

**COVENTRY DIOCESAN BOARD
OF FINANCE LIMITED**

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2006

**Company Registered No. 319482
Registered Charity No. 247828**

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
FINANCIAL STATEMENTS
For the year ended 31 December 2006

CONTENTS

	Page
Directors' and Trustees' Report	1 - 12
Statement of Directors' Responsibilities	13
Report of the Auditors	14
Statement of Financial Activities	15
Balance Sheet	16
Summary Income and Expenditure Account	17
Statement of Total Recognised Gains and Losses	17
Cash Flow Statement	18
Notes to the Financial Statements	19 - 34

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2006

The trustees, who are also directors for the purposes of company law, present their combined trustees' report and directors' report, together with the audited financial statements, for the year ended 31st December 2006.

The Diocese of Coventry was re-founded in 1918; it covers a geographic area of 686 square miles with an overall population of 784,000.

The diocese is arranged as two archdeaconries, Coventry covering the northern part with six deaneries and Warwick the southern with five deaneries. In total there are some 198 parishes.

1 Reference and administrative details of the Diocese of Coventry

These are set out in Appendix A on pages 8 & 9.

2 Structure, governance and management

Diocesan governance

The Diocese is governed by the Synodical Government Measure 1969. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. The Diocesan Synod works according to Standing Orders which were approved by Synod on 19th July 2000. Members of the Synod hold office for a term of three years. Membership consists of ex officio members, namely the Bishops, the Dean of the Cathedral, the Archdeacons, the Chancellor of the Diocese, the Diocesan General Synod members and the chairs of the Board of Finance and the Diocesan Advisory Committee. Clergy members are elected by the houses of clergy in Deanery Synods, lay persons are elected by the houses of laity in Deanery Synods. Up to five persons may be co-opted by the house of clergy and five persons may be co-opted by the house of laity. A maximum of ten members (five clergy, five lay) may be nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to its Standing Committee, the Bishop's Council.

Company status

The company, Coventry Diocesan Board of Finance Limited (CDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 12th October 1936 as a charitable company limited by membership guarantees (No. 319482) and its governing documents are the Memorandum and Articles of Association. CDBF is registered with the Charity Commission (No. 247828).

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

Decision-making structure

The Bishop's Council is the senior committee of the Diocese and its members have a number of concurrent roles: Standing Committee of the Diocesan Synod, Trustees of the Charity, the Directors of the Coventry Diocesan Board of Finance Limited, members of the Diocesan Pastoral Committee and members of the Diocesan Redundant Churches Uses Committee. The membership of the Bishop's Council is set out in Appendix B on page 10

The Diocesan Synod has delegated the following functions to the Bishop's Council:

- Planning the business of Synod including the preparation of agendas and papers
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice
- Transacting the business of the Diocesan Synod when not in session
- Management of the funds and property of the Diocese
- Preparation of annual estimates of expenditure
- Advising on action needed to raise the income necessary to finance expenditure
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod
- Carrying out any other functions delegated by Diocesan Synod.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Decision-making structure (continued)

The Diocesan Secretary and his staff at the Diocesan Offices carry out the day-to-day work of the CDBF. They consult regularly with the Chair of the DBF, and the various diocesan committees. Although some senior staff have job titles incorporating the word 'Director' they are not directors of the company for the purposes of company law.

Committee structure

During 2006, the CDBF met as a full Board 7 times. There are a number of other Diocesan committees that, though not sub-committees of CDBF, can influence its operations. They are:

- the Finance Task Group, which discusses relevant matters delegated to it by the CDBF, including particularly matters concerned with the application of the Parish Share system;
- the Glebe Committee, which oversees management of the Diocesan Glebe investments, under the powers laid down in the Endowments and Glebe Measure 1976;
- the Parsonages Committee, which considers policy, repairs and improvements in relation to parsonage houses, under powers laid down in a scheme under the Repair of Benefice Buildings Measure 1972;
- the Investment sub-Committee, which supervises and reviews the management of the assets of the Board, other than parsonage houses and those excluded by Church of England Measure or Charity law.
- the Terms and Conditions of Employment Committee, which deals with all terms and conditions of employment, including remuneration, of all those non-stipendiary staff employed by the CDBF;
- the Audit Committee, which considers the appointment of Auditors, the Audit Fee, the nature and scope of the audit, reviews the annual financial statements prior to submission to the Board and keeps under review the internal control systems;
- The Executive Committee which meets to discuss the content of the agendas for Bishop's Council and Diocesan Synod. It also makes decisions on a number of urgent matters on behalf of the Bishop's Council. All such decisions are formally reported to the Bishop's Council for their ratification;
- The Diocesan Advisory Committee which 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.

Appointment of trustees

The bases on which trustees are appointed are shown in Appendix B on page 10.

Trustees' responsibilities

Company law requires the trustees (in their capacity as directors) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming or outgoing resources of the company for that year.

The Trustees' Responsibilities are set out on page 13.

Related parties

General Synod, Church Commissioners and Archbishops' Council

CDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

Some general information about the structure of the Church of England is contained in Appendix C on pages 11 & 12.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Parochial Church Councils (PCCs)

The Company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements. The Coventry Diocesan Trustees (a separate body) is the custodian trustee in relation to PCC property,

PCCs are able to influence the decision-making within CDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

The Coventry Diocesan Trust (a separate body) is the Diocesan Authority under the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964. The Trust's statutory function is to hold property and trust funds on behalf of PCCs.

Connected charities

The trustees have a joint working arrangement with the Leicester Diocesan Board of Finance Limited (company no 227087 charity no 249100). The Coventry Diocesan Board of Education is not a legally separate body.

Risk management

The trustees confirm that the major risks, to which CDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Finance Task Group the task of ensuring that risks are reviewed and managed as part of the risk management strategy. A risk register has been compiled.

The Audit Committee reviews the risk register periodically and reports to trustees whether it is satisfied with its findings and makes recommendations as to areas for further work in subsequent years. The trustees review the risk register at least annually as part of the corporate risk management strategy.

3 Objectives and activities

CDBF aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Coventry and elsewhere.

In order to achieve this aim, CDBF's strategy is to maintain sound finances so that it can continue to support parochial ministry through the payment of stipends, the provision of housing and providing training and other support to both ordained and lay people in parishes across the Diocese.

The main activities of the CDBF are as follows:

- Support for Mission and Ministry in the Parishes (includes all clergy training, housing, stipends, pension and all other expenditure supporting parish based ministry);
- Support for the national church institutions by way of an annual grant paid to them. This grant includes a contribution to the cost of training ordinands and the cost of providing retirement housing for clergy under the CHARM scheme;

Grant-making (beneficiary-selection) policy

The Board makes a grant to the Archbishops' Council of the Church of England towards the costs of central training for the church's ministry, the central administration of the church, certain pension contributions and retired clergy housing. This contribution is, in effect, the national Parish Share of the Church of England.

