



THE EXETER DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT

AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018

**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 2018**

TABLE OF CONTENTS	Page
Number	
Our Vision	1
Legal Objects	2
Strategic Report	
Strategic aims	3
Objectives for the year	4
Activities and achievements in the year	5
Key performance indicators	7
Future plans	7
Financial review	8
Principal risks and uncertainties	11
Structure and Governance	13
Trustees' Responsibilities	20
Statement of Disclosure to the Auditors	21
Appointment of Auditors	21
Administrative Details	22
Independent Auditors' Report	25
Consolidated Statement of Financial Activities	29
Consolidated Income and Expenditure Account	30
Consolidated and EDBF Balance Sheet	31
Consolidated Cash Flow Statement	33
Notes to the Consolidated Financial Statements	34

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), as amended by applicable update bulletins
PCC	Parochial Church Council

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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)

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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 2018.

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

The combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

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

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

EDBF has the following statutory responsibilities:

- i. The management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- 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.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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.

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

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

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

The Board reviews the financial plan on an annual basis and this was most recently undertaken in May 2019, with the current plan covering the years 2019 to 2024. The plan requires stringent cost control across all areas of the budget and includes a planned increase in the number of unpaid licensed ministers (self-supporting clergy and readers) and 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.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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 2018 was to continue to embed the Vision & Strategy and to ensure it is linked to key pieces of work to deliver the priorities. The key aims for 2018 were:

- 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.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

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

There was a re-focussing in 2018 of the diocesan policy on clergy vacancies in places where there have been historic and/or current shortfalls in the amount of Common Fund contributions received. There was a significant increase in the percentage of Common Fund contributions received in 2018. The total contributions received by the end of February 2019 were £8.9m (2017: £8.5m), which represented 95.79% (2017: 93.18%) of the amount requested from parishes. This was the highest contribution level seen in over 10 years and we are hopeful that this can be sustained. 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 2018 was 17 – 11 women and 6 men (2017: 16 – 10 women and 6 men). Stipends were paid to an average of 199 clergy, which was broadly in line with the budget, although the continuing general aim to shorten the length of vacancies in some places has seen an overspend in 2018 of £190k (3%).

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

The 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 2018 there were 2,382 (2017: 2,065) people in our Diocese making donations to 195 (2017: 171) churches, contributing a total of £2.1m (2017: £1.7m) during the year. The average gift (including gift aid) was £16.62 per week (2017: £16.66).

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 five 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 once again gathering at the Cathedral on Pentecost Sunday.

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 also devotes some time to be the joint Principal of the Course. We also now have St Mellitus College in Plymouth. They train full-time context based ordinands as well as independent students. A further cohort completed our highly regarded spiritual accompaniment course.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

Our Mission and Ministry Development team is now established and is working with Mission Communities and Deaneries to see aspirations become reality, with a part time advisor working in each Archdeaconry.

The appointment of Dr Jon Curtis as Lay Discipleship Project Manager has enabled us to begin to develop a substantial offering of lay training across the Diocese. This will dovetail with our over-subscribed Foundations in Christian Ministry course.

2018 also saw the retirement of Martyn Goss, as Director of Church & Society, after over 40 years' of service to the Diocese of Exeter. Martyn made a huge contribution to the social responsibility agenda of our work with parishes and in communities across the Diocese and was passionate about people and the environment. He was instrumental in leading the Shrinking the Footprint Strategy, approved by Diocesan Synod in 2012.

The Growing the Rural Church project works with rural Mission Communities to develop their resources and, in particular their church buildings, to enable them to grow in prayer, make new disciples and serve the people of Devon with joy. We do this by supporting rural Mission Communities to partner with their local communities and external agencies to find sustainable missional, community, commercial or cultural uses for their church buildings, which benefit the whole community. In addition to continuing work with the 8 pilots from 2017, work commenced on a further 29 projects in 2018. The aims are:

- Increasing the sustainable use of rural church buildings;
- Increasing capacity for mission; and
- Sharing our learning.

This has been a fruitful year for the Exeter Diocesan Board of Education (EDBE), which has seen the family of church schools increase by two new schools, as well as one new purpose built replacement for a tired and worn out building. The education department was restructured in the summer of 2017 to enable an improved focus on our strategic priorities. A new role of deputy director was created, and successfully recruited, to increase the leadership and succession planning capacity within the team of specialist staff. The 'new team' have integrated well and have supported each other more effectively, resulting in general improvement to our key performance indicators. The team had an impact nationally too with three publications distributed through the central education team to every church school in the country.

Some of our other most memorable achievements this year included:

- Winning the 'Academy Presumption' competition run by Devon County Council for a Church of England Primary School for Okehampton, which opened for our first cohort of pupils in September 2018;
- Moving into the new and beautiful Trinity Church of England School building in Newcourt Exeter in June 2018;
- The development of the EDBE 2019 – 22 strategic plan through a consultation process; and
- No single school receiving a less than good Statutory Inspection of Anglican and Methodist School inspection report.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

KEY PERFORMANCE INDICATORS

A comprehensive review of operational reporting was undertaken in the second half of 2017 and following a period of consultation a new, more comprehensive, operational reporting structure was introduced in 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. The key measures are shown in the table below:

Area	Target for 2018	Actual delivery in 2018
Common Fund collection rate	94.50%	95.79%
Total number of parishes signed up as members of the Parish Giving Scheme	200	195
Total EDBF Income (excluding asset sales)	£12,971k	£14,874k
Total EDBF Expenditure (excluding capital works)	£13,726k	£14,385k

FUTURE PLANS

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

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

- **Children, young people and families**
 - Establish a 'platform' to hear and respond to the views of children and young people;
 - Coordinate a group of church schools to provide additional leadership, support and resources for parents and grandparents; and
 - Provide support to better equip existing and future clergy to minister more effectively with children, young people and families.
- **17 – 25 year olds**
 - Invite key leaders (lay and clergy) to refine the strategy and build a 17 – 25 focus group by early 2020;
 - Develop a digital engagement strategy and create a Media Advisory Group to support social media/digital giving; and
 - Explore and develop possible lay chaplaincies for Further Education colleges by identifying key colleges and facilitating links to local church.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

FUTURE PLANS (continued)

- **People over the age of 55**
 - Welcome and hospitality at a range of events, such as 'Retirement' sessions led by +Robert and Bishops in Mission;
 - Focus on grandparents with annual 'Grandparents' days' in schools with church engagement; and
 - Addressing social isolation by exploring 'Anna Chaplains' roles, social engagement hubs and sharing of good practice in pastoral care.
- **Fringe Christians**
 - Know your church and community by using Growing the Rural church resources for community and church audits;
 - Enable effective outward-facing leadership by reviewing Continuing Ministerial Development to focus on collaborative models; and
 - Plan pathways and stepping stones from encounter to engagement by reviewing and redefining our understanding of participation, including key life events such as Baptism.

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

One of the key projects which started towards the end of 2018 is 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. This has secured £1.7m of funding over five years, with the aim of making up to 360 new disciples within that timescale.

FINANCIAL REVIEW

Financial performance

The Consolidated Statement of Financial Activities (page 29) for the year shows that the income (before investment gains) totalled £15.3m (2017: £15.6m) and expenditure amounted to £14.4m (2017: £14.6m) resulting in net income (before investment gains/losses) of £0.9m (2017: £1.0m).

