year. Meanwhile we have run our second Foundations in Christian Ministry Course for 26 lay ministry students.

We continue to work very closely with South West Ministry Training Course, who train ordinands (part-time), readers and lay ministry students. The Director of Mission and Ministry is now also devoting some time to be joint Principal of the Course. We have also been pleased to welcome St Mellitus College to Plymouth. They train full-time context based ordinands as well as independent students.

Towards the end of 2017 we appointed a new team leader for the Mission and Ministry Development team. When the team is at full strength, a part-time advisor in each Archdeaconry will work with Mission Communities to enable them to form Mission Action Plans and to work to see the vision become reality. We also await the arrival of the Lay Discipleship Project Manager.

The Exeter Diocesan Board of Education consulted and led a restructure of staffing. This has ensured that the education team are now better able to meet the current challenges and provide more effective support to diocesan schools and the mission and ministry priorities of the wider Diocese. The new structure has been widely welcomed by school leaders. The team worked well to secure a successful opening of Trinity school in September 2017 to serve the new community of Newcourt in Exeter. We were also the successful bidders for a new Primary Free School for Okehampton, which will be opening in September 2018.



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**KEY PERFORMANCE INDICATORS**

A full review was undertaken in the second half of 2017, to produce a more comprehensive set of key performance indicators, with a view to producing a quarterly Operational Report. Following a period of consultation, the new reporting structure was introduced beginning with the quarter ending 31 March 2018. The Operational Report is presented to the trustees following the end of each quarter, through the Bishop's Diocesan Council, and shared more widely with staff and other key stakeholders. The report is also available on the diocesan website.

Area	Target for 2017	Actual delivery in 2017
Common Fund collection rate	94.00%	93.18%
Total number of parishes signed up as members of the Parish Giving Scheme	175	171
The total full time equivalent number of stipendiary clergy	192	194
Total EDBF Income (excluding asset sales)	£13,478k	£14,236k
Total EDBF Expenditure (excluding capital works)	£14,250k	£14,617k

**FUTURE PLANS**

The strategic aims established by the Diocesan Synod in March 2016, as detailed on page 3, will direct the activities of EDBF for the coming year.

We will resource our Mission Communities by:

- Fostering more vocations;
- Resourcing Ministry;
- Encouraging growth;
- Providing training resources;
- Developing on-line resources; and
- Serving and working with the community.

Each year EDBF reviews the previous year's performance and therefore the assumptions that underpin the financial plan, when setting the objectives for future years. The 2018/19 work plan can be found on page 4.

One of the key projects for 2018 will be the revitalisation of three churches in the outer estates in Plymouth. EDBF was successful in securing initial support from the Church Commissioners' through the Strategic Development Funding stream and a final project plan was submitted in April 2018. If successful, this will secure £1.7m of funding over five years, with aim of making up to 360 new disciples within that timescale.

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**FINANCIAL REVIEW**

**Financial performance**

The Consolidated Statement of Financial Activities (page 28) for the year shows that the income (before investment gains) totalled £15.6m (2016: £14.6m) and expenditure amounted to £14.6m (2016: £13.4m) resulting in net income (before investment gains) of £1.0m (2016: £1.2m).

The net income together with investment gains of £2.2m on investment properties and financial investments resulted in a net increase in funds amounting to £3.2m. Total fund balances increased from £93.6m to £96.8m over the year.

At 31 December 2017 the unrestricted reserves (see Notes 21 and 22) amounted to £4.0m (2016: £4.3m).

Income from listed securities totalled £977k together with interest on cash balances of £3k. Net rental income received from glebe property amounted to £334k.

There was a gain on the revaluation of investment assets based on the value at the start of the year or subsequent purchase price of £1,859k (7.4%) for listed investments and a gain of £332k (2.4%) for investments held as property.

**Significant Property Transactions**

One property was purchased during the year for £627k, which was a replacement vicarage for Budleigh Salterton (the previous vicarage will be sold in 2018). In addition we received a property in Exmouth through a legacy (value £105k). Our policy continues to be:

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

In addition, a further £318k was invested in improving existing properties.

Following a review of the existing property portfolio, six properties were sold in 2017, as they were considered unsuitable as long term clergy accommodation.

**Balance sheet position**

The Trustees consider that the balance sheet together with details in note 22 show that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £96.8m (2016: £93.6m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose carrying value amounted to £56.5m (2016: £56.0m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot be used for the general purposes of EDBF.

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**FINANCIAL REVIEW (continued)**

**Reserves policy**

*Unrestricted reserves*

EDBF needs unrestricted reserves for the following purposes:

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

The Diocese aims for an ongoing level of unrestricted reserves of 25% to 30% of annual budgeted expenditure, in order to cover items a) to c), above. Any amounts required to cover items d) and e), above, are considered on an annual basis. The unrestricted reserves as at 31 December 2017 are within this range at 29.3% of the 2018 budgeted expenditure of £13.7m. EDBF also holds endowment and restricted reserves which are legally limited in use to specific purposes. Both EDBF's reserve policy and the level of reserves are reviewed annually.

*Reserves tied up in fixed assets*

The general (unrestricted) fund comprises net assets amounting to £4.0m of which £305k is tied up in tangible fixed assets.

*Designated funds*

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 23. At 31 December 2017 total designated reserves were £21.8m (2016: £21.0m), of which £19.2m was tied up in tangible fixed assets.

*Restricted and endowment funds*

As set out in note 21 to 23 EDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2017 restricted funds totalled £3.9m (2016: £3.4m) and endowment funds totalled £67.0m (2016: £64.9m). Neither is available for the general purposes of EDBF.

**Grant making and donations policies**

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

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**FINANCIAL REVIEW (continued)**

**Grant making and donations policies (continued)**

The policies on the making of principal grants are:

- Ordinands – grants for living expenses are paid to ordinands against an assessment of need in line with national policy;
- Removal and resettlement grants – grants normally covering the full cost of removal expenses and resettlement grants in line with national guidelines are available to stipendiary clergy on moving to or within the Diocese;
- Archbishops' Council – the Board continues to contribute to the various costs of the national church as requested; and
- Growth Fund – grants from this fund have been allocated to fund local initiatives with a view to aiding growth.

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

**Investment policy**

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

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

	<b>Funds at 31 December 2017 £'000</b>	<b>Proportion of Portfolio</b>	<b>Income yield in year</b>	<b>Total Return in year</b>
CCLA Managed				
CBF Investment Fund	18,589	69.1%	3.28%	+12.61%
CBF Property Fund	4,910	18.2%	5.46%	+9.48%
CBF Deposit Fund	1,284	4.8%	0.51%	+0.51%
M&G Charifund	2,123	7.9%	4.33%	+11.62%
Other Funds	5	0%		
	<u>26,911</u>	100.0%		

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

	<b>Funds at 31 December 2017 £'000</b>	<b>Income yield in year</b>	<b>Total Return in year</b>
Investment Properties	14,406	2.34%	4.75%

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees are responsible for the identification, mitigation and or management of risk and have carried out a formal risk management process to assess business risks and to implement risk management strategies. To help achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis.

