

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2022

CONTENTS

	Page
Message from Bishop Christopher	2
Our year in numbers	3
Chair's Report	4
Trustees' and Directors' Report	5-23
- including the Strategic Report	
Auditor's Report	24-26
Financial Statements	
Statement of Financial Activities	27
Income and Expenditure Account	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Financial Statements	31-51

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

Message from Bishop Christopher

The vision of *restored health, new growth and renewed relationships* to which I referred in the 2021 report is now well embedded in our diocesan life. As is clear in this 2022 report, it has provided a useful framework for ordering and assessing much of the activity of the DBF. It forms the structure for Our Shared Future Framework. The Framework is proving to be a very useful tool for a more intentional engagement process with the Whole Diocese on the support provided by the DBF to frontline ministry than we have attempted in the past.

It has been very good to see evidence of restored health, new growth and renewed relationships across the Diocese much of it the result of the ordinary round of Christian ministry conducted – with extraordinary devotion – by faithful clergy, lay leaders and committed parishioners; some of it the outworking of new developments enabled by our newly launched Mission Hubs and the resourcing activity of St Mark’s Coventry.



At the same time, it has been moving to see the energy by which church communities, schools, the Cathedral and chaplaincies have responded to the ‘needs of the day’. Among those were the sad demise of our Late Queen Elizabeth which brought particular responsibilities to the Church of England to respond to the pastoral and spiritual needs of the country. I am grateful for the opportunities for Christian ministry that were taken across the Diocese as we sought to help the people of Coventry, Warwickshire and the small part of Solihull for which we have care, grieve for our Late Majesty, give thanks for Her remarkable service to the country and commonwealth and to celebrate the new Reign of King Charles III. The cost-of-living crisis, especially in relation to fuel prices, brought a very different set of challenges to the Diocese but rather than focusing on the financial impact to our own budgets, I was delighted to see the way a number of ‘Warm Hubs’ sprang up across the Diocese as we sought to respond to the immediate and practical needs of many people in our city, towns and villages.

There are certainly financial pressures on our parishes which impact upon the DBF. While grateful for the assets that past history have bequeathed to us and good management in the present that have grown them, I am also glad that we are addressing the intermediate and long-term need to grow our income and to control our costs, and I acknowledge the important part that the Chair of the DBF, the Diocesan Secretary and Chief Executive Officer, and the Interim Director of Finance are playing in this work. Indeed, as I ended my message in the previous report by thanking our retiring Diocesan Secretary, Ruth Marlow, for her contribution to the Diocese of Coventry, I conclude these comments by expressing my appreciation to her successor, Jacqueline Ladds, for the skills and gifts that she has brought to her role and which are already making a difference to our common life in a number of helpful ways.

**The Rt Revd Dr Christopher Cocksworth,
Bishop of Coventry**

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022



COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

Chair's Report

The year ending December 2022 has brought both challenges and opportunities as we have emerged from the pandemic; we were starting to understand what is the "new normal" within the life of our churches and communities, as well as wider society, when the conflict in Ukraine commenced, seemingly the trigger for the escalation in energy costs and the subsequent impact on the cost of living. The call on the church to demonstrate the love of Christ to our communities has perhaps not been so strong for many years as people make difficult decisions as to how to allocate their household budgets. I therefore want to thank everyone across the diocese, congregations and volunteers, staff and clergy, for their hard work and faithful prayers as we look to demonstrate and extend the kingdom of God across our region.

In light of the above, I am pleased that our partner charity, Together for Change, continues to find favour with Warwickshire County Council particularly based upon the work at Saints Nuneaton. This has led to simpler project initiations in places of great need across northern Warwickshire. They continue to support projects with refugees and asylum seekers, link workers in schools and outreach work in Warwick in partnership with the local churches. They were ideally placed to administer funding from the national church and other funders to support warm hubs in some of the poorest communities within our diocese.

The work to establish 4 new church plants in Bedworth, Hillfields, Tile Hill and Wyken is now well under way, with stories of positive community impact starting to flow. The Mission Hub Churches being established across the diocese are also creating their own identities so that they can offer appropriate support to others. As our funding support changes, we want to thank those that have contributed to the Serving Christ Project and the difference this has made to the laity. As with our missional activity, this important work of supporting the laity continues to evolve as documented within this report.

The impact of the pandemic on Parish Share has been felt more keenly in these 12 months than in either of the previous 2 years, compounded by the cost of living crisis, with the final contributions being 12% lower than the offers made at the start of the year. We are grateful for the careful stewardship of our investments by the Investment Sub-Committee and the Glebe Committee which means we have been able to fund the gap in income from our reserves. The current income and expenditure trends have led us to consider how we might manage resources in the longer term, and we will be creating a long-term financial action plan during 2023 to ensure we continue the maximum levels of missional activity in the years ahead.