The net income, after allowing for net investment losses of £0.4m on investment properties and financial investments, resulted in a net increase in funds amounting to £0.5m. Total fund balances increased from £96.8m to £97.3m over the year.

At 31 December 2018 the unrestricted reserves (see Notes 21 and 22) amounted to £3.4m (2017: £4.0m).

Income from listed securities totalled £1.0m together with interest on cash balances of £5k. Net rental income received from glebe property amounted to £374k.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

FINANCIAL REVIEW (continued)

Financial performance (continued)

There was a loss on the revaluation of investment assets based on the value at the start of the year or subsequent purchase price of £545k (2.0%) for listed investments and a gain of £141k (1.0%) for investments held as property.

Significant Property Transactions

Three properties were purchased during the year for £1.3m, all of which were for the accommodation of curates. A further £425k was spent constructing a new property in the grounds of an existing vicarage (once complete the existing property will be sold). 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 £210k was invested in improving existing properties.

Following a review of the existing property portfolio, two properties were sold in 2018, one following the acquisition of a replacement property in the previous year and the second was a surplus property gifted in 2017.

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 £97.3m (2017: £96.8m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose carrying value amounted to £58.2m (2017: £56.5m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot be used for the general purposes of EDBF.

Reserves policy

Unrestricted reserves

EDBF needs unrestricted reserves for the following purposes:

- a) To cover Common Fund shortfalls in the short-term;
- b) To ensure that funds are available to cover the legal employment entitlements of all employees and stipendiary clergy;
- c) To cover expenditure during the time it would take for the Diocese to adjust to a major change resulting from external and irresistible forces;
- d) To provide a fund for specific aspects of diocesan work earmarked as coming from reserves; and

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

FINANCIAL REVIEW (continued)

Reserves policy (continued)

- 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 2018 are just outside this range at 24.1% of the 2019 budgeted expenditure of £14.1m. 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 £3.4m of which £296k 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 2018 total designated reserves were £21.7m (2017: £20.4m), of which £20.4m 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 2018 restricted funds totalled £5.6m (2017: £5.4m) and endowment funds totalled £66.7m (2017: £67.0m). Neither is available for the general purposes of EDBF.

Grant making and donations policies

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

The policies on the making of principal grants are:

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

FINANCIAL REVIEW (continued)

Grant making and donations policies (continued)

- 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.

	Funds at 31 December 2018 £'000	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	18,266	69.3%	3.41%	+1.61%
CBF Property Fund	4,971	18.9%	5.40%	+6.71%
CBF Deposit Fund	1,283	4.9%	0.53%	+0.53%
M&G Charifund	1,840	6.9%	5.59%	-8.46%
Other Funds	5	0%		
	<u>26,365</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).

	Funds at 31 December 2018 £'000	Income yield in year	Total Return in year
Investment Properties	14,547	2.57%	3.57%

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 Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 available to all members of staff
- A continuing fall in the number of people within our worshipping communities;
 - Clear statement of our vision and strategy is constantly reinforced by the Bishops and the senior leadership team
 - Provision of additional diocesan-wide support through the new Lay Discipleship project and the Mission Community Development Team
 - A number of mission initiatives have been adopted to encourage and improve participation in church life, with support through Strategic Development Funding
- A stock market collapse;
 - EDBF's portfolio is diversified to help minimise risk
 - A statement of Investment Principles was adopted in January 2015
 - Regular review of the financial position is performed by the Assets Group

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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

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.

**The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018**

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 2018. Whilst EDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 EDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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

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:

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

STRUCTURE AND GOVERNANCE (continued)

Decision making structure (continued)

Exeter Diocesan Board of Education

The Board which has responsibility for 63 academies, 35 voluntary aided and 35 voluntary controlled schools across the Diocese, provides pastoral and professional support to all its schools and has particular commitment to enhancing the provision for religious education, collective worship and the spiritual, moral, social and cultural development of all pupils.

Parsonages Committee

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

Glebe Committee

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

Diocesan Mission and Pastoral Committee

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

Diocesan Advisory Committee for the Care of Churches

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

Exeter Diocesan Board of Patronage

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

Church Building Strategy Committee

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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 491 parishes arranged into 22 deaneries within the four archdeaconries of Exeter, Totnes, Barnstaple and Plymouth. Within these parishes there are 605 Church of England places of worship in the Diocese, the 4th 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

**The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018**

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.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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 £18.9m at 31 December 2018 (2017: £19.3m), 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 2018 were:

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

STRUCTURE AND GOVERNANCE (continued)

Funds held on behalf of schools (continued)

- £1,041,000 (2017: £1,330,000) received from governors and the Department for Education in advance of repairs and improvements to schools, held in the general bank account; and
- £507,000 (2017: £368,000) 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 £3.1m and £3.1m respectively in 2018 (2017: £5.5m and £5.1m). The lower figures for 2018, above, are due to the higher costs relating to the building of a new school in Exeter in 2017.

TRUSTEES' RESPONSIBILITIES

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

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

- 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 presume that the group and parent charitable company will continue in operation.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the group and parent charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018**

STATEMENT OF DISCLOSURE TO THE AUDITORS

In so far as the Trustees are aware:

- a) There is no relevant audit information of which EDBF's auditor is unaware; and
- b) 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
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

ADMINISTRATIVE DETAILS

Trustees

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

Ex officio

The Rt Rev Robert Atwell, Lord Bishop of Exeter
The Rt Rev Nicholas McKinnel, Bishop of Plymouth
The Rt Rev Jacqueline Searle, Bishop of Crediton (from 14 October 2018)
The Rt Rev Dame Sarah Mullally, Bishop of Crediton (until 1 April 2018)
The Ven Mark Butchers, Archdeacon of Barnstaple
The Ven Ian Chandler, Archdeacon of Plymouth (until 31 December 2018)
The Ven Douglas Dettmer, Archdeacon of Totnes
The Ven Christopher Futchter, Archdeacon of Exeter
The Very Rev Jonathan Greener, Dean of Exeter
The Rev Michael Partridge (Chair, House of Clergy)
Mr Giles Frampton (nominated by the Bishop as Chair)
Mrs Annie Jefferies (Chair, House of Laity)

Appointed by the Bishop

Mr Bruce Beacham (Vice Chair) (until 31 December 2018)
The Rev Preb Simon Franklin (from 1 September 2018)
Mr Robert Mills (Vice Chair) (from 1 January 2019)
The Rev Canon Dr Michael Williams (Vice Chair) (from 1 August 2018)
Dr Michael Wykes (from 1 January 2019)

Elected by Barnstaple Archdeaconry

Mrs Sandra Andrews (until 31 December 2018)
The Rev Guy Chave-Cox (until 31 December 2018)
Mrs Marguerite Shapland
Mr Raymond Shapland (from 1 January 2019)
The Rev Samantha Stayte (from 1 January 2019)

Elected by Exeter Archdeaconry

Mrs Antoinette Foreman
The Rev Edward Hobbs (from 1 January 2019)
Mrs Wendy Meredith (until 31 December 2018)
Mr Philip Mumby (from 1 January 2019)
The Rev Jeremy Trew (until 31 December 2018)

Elected by Plymouth Archdeaconry

The Rev David Bailey (from 1 January 2019)
Mr Michael Jefferies (from 1 January 2019)
Mr Graham Lea (until 31 December 2018)
The Rev Jonathan Marlow (until 4 March 2018)
Mr Julian Payne