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

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

The current principal risks and the steps taken to mitigate them are as follows:

- EDBF becoming responsible for (multiple) church buildings where there is no longer a PCC;
  - Through Growing the Rural Church initiative and pastoral reorganisation, the Church Buildings Strategy group ensures that information and support is available for the extended use of church buildings.
- Affordability of Pension Scheme Deficits (both clergy and lay);
  - Actuarial valuations (quantifies scale of risk)
  - Review of affordability by EDBF
  - Review of staff terms and conditions (lay)
  - National lobbying (clergy)
- Unexpected departure or protracted unavailability of a key member of management team;
  - Members of staff have been trained to a level where should this situation arise, there is resource available to cover key areas of responsibility
  - Annual appraisals and regular one to ones are performed to provide support and high level communication
  - Pastoral care and counselling services are provided to all members of staff
- A continuing fall in the number of people within our worshipping communities;
  - Clear statement of our vision and strategy is constantly reinforced by the Bishops and the senior leadership team
  - A number of initiatives have been adopted to encourage and improve participation in church life. These include Moving on in Mission and Ministry and Fresh Expressions of Church
- A stock market collapse;
  - EDBF's portfolio is diversified to help minimise risk

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**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

- A statement of Investment Principles was adopted in January 2015
  - Regular review of the financial position is performed by the Assets Group
- Claims under child protection and safeguarding legislation (including schools);
  - Risks are minimised through an up-to-date, comprehensive Safeguarding policy
  - Disclosure & Barring Service checks are carried out on appropriate staff and volunteers
- School standards failure (Ofsted, Special Measures, SIAMS);
  - All schools have access to National Leaders in Education and Teaching School engagement
  - Clearly defined recruitment process with clear training, support and monitoring processes
- Failure of multi-academy trusts;
  - St Christopher's MAT set-up as standalone company
  - EDBF protected from financial failure
  - Existence of a greater number of church/mixed MATs
  - Recruitment of appropriately qualified staff

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

**STRUCTURE AND GOVERNANCE**

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

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

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

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**STRUCTURE AND GOVERNANCE (continued)**

**Summary information about the structure of the Church of England (continued)**

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

**Organisational structure**

EDBF is a company limited by guarantee (No. 00186001) and a registered charity (No. 249798) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Exeter. It was established in its present form in 1922 and is successor in title to the Exeter Diocesan Trustees.

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

The trustees/directors of EDBF can comprise:

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

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years, with the current members elected to take office from 1 August 2015. Whilst EDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 EDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

**Decision making structure**

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Exeter are set by the Diocesan Synod and EDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary.

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**STRUCTURE AND GOVERNANCE (continued)**

**Decision making structure (continued)**

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

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

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

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

*Assets Group*

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

*The Bishop's Strategy Group (formerly The Hub)*

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

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



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**STRUCTURE AND GOVERNANCE (continued)**

**Decision making structure (continued)**

*Exeter Diocesan Board of Education*

The Board which has responsibility for 54 academies, 39 voluntary aided and 39 voluntary controlled schools across the Diocese, provides pastoral and professional support to all its schools and has particular commitment to enhancing the provision for religious education, collective worship and the spiritual, moral, social and cultural development of all pupils.

*Parsonages Committee*

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

*Glebe Committee*

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

*Diocesan Mission and Pastoral Committee*

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

*Diocesan Advisory Committee for the Care of Churches*

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

*Exeter Diocesan Board of Patronage*

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

*Church Building Strategy Committee*

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

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**STRUCTURE AND GOVERNANCE (continued)**

**Decision making structure (continued)**

*Vacancy in See Committee*

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

**Diocesan Synod**

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

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

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

**At archdeaconry and deanery levels**

The Diocese consists of 493 parishes arranged into 22 deaneries within the four archdeaconries of Exeter, Totnes, Barnstaple and Plymouth. Within these parishes there are 606 Church of England places of worship in the Diocese, the 4<sup>th</sup> highest number in England. Each deanery has a Synod consisting of a house of clergy and a house of laity. The Synod is chaired jointly by the Lay Chair, elected by the lay members from among their number, and the Rural Dean, who is appointed by the clergy and commissioned by the Diocesan Bishop.

The role of the Deanery Synod is to:

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

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**STRUCTURE AND GOVERNANCE (continued)**

**At archdeaconry and deanery levels (continued)**

- Elect members of the deanery to Diocesan Synod and of the Diocese to General Synod.

**Mission Communities**

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

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

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

**At a parish level**

Each ecclesiastical parish has a Parochial Church Council (PCC), whose members include the local parochial clergy, locally elected members of the Diocesan and Deanery Synods, the Churchwardens, a number of elected representatives and, possibly, a small number of co-opted members. Its members are trustees and therefore have trustee responsibilities. Under current charity law, PCC's with an income of under £100,000 a year are classified as charities but excepted from registration with the Charity Commission. PCC's with an income in excess of £100,000 in any year are required to register as charities with the Charity Commission. The financial transactions and balances of PCC's are not reflected in these financial statements.

**Exeter Cathedral**

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

**Trustee recruitment, selection and induction**

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the beginning of each three year term (triennium) and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest.

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**STRUCTURE AND GOVERNANCE (continued)**

**Remuneration of key management personnel**

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

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

**Delegation of day to day delivery**

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

**Funds held as Custodian Trustee**

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

Further details of financial trust assets, whose market value amounted to £19.3m at 31 December 2017 (2016: £18.1m), are available from EDBF on request, and are summarised in note 29. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by EDBF's solicitor, Stephens Scown LLP.

**Funds held on behalf of schools**

The Board of Education (as incorporated within EDBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amounts included in creditors as at 31 December 2017 were:

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**STRUCTURE AND GOVERNANCE (continued)**

**Funds held on behalf of schools (continued)**

- £1,330,000 (2016: £617,000) received from governors and the Department for Education in advance of repairs and improvements to schools, held in the general bank account; and
- £368,000 (2016: £401,000) held in a separate CCLA deposit account on behalf of the governors of Church of England schools in respect of building funds devolved from the Department for Education

The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £5.5m and £5.1m respectively in 2017 (2016: £2.2m and £2.2m). The higher figures for 2017, above, reflects the building of the new school in Exeter.

**TRUSTEES' RESPONSIBILITIES**

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

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

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

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

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

**The Exeter Diocesan Board of Finance Limited  
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**STATEMENT OF DISCLOSURE TO THE AUDITORS**

So far as the Trustees are aware:

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

**APPOINTMENT OF AUDITORS**

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

**The Exeter Diocesan Board of Finance Limited**  
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**ADMINISTRATIVE DETAILS**

**Trustees**

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

*Ex officio*

The Rt Revd Robert Atwell, Lord Bishop of Exeter  
The Rt Revd Nicholas McKinnel, Bishop of Plymouth  
The Rt Revd Dame Sarah Mullally, Bishop of Crediton (Vice Chair) – until 1 April 2018  
The Ven Mark Butchers, Archdeacon of Barnstaple  
The Ven Ian Chandler, Archdeacon of Plymouth  
The Ven Douglas Dettmer, Archdeacon of Totnes  
The Ven Christopher Futchter, Archdeacon of Exeter  
The Very Revd Jonathan Draper, Dean of Exeter – until 31 August 2017  
The Very Revd Jonathan Greener, Dean of Exeter – from 26 November 2017  
The Revd Michael Partridge (Chair, House of Clergy)  
Mrs Marguerite Shapland (Chair, House of Laity)  
Mr Giles Frampton (nominated by the Bishop as Chair)

*Appointed by the Bishop*

Mr Bruce Beacham (Vice Chair)  
Mrs Annie Jefferies

*Elected by Barnstaple Archdeaconry*

Mrs Sandra Andrews  
The Revd Guy Chave-Cox

*Elected by Exeter Archdeaconry*

Mrs Antoinette Foreman  
Mrs Wendy Meredith  
The Revd Jeremy Trew

*Elected by Plymouth Archdeaconry*

Mr Graham Lea  
The Revd Jonathan Marlow – until 4 March 2018  
Mr Julian Payne

*Elected by Totnes Archdeaconry*

The Revd William Hazlewood  
Mr Stephen Macey

**The Exeter Diocesan Board of Finance Limited**  
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**ADMINISTRATIVE DETAILS (continued)**

**Senior staff and advisers**

Diocesan Secretary (from 24/07/17)	Stephen Hancock
Diocesan Secretary (until 09/02/17)	Mark Beedell
Assistant Diocesan Secretary	Ed Moffatt
Director of Mission & Ministry	Philip Sourbut
Director of Education	John Searson
Director of Finance and Company Secretary	Neil Williams
Director of Human Resources (until 31/10/17)	Catherine Allen
Director of Property	Graham Davies
Director of Communications	Rebecca Paveley
Director of Church & Society	Martyn Goss

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



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**ADMINISTRATIVE DETAILS (continued)**

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

**DIRECTORS OF EDPS LIMITED**

Mr Giles Frampton (Chair)  
The Rt Revd Dame Sarah Mullally – until 1 April 2018  
Mrs Jan Keliher  
Mr Neil Williams