I am very aware that the burden of caring for and maintaining our places of worship distracts key volunteers from being more fully involved in missional activity. As part of our long-term planning a more complete review of our buildings and the needs has been initiated and will be reported on during 2023.

This last 12 months has seen an increase in activity by both the Diocesan Environmental Group and the Parsonages Committee as we look to meet the target set by the national church of being Net Zero by 2030, and this was supported by an increase in expenditure budget by Diocesan Synod.

A commitment to ensure the Church is a safe place for everyone will continue through 2023. The Past Case Review 2 presented its report during 2022 observing the diocese has a "robust, practice-based approach to safeguarding". The reviewers made seven recommendations to further improve our activity and these have been turned into an action plan, overseen by the Diocesan Safeguarding Scrutiny Group.

Once again, my thanks to all of those that make the life of the diocese an active and purposeful place in which to work out our faith, both in our own worship of God and in our activity to love our neighbour.

Simon Danks

Chair of Coventry Diocesan Board of Finance

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2020

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 31 December 2020. The Trustees' and Directors' Report is presented in sections as follows:

Section 1: Strategic Report - which includes a review of achievements and performance in the year

Section 2: Governance Report

Section 3: Trustees' and Directors' Report Approval

SECTION 1: STRATEGIC REPORT

1.1 OBJECTIVES AND ACTIVITIES

Coventry Diocesan Board of Finance Limited (the DBF) 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. The mission purpose of the Diocese of Coventry is "worshipping God, making new disciples and transforming communities." Bishop Christopher's vision for the Diocese is that,

'as bearers of the life of God with restored health, new growth and renewed relationships, we will be the sharers of Jesus' gospel of life in a troubled world'

To achieve this and associated church growth, the Diocese had already agreed a strategy which reaches out to all the people of Warwickshire and Coventry in its Mission Purpose through a number of bodies and organisations, not just churches. This integrated strategy recognises the individual distinctiveness of each member of the diocesan family – churches, schools, chaplaincies and cathedral – served and supported by our diocesan staff, synods, boards and committees. It has identified priorities, endorsed by the Bishop's Council, which form the focus for the allocation of diocesan resources including, people, money and prayer.

1. Making the gospel known throughout the Diocese so people become followers of Christ.
2. Strengthening the health of churches and organisations across the Diocese in the 8 Essential Qualities identified by NCD (Natural Church Development).
3. Enabling the well-being, development and flourishing of clergy and lay people across the Diocese.
4. Equipping the whole Diocese for the work of reconciliation.
5. Promoting the life-long Christian learning and education across the Diocese.
6. Delivering positive community transformation.

In its work towards these objectives the Bishop's Council continues to endorse two priority themes for particular emphasis; increasing engagement with UK Minority Ethnic / Global Majority Heritage (UKME/GMH) peoples, and a focus on children's and young people's spirituality and discipleship.

To fund these activities, the DBF raises most of its income by advising its funding need to Deaneries (the Deanery Share), which Deaneries in turn allocate to parishes (the Parish Share). The DBF also receives some investment and other income. The DBF seeks to maintain sound finances in order to be able to support mission and ministry in the Diocese both in the short and in the long term.

Public benefit

The trustees are confident that by promoting the work of the Church of England in the Diocese of Coventry the DBF helps to promote the whole mission of the Church of England - pastoral, evangelistic, social and ecumenical - both in the Diocese as a whole and in its individual parishes, and that in doing so provides a benefit to the public by:

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

- Providing facilities for public worship, pastoral care, and spiritual, moral, and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers.
- Promoting Christian values and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the DBF's aims and objectives and in planning future activities.

1.2 PRINCIPAL RISKS

The DBF operates a comprehensive system of risk management, with a strategic risk register reviewed three times a year by the leadership team and the Audit & Risk Committee. The trustees undertake an annual horizon scanning process to consider the risks to the organisation, following which the register is reviewed and updated to take account of new and emerging risks.

The major risks identified by the DBF's trustees in 2022 and the measures in place to mitigate and manage them are:

Short-medium term impacts arising from changes within finance team and financial systems

This risk reflects the impact that the move from Exchequer to XLedger has created, recognising that the lack of a clear project plan for the transition has created ongoing difficulties. The risk also reflects a widescale change of personnel within the finance team and the subsequent loss of knowledge resulting from the lack of handover. The finance team have also suffered from sickness absence through the year meaning that they have not been able to operate at full capacity. There has been an impact on many areas of the DBF's operations including supplier payments and provision of accurate and timely financial data, as well as reputational damage and damage to relationships with key partners including the Cathedral and Together for Change (TfC).