Elected by Totnes Archdeaconry

Ms Hannah Dunn – from 1 January 2019
The Rev William Hazlewood
Mr Stephen Macey

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

ADMINISTRATIVE DETAILS (continued)

Senior staff and advisers

Diocesan Secretary	Stephen Hancock
Assistant Diocesan Secretary	Ed Moffatt
Director of Mission & Ministry	Philip Sourbut
Director of Education	John Searson
Director of Finance and Company Secretary	Neil Williams
Director of People & Safeguarding (from 09/04/18)	Anthea Carter-Savigear
Director of Property	Graham Davies
Director of Communications (until 30/06/18)	Rebecca Paveley
Director of Communications (from 11/02/19)	Chloe Axford
Director of Church & Society (until 04/01/19)	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

**The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018**

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 Rev Dame Sarah Mullally (until 1 April 2018)
Mrs Jan Keliher
The Rev Canon Dr Michael Williams (from 24 August 2018)
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 Rev Robert Harris
The Rev Paul Ireton
Mrs Patricia Morris (to 31 October 2018)
The Rev Julian Ould (to 31 December 2018)
The Rev Alan Smith
Mrs Mel Easter (to 31 December 2018)
Mrs Sharon Marshall
Mr Julian Payne (from 1 January 2019)
The Rev Peter Marsh (from 1 January 2019)
Dr Alison Keyworth (from 27 February 2019)

In approving this Annual Report, the Trustees are also approving the Strategic Report included on pages 3 – 13 within their capacity as company directors.

BY ORDER OF THE TRUSTEES



Giles Frampton
Chair
20 July 2019



Michael Williams
Vice Chair

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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 2018 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 2018, 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:

**The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018**

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

**The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018**

**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

27 August 2019

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

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

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
Income and endowments from							
Donations	2						
Parish contributions		9,060	-	-	-	9,060	8,625
Archbishop's Council		105	-	1,280	-	1,385	1,426
Other donations		283	-	451	-	734	481
Charitable activities	3	783	-	41	-	824	872
Other trading activities	4	1,483	-	-	-	1,483	1,518
Investments	5	379	1	1,008	-	1,388	1,314
Other	6	444	-	4	12	460	1,400
Total income and endowments		12,537	1	2,784	12	15,334	15,636
Expenditure on							
Raising funds	7	223	-	67	-	290	260
Charitable activities	8	11,158	8	2,929	-	14,095	14,357
Other	9	-	-	-	-	-	17
Total expenditure		11,381	8	2,996	-	14,385	14,634
Net income/(expenditure) before investment gains		1,156	(7)	(212)	12	949	1,002
Net gain/(loss) on investments	17	(141)	1	(25)	(240)	(405)	2,191
Net income/(expenditure)		1,015	(6)	(237)	(228)	544	3,193
Transfers between funds	14	(1,653)	1,362	403	(112)	-	-
Net movement in funds		(638)	1,356	166	(340)	544	3,193
Total funds brought forward		4,035	20,316	5,400	67,015	96,766	93,573
Total funds carried forward	21	3,397	21,672	5,566	66,675	97,310	96,766

All activities derive from continuing activities. The notes on pages 34 to 77 form part of the financial statements.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2018

	Total 2018 £'000	Total 2017 £'000
Total incoming resources	15,322	15,597
Resources expended	14,385	14,634
	<hr/>	<hr/>
Operating surplus/(deficit) for the year	937	963
Net gain/(loss) on investments	(165)	581
	<hr/>	<hr/>
Net income for the year	772	1,544
 Other comprehensive income:		
Net assets transferred from/(to) endowments	112	(478)
	<hr/>	<hr/>
Total comprehensive income	<u>884</u>	<u>1,066</u>

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

CONSOLIDATED AND EDBF BALANCE SHEETS
At 31 December 2018

Company Number – 186001

	Note	2018		2017	
		Group £'000	EDBF £'000	Group £'000	EDBF £'000
FIXED ASSETS					
Intangible Assets	15	9	9	12	12
Tangible assets	16	58,441	58,441	56,807	56,807
Investments	17	40,912	40,266	41,317	40,651
Total fixed assets		99,362	98,716	98,136	97,470
CURRENT ASSETS					
Debtors	18	2,203	2,225	2,738	2,696
Cash on deposit		34	34	34	34
Cash at bank and in hand		2,030	1,947	2,395	2,259
Total current assets		4,267	4,206	5,167	4,989
CREDITORS: amounts falling due within one year	19	(1,681)	(1,629)	(1,502)	(1,452)
NET CURRENT ASSETS		2,586	2,577	3,665	3,537
TOTAL ASSETS LESS CURRENT LIABILITIES		101,948	101,293	101,801	101,007
CREDITORS: amounts falling due after one year	20	(257)	(257)	(291)	(291)
NET ASSETS excluding Pension Liability due after one year		101,691	101,036	101,510	100,716
Defined Benefit Pension scheme liabilities	20	(4,381)	(4,381)	(4,744)	(4,744)
TOTAL NET ASSETS		97,310	96,655	96,766	95,972
FUNDS					
Endowment funds					
(Including investment revaluation reserve of £17,134k (2017: £17,374k))		66,675	66,029	67,015	66,349
Restricted income funds					
(Including investment revaluation reserve of £725k (2017: £750k))		5,566	5,566	5,400	5,400
Unrestricted income funds:					
General Funds (Including investment revaluation reserve of £2,051k (2017: £2,193k))		3,388	3,388	3,907	3,907
Designated Funds (Including investment revaluation reserve of (£1k) (2017: (£1k)))		21,672	21,672	20,316	20,316
Trading subsidiary		9	-	128	-
TOTAL CHARITY FUNDS	22	97,310	96,655	96,766	95,972

**The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018**

**CONSOLIDATED AND EDBF BALANCE SHEETS (continued)
At 31 December 2018**

The Cash Flow Statement and the notes on pages 34 to 77 form part of these financial statements.
The financial statements were approved by the Board of Trustees and authorised for issue on 20 July 2019 and signed on behalf of the Board by:



**Giles Frampton
Chair of the Board**

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating Activities		(1,664)		(3,399)
Cash flows from investing activities				
Dividends, interest and rent from investments	2,546		2,518	
Proceeds from the sale of:				
Tangible fixed assets	751		1,926	
Fixed asset investments	-		-	
Purchase of:				
Tangible fixed assets for the use of the EDBF	(1,957)		(1,076)	
Fixed asset investments	-		-	
Net cash provided by/(used in) investing Activities		1,340		3,368
Cash flows from financing activities				
Loans repaid by the EDBF	(34)		(35)	
New lending by EDBF	102		211	
Loans repaid to EDBF	(109)		(206)	
Net cash provided by/(used in) financing Activities		(41)		(30)
Change in cash and cash equivalents in the reporting period		(365)		(61)
Cash and cash equivalents at 1 January		2,429		2,490
Cash and cash equivalents at 31 December		2,064		2,429
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the year ended 31 December		949		1,002
Adjustments for:				
Depreciation charges		35		43
Dividends, interest and rent from investments		(2,546)		(2,518)
Surplus/(deficit) on sale of functional assets		(460)		(1,383)
Decrease/(increase) in debtors		542		(422)
(Decrease)/increase in creditors		(184)		(121)
Net cash provided by/(used in) operating activities		(1,664)		(3,399)
Analysis of cash and cash equivalents				
Cash in hand		2,030		2,395
Notice deposits (less than 3 months)		34		34
		2,064		2,429