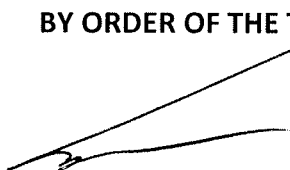
**MANAGING TRUSTEES OF CHURCH COLLEGE HOSTEL TRUST**

The members of the Exeter Diocesan Board of Education:

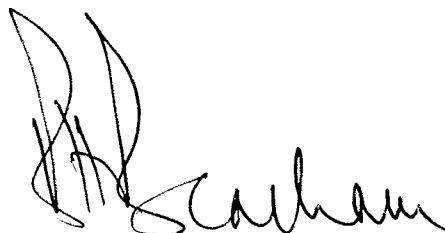
The Ven Douglas Dettmer, Archdeacon of Totnes (Chair)  
The Very Revd Jonathan Draper - until 10 April 2017  
The Revd Robert Harris  
The Revd Paul Ireton  
Mrs Patricia Morris  
The Revd Julian Ould  
The Revd Alan Smith  
Mrs Mel Easter – from 22 February 2017  
Mrs Sharon Marshall – from 22 February 2017

In approving this Annual Report, the Trustees are also approving the Strategic Report included on pages 3 – 12 within their capacity as company directors.

**BY ORDER OF THE TRUSTEES**



Giles Frampton  
Chair  
18 July 2018



Bruce Beacham  
Vice Chair

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

We have audited the financial statements of the Exeter Diocesan Board of Finance Limited (the 'parent charitable company') and its subsidiaries ('the group') for the year ended 31 December 2017 which comprise the consolidated statement of the financial activities, the consolidated income and expenditure account, the consolidated and EDBF balance sheets, the consolidated cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2017, and of the groups incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis of Opinion**

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

**Conclusions relating to going concern**

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

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

**Other information**

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

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

We have nothing to report in this regard.

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

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

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

**Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

**Use of our report**

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



Tim Borton FCA DChA (Senior Statutory Auditor)

For and on behalf of:

Bishop Fleming LLP, Chartered Accountants & Statutory Auditors

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

17 August 2018

**The Exeter Diocesan Board of Finance Limited**  
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**CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES**  
**For the year ended 31 December 2017**

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
<b>Income and endowments from</b>							
Donations	2						
Parish contributions		8,625	-	-	-	8,625	8,640
Archbishop's Council		128	-	1,298	-	1,426	1,563
Other donations		224	211	1	12	448	324
Charitable activities	3	833	-	72	-	905	895
Other trading activities	4	1,518	-	-	-	1,518	1,373
Investments	5	355	1	958	-	1,314	1,459
Other	6	988	-	385	27	1,400	332
<b>Total income and endowments</b>		<b>12,671</b>	<b>212</b>	<b>2,714</b>	<b>39</b>	<b>15,636</b>	<b>14,586</b>
<b>Expenditure on</b>							
Raising funds	7	215	-	45	-	260	282
Charitable activities	8	11,676	315	2,366	-	14,357	13,098
Other	9	17	-	-	-	17	-
<b>Total expenditure</b>		<b>11,908</b>	<b>315</b>	<b>2,411</b>	<b>-</b>	<b>14,634</b>	<b>13,380</b>
<b>Net income/(expenditure) before investment gains</b>		<b>763</b>	<b>(103)</b>	<b>303</b>	<b>39</b>	<b>1,002</b>	<b>1,206</b>
Net gains on investments		428	3	150	1,610	2,191	1,210
<b>Net income/(expenditure)</b>		<b>1,191</b>	<b>(100)</b>	<b>453</b>	<b>1,649</b>	<b>3,193</b>	<b>2,416</b>
<b>Transfers between funds</b>	14	<b>(1,457)</b>	<b>979</b>	<b>-</b>	<b>478</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(266)</b>	<b>879</b>	<b>453</b>	<b>2,127</b>	<b>3,193</b>	<b>2,416</b>
<b>Total funds brought forward</b>		<b>4,301</b>	<b>20,958</b>	<b>3,426</b>	<b>64,888</b>	<b>93,573</b>	<b>91,157</b>
<b>Total funds carried forward</b>	21	<b>4,035</b>	<b>21,837</b>	<b>3,879</b>	<b>67,015</b>	<b>96,766</b>	<b>93,573</b>

All activities derive from continuing activities. The notes on pages 33 to 66 form part of the financial statements.

**The Exeter Diocesan Board of Finance Limited**  
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**For the year ended 31 December 2017**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 2017**

	<b>Total 2017 £'000</b>	<b>Total 2016 £'000</b>
Total incoming resources	15,597	14,243
Resources expended	14,634	13,380
<b>Operating surplus/(deficit) for the year</b>	<b>963</b>	<b>863</b>
Net gains on investments	581	589
<b>Net income for the year</b>	<b>1,544</b>	<b>1,452</b>
<b>Other comprehensive income:</b>		
Net assets transferred (from)/to endowments	(478)	(478)
<b>Total comprehensive income</b>	<b>1,066</b>	<b>974</b>

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.

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**CONSOLIDATED AND EDBF BALANCE SHEETS**  
**At 31 December 2017**

<i>Company Number – 186001</i>		<b>2017</b>		<b>2016</b>	
	<b>Note</b>	<b>Group £'000</b>	<b>EDBF £'000</b>	<b>Group £'000</b>	<b>EDBF £'000</b>
<b>FIXED ASSETS</b>					
<i>Intangible Assets</i>	15	12	12	11	11
<i>Tangible assets</i>	16	56,807	56,807	56,315	56,315
<i>Investments</i>	17	41,317	40,651	39,126	38,505
<b>Total fixed assets</b>		<b>98,136</b>	<b>97,470</b>	<b>95,452</b>	<b>94,831</b>
<b>CURRENT ASSETS</b>					
<i>Debtors</i>	18	2,738	2,696	2,323	2,375
<i>Cash on deposit</i>		34	34	1,534	1,534
<i>Cash at bank and in hand</i>		2,395	2,259	956	844
<b>Total current assets</b>		<b>5,167</b>	<b>4,989</b>	<b>4,813</b>	<b>4,753</b>
<b>CREDITORS: amounts falling due within one year</b>	19	<b>(1,502)</b>	<b>(1,452)</b>	<b>(1,718)</b>	<b>(1,667)</b>
<b>NET CURRENT ASSETS</b>		<b>3,665</b>	<b>3,537</b>	<b>3,095</b>	<b>3,086</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>101,801</b>	<b>101,007</b>	<b>98,547</b>	<b>97,917</b>
<b>CREDITORS: amounts falling due after one year</b>	20	<b>(291)</b>	<b>(291)</b>	<b>(325)</b>	<b>(325)</b>
<b>NET ASSETS excluding Pension Liability due after one year</b>		<b>101,510</b>	<b>100,716</b>	<b>98,222</b>	<b>97,592</b>
<i>Defined Benefit Pension scheme liabilities</i>	20	<b>(4,744)</b>	<b>(4,744)</b>	<b>(4,649)</b>	<b>(4,649)</b>
<b>TOTAL NET ASSETS</b>		<b>96,766</b>	<b>95,972</b>	<b>93,573</b>	<b>92,943</b>
<b>FUNDS</b>					
<b>Endowment funds</b>					
<i>(Including investment revaluation reserve of £17,374k (2016: £15,764k))</i>		67,015	66,349	64,888	64,267
<b>Restricted income funds</b>					
<i>(Including investment revaluation reserve of £750k (2016: £600k))</i>		3,879	3,879	3,426	3,426
<b>Unrestricted income funds:</b>					
<i>General Funds (Including investment revaluation reserve of £2,193k (2016: £1,763k))</i>		3,907	3,907	4,292	4,292
<i>Designated Funds (Including investment revaluation reserve of (£1k) (2016: (£2k))</i>		21,837	21,837	20,958	20,958
<i>Trading subsidiary</i>		128	-	9	-
<b>TOTAL CHARITY FUNDS</b>	22	<b>96,766</b>	<b>95,972</b>	<b>93,573</b>	<b>92,943</b>