The Board also distributes grants to individuals, PCCs and other organisations connected with the Diocese.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Grant-making (beneficiary-selection) policy (continued)

Details of the grants awarded are given at note 7 to these financial statements.

The CDBF continues to provide support, via staff and accommodation at the Diocesan Offices, to the Diocesan Board of Education, the Forums and the Archdeacons. The Diocesan Offices also act as an office base for the Coventry Diocesan Branch of the Mother's Union.

The Diocesan Secretary and the Chairman of the CDBF consult regularly with colleagues from other dioceses, and are themselves consulted by central church bodies, (i.e. the Church Commissioners, Archbishop's Council and General Synod) on matters of national church policy.

Joint working

During the year the joint working arrangements with the Diocese of Leicester, started in 2002, continued to operate satisfactorily to the benefit of the Diocese. The joint working arrangements cover the areas of Synodical Administration, Finance, Property, Glebe, Information Systems and the Diocesan Advisory Committee for the Care of Churches (DAC). The staff involved in the joint working arrangements are all employed by Leicester DBF Limited with Coventry DBF Limited contributing 50% of employment costs. These arrangements are subject to a formal agreement between the Boards of Finance. There are regular monitoring meetings to ensure that these arrangements are working satisfactorily.

4 Achievements and performance

Plans and achievements in 2006

During 2006 CDBF planned to:

- Implement an average parish share increase of 9.4%
- Continue with the method of share allocation by deanery.
- Break even financially
- Draw no more than £28,000 from Reserves

During the year, CDBF has:

- Achieved an increase in parish share collected of 8.4%
- Worked with the Deaneries to improve the method of share allocation
- Made a surplus on continuing activities of £227,000.
- Increased the general reserves by £430,000 to £1,426,000.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Operational performance

CDBF achieved an operating surplus during the year of £227,000 compared with a deficit of £310,000 in 2005. The result for the year may be summarised as follows:

	2006 £000's	2005 £000's
Income received in respect of continuing activities	6,620	6,234
Expenditure in respect of continuing activities	(6,393)	(6,544)
Surplus / (Deficit) for the year arising from continuing activities	227	(310)
Exceptional items		
Legacies received: Tenanted investment property (General Fund)	55	-
For Ordination Training (Ordination Candidates Fund)	43	-
Other non recurring incoming resources: Property loan written back as non-repayable	88	-
Church Commissioners' Mission Fund Grant (carried forward for future use)	67	-
Movement in capital funds		
Profit on disposal of tangible fixed assets	284	906
Profit on disposal of investment assets	317	242
Unrealised gains on revaluation of assets and associated liabilities	6,895	1,666
Net movement in funds during the year as shown on the SOFA	7,976	2,504

Parish Share allocation

The total parish share to be allocated is agreed by the Diocesan Synod and was £4,545,291 for 2006. Of this a total of £4,379,192 was allocated to the parishes by the deaneries leaving a total sum of £166,099 unallocated to any parish at the end of the year. A total of £4,372,697 of parish share was collected during the year which represents a collection rate of 96.2%.

Principal Funding Sources

Around 64% of the incoming resources of the CDBF, excluding surpluses on the sales of tangible fixed assets, comes from the Parish Share and 18% from investment income.

Investment objectives

The Board's investment objective is to maintain the value of the capital in real terms and within that context to maximise income

Investment performance

Investments are held in both glebe and general funds. The total value of investments at 31 December 2006 was £18.9 million (2005: £16.1 million).

Glebe investments

£14.6 million of CDBF's investments are in glebe investments, which are held to generate a sustainable income to continue funding clergy stipends.

Agricultural, commercial and residential land and buildings were valued at £14.6 million at 31 December 2006 (2005: £12.1million) – an increase of 20.7 % over the year. Net rents receivable amounted to £754,000 (2005: £730,000) – an income yield of 5.65% (2005: 6.14%).

Other investments

Investment in equity and other funds were valued at £4.35 million at 31 December 2006 (2005: £4.00 million). Dividends amounted to £149,000 (2005: £143,000) – a yield of 3.4% (2005: 3.6%).

External factors affecting performance

Over the last five years (2001 – 2005), the CDBF has consistently spent more than it has received leading to a cumulative withdrawal from reserves over those years of £2.04 million. In order to reverse this trend, a parish share increase of 9.4% was agreed and cost saving implemented at the centre. In the parishes, this increase has not been easy to bear and in the central administration, cost saving driven reorganisation led, regrettably, to the redundancy of seven members of staff.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

External factors affecting performance (continued)

The Directors are committed to keeping future parish share increases as low as possible; the average for 2007 is 3.5%.

They are also committed to reducing the burden on parishes by seeking third party funding for posts. A good example of this is the Visitor Strategy Project, Divine Inspiration, which is entirely externally funded.

Pension Schemes

All stipendiary clergy in the Diocese and some licensed lay workers are members of the Church of England clergy pension scheme. The contribution rate for this scheme in the year was 33.8% of the previous year's national minimum stipend which equates to £6,105 per clergy person. From 1 January 2007, this was increased to 39.8% or £7,188 per head.

There is on-going debate in the General Synod of the Church of England about the future levels of benefits and costs of this scheme.

The lay staff of the Diocese are members either of a defined benefit or a defined contribution section of the Church Workers Pension Schemes.

Going concern

After making enquiries the Trustees are satisfied that CDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Reserves policy

The objective of the Board's Reserves Policy is to ensure the provision of adequate working capital resources.

The reserves policy during the year was as follows:

To ensure adequate cash flow, the Board considers that it is prudent to identify a minimum of £630,000 of its General fund as being for working capital.

This policy was changed at a meeting of the Bishop's Council on 23rd November 2006 to the following:

To maintain the General Reserve at a level equivalent to three months' value of the Parochial Ministry budget for the ensuing year prior to any stipend recharges to Forum budgets.

At the end of 2006, this figure is calculated to be £1,287,348. Actual General Reserves at 31st December 2006 were £1,426,209 (see note 17 to the financial statements).

5 Plans for future periods

The trustees will continue to set annual budgets on a break-even basis (subject to building up free reserves to target level and seek to hold down Parish Share increases in order to allow funds to be spent on mission activity. The ongoing objective is to resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

During 2007 CDBF plan to:

- Implement an average parish share increase of 3.5%
- Continue with the method of share allocation by deanery.
- Come to equitable agreements with deaneries and parishes on parish share arrears and appeals on levels of parish share
- Break even financially
- Draw no more than £28,000 from Reserves

6 Statement as to disclosure of information to auditors

The directors / trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors/trustees have confirmed that they have taken all the steps that they ought to have taken as directors /trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

7 Appointment of auditors

The directors/trustees having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26 (5). Baker Tilly UK Audit LLP has indicated its willingness to continue office.