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 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 23. 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 contributions)** is recognised as income of the year in respect of which it is receivable, with a cut-off date of 28 February 2019 for the 2018 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 2019 for the 2018 year.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the EDBF's own use** (i.e. non-investment assets) are accounted for as other incoming resources. Losses on disposal of such assets are accounted for as other resources expended.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

b) Expenditure

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

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

c) Tangible fixed assets and depreciation

Freehold properties

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

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

Properties subject to value linked loans

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

Investment properties

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

Parsonage houses

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

d) Other tangible fixed assets

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

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

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

funds are classified as expendable endowment. Endowment funds where there is no

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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.
- m) Significant accounting estimates.** The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Revaluation of investment properties

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

Pension and other post-employment benefits

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

Depreciation of freehold properties

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

Benefice houses recognition

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

2. DONATIONS

Parish Contributions

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

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Current Year assessments	9,323	-	-	-	9,323	9,172
Shortfall in contributions	(414)	-	-	-	(414)	(646)
	<u>8,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,909</u>	<u>8,526</u>
Receipts for previous years	151	-	-	-	151	99
Total Income	<u>9,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,060</u>	<u>8,625</u>

Current year common fund receipts represent 95.79% of the total assessed (2017: 93.18%).

Archbishop's Council

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Lowest Income Communities Funding	-	-	1,280	-	1,280	1,298
Transitional funding	105	-	-	-	105	119
New Opportunities Grant	-	-	-	-	-	9
	<u>105</u>	<u>-</u>	<u>1,280</u>	<u>-</u>	<u>1,385</u>	<u>1,426</u>

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

2. DONATIONS (continued)

Other donations and grants

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2018	2017
					£'000	£'000
All Churches Trust Grant	191	-	-	-	191	191
Legacies	-	-	-	-	-	105
Donations and grants	92	-	304	-	396	152
Resourcing Ministerial Education	-	-	147	-	147	33
	<u>283</u>	<u>-</u>	<u>451</u>	<u>-</u>	<u>734</u>	<u>481</u>

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2018	2017
					£'000	£'000
Statutory fees	665	-	-	-	665	671
Chaplaincy income	16	-	40	-	56	100
Feed in/Export Tariffs						
- PV panels	33	-	-	-	33	29
Course/training fees	43	-	1	-	44	39
Miscellaneous income	26	-	-	-	26	33
	<u>783</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>824</u>	<u>872</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2018	2017
					£'000	£'000
Housing income	1,145	-	-	-	1,145	1,191
Other rental income	13	-	-	-	13	13
Trading – EDPS Ltd	325	-	-	-	325	314
	<u>1,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,483</u>	<u>1,518</u>

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018	Total funds 2017
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividends receivable	375	-	634	-	1,009	977
Interest receivable	4	1	-	-	5	3
Rents receivable	-	-	374	-	374	334
	<u>379</u>	<u>1</u>	<u>1,008</u>	<u>-</u>	<u>1,388</u>	<u>1,314</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018	Total funds 2017
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Gains on sale of: Properties	444	-	4	12	460	1,400
	<u>444</u>	<u>-</u>	<u>4</u>	<u>12</u>	<u>460</u>	<u>1,400</u>

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018	Total funds 2017
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Glebe agents' fees	-	-	36	-	36	30
Other glebe expenses	26	-	31	-	57	42
Trading activities – EDPS Ltd	197	-	-	-	197	188
	<u>223</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>290</u>	<u>260</u>

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

8. CHARITABLE ACTIVITIES

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
Contributions to						
Archbishops' Council						
Training for Ministry	336	-	-	-	336	325
National Church						
Responsibilities	268	-	-	-	268	258
Grants and provisions	30	-	-	-	30	28
Mission agency pension						
Costs	4	-	-	-	4	3
Retired clergy housing						
Costs	-	-	113	-	113	107
Pooling of ordinands						
maintenance grants	35	-	-	-	35	21
	<u>673</u>	<u>-</u>	<u>113</u>	<u>-</u>	<u>786</u>	<u>742</u>
Resourcing Ministry and						
Mission						
Parish Ministry						
Stipends and national						
Insurance	3,348	-	2,143	-	5,491	5,410
Pension costs	1,263	-	-	-	1,263	1,167
Housing costs	2,216	-	8	-	2,224	2,364
Removal, resettlement						
and grants	184	-	-	-	184	200
Other expenses	403	-	41	-	444	230
	<u>7,414</u>	<u>-</u>	<u>2,192</u>	<u>-</u>	<u>9,606</u>	<u>9,371</u>
Support for parish ministry						
Mission and Ministry	1,199	8	143	-	1,350	1,172
Strategic Development	-	-	114	-	114	2
fund						
Church and Society	126	-	1	-	127	113
Mission Development	-	-	246	-	246	191
& Growth Funds						
Cooper Legacy grants	-	-	37	-	37	27
Cooper Armstrong Legacy	-	-	9	-	9	12
Support services	1,177	-	-	-	1,177	1,341
Pension Fund Deficit	(30)	-	-	-	(30)	847
	<u>2,472</u>	<u>8</u>	<u>550</u>	<u>-</u>	<u>3,030</u>	<u>3,705</u>
	<u>9,886</u>	<u>8</u>	<u>2,742</u>	<u>-</u>	<u>12,636</u>	<u>13,076</u>
Expenditure on Education and Church of England Schools						
Support for church schools						
and parishes	599	-	74	-	673	539
	<u>11,158</u>	<u>8</u>	<u>2,929</u>	<u>-</u>	<u>14,095</u>	<u>14,357</u>

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

The year-on-year decrease in support costs of £172,000 is due to a combination of vacancies in the year and lower recruitment and consultancy costs.

9. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2018	Total funds 2017
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Loss on sale of assets	-	-	-	-	-	17

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Pension Fund Deficit Adjustment	Total costs 2018
	£'000	£'000	£'000	£'000	£'000
Raisings funds	290	-	-	-	290
Charitable activities:					
Contributions to Archbishop's Council	-	786	-	-	786
Resourcing parish ministry	10,911	578	1,177	(30)	12,636
Education	673	-	-	-	673
	11,874	1,364	1,177	(30)	14,385

Net income/(expenditure) for the year is stated after charging amortisation £4,000 (2017: £3,000), depreciation £31,000 (2017: £40,000) and audit fees EDBF £23,000, EDPS £3,000 (2017: EDBF £23,000, EDPS £2,000).