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**CONSOLIDATED AND EDBF BALANCE SHEETS (continued)  
At 31 December 2017**

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The Cash Flow Statement and the notes on pages 33 to 66 form part of these financial statements.  
The financial statements were approved by the Board of Trustees and authorised for issue on 18 July 2018 and signed on behalf of the Board by:



**Giles Frampton  
Chair of the Board**

**The Exeter Diocesan Board of Finance Limited**  
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**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 December 2017**

	2017		2016	
	£'000	£'000	£'000	£'000
<b>Net cash inflow/(outflow) from operating activities</b>		(3,399)		(2,757)
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	2,518		2,504	
Proceeds from the sale of:				
Tangible fixed assets	1,926		1,232	
Fixed asset investments	-		401	
Purchase of:				
Tangible fixed assets for the use of the EDBF	(1,076)		(1,477)	
Fixed asset investments	-		(923)	
<b>Net cash provided by/ (used in) investing activities</b>		3,368		1,737
<b>Cash flows from financing activities</b>				
Loans repaid by the EDBF	(35)		(35)	
New lending by EDBF	211		(231)	
Loans repaid to EDBF	(206)		80	
<b>Net cash provided by/ (used in) financing activities</b>		(30)		(186)
<b>Change in cash and cash equivalents in the reporting period</b>		(61)		(1,206)
<b>Cash and cash equivalents at 1 January</b>		2,490		3,696
<b>Cash and cash equivalents at 31 December</b>		2,429		2,490
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>				
<b>Net movement in funds for the year ended 31 December</b>		1,002		1,206
<b>Adjustments for:</b>				
Depreciation charges		43		45
Dividends, interest and rent from investments		(2,518)		(2,504)
Loss/ (profit) on sale of functional assets		(1,383)		(332)
Decrease/ (increase) in debtors		(422)		(409)
(Decrease)/increase in creditors		(121)		(763)
<b>Net cash provided by/used in) operating activities</b>		(3,399)		(2,757)
<b>Analysis of cash and cash equivalents</b>				
Cash in hand		2,395		956
Notice deposits (less than 3 months)		34		1,534
		2,429		2,490

**The Exeter Diocesan Board of Finance Limited**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015 (FRS 102)), the Companies Act 2006 and applicable accounting standards (FRS 102) (effective 1 January 2015).

EDBF meets the definition of a public benefit entity under FRS 102. It is a company limited by guarantee and is constituted under a memorandum and articles of association. The company is also a registered charity. The address of the registered office is given in the administrative details on page 21. The nature of the charity's operations and its principle activities are set out in the annual report.

These financial statements consolidate the results of the company and its wholly owned subsidiaries (see Note 32) on a line by line basis. A separate Statement of Financial Activities and income and expenditure account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

The principle accounting policies and estimation techniques are as follows.

**a) Income**

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

- i) **Common Fund Parish Share** is recognised as income of the year in respect of which it is receivable, with a cut-off date of 28 February 2018 for the 2017 year.
- ii) **Rental income** is brought into the accounts when receivable.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Statutory Parochial fees** are recognised as income of the year to which they relate with a cut-off date of 28 February 2018 for the 2017 year.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the EDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other resources expended.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2017**

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**1. ACCOUNTING POLICIES (continued)**

**b) Expenditure**

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

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

**c) Tangible fixed assets and depreciation**

*Freehold properties*

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. EDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2017**

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**1. ACCOUNTING POLICIES (continued)**

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

In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

*Properties subject to value linked loans*

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the original value of the related loan at the balance sheet date.

*Investment properties*

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

*Parsonage houses*

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

**d) Other tangible fixed assets**

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

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

- e) Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2017**

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**1. ACCOUNTING POLICIES (continued)**

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

**k) Fund balances**

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

- **Unrestricted funds** are EDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of EDBF. There are two types of unrestricted funds:
  - **General funds** which EDBF intends to use for the general purposes of EDBF; and
  - **Designated funds** set aside out of unrestricted funds by EDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company or group as a capital fund. In the case of the endowment funds administered by EDBF (Stipends Fund Capital, Benefice Properties and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2017**

**1. ACCOUNTING POLICIES (continued)**

provision for expenditure of capital are classified as permanent endowment.

Trusts where EDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements, but are summarised in the notes to the financial statements.

- l) Preparation of the accounts on a going concern basis.** The Trustees have no concerns about the ability of EDBF to meet its liabilities and on that basis the company is a going concern.

**2. DONATIONS**

**Parish Contributions**

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

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Current Year assessments	9,172	-	-	-	9,172	9,175
Shortfall in contributions	(646)	-	-	-	(646)	(624)
	<u>8,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,526</u>	<u>8,551</u>
Receipts for previous years	99	-	-	-	99	89
Total Income	<u>8,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,625</u>	<u>8,640</u>

Current year common fund receipts represent 93.18% of the total assessed (2016: 93.34%).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**2. DONATIONS (continued)**

**Archbishop's Council**

	Unrestricted funds		Restricted	Endowment	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	Funds £'000	Funds £'000	£'000	£'000
Selective allocation	-	-	1,298	-	1,298	1,318
Transitional funding	119	-	-	-	119	-
Support for Mission & Ministry	-	-	-	-	-	124
New Opportunities Grant	9	-	-	-	9	121
	<u>128</u>	<u>-</u>	<u>1,298</u>	<u>-</u>	<u>1,426</u>	<u>1,563</u>

The Selective allocation is the annual grant for either supporting specific parish mission and development projects or for clergy stipends.

**Other donations**

	Unrestricted funds		Restricted	Endowment	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	Funds £'000	Funds £'000	£'000	£'000
All Churches Trust Grant	191	-	-	-	191	191
Legacies	-	105	-	-	105	10
Donations and grants	33	106	1	12	152	123
	<u>224</u>	<u>211</u>	<u>1</u>	<u>12</u>	<u>448</u>	<u>324</u>

**3. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	Funds £'000	Funds £'000	£'000	£'000
Statutory fees	671	-	-	-	671	689
Chaplaincy income	63	-	37	-	100	39
Feed in/Export Tariffs						
- PV panels	29	-	-	-	29	30
Course/training fees	39	-	-	-	39	85
Resourcing Ministerial Education	-	-	33	-	33	-
Miscellaneous income	31	-	2	-	33	52
	<u>833</u>	<u>-</u>	<u>72</u>	<u>-</u>	<u>905</u>	<u>895</u>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2017**

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2017	2016
					£'000	£'000
Housing income	1,191	-	-	-	1,191	1,027
Other rental income	13	-	-	-	13	18
Trading – EDPS Ltd	314	-	-	-	314	328
	<u>1,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,518</u>	<u>1,373</u>

**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2017	2016
					£'000	£'000
Dividends receivable	353	-	624	-	977	1,035
Interest receivable	2	1	-	-	3	17
Rents receivable	-	-	334	-	334	407
	<u>355</u>	<u>1</u>	<u>958</u>	<u>-</u>	<u>1,314</u>	<u>1,459</u>

**6. OTHER INCOMING RESOURCES**

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2017	2016
					£'000	£'000
Gains on sale of:						
Properties	988	-	385	27	1,400	119
Tangible fixed assets	-	-	-	-	-	213
	<u>988</u>	<u>-</u>	<u>385</u>	<u>27</u>	<u>1,400</u>	<u>332</u>