The DBF seeks to mitigate this risk by providing additional resource and capacity. This has included an interim Director of Finance, temporary Management Accountants and additional Finance Assistants. There has been an increase in communication between the DBF, Cathedral and TfC, as well as increased communication between DBF departments in particular finance and IT. Lessons learned from the transition process will be reviewed when the move is complete, to help avoid similar issues occurring again.

Risks to the long-term financial sustainability of the organisation

This risk reflects the potential impact of parishes failing to pay parish share at agreed levels and of investment returns not being in line with the objectives of the investment policy. The risk was impacted during 2022 by the economic and political climate including the ongoing cost of living crisis, increasing inflation, the continuing effect of Brexit and the war in Ukraine. In particular the large increases in energy costs are causing difficulties for many parishes and impacting their ability to cover parish share at previously agreed levels, with a subsequent impact on the DBF's income.

The DBF seeks to mitigate this risk by working with deaneries to ensure that local contexts and affordability are taken into account when parish share levels are agreed. Area Deans are encouraged to communicate with the DBF when potential issues first arise, to allow constructive conversations to take place. A Generous Giving Advisor will be appointed in 2023 to assist parishes to look at stewardship. Support with energy costs was made available to PCCs (via funding from the Church Commissioners). The Investment Sub-Committee (ISC) and Glebe Committee meet regularly to review the performance of investment assets and are in regular contact with CCLA. The Diocesan Finance Group (DFG) and ISC review the proposed use of Unapplied Total Return (UTR) before the recommendations are put to synod, helping to ensure that the DBF's assets are utilised in a sustainable manner.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

A failure to deliver strategic objectives

This risk reflects the potential impact on church health and growth of a failure to deliver strategic outcomes and objectives. It also reflects the potential destabilising impact of poorly understood or implemented strategy, including the impact on core functions as well as project outcomes.

The DBF seeks to mitigate this risk by ensuring there is robust governance and oversight of strategy. Steering groups are in place for key projects (those funded by the Strategic Development Fund - SDF). Regular reviews of progress are undertaken by Bishop's Core Staff Team (BCST), Bishop's Strategy Integration Group (BSIG) and Bishop's Council, with assistance from key staff including the Programme Manager and Director of Communications. During 2022 the DBF trustees approved a revised strategic framework and an annual cycle of listening, reviewing, budgeting and approving. This will further help to ensure that strategy is coherently embedded into the DBF decision-making and review process.

An absence of trustees, key staff or advisers

This risk reflects the potential impact of an insufficient number of suitable trustees, key staff members of advisers. A lack of such individuals has the potential to cause disruption to governance and service delivery and also to result in the loss of valuable organisational knowledge.

The DBF seeks to mitigate this risk by regular review of committee and board vacancies and an active recruitment process to fill such vacancies. Role descriptions are circulated as part of the communication of each vacancy. Potential Diocesan Synod and Bishop's Council members declare their eligibility in line with the Charity Commission requirements. On election, trustee information is updated on the Charity Commission and Companies House websites. An induction guide is circulated to the newly elected Diocesan Synod members, outlining the structure of the diocese, the responsibilities of the various committees and an overview of diocesan strategy. Bishop's Council members (trustees) are elected by and from Diocesan Synod. The induction guide is updated during each triennial election. A redesign of the induction guide is planned as part of the wide-scale governance review which will begin in 2023.

It is anticipated that the induction guide will form part of the Governance Handbook which will be developed during the review. This will be available for the 2024 triennial elections. Appointment of external advisers is also regularly reviewed and plans put in place to anticipate contract end dates, upcoming retirements, etc. Skills audits are undertaken across committees

Employee absence and vacancy levels are monitored and steps taken to cover absence where necessary (eg. long-term sickness or parental leave). Business continuity plans are in place for each department outlining key tasks and methods of cover in case of absence. In-house HR expertise enables an efficient recruitment process to fill employee vacancies. An increased focus on employee wellbeing is helping to increase employee retention.

A failure to work towards the Net Zero 2030 target

This risk reflects the potential impact of the diocese failing to make progress towards the target, set by General Synod, of moving to net zero carbon by 2030. There is a potential financial risk, not least the cost of offsetting a high residual carbon footprint should reductions not be made. There is also a reputational risk if the DBF is seen to be out of step with worshippers and wider society on the need for action.