A resolution to reappoint Baker Tilly UK Audit LLP as auditors to the company and to authorise the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

.....
Simon J Lloyd
Diocesan Secretary
15 May 2007

.....
Ian E Francis
Chair

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Appendix A

Reference and administrative details

In accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and as at the date of signing are as follows:

President (ex officio)	The Rt Revd C J Bennetts (Lord Bishop of Coventry)
Chair (nominated by the Bishop)	Mr I E Francis
Suffragan Bishop (ex officio)	The Rt Revd J R A Stroyan (Bishop of Warwick)
Archdeacons (ex officio)	The Ven M W Bryant (Archdeacon of Coventry) The Ven M J Paget – Wilkes (Archdeacon of Warwick)
Dean (ex officio)	The Very Revd J D Irvine (Dean of Coventry)
Chair of the House of Clergy (ex officio)	Revd M P Saxby (to 31 December 2006) Revd Canon R E Williams (from 4 January 2007)
Chair of the House of Laity (ex officio)	Dr D G Tweedie (to 31 December 2006) Mr G P Wright (from 1 January 2007)
Elected by Diocesan Synod	Revd M H F Beach (from 13 January 2006) Revd J T H Britton (from 14 March 2007) Revd G J Burrell (from 13 January 2006 - 31 December 2006) Revd T J Colling (to 31 December 2006) Revd C M Gregory (to 10 March 2007) Revd J N Jee (from 1 January 2007) Revd Canon L G Mortimer (to 31 December 2006) Revd G L Pringle (from 4 January 2007) Revd Canon Y L Richmond (to 31 December 2006) Revd M P Saxby (from 4 January 2007) Revd K R G Scott (from 4 January 2007) Revd F E Tyler (to 31 December 2006) Mrs M A Backhouse (to 31 December 2006) Mr C H Baker (from 14 March 2007) Mr K J Hall (to 31 December 2006) Mr N J M Hodges (from 1 January 2007) Mrs C M R Newey (to 31 December 2006) Mr I D O'Hara (from 1 January 2007) Miss K Parrington Mr P B Purdom Mr P C Rogers Mr D G Wigman (from 23 January 2007)
Nominated by the Bishop	Dr R H Pogson Dr D G Tweedie (from 1 January 2007) Revd Canon J P Welby (to 31 st December 2006)
Nominated by other bodies	Mr H W Hawkes (to 31 March 2006) Mr M B Evans (from 1 April 2006)
Secretary	Mr S J Lloyd

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Appendix A (continued)

Registered Office Diocesan Offices, 1 Hill Top, Coventry CV1 5AB
Telephone 024 7652 1200
Facsimile 024 7652 1330

Company registration number 319482 (England and Wales)
Charity registration number 247828 (England)

Auditors Baker Tilly UK Audit LLP
Park House
Station Square
Coventry
CV1 2NS

Bankers Bank of Scotland
41 South Gyle Crescent
Edinburgh
EH12 9XD

Solicitors and Registrar Rotherham & Co
8 & 9 The Quadrant
Coventry
CV1 2EG

Glebe Agents Countrywide Property Management
161 New Union Street
Coventry
CV1 2PL

Godfrey-Payton
25 High Street
Warwick
CV34 4BB

Diocesan Surveyors Martyn Jones and Associates
The Reading Room
33, Main Street
Medbourne
Market Harborough
Leicestershire LE16 8DT

Insurers Ecclesiastical Insurance Office plc.
Beaufort House
Brunswick Road
Gloucester
GL1 1JZ

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Appendix B

Membership of the Bishop's Council

The membership of the Bishop's Council is as follows:

Ex officio members

The Bishop of Coventry
The Bishop of Warwick
The Dean of Coventry
The Archdeacon of Coventry
The Archdeacon of Warwick
The Chair of the House of Clergy
The Chair of the House of Laity
Chair of the Board of Finance

Elected members

Seven clergy with a minimum of two from each Archdeaconry
Eight lay people with a minimum of two from each Archdeaconry

Nominated members

Three nominated by the Bishop
One member nominated by the Diocesan Advisory Committee
One member nominated by the Parsonages Committee
One member nominated by the Diocesan Board of Education

Co-opted members

The Bishop's Council may co-opt up to three additional members

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Appendix C

Summary information about the structure of the Church of England

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 43 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (usually called an incumbent, vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are 112 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops)). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 *to co-ordinate, promote, aid and further the mission of the Church of England*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

The Cathedral

The cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Offices, 1 Hill Top Coventry CV1 5AB.

The information about General Synod, the Church Commissioners, the Archbishops' Council and Coventry Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

The Diocese

Diocesan Synod

The statutory governing body of the diocese is the Diocesan Synod which is elected with representation across the diocese with broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishops and archdeacons. 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 bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' AND TRUSTEES' REPORT (continued)

For the year ended 31 December 2006

Appendix C – The Diocese (continued)

Deanery Synod

Each Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy;
- To advise the President on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees;
- To carry out such functions as the Synod may delegate to it.

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently excepted from registration with the Charity Commission, subject to the Charities Act 2006 under which those above £100,000 gross income for the year will be required to register from sometime in 2008. Except where shown, the transactions of PCCs do not form part of the attached financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company and charity law requires the directors, who are also the trustees of the charity, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a select suitable accounting policies and then apply them consistently;
- b make judgements and estimates that are reasonable and prudent;
- c state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT OF THE AUDITORS

Independent auditors' report to the members of The Coventry Diocesan Board of Finance Limited

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2006 which comprise the Balance Sheet, Statement of Financial Activities, Cash Flow Statement, Summary Income and Expenditure Account, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the members of the company, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the members of the company 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 for anyone other than the company and the members of the company as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors/trustees and auditors

The directors (who also act as trustees for the charitable activities of Coventry Diocesan Board of Finance Limited) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other information is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' and Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors/trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion;

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charitable company's affairs at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' and trustees Report is consistent with the financial statements.