**7. FUND RAISING COSTS**

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2017	2016
					£'000	£'000
Glebe agents' fees	-	-	30	-	30	33
Other glebe expenses	27	-	15	-	42	43
Trading activities – EDPS Ltd	188	-	-	-	188	206
	<u>215</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>260</u>	<u>282</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**8. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2017	Total funds 2016
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
<b>Contributions to</b>						
<b>Archbishops' Council</b>						
Training for Ministry	325	-	-	-	325	310
National Church						
Responsibilities	258	-	-	-	258	234
Grants and provisions	28	-	-	-	28	29
Mission agency pension						
Costs	3	-	-	-	3	18
Retired clergy housing						
Costs	-	-	107	-	107	101
Pooling of ordinands						
maintenance grants	21	-	-	-	21	73
	<u>635</u>	<u>-</u>	<u>107</u>	<u>-</u>	<u>742</u>	<u>765</u>
<b>Resourcing Ministry and</b>						
<b>Mission</b>						
Parish Ministry						
Stipends and national						
Insurance	3,273	-	2,137	-	5,410	5,293
Pension costs	1,167	-	-	-	1,167	1,116
Housing costs	2,357	-	7	-	2,364	2,386
Removal, resettlement						
and grants	200	-	-	-	200	186
Other expenses	194	-	36	-	230	173
	<u>7,191</u>	<u>-</u>	<u>2,180</u>	<u>-</u>	<u>9,371</u>	<u>9,154</u>
Support for parish ministry						
Mission and Ministry	1,013	122	37	-	1,172	1,141
Strategic Development	-	2	-	-	2	-
fund						
Church and Society	112	-	1	-	113	117
Mission Development	-	191	-	-	191	73
& Growth Funds						
Cooper Legacy grants	-	-	27	-	27	29
Cooper Armstrong Legacy	-	-	12	-	12	16
Support services	1,339	-	2	-	1,341	1,168
Pension Deficit Fund	847	-	-	-	847	-
	<u>3,311</u>	<u>315</u>	<u>79</u>	<u>-</u>	<u>3,705</u>	<u>2,544</u>
	<u>10,502</u>	<u>315</u>	<u>2,259</u>	<u>-</u>	<u>13,076</u>	<u>11,698</u>
<b>Expenditure on Education and Church of England Schools</b>						
Support for church schools						
and parishes	539	-	-	-	539	635
	<u>11,676</u>	<u>315</u>	<u>2,366</u>	<u>-</u>	<u>14,357</u>	<u>13,098</u>

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The year-on-year increase in support costs of £173,000 is due to a combination of changes within the staffing costs and one off additional payments made on the departure of the Diocesan Secretary and Director of Human Resources.

**9. OTHER RESOURCES EXPENDED**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2017	Total funds 2016
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Loss on sale of assets	17	-	-	-	17	-

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

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Pension Deficit Fund Adjustment	Total costs 2017
	£'000	£'000	£'000	£'000	£'000
Raisings funds	260	-	-	-	260
Charitable activities:					
Contributions to Archbishop's Council	-	742	-	-	742
Resourcing parish ministry	10,426	462	1,341	847	13,076
Education	539	-	-	-	539
Other	17	-	-	-	17
	11,242	1,204	1,341	847	14,634

Net income/(expenditure) for the year is stated after charging amortisation £3,000 (2016: £3,000), depreciation £40,000 (2016: £42,000) and audit fees EDBF £23,000, EDPS £2,000 (2016: EDBF £25,000, EDPS £2,000).

**11. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2017
	General	Designated			£'000
	£'000	£'000	£'000	£'000	
Central support/administration	1,208	-	2	-	1,210
Governance:					
External audit of EDBF	23	-	-	-	23
External audit of EDPS	2	-	-	-	2
Registrar and Chancellor	82	-	-	-	82
Synodical costs	24	-	-	-	24
	1,339	-	2	-	1,341

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<b>12. ANALYSIS OF GRANTS MADE</b>	<b>Nbr.</b>	<b>Individuals</b>	<b>Institutions</b>	<b>Total 2017 £'000</b>	<b>Total 2016 £'000</b>
		<b>£'000</b>	<b>£'000</b>		
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishop's Council	5	-	635	635	664
<b>From unrestricted funds:</b>					
Ordinands in training	29	99	-	99	95
Clergy ordination	15	35	-	35	30
Clergy resettlement	28	66	-	66	71
Clergy removals	37	74	-	74	65
Clergy 1 <sup>st</sup> incumbency	12	28	-	28	23
Rural Deans hospitality	26	10	-	10	4
Churches together in Devon	2	-	7	7	6
Church schools – fabric repairs	-	-	-	-	1
Church schools – Learn Teach Read	1	-	10	10	-
Growth Fund	-	-	-	-	65
Mustard Seed Fund	22	-	5	5	5
Growth & Mission Fund	17	-	81	81	-
Other small grants	30	3	5	8	6
	219	315	108	423	371
<b>From restricted funds for national Church responsibilities:</b>					
Contributions to Archbishop's Council	1	-	107	107	101
<b>From restricted funds for various purposes within resourcing parish ministry:</b>					
Cooper Legacy Fund	9	-	27	27	29
Cooper Armstrong Legacy	1	-	12	12	16
Agricultural Fund	-	-	-	-	2
<b>Total</b>	10	-	39	39	47
<b>Total</b>	235	315	889	1,204	1,183

Cooper Legacy grants approved by the Board at 31 December 2017 but not yet disbursed at that date were £24,000.

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**13. STAFF COSTS**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Employee costs during the year were as follows:		
Wages and salaries	1,855	1,797
National insurance contributions	172	167
Pension costs – current year	408	430
– deficit increase	847	18
	<u>3,282</u>	<u>2,412</u>

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Administration and financial management	24	23
Property	3	4
Mission, Ministry and Stewardship	17	16
Safeguarding	3	1
Archdeacons' staff	3	4
Education and Schools	12	14
	<u>62</u>	<u>62</u>

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Administration and financial management	19.3	20.5
Property	3.2	3.7
Mission, Ministry and Stewardship	13.7	13.1
Safeguarding	3.2	1.0
Archdeacons' staff	1.4	1.9
Education and Schools	9.7	10.8
	<u>50.5</u>	<u>51.0</u>

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	2	3
£70,001 - £80,000	2	1
£80,001 - £90,000	-	-
£160,001 - £170,000	1	-
	<u>5</u>	<u>4</u>

Pension payments of £41,000 (2016: £51,000) were made for these employees.  
The wages and salaries figures above include termination payments of £134,000 paid to two employees.

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**13. STAFF COSTS (continued)**

**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2017 they were:

Diocesan Secretary (until 09/02/17)	Mark Beedell
Diocesan Secretary (from 24/07/17)	Stephen Hancock
Assistant Diocesan Secretary	Ed Moffatt
Director of Mission & Ministry	Philip Sourbut
Director of Education	John Searson
Director of Finance and Company Secretary	Neil Williams
Director of Human Resources (until 31/10/17)	Catherine Allen
Director of Property	Graham Davies
Director of Communications	Rebecca Paveley
Director of Church & Society	Martyn Goss

Remuneration, pensions and expenses for these 10 employees amounted to £766,000 (2016: £730,000). The higher figure in 2017 is due to payments associated with the departure of the Diocesan Secretary and Director of Human Resources.

**Trustees' emoluments**

No Trustee received any remuneration for services as Trustee. Fourteen Trustees received travelling and out of pocket expenses, totalling £45,000 (2016: £43,000) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

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**13. STAFF COSTS (continued)**

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

	<b>Stipend</b>	<b>Housing</b>
The Right Revd R Atwell	No	No
The Right Revd N McKinnel	No	Yes
The Right Revd Dame S Mullally	No	Yes
The Ven M Butchers	Yes	Yes
The Ven I Chandler	Yes	Yes
The Ven D Dettmer	Yes	Yes
The Ven C Futcher	Yes	Yes
The Very Revd J Draper	No	No
The Very Revd J Greener	No	No
The Revd M Partridge	Yes	Yes
The Revd G Chave-Cox	Yes	Yes
The Revd S Garner	Yes	Yes
The Revd J Trew	Yes	Yes
The Revd J Marlow	Yes	Yes
The Revd W Hazlewood	Yes	Yes

**Clergy costs**

EDBF paid an average of 194.12 full time equivalent (2016: 192.56) stipendiary clergy and stipendiary licensed lay workers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	4,957	4,847
National insurance contributions	394	380
Pension costs - current year	1,214	1,135
- deficit reduction	619	619
	<b>7,184</b>	<b>6,981</b>

The above figures do not include contributions made towards stipends paid by other organisations, e.g. chaplaincies.