The DBF seeks to mitigate this risk with a range of measures, overseen by the Net Zero Steering Group which is chaired by the Diocesan Environment Officer and includes senior leadership representation. Emissions data is actively measured and reviewed across all in-scope areas (churches, schools, clergy housing, offices, work-related travel) and a detailed action plan is being developed which will build on the net zero strategy adopted by Bishop's Council in July 2021. Communication and education on environmental issues is being developed and rolled out, including Lent and discipleship courses, alongside the ongoing promotion of the Eco Church scheme.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

A failure in Safeguarding

This risk reflects the potential impact of a serious failure in safeguarding.

The DBF regards protecting the health, wellbeing and human rights of individuals, especially children, young people and vulnerable adults, as an absolute priority. To mitigate the risk of a serious safeguarding failure the DBF has a rigorous safeguarding policy and management process in place, backed by a safeguarding training strategy which includes senior leadership training. A dashboard has been provided free of charge to all parishes to aid them in the management of their own safeguarding requirements. The Diocesan Safeguarding Scrutiny Group (DSSG) provides external oversight and scrutiny, in line with national guidance. Recommendations from the Past Cases Review 2 (PCR2) are being progressed. An annual safeguarding report is prepared for Bishop's Council and Diocesan Synod review, with the opportunity for questions to be put to the Diocesan Safeguarding Adviser. Additional capacity has been provided within the safeguarding team to meet increased demand.

1.3 ACHIEVEMENTS AND PERFORMANCE

Restored Health, as we worship God who heals us

Caring for our churches

In 2022 we launched a survey to consider how 'at risk' each church building is in terms of its sustainability, and identify the particular pressure points that are the significant challenges. It formed the first stage of understanding the specific issues faced locally by PCCs, which will contribute to and inform the development of an effective church building strategy in the Diocese. The data will also provide evidence for budget request and grant applications (to external funders) aimed at testing and impending new ideas and fund resources to support the strategy, as well as celebrating and sharing knowledge of successful models of care, creative reuse, community engagement and partnership working.

The aim is to identify sustainability of church buildings in the Diocese and develop strategies to better care for and use our church buildings, and support our PCCs. The Church building survey was sent out to all churches in Fosse Deanery in November, who are acting as a pilot deanery for this project.

During 2022, the total value of grants awarded to projects in the Diocese was £713k, up from £262k in 2021. This is, in part due to the awarding of two large Lottery funded applications to St Mary's Warwick, and St Nicholas Willoughby. Impressively, these figures reflect a 90% approval rate based on value (the fundraisers' industry average is c. 25%). This illustrates the hard work and dedication of the PCC's commitment to fundraising for church projects, and the invaluable support provided by the Church Buildings Funding Support Officer. Another key highlight has been at St Catherine's Stoke Aldermoor and the project development and fundraising for the £110k community garden project.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

A new extension for All Saint's Church, Burton Hastings

The church dates back to the 14th century and is listed Grade II*. The village has no public house, shops or a village hall meaning that the church is the only public building in the parish. It had no toilet facilities, ability to safely serve refreshments, or even mains water. Back in 2015 the PCC suggested that an extension on the North side of the church, accessed through a now blocked up North door would be the best way to meet their needs. Planning Permission was granted in 2016, followed by Faculty consent in 2017. One of the biggest obstacles to the project was raising the funds to finance it. The PCC worked exceptionally hard on local fundraising and external grant applications and eventually succeeded, with the support of Andy Duncan, the Church Building Funding Support Officer. The Coronavirus pandemic caused some delays to the construction, but the extension was finally completed in early 2022. It was formally blessed and dedicated by Bishop John in June. Since it has been completed, the church has held numerous events including a community quiz night, a coffee morning, and it was also the focus for the village Jubilee celebrations.



Anne Dickinson, Churchwarden, reports that the whole community made suggestions for how the church could be used, including for art classes, film nights, photography clubs, and craft workshops amongst a whole host of other things. The church's peaceful location also ensures that it can remain a quiet place for people to recharge their batteries and connect with God. We look forward to seeing how their story progresses in the coming years!

St Paul's Leamington celebrates one year of its wellbeing café

Following concerns in the media about the increasing number of people suffering mental health problems as a result of the COVID pandemic, the vicar of St Paul's, the Revd Jonathan Jee, mentioned at the 2021 Annual Parochial Church Meeting that he wanted to set up a Wellbeing Café. The Church felt God's nudge that this would be something that they would like to get involved in.