11. ANALYSIS OF SUPPORT COSTS

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

12. ANALYSIS OF GRANTS MADE	Nbr.	Individuals	Institutions	Total 2018	Total 2017
		£'000	£'000	£'000	£'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishop's Council	5	-	673	673	635
From unrestricted funds:					
Ordinands in training	31	107	-	107	99
Clergy ordination	10	24	-	24	35
Clergy resettlement	28	67	-	67	66
Clergy removals	34	73	-	73	74
Clergy 1 st incumbency	8	19	-	19	28
Rural Deans hospitality	23	10	-	10	10
Churches together in Devon	1	-	5	5	7
Church schools – Learn Teach Read	2	-	13	13	10
Mustard Seed Fund	6	-	3	3	5
Other small grants	25	2	10	12	8
	168	302	31	333	342
From restricted funds for national Church responsibilities:					
Contributions to Archbishop's Council	1	-	113	113	107
From restricted funds for various purposes within resourcing parish ministry:					
Cooper Legacy Fund	13	-	37	37	27
Cooper Armstrong Legacy	1	-	9	9	12
Agricultural Fund	3	1	-	1	-
New Church Schools	3	-	62	62	-
Growth & Mission Fund	14	-	64	64	81
Strategic Development Fund	3	-	72	72	-
Total	37	1	244	245	120
Total	211	303	1,061	1,364	1,204

Cooper Legacy grants approved by the Board at 31 December 2018 but not yet disbursed at that date were £30,000.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

13. STAFF COSTS

	2018	2017
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	1,905	1,855
National insurance contributions	181	172
Pension costs – current year	430	408
– deficit (decrease)/increase	(30)	847
	<u>2,486</u>	<u>3,282</u>

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

	2018	2017
	Number	Number
Administration and financial management	21	24
Property	4	3
Mission, Ministry and Stewardship	19	17
Safeguarding	2	3
Archdeacons' staff	4	3
Education and Schools	14	12
	<u>64</u>	<u>62</u>

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

	2018	2017
	Number	Number
Administration and financial management	16.8	19.3
Property	3.5	3.2
Mission, Ministry and Stewardship	15.7	13.7
Safeguarding	1.9	3.2
Archdeacons' staff	2.1	1.4
Education and Schools	10.6	9.7
	<u>50.6</u>	<u>50.5</u>

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

	2018	2017
	Number	Number
£60,001 - £70,000	1	2
£70,001 - £80,000	2	2
£80,001 - £90,000	-	-
£160,001 - £170,000	-	1
	<u>-</u>	<u>1</u>

Pension payments of £62,000 (2017: £41,000) were made for these employees.

During the year redundancy benefits were provided to two members of staff totalling £8,000 (2017: £0). All benefits are recognised when either a legal or contractual obligation arises.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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 2018 they were:

Diocesan Secretary	Stephen Hancock
Assistant Diocesan Secretary	Ed Moffatt
Director of Mission & Ministry	Philip Sourbut
Director of Education	John Searson
Director of Finance and Company Secretary	Neil Williams
Director of People & Safeguarding (from 09/04/18)	Anthea Carter-Savigear
Director of Property	Graham Davies
Director of Communications (until 30/06/18)	Rebecca Paveley
Director of Church & Society (until 04/01/19)	Martyn Goss

Remuneration, pensions and expenses for these 9 employees amounted to £602,000 (2017: £766,000). 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 (2017: none). Fifteen Trustees received travelling and out of pocket expenses, totalling £39,000 (2017: £45,000) 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.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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:

	Stipend	Housing
The Right Revd R Atwell	No	No
The Right Revd N McKinnel	No	Yes
The Right Revd Dame S Mullally	No	Yes
The Right Revd J Searle	No	Yes
The Ven M Butchers	Yes	Yes
The Ven I Chandler	Yes	Yes
The Ven D Dettmer	Yes	Yes
The Ven C Fletcher	Yes	Yes
The Very Revd J Greener	No	No
The Revd M Partridge	Yes	Yes
The Revd G Chave-Cox	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 198.74 full time equivalent (2017: 194.12) stipendiary clergy and stipendiary licensed lay workers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2018	2017
	£'000	£'000
Stipends	5,018	4,957
National insurance contributions	396	394
Pension costs - current year	1,817	1,214
- deficit reduction	(554)	619
	6,677	7,184

The above figures do not include contributions made towards stipends paid by other organisations, e.g. chaplaincies. During the year non-contractual severance benefits totalling £91k (2017: £0) were provided to two clergy. All benefits are recognised when either a legal or constructive obligation arises.

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

- Self-supporting ministers 64 (2017: 68),
of which 32 (2017: 32) are in training curacies
- Readers 172 (2017: 174)
- Clergy holding licence under seal 39 (2017: 36)

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £36,930 - £45,270 (2017 range: £35,495 - £43,350). The annual rate of stipend, funded by EDBF, paid to Archdeacons in 2018 was £35,225 (2017: £34,570) and other clergy who were Trustees were paid £25,993 (2017: £25,515).

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
Improvements to Board properties	(38)	38	-	-
Property transfers from Benefice to Board	-	150	-	(150)
Purchase of new Board properties	(1,295)	1,295	-	-
Sale of Board properties	291	(291)	-	-
From General Fund for Clergy Housing Repairs	(180)	180	-	-
From General Fund for Clergy Conference	(30)	30	-	-
From General fund to Stipends endowment for reduction of pensions deficit	(441)	-	-	441
Separation of Bampton School sale proceeds from Education Funds	-	-	403	(403)
From Miscellaneous Designated Funds to General Fund for Grants	40	(40)	-	-
	<u>(1,653)</u>	<u>1,362</u>	<u>403</u>	<u>(112)</u>

15. INTANGIBLE FIXED ASSETS – GROUP and EDBF

	Website & Software £'000
Cost	
At 1 January 2018	21
Additions	1
	<u>22</u>
At 31 December 2018	
Amortisation	
At 1 January 2018	9
Charge for the year	4
	<u>13</u>
At 31 December 2018	
Net Book Value	
At 31 December 2018	<u>9</u>
	<u>12</u>
At 31 December 2017	

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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
Cost					
At 1 January 2018	56,512	241	368	16	57,137
Additions	1,929	27	-	-	1,956
Disposals	(291)	-	-	-	(291)
At 31 December 2018	58,150	268	368	16	58,802
Depreciation					
At 1 January 2018	-	203	119	8	330
Disposals	-	-	-	-	-
Charge for the year	-	15	15	1	31
At 31 December 2018	-	218	134	9	361
Net Book Value					
At 31 December 2018	58,150	50	234	7	58,441
At 31 December 2017	56,512	38	249	8	56,807

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 2018	11,547	25,298	119	329	19,219	56,512
Additions	50	492	-	54	1,333	1,929
Disposals	-	-	-	-	(291)	(291)
Transfers (note 14)	403	(553)	-	-	150	-
At 31 December 2018	12,000	25,237	119	383	20,411	58,150

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 (2017: 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 (2017: £118,000).

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

17. FIXED ASSETS INVESTMENTS – GROUP and EDBF

	At 1 January 2018 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2018 £'000
EDBF						
Unrestricted funds						
Listed investments	5,529	-	-	-	(140)	5,389
Unlisted investments	5	-	-	-	-	5
	<u>5,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140)</u>	<u>5,394</u>
Restricted funds						
Listed investments	2,547	-	-	-	(25)	2,522
Endowment funds						
Investment property	14,406	-	-	-	140	14,546
Listed investments	18,164	-	-	-	(360)	17,804
	<u>32,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220)</u>	<u>32,350</u>
Total EDBF	<u>40,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(385)</u>	<u>40,266</u>
CHURCH COLLEGE HOSTEL TRUST						
Endowment funds						
Listed investments	666	-	-	-	(20)	646
Total Church College Hostel	<u>666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>646</u>
Total Group	<u>41,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(405)</u>	<u>40,912</u>

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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