Registered Auditors
Chartered Accountants
Park House
Station Square
Coventry CV1 2NS

15 May 2007

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2006

	Note	General funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2006	TOTAL 2005 (restated)
		£000's	£000's	£000's	£000's	£000's	£000's
Income and Expenditure							
Incoming Resources:							
Incoming Resources from Generated Funds:							
Parish Share	4a	4,384	-	-	-	4,384	4,046
Archbishops' Council	4b	22	-	91	-	113	159
Donations, Legacies and similar income	4c	220	-	203	-	423	297
Activities for Generating Funds	4d	71	-	14	-	85	71
Investment Income	4e	71	13	1,128	-	1,212	1,139
Income from Operating Activities	4f	88	-	388	-	476	457
Other Incoming Resources	4g	179	-	1	-	180	65
Surplus/(Loss) on Sales of Assets		-	415	-	(131)	284	906
TOTAL INCOMING RESOURCES		5,035	428	1,825	(131)	7,157	7,140
Resources Expended:							
Cost of Generating Funds	5a	158	-	138	-	296	342
Charitable Expenditure:							
Archbishops' Council	5b(i)	411	-	-	-	411	425
Other Grants and similar items	5b(ii)	180	2	6	-	188	216
Resourcing of Ministry in Parishes	5b(iii)	3,311	-	1,507	-	4,818	4,804
Support of Ministry in Parishes	5b(iv)	511	-	16	-	527	611
Governance Costs	5c	153	-	-	-	153	146
TOTAL RESOURCES EXPENDED		4,724	2	1,667	-	6,393	6,544
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		311	426	158	(131)	764	596
TRANSFERS BETWEEN FUNDS	16	-	-	464	(464)	-	-
NET INCOMING/(OUTGOING) RESOURCES BEFORE REVALUATIONS AND INVESTMENT ASSET DISPOSALS		311	426	622	(595)	764	596
Gains and Losses on Revaluations of Tangible Fixed Assets and associated liabilities		-	466	-	5,319	5,785	804
Gains and Losses on Revaluations and Disposals of Investment Assets		119	33	348	927	1,427	1,104
NET MOVEMENT IN FUNDS		430	925	970	5,651	7,976	2,504
FUND BALANCES BROUGHT FORWARD AT 1 JANUARY 2006		996	5,168	4,320	66,822	77,306	74,802
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2006		1,426	6,093	5,290	72,473	85,282	77,306

All recognised gains and losses are included in the above Statement of Financial Activities.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

BALANCE SHEET

at 31 December 2006

		2006		2005 (restated)	
	Note	£000's	£000's	£000's	£000's
Fixed assets					
Tangible assets	11		62,294		57,313
Investments	12		18,901		16,135
			<u>81,195</u>		<u>73,448</u>
Current assets					
Debtors	13	956		837	
Short term deposits		3,305		3,101	
Cash at bank and in hand		789		732	
		<u>5,050</u>		<u>4,670</u>	
Creditors: amounts falling due within one year	14	(596)		(372)	
		<u></u>		<u></u>	
Net current assets			4,454		4,298
			<u></u>		<u></u>
Total assets less current Liabilities			85,649		77,746
Creditors: amounts falling due after more than one year	15		(367)		(440)
			<u></u>		<u></u>
Net assets			85,282		77,306
			<u><u></u></u>		<u><u></u></u>
Funds					
Endowment funds	17		72,473		66,822
Restricted funds	17		5,290		4,320
Unrestricted funds:					
Designated funds	17	6,093		5,168	
Other charitable funds	17	1,426		996	
		<u></u>		<u></u>	
			7,519		6,164
			<u></u>		<u></u>
Total funds	17		85,282		77,306
			<u><u></u></u>		<u><u></u></u>

The financial statements on pages 15 to 34 were approved by the Board of Directors and authorised for issue on 15th May 2007 and are signed on its behalf by:

IAN FRANCIS, Chairman

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
SUMMARY INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 2006

	2006 £000's	2005 £000's
Gross income of continuing activities	6,620	6,234
Total expenditure of continuing activities	(6,393)	(6,544)
Net Income/(Deficit) for year from continuing activities	<u>227</u>	<u>(310)</u>
Exceptional items	253	-
Profit on disposal of tangible fixed assets	284	906
Net income for the year before investment asset disposals	<u>764</u>	<u>596</u>
Profit on disposal of investment assets	317	242
Net income for the year	<u><u>1,081</u></u>	<u><u>838</u></u>

Supplementary information

The summary income and expenditure account is derived from the statement of financial activities on page 15 which together with notes to the financial statements on pages 19 to 34 provides full information on the movements during the year on all the funds in the charity.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2006 £000's	2005 £000's
Net income for the year	1,081	838
Unrealised gain on revaluation of assets and associated liabilities	6,895	1,666
Total recognised gains and losses relating to the year	<u>7,976</u>	<u>2,504</u>
Prior year adjustment (see note 20)	24	
Total recognised gains and losses since the last financial statements	<u><u>8,000</u></u>	

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

CASH FLOW STATEMENT

31 December 2006

	Note	2006 £000's	2005 £000's
Net cash inflow/(outflow) from operating activities	19a	446	(532)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		-	(105)
Payments to acquire fixed asset investments		(1,859)	-
Receipts from sales of tangible fixed assets		1,169	1,725
Receipts from sales of fixed asset investments		462	1,242
		<hr/>	<hr/>
		(228)	2,862
Other movements			
Legacies received		43	-
		<hr/>	<hr/>
Increase in cash resources and short term deposits	19b	261	2,330
		<hr/> <hr/>	<hr/> <hr/>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), the Church of England Diocesan Annual Reports and Financial Statements Guide 3rd edition 2006 and under the historical cost accounting rules except that investment assets and certain other properties are included at valuation.

Parsonage Houses and Operational Properties

The valuation of these is based on Council Tax values, uplifted by using the Nationwide Building Society housing price index increase between April 1991 and December 2006. The expected useful life of these properties is at least 50 years.

No depreciation is charged against these properties but any expenditure on maintenance and improvements is written off as incurred unless it is considered to enhance the capital value of the relevant property.

The policy of charging no depreciation on the properties was adopted during the year and has resulted in a prior year adjustment is shown in note 20.

Depreciation

Depreciation of non-property fixed assets is charged by equal annual instalments at rates estimated to write off their cost or valuation less any residual value over the expected useful lives that are as follows:

IT & Telecommunications Equipment	3 years
Office Furniture and Fittings	5 years

Individual items of office equipment and furniture with a purchase price of £5,000 or less are written off in the year in which the assets are acquired.

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 is included at market value at 31 December 2006 as valued by the Directors.

Listed investments are included at market value.

Parish share income

Parish shares include amounts received up to 31 January 2007 (2005: 31 January 2006) together with any arrears received from previous years.

Grants

Grant income is accounted for when receivable. Grants payable are accounted for when authorised.

Investment gains and losses

Realised gains or losses are recognised when investments are sold. Unrealised gains or losses are accounted for on revaluation of investments at 31 December.

Deferred Income

Income is recognised as deferred where the event or rental period to which the income relates occurs beyond the end of the financial period being reported on.