After much prayer and recruiting an excellent team they opened the doors to their Renew Wellbeing café on 17th January 2022. Open on Monday mornings, the café provides a warm welcoming space where people can be themselves without pressure on anyone to do anything they don't want. People can drop in for a tea or coffee, chat, play board games, do a craft or sit in a quiet space.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

Warm hubs set up across the diocese

Supported by funding from the central church and with additional fundraising through Together for Change (TfC) our churches responded to the cost of living crisis by setting up or extending their warm spaces to offer somewhere for people to go to in the winter months.

St Peter's, Hillfields set up a warm space in the main reception area of the church using comfy chairs and tables to create a warm space of welcome for all members of the Hillfields community.

St Francis of Assisi, Radford had activities every day of the week including: a community cafe serving hot drinks, breakfast and lunch; a foodbank; a Social Supermarket; community support; friendship groups; free computer use and wi-fi.

St Peter's, Wellesbourne used their Wednesday Welcome in the Church Centre to offer tea/coffee with homemade cake or biscuits from 10.30 to 12 and then soup, roll, butter/margarine and cheese from 12 to 1 pm.

St John the Divine, Willenhall, offered stay & play groups with tea & toast, small group breakfast of families, a women's group with breakfast and a Friday brunch drop in.

These are just a few of the many examples of our churches' response.

Ministry and mission in our rural communities

In 2022, Bishop John announced that the Reverend Martin Davies had been appointed as Rural Life Officer and the Reverend Dan Corlett as Assistant Rural Life Officer.



Their work will encourage and enable the rural church to engage with rural and agricultural issues as part of its mission, ministry, growth and discipleship, support organisations and individuals in rural and agricultural settings and sectors to access spiritual support at times of personal or corporate need, and identify the mission and ministry needs and opportunities of the rural and agricultural communities in the Diocese and advise and enable colleagues to address these.

On his appointment, Martin said *"Having been a farmer for over forty years, I am very aware of the constant struggles and pressures that the farming and rural communities face in today's ever-changing world. I am excited to be working with Dan Corlett with his vast experience of environmental and rural issues."*

Formerly the Chief Executive of Farming and Countryside Education, Dan said *"I'm looking forward to working with Martin and am pleased to be continuing to work alongside the agricultural and rural communities, together with my role helping to resource the rural church at the Alcester Mission Hub."*

New Growth, as we make new disciples

Growing new worshipping communities

Part of our growth strategy is the programme to grow four urban churches part funded by a £1.25m grant from the Strategic Development Fund (SDF) which was awarded in October 2021. The grant required further detailed planning to be submitted before the Diocese could access these funds and the new Programme Manager worked with each of the church leaders to complete the necessary documentation. Given the time since the original project proposal it was requested to extend the funding to 2027 from the original date of

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

2026 and the project budget was adjusted accordingly without the need for any additional investment; this was approved by both the SDF and Coventry Diocesan Synod. Significant effort also went into the reporting and measurement framework that the SDF required, not least to enable us to be ready for the first formal SDF review of the Programme which took place in early Jan 2023 and will subsequently be held annually.

Of course, the real work takes place in the parishes and while two of the four leaders had been licensed in 2021 for the most part the recruitment of the lay staff took place during 2022 and it wasn't until the autumn of 2022 that all projects were up and running. The four churches are all very different and have very different mission plans but share very similar goals which include training new leaders by providing placements for Mission Apprentices as well as numerical growth of children and adults.

By the end of the year the progress made was already encouraging. In Tile Hill the parish of St Oswald's, which is a traditionalist Anglo-Catholic church in an urban priority area, had made huge strides rebuilding relationships with the local community. Both St Peter's Hillfields and Risen Christ Wyken, which were "planted" from St Mark's Resource Church, started a second Sunday service. The fourth church plant is in Bedworth where the aim is to start new congregations from scratch and by the end of the year the preparations were well underway for the launch of Messy Church which started in Jan 2023.

In addition to the four urban plants, six Mission hubs were delegated by Bishop Christopher in early 2021 as part of the growth strategy. In 2022 the focus was on recruitment to the posts of Assistant Minister, setting up the flight plans and rhythms of meeting and accountability. These rhythms are now set up. Five out of the six mission hubs have now appointed Associate Leaders, and the last hub has interviews upcoming. Early hub activity has included leader resourcing events at the Leamington Hub, a good response to connections between rural churches, and the early stages of developing relationship between St Laurence's hub and St Paul's Foleshill and St Thomas Longford.