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

- Self-supporting ministers 68 (2016: 73),  
of which 32 (2016: 27) are in training curacies
- Readers 174 (2016: 174)
- Clergy holding licence under seal 36 (2016: 31)

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £35,495 - £43,350 (2016 range: £34,850 - £42,712). The annual rate of stipend, funded by EDBF, paid to Archdeacons in 2017 was £34,570 (2016: £34,053) and other clergy who were Trustees were paid £25,515 (2016: £25,183).

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<b>14. ANALYSIS OF TRANSFERS BETWEEN FUNDS</b>	<b>Unrestricted funds</b>		<b>Restricted</b>	<b>Endowment</b>
	<b>General £'000</b>	<b>Designated £'000</b>	<b>Funds £'000</b>	<b>Funds £'000</b>
Improvements to Benefice and Glebe Housing	(188)	-	-	188
Improvements to Board properties	(129)	129	-	-
Property transfers from Benefice to Board	-	465	-	(465)
Purchase of new Board properties	(627)	627	-	-
Sale of Board properties	388	(388)	-	-
From General Fund for Clergy Housing Repairs	70	(70)	-	-
From General Fund for Clergy Conference	(16)	16	-	-
From General fund to Stipends endowment for reduction of pensions deficit	(755)	-	-	755
From General Fund to Growth & Mission Fund for Plymouth SDF Project	(200)	200	-	-
	<u>(1,457)</u>	<u>979</u>	<u>-</u>	<u>478</u>

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

	<b>Website &amp; Software £'000</b>
<b>Cost</b>	
At 1 January 2017	17
Additions	4
	<u>21</u>
At 31 December 2017	<u>21</u>
<b>Amortisation</b>	
At 1 January 2017	6
Charge for the year	3
	<u>9</u>
At 31 December 2017	<u>9</u>
<b>Net Book Value</b>	
At 31 December 2017	<u>12</u>
At 31 December 2016	<u>11</u>



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

	Freehold Properties & Land £'000	Office Equipment £'000	Fixtures & Fittings (inc. PV Panels £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2017	55,987	253	368	16	56,624
Additions	1,049	23	-	-	1,072
Disposals	(524)	(35)	-	-	(559)
At 31 December 2017	56,512	241	368	16	57,137
<b>Depreciation</b>					
At 1 January 2017	-	199	104	6	309
Disposals	-	(19)	-	-	(19)
Charge for the year	-	23	15	2	40
At 31 December 2017	-	203	119	8	330
<b>Net Book Value</b>					
At 31 December 2017	56,512	38	249	8	56,807
At 31 December 2016	55,987	54	264	10	56,315

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

	Glebe Houses (Endowment) £'000	Parsonage Houses (Endowment) £'000	Education Property (Endowment) £'000	Other Houses (Restricted) £'000	Board Property (Designated) £'000	Total £'000
At 1 January 2017	12,053	25,069	119	463	18,283	55,987
Additions	24	164	-	-	861	1,049
Disposals	-	-	-	(134)	(390)	(524)
Transfers (note 14)	(530)	65	-	-	465	-
At 31 December 2017	11,547	25,298	119	329	19,219	56,512

All of the properties in the balance sheet are freehold and are vested in EDBF, except for benefice houses which are vested in the incumbent. Two properties (2016: 2) were previously purchased with the help of value-linked loans from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties included above amounts to £118,000 (2016: £118,000).

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

	At 1 January 2017 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2017 £'000
<b>EDBF</b>						
<b>Unrestricted funds</b>						
Listed investments	5,098	-	-	-	431	5,529
Unlisted investments	5	-	-	-	-	5
	<u>5,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>431</u>	<u>5,534</u>
<b>Restricted funds</b>						
Listed investments	2,397	-	-	-	150	2,547
	<u>2,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>2,547</u>
<b>Endowment funds</b>						
Investment property	14,074	-	-	-	332	14,406
Listed investments	16,931	-	-	-	1,233	18,164
	<u>31,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,565</u>	<u>32,570</u>
<b>Total EDBF</b>	<u>38,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,146</u>	<u>40,651</u>
<b>CHURCH COLLEGE HOSTEL TRUST</b>						
<b>Endowment funds</b>						
Listed investments	621	-	-	-	45	666
	<u>621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>666</u>
<b>Total Church College Hostel</b>	<u>621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>666</u>
<b>Total Group</b>	<u>39,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,191</u>	<u>41,317</u>

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

The corresponding historical cost figures are:	<b>Group</b>	<b>EDBF</b>	<b>Group</b>	<b>EDBF</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Unrestricted funds</b>				
Listed investments	3,337	3,337	3,337	3,337
Unlisted investments	5	5	5	5
	<u>3,342</u>	<u>3,342</u>	<u>3,342</u>	<u>3,342</u>
<b>Restricted funds</b>				
Listed investments	1,797	1,797	1,797	1,797
<b>Endowment funds</b>				
Investment property	3,507	3,507	3,507	3,507
Listed investments	12,355	12,064	12,355	12,064
	<u>15,862</u>	<u>15,571</u>	<u>15,862</u>	<u>15,571</u>
<b>Total</b>	<u><u>21,001</u></u>	<u><u>20,710</u></u>	<u><u>21,001</u></u>	<u><u>20,710</u></u>

**Investment property**

- A full list of properties is available for inspection at The Old Deanery.
- All land and buildings held on 31 December 2017 are held on a freehold basis.
- Commercial investment properties were valued as at 31 December 2017 by Stratton Creber Commercial (Chartered Surveyors) on an open market basis and residential properties were revalued by the trustees on an open market value. Historic glebe was valued by Smith Gore, Michelmores Hughes and Philips, Smith and Dunn (all Chartered Surveyors) on an open market basis at 31 December 2017.
- The investment properties form part of the Diocesan Stipends Capital Account – see notes 21 – 23.
- The return on the value of the property investments held as fixed assets in the year was 2.34% (2016: 2.96%).
- Investment properties are held to provide an investment return, rather than as programme investments.

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<b>18. DEBTORS – GROUP and EDBF</b>	<b>Group</b>	<b>EDBF</b>	<b>Group</b>	<b>EDBF</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Due within one year				
Loans to parishes	67	67	168	168
Loan to Society of Martha & Mary (Sheldon Centre)	25	25		
Common Fund	362	362	385	385
Current account with subsidiary – EDPS Ltd	-	69	-	86
Gift aid from EDPS Ltd	-	-	-	113
Department for Education/ governors	895	895	700	700
Prepayments	186	186	178	178
Other debtors	861	750	625	478
	<u>2,396</u>	<u>2,354</u>	<u>2,056</u>	<u>2,108</u>
Due after more than one year				
Loans to parishes	305	305	202	202
Loan to Society of Martha & Mary (Sheldon Centre)	-	-	25	25
Other debtors and prepayments	37	37	40	40
	<u>342</u>	<u>342</u>	<u>267</u>	<u>267</u>
<b>Total debtors</b>	<u><u>2,738</u></u>	<u><u>2,696</u></u>	<u><u>2,323</u></u>	<u><u>2,375</u></u>
<b>19. CREDITORS: amounts falling due within one year</b>				
	<b>Group</b>	<b>EDBF</b>	<b>Group</b>	<b>EDBF</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	188	188	253	254
Taxation and social security	77	47	77	43
Other creditors and accruals	458	456	560	557
Proceeds of property sold by Board payable to external organisations	58	58	135	135
Receipts in advance	49	31	21	6
CBF Loans – Photovoltaic Panels (parsonages)	34	34	34	34
Pension scheme liabilities				
Lay Defined Benefit Scheme	19	19	19	19
Clergy Pension Scheme	619	619	619	619
<b>Total creditors: amounts falling due within one year</b>	<u><u>1,502</u></u>	<u><u>1,452</u></u>	<u><u>1,718</u></u>	<u><u>1,667</u></u>

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

	<b>Group 2017 £'000</b>	<b>EDBF 2017 £'000</b>	<b>Group 2016 £'000</b>	<b>EDBF 2016 £'000</b>
Loan repayment instalments due after more than one year				
CBF Loans – Photovoltaic Panels (parsonages)	172	172	206	206
Church Commissioners value-linked loans	119	119	119	119
Pension Scheme liabilities				
Lay Defined Benefits Scheme	978	978	129	129
Clergy Pension Scheme	3,766	3,766	4,520	4,520
<b>Total creditors: amounts falling due after more than one year</b>	<b>5,035</b>	<b>5,035</b>	<b>4,974</b>	<b>4,974</b>

	<b>2017 £'000</b>	<b>2016 £'000</b>
The maturity of the above loans may be analysed as follows:		
Between one and two years	35	35
Between two and five years	103	103
In five years and more	153	187
	<b>291</b>	<b>325</b>

The loans with CBF are repayable over 10 years by equal annual instalments. Interest is calculated on a daily basis and is payable semi-annually. £137,000 (2016: £137,000) of the CBF loans is repayable after 5 years. The monthly interest rate is the average rate declared by the CCLA Deposit Fund over the month, plus 0.55%.