Resources expended

Expenditure is accounted for on an accruals basis and is allocated between:

- expenditure incurred in the cost of generating funds, including Parish Share
- expenditure incurred directly in the fulfilment of the charity's objectives
- expenditure incurred in the governance of the charity and its assets
- expenditure on support costs including central functions. These costs are subsequently allocated to the other categories of expenditure as described in the following note.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

1 Principal accounting policies (continued)

Support Costs

These costs have been allocated to the other categories of expenditure described in the above note on the basis of the proportion of staff time spent on each area of expenditure as follows:

- Cost of generating funds – 35%
- Charitable expenditure – 47.50%
- Governance – 17.50%

Operating leases

Payments under operating leases are charged against income as incurred.

2 Staff pensions schemes

The Board participates in two sections of the Church Workers Pension Fund, administered by the Church of England Pensions Board. The assets of the fund are held separately from those of the Board of Finance.

Defined contributions scheme

The Board participates in the Church of England Defined Contributions Scheme, part of the Church Workers Pension Fund.

This scheme provides benefits based on the contributions paid into the fund. The pension costs for the year as shown in these financial statements are equal to the contributions paid by the Board.

Defined benefits scheme

The Board participates in the Church of England Defined Benefits Scheme, part of the Church Workers Pension Fund.

The Board 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 many other entities participating in the scheme. A valuation of the fund was carried out as at 31 December 2004, and the Board's contribution rate was reviewed as from 1 January 2006.

The pension costs for the year as shown in these financial statements are equal to the contribution actually payable by the Board.

This scheme provides benefits based on final pensionable salaries. At 31 December 2006 the Board had one active member in the Scheme and no deferred pensioner members.

Clergy Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the new Church of England Funded Pensions Scheme, which provides benefits based on final pensionable salaries. This Scheme provides for that part of their pension that relates to pensionable service after 1 January 1998. The scheme's assets are held independently of the employer or other responsible bodies. Pensions in respect of pensionable service before 1 January 1998 will be paid by the Church Commissioners of England under the previous arrangements.

The Board participates in the Church of England Funded Pensions Scheme and employs 136 members of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Board is unable to identify its share of the underlying assets and liabilities – each employer in the scheme pays a common contribution rate. The latest valuation of the scheme was carried out as at 31 December 2003. This revealed a shortfall of £91 million with assets of £196 million and a funding target of £287 million, assessed using the following assumptions:

- Investment return of 6.8% per annum
- Increase in pensionable stipends 3.8% per annum
- Pension increases 3.8% per annum

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

2 Staff pensions schemes (continued)

Clergy Pension Scheme (continued)

Following the results of the valuation, the Board contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005.

Following a subsequent informal review of the Scheme's funding position, the Board's contribution rate increased again to 39.8% of pensionable stipends with effect from 1 January 2007 as an interim measure, pending results of the next formal valuation of the Scheme as at 31 December 2006.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the Board to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

3 Net incoming resources

	2006 £000's	2005 £000's
Net incoming resources is stated after charging:		
Auditors' remuneration		
- Audit	7	7
- Other services	5	1
Hire of office equipment	6	6
Depreciation of other fixed assets	62	82
Surplus on disposal of tangible fixed assets	284	906
	<u>284</u>	<u>906</u>

4 Analysis of Incoming Resources

a Parish Share

	Unrestricted funds £000's	Designated funds £000's	Restricted funds £000's	Endowment funds £000's	TOTAL 2006 £000's	TOTAL 2005 £000's
Parish Share assessed for year	4,545	-	-	-	4,545	4,138
Less: Shortfall in contributions	(219)	-	-	-	(219)	(141)
	<u>4,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,326</u>	<u>3,997</u>
Arrears received in respect of prior years	47	-	-	-	47	53
	<u>4,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,373</u>	<u>4,050</u>
Other contributions & adjustments	11	-	-	-	11	(4)
	<u>4,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,384</u>	<u>4,046</u>

b Archbishops' Council

	Unrestricted funds £000's	Designated funds £000's	Restricted funds £000's	Endowment funds £000's	TOTAL 2006 £000's	TOTAL 2005 £000's
Selective Allocations	-	-	16	-	16	-
Special Payments	-	-	7	-	7	74
Parish Mission Fund	-	-	68	-	68	63
Legal Costs Contribution	22	-	-	-	22	22
	<u>22</u>	<u>-</u>	<u>91</u>	<u>-</u>	<u>113</u>	<u>159</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

4 Analysis of Incoming Resources (continued)

c Donations, Legacies and Similar Income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2006	TOTAL 2005
	£000's	£000's	£000's	£000's	£000's	£000's
Trust Income	126	-	156	-	282	277
Other Income incl. legacies	94	-	47	-	141	20
	<u>220</u>	<u>-</u>	<u>203</u>	<u>-</u>	<u>423</u>	<u>297</u>

d Income from Activities for Generating Funds

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2006	TOTAL 2005
	£000's	£000's	£000's	£000's	£000's	£000's
Rental Income from non- investment properties	71	-	14	-	85	71
	<u>71</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>85</u>	<u>71</u>

e Investment Income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2006	TOTAL 2005
	£000's	£000's	£000's	£000's	£000's	£000's
Glebe Rents	-	-	879	-	879	894
Unlisted Securities	38	11	100	-	149	143
Bank and Deposit Interest	33	2	149	-	184	102
	<u>71</u>	<u>13</u>	<u>1,128</u>	<u>-</u>	<u>1,212</u>	<u>1,139</u>

f Income from Operating Activities

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2006	TOTAL 2005
	£000's	£000's	£000's	£000's	£000's	£000's
Parochial Fees	-	-	331	-	331	308
Other Income	88	-	57	-	145	149
	<u>88</u>	<u>-</u>	<u>388</u>	<u>-</u>	<u>476</u>	<u>457</u>

g Other Incoming Resources

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2006	TOTAL 2005
	£000's	£000's	£000's	£000's	£000's	£000's
VAT Recovered for prior years	21	-	-	-	21	-
Other Income	158	-	1	-	159	65
	<u>179</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>180</u>	<u>65</u>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