In 2021 Coventry partnered with St Marks in working to create a pipeline for lay leader training. 2022 was the end of academic year 1 and the beginning of year 2 of this pilot scheme. The programme is based on the principles of investing in students' heads, hands, and hearts, building a centre for high quality teaching and learning at the heart of the Diocese. St Marks Academy has seen steady growth in student numbers and is currently training a cohort of 11 leaders. Particularly encouraging is a strong ethnic and gender diversity. This project is showing strong early signs of developing a leadership pipeline to resource urban plants and other churches in the Diocese. As well as the four urban plants, St Marks Academy has worked with St Paul's, Leamington and St Martin's, Finham and there is potential to develop these partnerships wider across the Diocese.

Growing Leaders

During 2022, following the arrival of Rob Harrison as Director of Ministry & Leadership, a diocesan framework for lay ministry has been researched, developed and implemented. The *Lay Ministries Framework* places parish clergy at the heart of a drive to release, recognise and resource the ministries of Lay People within and beyond our churches. To resource this commitment to *recognise* Lay Ministry, we have introduced 'Commissioning' as a level of recognition that lies between informal 'permission' and legal 'licensing'. Lay ministers can be commissioned locally, for an agreed period of time, to a specific ministry. As part of our commitment to resource the ministries of our lay leaders, the Ministry & Leadership team has redesigned the Bishop's Certificate in Discipleship & Ministry (BCDM) to offer a set of role-specific learning/training pathways. (Bishop's Certificates in: Preaching, Leading Worship, Community Ministry, Youth & Children's Work, Bereavement Ministry, Pioneering & Evangelism, and Spiritual Accompaniment.) These pathways will be developed and opened during 2023.

During 2022 our Director of Ordinands (Mark Norris) and New Ministries Lead (Susan Bowden-Pickstock) have restructured the processes for discerning vocations and providing initial ministerial development for

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

curates. At the start of the year we had more people exploring vocations to ordination than we had capacity to formally discern. Mark has restructured the diocese's discernment programme to meet the demands of the new national process, with 32 people participating in the autumn group stage. Susan has redesigned the training and formation programme for curates within the diocese. The new programme provides high quality training, learning and formation, tailored to the needs of each cohort and engaging the expertise within the diocese.

During 2022, the Director of Ministry & Leadership, Rob Harrison, explored and developed a new structure for continuing ministerial development (CMD). The new programme, which was trialled during the autumn term, offers focussed training, learning and formation for both clergy and lay leaders in key areas of their ministry. The programme has been designed to honour and engage the skills and expertise of diocesan clergy and licensed lay leaders, to reduce isolation, and to encourage mutual support. In addition to a termly programme of CMD events, we have introduced a pattern of mutual supervision for clergy, and a process of need-focussed mentoring.



Renewed Relationships, as we transform communities

Working with refugees and migrants

The Fresh Start project, working with refugees and migrants, has continued to support people with English as a Second Language (ESOL) classes, conversation English groups and football (to enable integration and mental and physical wellbeing). As a result, working with Youth with a Mission (YWAM) and St Peter's Church in Hillfields, a new One Family Church started in January 2021 and has grown to 50-60 people from many different languages. The service is translated into Farsi, Spanish and French and has been a successful program bringing about community cohesion.

Helping students, children and families in Nuneaton

Our charity partner Together for Change continued their transformative community work. In particular, the Saints Nuneaton regeneration project received £1.8m of Levelling Up funding from local and national government funds. This funding will enable the purchase of the building and renovations for the derelict upstairs hall, thereby bringing in sustainable income into the centre. Activities within the centre involve;

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

after school youth work 3 days a week with 50 young people daily, weekly food hamper distributions to mitigate the cost of living crisis for 40 families per week, training and educational workshops and activities, free family support activities such as mother and baby support groups and finally warm hub activities supporting the elderly and vulnerable. All of this is done in the Saints café environment, where young people and volunteers are trained in hospitality.

Celebrating life in the Offchurch Group

The Offchurch group is made up of five different villages; Offchurch, Wappenbury, Weston, Hunningham and Eathorpe. Over the last few years there has been a desire to bring the separate church families together, to be stronger as a single entity with a variety of skills to reach into the local communities.

So, on the weekend of the 24th and 25th September, the Offchurch group of churches and their local communities gathered together at Offchurch Village Hall for a celebration of life. The weekend, entitled 'Celebrate Life!' featured many different activities, events and community groups and attracted people of all ages.

On Sunday 25th, Bishop Christopher joined for Sunday worship and dedicated a new church kitchen which will allow the Offchurch group to further reach out to the community. Guests who attended the 'Celebrate Life' weekend had a great time.