The corresponding historical cost figures are:	Group	EDBF	Group	EDBF
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Unrestricted funds				
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>
Restricted funds				
Listed investments	1,797	1,797	1,797	1,797
Endowment funds				
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>
Total	<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) A full list of properties is available for inspection at The Old Deanery.
- b) All land and buildings held on 31 December 2018 are held on a freehold basis.
- c) Commercial investment properties were valued as at 31 December 2018 by Stratton Creber Commercial (Chartered Surveyors) on an open market basis and residential properties were revalued by the trustees on an open market value. Historic glebe was valued by Smith Gore, Michelmores Hughes and Philips, Smith and Dunn (all Chartered Surveyors) on an open market basis at 31 December 2017 and their value has been updated by the trustees to 31 December 2018, having regard to suitable indices.
- d) The investment properties form part of the Diocesan Stipends Capital Account – see notes 21 – 23.
- e) The return on the value of the property investments held as fixed assets in the year was 2.57% (2017: 2.34%).
- f) Investment properties are held to provide an investment return, rather than as programme investments.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

18. DEBTORS – GROUP and EDBF	Group	EDBF	Group	EDBF
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Due within one year				
Loans to parishes	223	223	67	67
Loan to Society of Martha & Mary (Sheldon Centre)	25	25	25	25
Loan to St Mellitus College	30	30	-	-
Common Fund	353	353	362	362
Current account with subsidiary – EDPS Ltd	-	-	-	69
Gift aid from EDPS Ltd	-	128	-	-
Department for Education/ governors	391	391	895	895
Prepayments	196	196	186	186
Other debtors	824	718	861	750
	<u>2,042</u>	<u>2,064</u>	<u>2,396</u>	<u>2,354</u>
Due after more than one year				
Loans to parishes	128	128	305	305
Other debtors and prepayments	33	33	37	37
	<u>161</u>	<u>161</u>	<u>342</u>	<u>342</u>
Total debtors	<u>2,203</u>	<u>2,225</u>	<u>2,738</u>	<u>2,696</u>
19. CREDITORS: amounts falling due within one year				
	Group	EDBF	Group	EDBF
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Trade creditors	205	205	188	188
Taxation and social security	86	54	77	47
Other creditors and accruals	502	506	458	456
Proceeds of property sold by Board payable to external organisations	51	51	58	58
Receipts in advance	65	41	49	31
CBF Loans – Photovoltaic Panels (parsonages)	34	34	34	34
Pension scheme liabilities				
Lay Defined Benefit Scheme	119	119	19	19
Clergy Pension Scheme	619	619	619	619
Total creditors: amounts falling due within one year	<u>1,681</u>	<u>1,629</u>	<u>1,502</u>	<u>1,452</u>

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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

	Group 2018 £'000	EDBF 2018 £'000	Group 2017 £'000	EDBF 2017 £'000
Loan repayment instalments due after more than one year				
CBF Loans – Photovoltaic Panels (parsonages)	138	138	172	172
Church Commissioners value-linked loans	119	119	119	119
	<u>257</u>	<u>257</u>	<u>291</u>	<u>291</u>
Pension Scheme liabilities				
Lay Defined Benefits Scheme	1,056	1,056	978	978
Clergy Pension Scheme	3,325	3,325	3,766	3,766
	<u>4,381</u>	<u>4,381</u>	<u>4,744</u>	<u>4,744</u>
Total creditors: amounts falling due after more than one year	<u>4,638</u>	<u>4,638</u>	<u>5,035</u>	<u>5,035</u>

	2018 £'000	2017 £'000
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	119	153
	<u>257</u>	<u>291</u>

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

Value-linked loans (VLLs) represent amounts advanced to EDBF for the purchase of two properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31 December 2018 the Board had no intention of disposing of either of the properties funded via VLLs.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

21. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2018	Income	Expenditure	Transfers	Gains and Losses	Balances at 31 December 2018
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	3,907	12,459	(11,184)	(1,653)	(141)	3,388
Church Buildings Fund	677	1	-	-	1	679
Board Properties	19,102	-	-	1,192	-	20,294
Clergy Housing Repairs	102	-	-	180	-	282
Diocesan Mission Funds	261	-	(8)	-	-	253
Clergy Conference Fund	37	-	-	30	-	67
Miscellaneous Funds	137	-	-	(40)	-	97
	20,316	1	(8)	1,362	1	21,672
RESTRICTED FUNDS						
Diocesan Pastoral Account	3,179	72	-	-	(27)	3,224
Diocesan Stipends Income	26	2,209	(2,209)	-	-	26
Bampton School sale	-	-	(74)	403	-	329
Agricultural/Rural	9	2	(1)	-	-	10
Retired Clergy Housing	448	9	(113)	-	2	346
Growth & Mission Fund	1,323	182	(247)	-	-	1,258
Plymouth SDF Project	198	121	(113)	-	-	206
Ministerial Education Training	(4)	147	(143)	-	-	-
Clergy Widows	108	-	(9)	-	-	99
Cooper Legacy	74	2	(38)	-	-	38
Cooper Armstrong Legacy	39	-	(9)	-	-	30
Miscellaneous Restricted Funds	-	40	(40)	-	-	-
	5,400	2,784	(2,996)	403	(25)	5,566
ENDOWMENT FUNDS						
Permanent						
Dr Nobbs	65	-	-	-	(1)	64
Expendable						
Diocesan Stipends Capital	36,675	12	-	351	(25)	37,013
Benefice Property	25,324	-	-	(60)	-	25,264
Church Schools	4,285	-	-	(403)	(194)	3,688
	66,349	12	-	(112)	(220)	66,029
EDBF Total funds	95,972	15,256	(14,188)	-	(385)	96,655
Subsidiaries						
General Funds						
EDPS Ltd	128	78	(197)	-	-	9
Expendable endowment						
The Church College Hostel Trust	666	-	-	-	(20)	646
Group Total	96,766	15,334	(14,385)	-	(405)	97,310

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

22. SUMMARY OF ASSETS BY FUND

	Tangible/ Intangible Fixed Assets	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds – General	296	5,289	(299)	(1,898)	3,388
Unrestricted - designated					
Church Buildings Fund	-	105	575	-	680
Board Properties	20,411	-	2	(120)	20,293
Clergy Housing Repairs	-	-	282	-	282
Diocesan Mission Funds	-	-	298	(45)	253
Clergy Conference Fund	-	-	67	-	67
Miscellaneous Designated Funds	-	-	97	-	97
	20,411	105	1,321	(165)	21,672
Restricted					
Diocesan Pastoral Account	-	2,357	867	-	3,224
Diocesan Stipends Income	-	-	121	(95)	26
Bampton School sale	-	-	329	-	329
Agricultural/Rural	-	-	10	-	10
Retired Clergy Housing	362	166	(182)	-	346
Growth & Mission Fund	-	-	1,264	(6)	1,258
Plymouth SDF Project	-	-	260	(54)	206
Ministerial Education Training	-	-	2	(2)	-
Clergy Widows	21	-	78	-	99
Cooper Legacy	-	-	38	-	38
Cooper Armstrong Legacy	-	-	30	-	30
Miscellaneous Restricted Funds	-	-	55	(55)	-
	383	2,523	2,872	(212)	5,566
Endowment					
Permanent					
Dr Nobbs	-	58	6	-	65
Expendable					
Diocesan Stipends Capital	12,001	29,283	(327)	(3,944)	37,014
Benefice Property	25,240	-	36	(12)	25,262
Church Schools	119	3,008	596	(35)	3,688
	37,360	32,349	311	(3,991)	66,029
Total EDBF funds	58,450	40,265	4,205	(6,265)	96,655
Subsidiaries					
EDPS Ltd	-	-	62	(53)	9
Church College Hostel Trust	-	646	-	-	646
Total Group funds	58,450	40,912	4,267	(6,319)	97,310