5 Analysis of Resources Expended

a Cost of Generating Funds

	Unrestricted funds £000's	Designated funds £000's	Restricted funds £000's	Endowment funds £000's	TOTAL 2006 £000's	TOTAL 2005 £000's
Glebe Management Fees	-	-	52	-	52	49
Glebe Operating Costs	-	-	73	-	73	115
Other Costs	-	-	13	-	13	26
Support Costs	158	-	-	-	158	152
	158	-	138	-	296	342

b Charitable Expenditure

	Note	Unrestricted funds £000's	Designated Funds £000's	Restricted Funds £000's	Endowment funds £000's	TOTAL 2006 £000's	TOTAL 2005 £000's
<u>(i) Archbishops' Council:</u>							
National Church		196	-	-	-	196	191
Training for Ministry		149	-	-	-	149	167
Pension Contributions		12	-	-	-	12	12
Retired Clergy Housing		54	-	-	-	54	55
		411	-	-	-	411	425
<u>(ii) Other Grants and similar items:</u>							
Grants to Parishes & Other Diocesan bodies	7	75	-	-	-	75	136
Grants to Ordinands		81	-	-	-	81	66
Other Grants		24	2	6	-	32	14
		180	2	6	-	188	216
<u>(iii) Resourcing of Ministry in Parishes:</u>							
Clergy Costs	9	2,388	-	1,491	-	3,879	3,932
Clergy Housing		833	-	-	-	833	767
Support Costs		90	-	16	-	106	105
		3,311	-	1,507	-	4,818	4,804
<u>(iv) Support of Ministry in Parishes:</u>							
Forum Costs		382	-	-	-	382	442
Reader Training		-	-	16	-	16	15
Other Costs		-	-	-	-	-	31
Support Costs		129	-	-	-	129	123
		511	-	16	-	527	611

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

5 Analysis of Resources Expended (continued)

c Governance Costs

	Unrestricted funds £000's	Designated funds £000's	Restricted funds £000's	Endowment funds £000's	TOTAL 2006 £000's	TOTAL 2005 £000's
Synodical Costs	11	-	-	-	11	13
Statutory Costs	58	-	-	-	58	51
Support Costs	84	-	-	-	84	82
	153	-	-	-	153	146

6 Analysis of Resources Expended showing allocation of Support Costs

	Activities undertaken directly £000's	Grant funding of activities £000's	Support Costs £000's	TOTAL 2006 £000's	TOTAL 2005 £000's
Cost of Generating Funds	138	-	158	296	342
Charitable Expenditure:					
Archbishops' Council	-	411	-	411	425
Other grants & similar items	-	188	-	188	216
Resourcing of Ministry in Parishes	4,712	-	106	4,818	4,804
Support of Ministry in Parishes	398	-	129	527	611
Governance Costs	69	-	84	153	146
	5,317	599	477	6,393	6,544

ii) Analysis of Support Costs

	2006 £000's	2005 £000's
Staff Costs	252	229
Depreciation	62	83
Other Costs	163	150
	477	462

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

7	Analysis of Other Grants and similar items	2006 £000's	2005 £000's
	To Institutions		
	- Churches and projects (2005: 17) from the Development Fund	-	31
	- Churches and projects (2005: 11) from Youth Initiative budget	-	18
	- 4 Projects (2005: 3) to support Youth Workers	42	22
	- 8 Churches (2005: 8) from the Church Fabric Fund	13	14
	- Parishes for Quinquennial Inspections	-	37
	- Parishes for Faculty Fees	15	9
	- Coventry Cathedral for companioning agreement & liturgy support costs	15	12
	- 2008 Lambeth Conference	14	-
	- West Midlands Regional Churches Forum	-	1
	- Best Kept Churchyard Competition	-	1
	- Chad Media Trust	-	1
		<u>99</u>	<u>146</u>
	To individuals		
	- For support whilst in ministerial training	81	66
	- For other charitable purposes	8	4
		<u>89</u>	<u>70</u>
	Total Other Grants and similar items	188	216
	The number of individuals receiving grants was	<u>28</u>	<u>23</u>

8 Board members' emoluments and expenses

None of the Board members has received any emoluments from the Board of Finance for services performed as directors (2005: £Nil)

The parochial clerical members of the Board and the Archdeacons are in receipt of a stipend, housing and other payments made to clergy paid by the Board by virtue of their office. The Board provides housing for the Suffragan Bishop by virtue of his office.

7 members received a total of £2,206 (2005: 3 & £168) in the year for travel expenses related to the activity of the Board. The partnership of which 1 member is a partner received fees relating to Quinquennial inspections of £Nil (2005: £1,864) in the year. 3 members received a total of £828 (2005: 4 & £1,829) in the year for travel and other expenses in connection with their membership of the General Synod of the Church of England, membership of which is not connected with their membership of the Board.

9 Clergy costs

The average number of stipendiary clergy and licenced lay workers holding parochial or archidiaconal posts in the Diocese was 136 (2005: 144).

	2006 £000's	2005 £000's
At a cost of:		
Stipends	2,774	2,811
Social security costs	161	161
Pension contributions	825	830
	<u>3,760</u>	<u>3,802</u>
Other costs	119	140
	3,879	3,942

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

10 Average staff numbers based on full time equivalents and total remuneration

	Staff under Contract to the DBF	
	Number 2006	Number 2005
Support of Archidiaconal Ministry in Parishes		
Archdeacon's Support	1.00	1.00
Forums		
Forum for Ministry	0.50	1.20
Forum for Social Responsibility including the Diocesan Development Team (to June 2006)	1.85	3.30
Forum for Pastoral Development and Evangelism	2.00	1.10
<i>In each case local sources provide part of the costs of each youth worker</i>		
Diocesan Board of Education		
Direct work of the Board of Education	2.85	3.15
Diocesan Child Protection Officer	0.40	0.40
<i>The Board of Education contributes from its own funds part costs of one of these posts</i>		
Central Support		
Central Support staff	2.75	2.35
	<u>11.35</u>	<u>12.50</u>
Employees wholly or partly supported by 3rd party funding		
Suffragan Bishop's Support	1.00	0.65
Visitor Strategy project Workers	0.50	-
Deanery Based Youth Workers	3.50	1.65
	<u>5.00</u>	<u>2.30</u>
Totals	<u><u>16.35</u></u>	<u><u>14.80</u></u>

There are also eight clergy who hold part-time parochial posts along with director/advisor roles within the Forums. Their costs, together with those under Licence noted above, are included in the Clergy costs in Notes 5(ii) and 9.