Working towards net zero

The Diocesan Environment Group has continued its work to encourage people to take seriously our God-given vocation to care for the earth. They have been supported by the net zero steering group who are co-ordinating work to measure and reduce our carbon footprint.

Key highlights include:

- Diocesan staff working with parishes and deanery environmental reps to encourage submission of 2022 parish energy-use data to the Energy Footprint Tool (EFT) including an ongoing communications campaign.
- Collection of 2022 energy use data from our schools, offices, clergy housing and in-scope travel, and input into the Energy Toolkit.
- Identification of top 20% emitting churches (based on 2021 EFT). Target churches from within the top 20% will receive support to develop detailed net zero carbon action plans.
- Promotion of the [HeatHack](#) programme (funded by Royal Academy of Engineering).
- Ongoing promotion of free Green Journey energy audits and the Eco Church programme.
- Revision of Church Improvement Fund to include a Net Zero specific grant stream. A two-stage application process provides technical support to parishes as they prepare applications. Maximum grant increased from £5k to £25k.
- Energy Performance Certificates (EPCs) conducted on all clergy housing, with budget allocated (2023) to engage consultant to review EPC data and work with Property Team to produce a costed housing plan and for works on two pilot clergy houses, to act as case studies.
- Commitment from Diocesan Synod to maintain divestment position.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

St George's, Rugby gets solar panels



In early 2022, the PCC of St George's Church in Rugby installed solar panels on to the roof of the church, one of the first such projects across the diocese. The solar panels were part of a wider strategy by the PCC to reduce their carbon footprint and seek to reach Net Zero carbon emissions by 2030.

1.4 SUMMARY OF FINANCIAL PERFORMANCE

The financial result in 2022 was a deficit of £921,000 (2021: deficit £316,000), which was partly offset by the release of £2,111,000 (2021: £1,511,000) of historic funds. This release was approved by Diocesan Synod in November 2022 to cover a reduction in income from Parish Share, due to a combination of lower offers from parishes followed by a lower than expected collection rate during the year.

The cost of mission and ministry increased by 20% to £7,273,000 (2021: £6,052,000) (Note 5b to the Financial Statements), with expenditure on interregnum works on parsonages increasing as costs of building repairs escalated significantly. Associated with clergy moves are the appointment and retirement costs for clergy, which increased by 6% to £185,000 (2021: £175,000). The average number of clergy in post during 2022 increased to 116 (2021:105) Costs in support of mission and ministry (Note 5c), increased by 41% to £3,608,000 (2021: £2,553,000), mainly due to an increase in grants awarded to parishes, as planned missional activity returned to pre-pandemic activity.

The value of Designated Funds increased to £17,015,000 (2021: £16,094,000), primarily due to the transfer of a further £500,000 to the Cathedral "Endowment" Fund and £143,000 Bungalow sale held for Diocesan Board of Education (DBE) (Note 16 to the Financial Statements). Restricted Funds at the end of the year amounted to £4,586,000 (2021: £4,205,000). Notable items within Restricted Funds included the receipt of Capacity funding from the Church Commissioners to help with initial set up costs of the Strategic Development Fund (SDF) City Church Plant project and provide funding for a Programme Manager and the Director of New Worshipping communities. Lowest Income Community (LINC) funding increased during the year.

The Endowment Funds (Note 16 to the Financial Statements) were valued at £70,835,000 at the end of the year, (2021: £77,013,000). The main movements included, losses on revaluation of investment assets of £4,525,000 (prior year gain 2021: £5,649,000), actuarial movements on the Church of England Clergy Pension scheme of £203,000 (2021: £6,000) and release of £4,540,000 of Endowment Funds of which £2,429,000 (2021: £2,136,000) is investment income, which forms part of the total return on the Diocesan Stipends Fund. Note 18 explains the full impact of total return on these accounts.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

Principal Funding Sources

The principal sources of funding in 2022 came from Parish Share £4.8m, 43% (2021: £4.9m, 53%), investment income of £2.541m, 23% (2021: £2.247m, 24%), £1.3m, 12%, from Church Commissioners (2021: £0.8m, 9%), and £2.532m, 11%, from other sources (2021: £1.361m 14%). Other sources of income include parochial fees from weddings and funerals, rental income from the letting of houses whilst not occupied by clergy, restricted income from The King Henry VIII Endowed Trust, used to meet costs in the Warwick area, surplus on the sale of Daventry Road and Little Pittern vicarages and various other grants and donations.