Value-linked loans (VLLs) represent amounts advanced to EDBF for the purchase of two properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31 December 2017 the Board had no intention of disposing of either of the properties funded via VLLs.

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**21. SUMMARY OF FUND MOVEMENTS**

	Balances at 1 January 2017	Income	Expenditure	Transfers	Gains and Losses	Balances at 31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000
<b>UNRESTRICTED FUNDS</b>						
General	4,292	12,364	(11,720)	(1,457)	428	3,907
Church Buildings Fund	674	1	-	(1)	3	677
Board Properties	18,164	105	-	833	-	19,102
Clergy Housing Repairs	172	-	-	(70)	-	102
Growth & Mission Fund	1,407	105	(189)	-	-	1,323
Plymouth SDF Project	-	-	(2)	200	-	198
Diocesan Mission Funds	279	-	(18)	-	-	261
Clergy Conference Fund	127	1	(106)	15	-	37
Miscellaneous Funds	135	-	-	2	-	137
	20,958	212	(315)	979	3	21,837
<b>RESTRICTED FUNDS</b>						
Diocesan Pastoral Account	2,904	133	(2)	-	144	3,179
Diocesan Stipends Income	26	2,181	(2,181)	-	-	26
Agricultural/Rural	9	1	(1)	-	-	9
Retired Clergy Housing	223	326	(107)	-	6	448
Ministerial Education Training	-	33	(37)	-	-	(4)
Clergy Widows	115	-	(7)	-	-	108
Cooper Legacy	98	3	(27)	-	-	74
Cooper Armstrong Legacy	51	-	(12)	-	-	39
Miscellaneous Restricted Funds	-	37	(37)	-	-	-
	3,426	2,714	(2,411)	-	150	3,879
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Dr Nobbs	60	-	-	-	5	65
<b>Expendable</b>						
Diocesan Stipends Capital	34,993	27	-	248	1,407	36,675
Benefice Property	25,082	12	-	230	-	25,324
Church Schools	4,132	-	-	-	153	4,285
	64,267	39	-	478	1,565	66,349
<b>EDBF Total funds</b>	<b>92,943</b>	<b>15,329</b>	<b>(14,446)</b>	<b>-</b>	<b>2,146</b>	<b>95,972</b>
<b>Subsidiaries</b>						
<b>General Funds</b>						
EDPS Ltd	9	307	(188)	-	-	128
<b>Expendable endowment</b>						
The Church College Hostel Trust	621	-	-	-	45	666
<b>Group Total</b>	<b>93,573</b>	<b>15,636</b>	<b>(14,634)</b>	<b>-</b>	<b>2,191</b>	<b>96,766</b>

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**22. SUMMARY OF ASSETS BY FUND**

	Tangible/ Intangible Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
<b>Unrestricted funds – General</b>	305	5,430	(73)	(1,755)	3,907
<b>Unrestricted - designated</b>					
Church Buildings Fund	-	104	573	-	677
Board Properties	19,219	-	4	(121)	19,102
Clergy Housing Repairs	-	-	102	-	102
Growth & Mission Fund	-	-	1,325	(2)	1,323
Plymouth SDF Project	-	-	200	(2)	198
Diocesan Mission Funds	-	-	308	(47)	261
Clergy Conference Fund	-	-	37	-	37
Miscellaneous Designated Funds	-	-	137	-	137
	19,219	104	2,686	(172)	21,837
<b>Restricted</b>					
Diocesan Pastoral Account	-	2,382	804	(7)	3,179
Diocesan Stipends Income	-	-	100	(74)	26
Agricultural/Rural	-	-	9	-	9
Retired Clergy Housing	307	165	(24)	-	448
Ministerial Education Training	-	-	(3)	(1)	(4)
Clergy Widows	21	-	87	-	108
Cooper Legacy	-	-	74	-	74
Cooper Armstrong Legacy	-	-	39	-	39
Miscellaneous Restricted Funds	-	-	51	(51)	-
	328	2,547	1,137	(133)	3,879
<b>Endowment</b>					
<b>Permanent</b>					
Dr Nobbs	-	60	5	-	65
<b>Expendable</b>					
Diocesan Stipends Capital	11,548	29,309	203	(4,385)	36,675
Benefice Property	25,300	-	27	(3)	25,324
Church Schools	119	3,201	1,004	(39)	4,285
	36,967	32,570	1,239	(4,427)	66,349
<b>Total EDBF funds</b>	56,819	40,651	4,989	(6,487)	95,972
<b>Subsidiaries</b>					
EDPS Ltd	-	-	178	(50)	128
Church College Hostel Trust	-	666	-	-	666
<b>Total Group funds</b>	56,819	41,317	5,167	(6,537)	96,766

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**23. DESCRIPTION OF FUNDS**

General fund	The general fund is EDBF's unrestricted undesignated fund, available for any of EDBF's purposes without restriction.
Church building fund	This designated fund was created from the previous balances within the new church building and church building repair funds and is used to provide loans for parishes undertaking strategic reviews or major improvements of church buildings.
Board properties	This designated fund is the properties owned and used by EDBF in the furtherance of its work and includes curates housing.
Clergy housing repairs	This designated fund is used to support spending on the repair and maintenance of clergy housing.
Growth and Mission fund	This designated fund was established in 2015 to provide funding for specific growth initiatives across the Diocese. Three have so far been approved by Diocesan Synod – Growing the rural church, new housing areas and local mission community support.
Plymouth SDF Project	This designated fund was established in 2017 to provide funding for the Strategic Development Funding application for investing in church planting initiatives in three outer estates in Plymouth.
Diocesan Mission funds	These designated funds are all part of the mission and ministry development fund, which provide funds for one-off projects to promote the ministry of the church and its overall mission in the Diocese. The growth fund, together with the mustard seed funds has been set aside specifically to fund initiatives in mission communities.
Clergy conference fund	This designated fund was established to provide funding for the diocesan clergy conference, held every three to five years.
Miscellaneous funds	This designated fund is used for holding monies received by EDBF for supporting specific projects/initiatives.
Diocesan Pastoral account	<p>The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used under the more recent Diocesan and Pastoral Measure 2011 are:</p> <ul style="list-style-type: none"> <li>• To defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees;</li> </ul>



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

Diocesan Pastoral fund (continued)

- To make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese;
- Other purposes of the Diocese or any benefice or parish in the Diocese;
- To make grants or loans to any other Diocese; and
- To transfer funds to the diocesan stipends fund income or capital accounts.

Diocesan stipends income      This restricted fund represents the income from the Diocesan Stipends Capital account, which has not yet been applied to pay clergy stipends.

Agricultural/rural funds      This restricted fund represents donations received to enable the Diocese to provide support to the farming community across the Diocese.

Retired clergy housing      This restricted fund represents the properties and any sale proceeds held for this purpose.

Ministerial Education Training

This restricted fund represents the balance at any time on the funding of ordinands training.

Clergy widows      This restricted fund represents properties purchased from donations to provide for clergy widows.

Cooper legacy      This restricted fund, arising from the legacy of Mrs Cooper and is used to provide grants to assist parishes with church building repairs.

Cooper Armstrong legacy      This is restricted fund, arising from the legacy of Mrs Evie Cooper, is used to provide grants and support for work with families and the homeless, in line with the trustees' wishes.