There were no employees whose total remuneration exceeded £60,000 in the year

Costs of staff under contract during the year amounted to:

	2006 £000's	2005 £000's
Salaries	404	326
Statutory Redundancy & Termination Payments	14	-
Social security costs	34	29
Pension contributions	33	33
Total for staff under contract	<u>485</u>	<u>388</u>
Total for Staff not under contract as noted below	203	201
Total staff costs	<u><u>688</u></u>	<u><u>589</u></u>

The Board has entered into joint working arrangements with the Diocese of Leicester. During 2006 an average of 12 staff (2005: 12 staff) came under these arrangements all of whom were employed by Leicester DBF. The Board contributed 50% of employment costs for which it receives 50% of the relevant employees' time. During the year these costs amounted to £203,426 (2005: £201,467) all of which is accounted for in these financial statements.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 December 2006

11 Tangible Fixed Assets (restated)

	Parsonages	Operational Properties	Other	Other	TOTAL
	£000's	Diocesan	Other	Office	£000's
Cost or valuation		offices	properties	equipment	
		£000's	£000's	£000's	
At 1 January 2006	51,430	870	4,883	316	57,499
Disposals	(595)	(24)	(153)	-	(772)
Revaluation Adjustment	5,319	-	496	-	5,815
At 31 December 2006	<u>56,154</u>	<u>846</u>	<u>5,226</u>	<u>316</u>	<u>62,542</u>
Depreciation					
At 1 January 2006 (restated)	-	-	-	186	186
Charge for the year	-	-	-	62	62
At 31 December 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>248</u>	<u>248</u>
Net book value					
At 31 December 2006	<u>56,154</u>	<u>846</u>	<u>5,226</u>	<u>68</u>	<u>62,294</u>
At 31 December 2005	<u>51,430</u>	<u>870</u>	<u>4,883</u>	<u>130</u>	<u>57,313</u>

Cost or valuation at 31 December 2006 represents fixed assets used for direct charitable purposes.

The original cost of parsonages is not readily available.

Valuation, other than for the Diocesan Offices that are not revalued, is based on Council Tax values or cost if known, uplifted by using the Nationwide Building Society housing price index increase between April 1991 and December 2006.

FRS 15

Under the requirements of FRS15 'Tangible Fixed Assets' entities are required to depreciate all tangible fixed assets including buildings, unless it can justify not so doing.

The trustees consider that it is not appropriate to charge depreciation on freehold property. The reason for this is that they consider that the residual value of the property will not be materially different from the carrying value.

In order to assist with maintaining this value the Board has the policy and practice of regular and ongoing maintenance to a high standard, the cost of which is written off in the year it is incurred, unless it is considered to enhance the capital value of the relevant property.

In 2006 such expenditure charged to revenue on the properties amounted to £373,641 (2005 £324,003).

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 December 2006

12 Fixed Asset Investments	Glebe properties £000's	Unlisted £000's	Other £000's	Total £000's
Cost or valuation 31 December 2005	12,139	3,925	71	16,135
Additions at cost or valuation	1,859	-	55	1,914
Disposals at opening book value	(172)	(86)	-	(258)
Net gain on revaluation	725	385	-	1,110
	<hr/>	<hr/>	<hr/>	<hr/>
Market value at 31 December 2006	14,551	4,224	126	18,901
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Historical cost at 31 December 2006	8,176	3,102	71	11,349
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Unlisted investments consist of holdings in the CBF Investment Fund managed by CCLA Investment Managers Ltd. and an investment in the Absolute Return Trust for Charities. Other investments consist of deposits in the CBF Deposit Fund managed by CCLA Investment Managers Ltd.

The Glebe properties are valued by the Directors at open market value.

The following investments represent more than 5% of the market value of the Board's Fixed Asset Investments, excluding Glebe properties, at 31 December 2006:

Investment	Cost £000's	As at 31 December 2006	
		Market Value £000's	%
CBF Investment Fund Income Shares	2,852	3,934	90.44
	<hr/>	<hr/>	<hr/>

13 Debtors	2006 £000's	2005 £000's
Amounts falling due within one year		
2006 Parish Share and Parochial Fees (received in January 2007)	264	194
Loans	34	171
Glebe rents	175	159
Trust income	109	109
Other debtors, prepayments and accrued income	246	124
	<hr/>	<hr/>
	828	757
Amounts falling due after more than one year		
Loans	128	80
	<hr/>	<hr/>
	956	837
	<hr/> <hr/>	<hr/> <hr/>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 December 2006

14 Creditors: amounts falling due within one year	2006 £'000s	2005 £'000s
Trade creditors	160	57
Taxation and social security	12	31
Other creditors	87	68
Loans	34	34
Accruals	60	13
Deferred Income	243	169
	<hr/>	<hr/>
	596	372
	<hr/> <hr/>	<hr/> <hr/>
15 Creditors: amounts falling due after more than one year		
Loans		
Value-linked (see note below) – 10 Northumberland Road, Leamington Spa	319	288
Other - instalments due between 1 and 2 years	16	32
Other - instalments due between 2 and 5 years	32	32
Other than by instalments - no fixed repayment date	-	88
	<hr/>	<hr/>
	367	440
	<hr/> <hr/>	<hr/> <hr/>

The value-linked loan is secured by guarantee against the respective property. The loans are repayable as properties are sold. They have been adjusted in proportion with the revaluation of the associated properties. The proportion of the loan to the assets charged is 48.47% for Northumberland Road.

16 Analysis of Transfers between funds

	Unrestricted funds £000's	Designated funds £000's	Restricted funds £000's	Endowment funds £000's	TOTAL 2006 £000's	TOTAL 2005 £000's
Proceeds of Parsonage House Sale transferred to Pastoral Fund	-	-	464	(464)	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

17 Statement of funds

	Balance 31/12/05 £000's (As reported)	Prior year adjustments		Balance 1 April 2005 £000's (Restated)	Income £000's	Expenditure £000's	Transfers £000's	Revaluation Gains/ (losses) £000's	Balance 31/12/06 £000's
		Pre 2005 £000's	2005 £000's						
General fund	996	-	-	996	5,035	(4,724)	-	119	1,426
Designated funds									
Operational Properties	2,142	24	213	2,379	415	-	-	30	2,824
Op. Properties	2,668	-	(213)	2,455	-	-	-	435	2,890
Clergy Holidays	56	-	-	56	2	(2)	-	3	59
Church Buildings	127	-	-	127	6	-	-	17	150
Bishop Bardsley Bequest	151	-	-	151	5	-	-	14	170
Total Designated funds	5,144	24	-	5,168	428	(2)	-	499	6,093
Total Unrestricted	6,140	24	-	6,164	5,463	(4,726)	-	618	7,519
Restricted funds									
Stipends Capital	2,248	-	-	2,248	-	-	-	212	2,460
Stipends Income	-	-	-	-	1,631	(1,631)	-	-	-
Pastoral	1,947	-	-	1,947	67	(14)	464	136	2,600
Benefice Building	16	-	-	16	1	-	-	-	17
Ordination Candidates	-	-	-	-	44	-	-	-	44
Readers' Board	24	-	-	24	11	(16)	-	-	19
Archdeacons'	30	-	-	30	2	(6)	-	-	26
St Chad's Project	2	-	-	2	-	-	-	-	2
EE Bardsley Bequest	53	-	-	53	2	-	-	-	55
Church Commissioners' Mission Fund	-	-	-	-	67	-	-	-	67
Total Restricted funds	4,320	-	-	4,320	1,825	(1,667)	464	348	5,290
Endowment funds									
<i>Expendable:</i>									
Parsonage Houses	15,397	-	2,742	18,139	(131)	-	(464)	395	17,939
Parsonage Houses revaluation	36,033	-	(2,742)	33,291	-	-	-	4,924	38,215
<i>Permanent:</i>									
Stipends Glebe	15,392	-	-	15,392	-	-	-	927	16,319
Total Endowment	66,822	-	-	66,822	(131)	-	(464)	6,246	72,473
Total funds	77,282	24	-	77,306	7,157	(6,393)	-	7,212	85,282

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

17 Statement of funds (continued)

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.