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

23. DESCRIPTION OF FUNDS

General fund	The general fund is EDBF's unrestricted undesignated fund, available for any of EDBF's purposes without restriction.
Church building fund	This designated fund was created from the previous balances within the new church building and church building repair funds and is used to provide loans for parishes undertaking strategic reviews or major improvements of church buildings.
Board properties	This designated fund is the properties owned and used by EDBF in the furtherance of its work and includes curates housing.
Clergy housing repairs	This designated fund is used to support spending on the repair and maintenance of clergy housing.
Diocesan Mission funds	These designated funds are all part of the mission and ministry development fund, which provide funds for one-off projects to promote the ministry of the church and its overall mission in the Diocese. The growth fund, together with the mustard seed funds has been set aside specifically to fund initiatives in mission communities.
Clergy conference fund	This designated fund was established to provide funding for the diocesan clergy conference, held every three to five years.
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"> • To defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees; • To make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese; • Other purposes of the Diocese or any benefice or parish in the Diocese; • To make grants or loans to any other Diocese; and • To transfer funds to the diocesan stipends fund income or capital accounts.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

23. DESCRIPTION OF FUNDS (continued)

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

23. DESCRIPTION OF FUNDS (continued)

Miscellaneous Restricted Funds

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

Dr Nobbs

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

Diocesan stipends capital

The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. The fund also represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

Benefice property fund

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

Church Schools funds

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

Church College Hostel Trust

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

24. CAPITAL COMMITMENTS

At 31 December 2018 EDBF had capital expenditure commitments authorised but not contracted for of £2,090,000 (2017: £3,094,000), and contracted for but not yet due of £40,000 (2017: £46,000).

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

25. OPERATING LEASES

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

	2018	2017
	£'000	£'000
Land and buildings where the lease expires		
Within one year of the balance sheet date	-	-
In the second to fifth years inclusive of the balance sheet date	-	-
Other operating leases where the lease expires:		
Within one year of the balance sheet date	1	-
In the second to fifth years inclusive of the balance sheet date	-	3
	<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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

27. PENSIONS (continued)

Church of England Funded Pensions Scheme (continued)

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

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

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

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

The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2018: £1,263k; 2017: £1,214k), after adjusting for the figures highlighted in the table below as being recognised in the SOFA, giving a total charge of £1,376k (2017: £1,126k). In addition, a further £59k (2017: £51k) 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. A valuation at 31 December 2018 is currently underway, but the results of this are yet to be determined. 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 (with the remainder in return-seeking assets); and
 - A 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 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.;

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

27. PENSIONS (continued)

Church of England Funded Pensions Scheme (continued)

- Mortality in accordance with 80% of the S2NMA and S2NFA 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%.

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%

The deficit recovery contributions under the recovery plan in force as at 31 December 2016, 31 December 2017 and 31 December 2018 were set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and 2018 is set out in the table below.

	2018	2017
Balance sheet liability at 1 January	4,385,000	5,139,000
Deficit contribution paid	(554,000)	(666,000)
Interest cost (recognised in SOFA)	58,000	72,000
Remaining change to the balance sheet liability* (recognised in SOFA)	55,000	(160,000)
Balance sheet liability at 31 December	3,944,000	4,385,000

* 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:

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

27. PENSIONS (continued)

Church of England Funded Pensions Scheme (continued)

	December 2018	December 2017	December 2016
Discount rate	2.1% pa	1.4% pa	1.5% pa
Price inflation	3.1% pa	3.0% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.5% pa	1.6% pa

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

Church Workers Pension Fund – Defined Benefits Scheme

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

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

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SOFA during the year are contributions payable towards benefits and expenses accrued in that year (2018: £212k; 2017: £236k), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SOFA, giving a total charge of £231k for 2018 (2017: £255k).

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 37% of pensionable salary and expenses of £10,800 per year. In addition deficit payments of £152,796 per year have been agreed for 9.25 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2018	2017
Balance sheet liability at 1 January	997,000	148,000
Deficit contribution paid	(30,000)	(19,000)
Interest cost (recognised in SOFA)	2,000	2,000
Remaining change to the balance sheet liability* (recognised in SOFA)	206,000	-
Additional charge to SOFA	-	866,000
Balance sheet liability at 31 December	1,175,000	997,000

* 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 2018	December 2017	December 2016
Discount rate	2.20%	1.50%	1.50%

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

27. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

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

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

Pension Builder Scheme

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

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means 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 (2018: £159k; 2017: £121k).

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

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

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

27. PENSIONS (continued)

Pension Builder Scheme (continued)

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

28. RELATED PARTY TRANSACTIONS

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

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

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.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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:

	2018	2017
	£'000	£'000
CBF Church of England Investment Fund income shares	10,766	10,581
CBF Church of England Investment Fund accumulation shares	571	572
CBF Church of England Fixed Interest Securities Fund shares	322	340
CBF Church of England Property Fund shares	1,113	1,102
CBF Global Equity In Fund	835	854
Charifund – Income Units	2,520	2,885
Charibond Fixed Interest Income	8	10
Other common investment fund holdings	107	118
Direct holdings in UK gilts	37	38
Other fixed interest stocks	23	24
CBF Church of England Deposit Fund	558	587
Charles Stanley	790	872
Brewin Dolphin	1,148	1,274
Cash at bank	16	18
Sundry debtor	-	4
	<hr/>	<hr/>
Total assets held as custodian trustee	18,814	19,279
	<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 2018 the sum of £1,041,000 (2017: £1,330,000) 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 2018 amounted to £507,000 (2017: £368,000) 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.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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 two ordinary shares of £1 each. A summary of the trading results is shown below:

Summary profit and loss account	2018 £'000	2017 £'000
Turnover	317	308
Cost of sales	(194)	(186)
Gross Profit	123	122
Administrative expenses	(3)	(3)
Other operating income	8	7
Operating profit	128	126
Gift made to parent company	(247)	-
Loss after tax	(119)	126
Retained earnings (change of accounting policy in 2017)		
Retained earnings as previously stated	-	9
Change in accounting policy re accounting for donations to parent company	-	114
At the beginning of the year restated	-	123
Profit for the year	-	126
Donations to parent charity	-	(121)
Retained earnings at the year end	-	128
Assets and liabilities		
Current assets	190	247
Current liabilities	(181)	(119)
Total net assets	9	128
Capital and reserves		
Issued share capital and retained profit	9	128

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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:

Summary receipts and payments accounts	2018 £'000	2017 £'000
Investment income	22	21
Grants transferred to The Diocesan Board of Education	(22)	(21)
Surplus/(deficit) for the year	-	-
Gains/(losses) on investments	(20)	45
Net movement in funds	(20)	45
Funds		
Market value of investments at 1 January	666	621
Net realised and unrealised gains on investments	(20)	45
Market value of investments at 31 December	646	666

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.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

33. 2017 Comparative figures by fund

Due to space constraints within the main body of the accounts, this note shows the breakdown by fund for 2017 for the following notes:

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

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000
Income and endowments from						
Donations	2					
Parish contributions		8,625	-	-	-	8,625
Archbishop's Council		128	-	1,298	-	1,426
Other donations		224	106	139	12	481
Charitable activities	3	833	-	39	-	872
Other trading activities	4	1,518	-	-	-	1,518
Investments	5	355	1	958	-	1,314
Other	6	988	-	385	27	1,400
Total income and endowments		12,671	107	2,819	39	15,636
Expenditure on						
Raising funds	7	215	-	45	-	260
Charitable activities	8	11,676	124	2,557	-	14,357
Other	9	17	-	-	-	17
Total expenditure		11,908	124	2,602	-	14,634
Net income/(expenditure) before investment gains		763	(17)	217	39	1,002
Net gains on investments		428	3	150	1,610	2,191
Net income/(expenditure)		1,191	(14)	367	1,649	3,193
Transfers between funds	14	(1,457)	779	200	478	-
Net movement in funds		(266)	765	567	2,127	3,193
Total funds brought forward		4,301	19,551	4,833	64,888	93,573
Total funds carried forward	21	4,035	20,316	5,400	67,015	96,766

All activities derive from continuing activities.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

A2. DONATIONS

Parish Contributions

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

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

Archbishop's Council

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2017
	£'000	£'000	£'000	£'000	£'000
Lowest Income Communities Funding	-	-	1,298	-	1,298
Transitional funding	119	-	-	-	119
New Opportunities Grant	9	-	-	-	9
	<u>128</u>	<u>-</u>	<u>1,298</u>	<u>-</u>	<u>1,426</u>

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

A2. DONATIONS (continued)

Other Donations and grants

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	funds
	£'000	£'000	£'000	£'000	2017
					£'000
All Churches Trust Grant	191	-	-	-	191
Legacies	-	105	-	-	105
Donations and grants	33	2	105	12	152
Resourcing Ministerial Education	-	-	33	-	33
	<u>224</u>	<u>107</u>	<u>138</u>	<u>12</u>	<u>481</u>

A3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	funds
	£'000	£'000	£'000	£'000	2017
					£'000
Statutory fees	671	-	-	-	671
Chaplaincy income	63	-	37	-	100
Feed in/Export Tariffs					
- PV panels	29	-	-	-	29
Course/training fees	39	-	-	-	39
Miscellaneous income	31	-	2	-	33
	<u>833</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>872</u>

A4. OTHER TRADING ACTIVITIES

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

A5. INVESTMENT INCOME

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

A6. OTHER INCOMING RESOURCES

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

A7. FUND RAISING COSTS

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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

A8. CHARITABLE ACTIVITIES

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000
Contributions to					
Archbishops' Council					
Training for Ministry	325	-	-	-	325
National Church					
Responsibilities	258	-	-	-	258
Grants and provisions	28	-	-	-	28
Mission agency pension					
Costs	3	-	-	-	3
Retired clergy housing					
Costs	-	-	107	-	107
Pooling of ordinands'					
maintenance grants	21	-	-	-	21
	635	-	107	-	742
Resourcing Ministry and					
Mission					
Parish Ministry					
Stipends and national					
Insurance	3,273	-	2,137	-	5,410
Pension costs	1,167	-	-	-	1,167
Housing costs	2,357	-	7	-	2,364
Removal, resettlement					
and grants	200	-	-	-	200
Other expenses	194	-	36	-	230
	7,191	-	2,180	-	9,371
Support for parish ministry					
Mission and Ministry	1,013	122	37	-	1,172
Strategic Development	-	2	-	-	2
fund					
Church and Society	112	-	1	-	113
Mission Development	-	-	191	-	191
& Growth Funds					
Cooper Legacy grants	-	-	27	-	27
Cooper Armstrong Legacy	-	-	12	-	12
Support services	1,339	-	2	-	1,341
Pension Deficit Fund	847	-	-	-	847
	3,311	124	270	-	3,705
	10,502	124	2,450	-	13,076
Expenditure on Education and Church of England Schools					
Support for church schools					
and parishes	539	-	-	-	539
	11,676	124	2,557	-	14,357

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

A9. OTHER RESOURCES EXPENDED

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

A10. 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, depreciation £40,000 and audit fees EDBF £23,000, EDPS £2,000.

A11. 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

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

A12. ANALYSIS OF GRANTS MADE	Nbr.	Individuals	Institutions	Total 2017
		£'000	£'000	£'000
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	5	-	635	635
From unrestricted funds:				
Ordinands in training	29	99	-	99
Clergy ordination	15	35	-	35
Clergy resettlement	28	66	-	66
Clergy removals	37	74	-	74
Clergy 1 st incumbency	12	28	-	28
Rural Deans hospitality	26	10	-	10
Churches together in Devon	2	-	7	7
Church schools – fabric repairs	-	-	-	-
Church schools – Learn Teach Read	1	-	10	10
Growth Fund	-	-	-	-
Mustard Seed Fund	22	-	5	5
Growth & Mission Fund	17	-	81	81
Other small grants	30	3	5	8
	219	315	108	423
From restricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	1	-	107	107
From restricted funds for various purposes within resourcing parish ministry:				
Cooper Legacy Fund	9	-	27	27
Cooper Armstrong Legacy	1	-	12	12
Agricultural Fund	-	-	-	-
Total	10	-	39	39
Total	235	315	889	1,204

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

A21. 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
UNRESTRICTED FUNDS						
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
Diocesan Mission Funds	279	-	(18)	-	-	261
Clergy Conference Fund	127	1	(106)	15	-	37
Miscellaneous Funds	135	-	-	2	-	137
	19,551	107	(124)	779	3	20,316
RESTRICTED FUNDS						
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
Growth & Mission Fund	1,407	105	(189)	-	-	1,323
Plymouth SDF Project	-	-	(2)	200	-	198
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)	-	-	-
	4,833	2,819	(2,602)	200	150	5,400
ENDOWMENT FUNDS						
Permanent						
Dr Nobbs	60	-	-	-	5	65
Expendable						
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
EDBF Total funds	92,943	15,329	(14,446)	-	2,146	95,972
Subsidiaries						
General Funds						
EDPS Ltd	9	307	(188)	-	-	128
Expendable endowment						
The Church College Hostel Trust	621	-	-	-	45	666
Group Total	93,573	15,636	(14,634)	-	2,191	96,766

Please note that the 'Balances at 1 January 2017' and 'Balances at 31 December 2017' figures have been restated to reflect the reclassifying of the Growth & Mission Fund and Plymouth SDF Project from designated to restricted funds.

The Exeter Diocesan Board of Finance Limited
Annual Report & Consolidated Financial Statements
For the year ended 31 December 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

A22. SUMMARY OF ASSETS BY FUND

	Tangible/ Intangible Fixed Assets £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Unrestricted funds – General	305	5,430	(73)	(1,755)	3,907
Unrestricted - designated					
Church Buildings Fund	-	104	573	-	677
Board Properties	19,219	-	4	(121)	19,102
Clergy Housing Repairs	-	-	102	-	102
Diocesan Mission Funds	-	-	308	(47)	261
Clergy Conference Fund	-	-	37	-	37
Miscellaneous Designated Funds	-	-	137	-	137
	19,219	104	1,161	(168)	20,316
Restricted					
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
Growth & Mission Fund	-	-	1,325	(2)	1,323
Plymouth SDF Project	-	-	200	(2)	198
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	2,662	(137)	5,400
Endowment					
Permanent					
Dr Nobbs	-	60	5	-	65
Expendable					
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
Total EDBF funds	56,819	40,651	4,989	(6,487)	95,972
Subsidiaries					
EDPS Ltd	-	-	178	(50)	128
Church College Hostel Trust	-	666	-	-	666
Total Group funds	56,819	41,317	5,167	(6,537)	96,766

For Fund Descriptions, please see note 23 on pages 56 – 58.