Miscellaneous Restricted Funds

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

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

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

Diocesan stipends capital	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. The fund also represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.
Benefice property fund	The benefice property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, EDBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of EDBF.
Church Schools funds	This fund represents premises and endowments vested in EDBF under the Education Act 1993.
Church College Hostel Trust	This fund supports the Board of Education in all of its statutory powers and duties under various education acts together with the training of teachers in the principles of the Church of England. The Church College Hostel is also a registered charity.

**24. CAPITAL COMMITMENTS**

At 31 December 2017 EDBF had capital expenditure commitments authorised but not contracted for of £3,094,000 (2016: £2,344,000), and contracted for but not yet due of £46,000 (2016: £72,000).

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**25. OPERATING LEASES**

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Land and buildings where the lease expires</b>		
Within one year of the balance sheet date	-	-
In the second to fifth years inclusive of the balance sheet date	-	-
<b>Other operating leases where the lease expires:</b>		
Within one year of the balance sheet date	-	-
In the second to fifth years inclusive of the balance sheet date	3	5
	<u>          </u>	<u>          </u>

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

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

**27. PENSIONS**

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

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

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

**Church of England Funded Pension Scheme**

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

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**27. PENSIONS (continued)**

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2017: £1,214k; 2016: £1,135k), after adjusting for the figures highlighted in the table below as being recognised in the SOFA, giving a total charge of £1,126k (2016: £1,036k). In addition, a further £51k (2016: £50k) has been charged in relation to EDBF employees who are also in this scheme.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NFA and S2NMA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

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**27. PENSIONS (continued)**

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

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	1 January 2015 to 31 December 2017	1 January 2018 to 31 December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2015, the deficit recovery contributions payable under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

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

	2017	2016
Balance sheet liability at 1 January	5,139,000	5,876,000
Deficit contribution paid	(666,000)	(638,000)
Interest cost (recognised in SOFA)	72,000	139,000
Remaining change to the balance sheet liability* (recognised in SOFA)	(160,000)	(238,000)
Balance sheet liability at 31 December	4,385,000	5,139,000

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

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

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**27. PENSIONS (continued)**

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

	December 2017	December 2016	December 2015
Discount rate	1.4% pa	1.5% pa	2.5% pa
Price inflation	3.0% pa	3.1% pa	2.4% pa
Increase to total pensionable payroll	1.5% pa	1.6% pa	0.9% pa

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

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

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

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

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

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

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2017: £236k; 2016: £274k), plus any impact of deficit contributions (see below), giving a total charge of £255k for 2017 (2016: £293k).

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**27. PENSIONS (continued)**

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

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

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

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 30% of pensionable salary and expenses of £7,300 per year. In addition deficit payments of £19,236 per year have been agreed for 10 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2017	2016
Balance sheet liability at 1 January	148,000	156,000
Deficit contribution paid	(19,000)	(19,000)
Interest cost (recognised in SOFA)	2,000	4,000
Remaining change to the balance sheet liability* (recognised in SOFA)	-	7,000
Additional charge to SOFA	866,000	-
Balance sheet liability at 31 December	997,000	148,000

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

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

	December 2017	December 2016	December 2015
Discount rate	1.50%	1.50%	2.60%

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**27. PENSIONS (continued)**

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

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

The next valuation of the scheme is being carried out as at December 2016.

EDBF has received the provisional results of the December 2016 valuation, which shows that the Scheme deficit has increased to £1,016k and this will lead to higher deficit recovery payments being required from January 2019. EDBF has therefore decided to make full provision for this increase in the Financial Statements for the year ending 31 December 2017, pending confirmation of the final figures.

As a result an additional £866,000 has been charged against expenditure for 2017. This figure is made up as follows:

<b>Church Workers Pension Fund – Defined Benefit Scheme adjustment</b>	<b>Amount £000</b>
Actuarial Deficit as at 31/12/16	1,016
Less deficit contributions made in 2017	(19)
Less balance at 31/12/17	(131)
Additional charge to SOFA in 2017	866

**Pension Builder Scheme**

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable (2017: £121k; 2016: £107k).



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**27. PENSIONS (continued)**

**Pension Builder Scheme (continued)**

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

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

**28. RELATED PARTY TRANSACTIONS**

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

The wife of Giles Frampton (the Chair of the Board of Finance) is a Self-Supporting Minister (unpaid) working in one of our Mission Communities. Any expenses incurred are shared by the Mission Community and the Diocese.

The wife of the Venerable Christopher Futchter is a paid Assistant Curate working in one of our Mission Communities. This appointment was made within the normal course of training new stipendiary clergy and she is paid a stipend at the national recommended rate of £24,280. Any expenses incurred are paid by the local Mission Community.

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**29. FUNDS HELD AS CUSTODIAN TRUSTEE**

EDBF acts as custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as EDBF does not control them.

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
CBF Church of England Investment Fund income shares	10,581	9,724
CBF Church of England Investment Fund accumulation shares	572	507
CBF Church of England Fixed Interest Securities Fund shares	340	348
CBF Church of England Property Fund shares	1,102	1,078
CBF Global Equity In Fund	854	809
Charifund – Income Units	2,885	2,694
Charibond Fixed Interest Income	10	10
Other common investment fund holdings	118	94
Direct holdings in UK gilts	38	38
Other fixed interest stocks	24	30
CBF Church of England Deposit Fund	587	618
Charles Stanley	872	883
Brewin Dolphin	1,274	1,262
Cash at bank	18	11
Sundry creditor	4	-
	<hr/>	<hr/>
Total assets held as custodian trustee	19,279	18,106
	<hr/>	<hr/>

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

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

- In respect of the Board of Education's involvement in the maintenance and improvement of Church of England schools buildings, money is sometimes held in advance of work being undertaken. At the end of 2017 the sum of £1,330,000 (2016: £617,000) was held in the general bank account for this purpose; and
- The board also holds the Department for Education's Formula Capital funding on behalf of Church of England schools in Devon and the sum so held on 31 December 2017 amounted to £368,000 (2016: £401,000) and was also held in the general bank account for this purpose.

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

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

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

**32. SUBSIDIARY UNDERTAKINGS**

**32.1. EDPS Limited**

The wholly owned trading subsidiary, EDPS Limited, which is incorporated in the United Kingdom (Registered Company No. 4477446), provides services to Church of England academies and schools. EDBF owns 100% of the issued share capital of 2 ordinary shares of £1 each. A summary of the trading results is shown below:

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
<b>Summary profit and loss account</b>		
Turnover	308	325
Cost of sales	<u>(186)</u>	<u>(202)</u>
Gross Profit	122	123
Administrative expenses	(3)	(3)
Other operating income	<u>7</u>	<u>3</u>
Operating profit	126	123
Profit after tax	<u>126</u>	<u>123</u>
<b>Retained earnings</b>		
-as previously stated	9	9
-change in accounting policy re accounting for donations to parent company	114	46
At the beginning of the year restated	<u>123</u>	<u>55</u>
Profit for the year	126	123
Donations to parent charity	<u>(121)</u>	<u>(56)</u>
Retained earnings at the year end	<u>128</u>	<u>122</u>
<b>Assets and liabilities</b>		
Current assets	247	259
Current liabilities	<u>(119)</u>	<u>(137)</u>
Total net assets	<u>128</u>	<u>122</u>
<b>Capital and reserves</b>		
Issued share capital and retained profit	<u>128</u>	<u>122</u>

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**32. SUBSIDIARY UNDERTAKINGS (continued)**

**32.2. The Church College Hostel Trust**

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Summary receipts and payments accounts</b>		
Investment income	21	18
Grants transferred to The Diocesan Board of Education	(21)	(18)
Surplus/(deficit) for the year	-	-
Gains/(losses) on investments	45	46
Net movement in funds	<u>45</u>	<u>46</u>
<b>Funds</b>		
Market value of investments at 1 January	621	575
Net realised and unrealised gains on investments	45	46
Market value of investments at 31 December	<u>666</u>	<u>621</u>

On the 22 February 2017, the trustees approved a resolution to wind up the trust and transfer the funds to EDBF to be invested and the income used to fulfil the original purpose of the trust. The formal process of winding up the trust is taking longer to action than was originally anticipated.