Endowment funds are funds held on trust to be retained for the charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

Operational properties

This fund represents the value of the properties held for operational use by the Board and by clergy not in parochial posts. This includes the houses occupied by the Suffragan Bishop and the archdeacons.

Clergy Holidays Fund

This fund receives interest arising from the capital on the past sale of a flat in Bournemouth and a bequest received in 2005. It is used by the Archdeacons to make holiday grants to clergy and licensed lay workers.

Church Buildings Fund

This fund incorporates the Church Fabric fund (used to make fabric grants to churches), the inspection of Churches Fund (used to pay quinquennial inspection fees), and the New Church Building Fund.

Bishop Bardsley Bequest

These funds were received from the estate of the late Bishop Cuthbert Bardsley in 2005, with a small addition in 2006, and became available upon the death of his widow. These funds, both capital and income, are for the general use of the Board but with a non-binding request in the will that they be used for the furtherance of the Church's outreach in Mission. The Board have decided to use the funds over a 5-year period to enhance the work of the Forum for Parish Development and Evangelism, whose work includes Mission.

Stipends Capital Fund

This fund consists of accumulated capital surpluses invested to produce income applied to the augmentation of stipends.

Stipends Income fund

This fund consists of accumulated income balances subject to the Diocesan Stipends Fund Measure 1953. It receives income specifically for support of stipends, in particular Glebe rental income and investment income from the Stipends Capital fund, and is charged with expenditure on Clergy stipends and the management and maintenance of Glebe property. The excess of expenditure over income is a charge on the General Fund.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

17 Statement of funds (continued)

Pastoral Fund

This fund is the Diocesan Pastoral Account as set up under the Pastoral Measure 1983, ss 77 & 78. It can be used for repairing Redundant Churches in the ownership of the Board, for the provision, repair or improvement of churches and parsonages, or any other purposes of the Board or parishes, other than the augmentation of stipends.

During the year it was determined that this Fund was a restricted rather than designated fund and was reclassified accordingly. This reclassification is reflected in these financial statements including prior year figures.

Benefice Building Fund

This fund represents money held by the Church Commissioners for the benefit of various benefice properties. Any surplus on this fund after improvements are complete at the various properties will be applied to the Pastoral Fund.

Ordination Candidates Fund

This fund enables the Board to give financial support to those in training for the Ministry. During the year a non-capital legacy of £43,000 was received.

Readers' Board Fund

This fund represents money held by the Diocesan Board of Readers for their activities in training and supporting the ministry of Readers in the Diocese.

Archdeacons' Discretionary Fund

This fund enables the Archdeacons to give discretionary grants to those in Parochial Ministry.

St Chad's Project Fund

The fund represents a grant from Allchurches Trust, and accumulated interest, to enable the youth work arrangements created by St Chad's, Wood End to be replicated across the Diocese. These funds are now almost entirely expended.

EE Bardsley Bequest

These funds were received from the estate of the late Mrs Edith Bardsley, widow of the late Bishop Bardsley, in 2005 with a small addition in 2006. The bequest stipulated that the funds be used by the Coventry Diocesan Board of Mission, of which the Board is the successor. Both capital and income may be used.

Church Commissioners' Mission Fund

This fund represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets and may be used to support parochial ministry and mission.

Parsonage Houses Fund

This fund represents the capitalised value of clergy housing for which the Board has responsibility for maintenance and outgoings.

Stipends Glebe

This fund represents the value of property and investments held under the Endowments and Glebe Measure 1976. Historically, these holdings were held at parish level for the benefit of individual clergy stipends, but since the Measure they have been managed at Diocesan level for the benefit of all clergy paid for by the Board.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

18 Analysis of net assets between funds

	General fund £000's	Designated funds £000's	Restricted funds £000's	Endowment funds £000's	Total 2006 £000's
Fund balances at 31 December 2006 are represented by:					
Tangible fixed assets	68	6,072	-	56,154	62,294
Investments	1,317	319	2,714	14,551	18,901
Net current assets	89	21	2,576	1,768	4,454
Long term liabilities	(48)	(319)	-	-	(367)
Total Net Assets	1,426	6,093	5,290	72,473	85,282

19 Cash flow statement

	2006 £000's	2005 £000's (Restated)
(a) Reconciliation of changes in resources to net cash outflow from operating activities		
Changes in resources before revaluations	764	596
Depreciation	62	83
Profit on disposal of tangible fixed assets	(284)	(906)
(Increase)/Decrease in debtors	(119)	80
Increase/(Decrease) in creditors excluding revaluation	121	(313)
Legacies received	(98)	-
Value linked loan uplift paid	-	(72)
Net cash (outflow)/inflow from operating activities	446	(532)
(b) Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	57	277
Cash outflow/(inflow) from movement in liquid resources	204	2,053
Change in net funds resulting from cash flows	261	2,330
Non-cash changes	89	50
Movement in net funds in the year	350	2,380
Net funds 31 December 2005	3,653	1,273
Net funds 31 December 2006	4,003	3,653
(c) Analysis of changes in net funds		

	31 December 2005 £000's	Cash flows £000's	31 December 2006 £000's
Cash at bank and in hand	732	57	789
Debt due re value-linked loans excl revaluation	(180)	89	(91)
Short-term Deposits	3,101	204	3,305
Total	3,653	350	4,003

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

20 Prior year adjustment

The prior year adjustment has arisen as a result of the change in accounting policy regarding the depreciation of buildings. Buildings, previously depreciated over 50 years, are now not depreciated as the trustees consider that the residual value of the property will not be materially different from the carrying value.

	Income and expenditure £000's	Net assets £000's
As previously reported	2,504	77,282
Depreciation adjustment	766	766
Gains and losses on revaluation	(766)	(766)
Accumulated depreciation adjusted through designated funds	-	24
	<hr/>	<hr/>
As restated	2,504	77,306
	<hr/> <hr/>	<hr/> <hr/>