Parish Share

Total parish share income received was £4.777m, (2021: £4.987m which was a £210,000 reduction on 2021). This includes amounts received that related to parish share allocated for previous years, but excluded amounts received after the 31 December 2021 cut-off date. Total parish share receipts amounted to 90% of the allocation (2021: 93%). Deaneries continue to indicate that they are struggling to meet Parish Share allocations. No Parish Share relief was given during the year, compared to £154,587 in 2021.

The Diocese has continued to promote the Parish Giving Scheme, a direct debit scheme that encourages individual church members to review their giving regularly and also provides an efficient way for parishes to receive Gift Aid on gifts received.

Investment Income

Investment income was £2,541,000 (2021: £2,247,000) and derived from both equities and Glebe assets. After allowing for Glebe management fees and other Glebe operating costs, net investment income was £2,206,000 (2021: £1,958,000). Net investment income from Glebe investment increased to £1.235m during the year as a result of decreased costs of maintaining farm dwellings and repairs to farm buildings. (2021: £914,000). Other investment income, which includes interest and dividends, increased to £1,162,000 (2021: £1,089,000), as a result of increased interest from holdings in the CCLA deposit account.

In 2022 total return performance (gross) for investment funds in which the DBF is invested was as follows.

- CCLA's CBF Church of England Investment Fund: -9.16% (2021: 17.46%)

This is against a benchmark of long term total return of inflation (CPI) plus 5% per annum before costs.

During the year the DBF no longer invested in the following funds

- CCLA's CBF Church of England Global Equity Income Fund: (2021: 19.20%)
- CCLA's CBF Church of England UK Equity Fund: (2021: 21.25%)

Investment objectives and investments held

The DBF's investment objective, with respect to amounts available for investment, is to safeguard capital values in real terms over the long term and to provide real growth in net income, whilst complying with the Church of England Ethical Investment Policy.

Investments are principally held in Glebe properties and in investment funds. The investment funds are managed by CCLA Investment Management Limited and are diversified funds for charities, invested mainly in equities, but also in fixed interest securities, property and other assets. There are no holdings in Fossil Fuels. Glebe investment properties comprise agricultural, commercial and residential land and buildings.

The total value of investments shown on the Balance Sheet at 31 December 2022 was £68.8 million (2021: £76.4 million) of which £64.6 million was permanent endowment (Note 12 and Note 16).

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

Following the approval of a Total Return approach to investments in the Diocesan Stipends Fund, and a further subsequent discussion at Bishop's Council, the trustees agreed that historic unapplied return of £2,111,000 (2021: £1.5m), plus the income investment returns that would ordinarily be recognised in the 2021 accounts if total return had not been adopted, would be recognised as income in the 2022 accounts.

Stipendiary clergy headcount

The full time equivalent (FTE) number of office holders in the Diocese who were stipendiary clergy or licensed lay workers in 2022 was 116 (2021: 105), which includes two Archdeacons. The average number of curates was 24.5 (2021: 21) reflecting the diocese's commitment to increase the intake of clergy over the coming years.

House for Duty Clergy, Self-Supporting Ministry and volunteers

Whilst acknowledging that many of our self-supporting ministers are office holders and living in their own houses, there are office holders that the DBF provide with houses. In 2022 there were 7 (2021: 9).

It cannot be underestimated that the activities of the Church of England across the Diocese of Coventry depend hugely on the generosity of our retired clergy, self-supporting ministers, Readers and lay ministers. The value of this time, to the Diocese as a whole and in particular to the DBF, cannot be quantified and recognised in the financial statements. The DBF is grateful to all those whose contribution is essential to the mission of the whole Diocese.

Pension schemes

All stipendiary clergy in the Diocese, some clergy employed in central diocesan posts and some licensed lay workers are members of the defined benefit Church of England clergy pension scheme. The contribution to this scheme in 2022 was £9,342 (2021: £10,031) per full time stipendiary clergy member. If they are not members of the clergy pension scheme, the DBF's permanent staff are members of the Church Workers Pension Fund. Further details of both Schemes are in note 2 to the Financial Statements. DBF staff employed on temporary or short-term contracts, who have qualifying earnings or the right to opt in, are enrolled in the National Employment Savings Trust (NEST - the workplace pension scheme set up by government).

Reserves policy and the General Fund position at the year end

The funds held by the DBF at 31 December 2022 comprise the following:

Endowment funds totalling £70,835,000. This amount includes expendable endowment of £6,217,582 relating to the Parsonages Housing Fund and permanent endowments of £64,618,000. The permanent endowment includes £63,835,000 relating to the Diocesan Stipends Fund of which £40,420,000 is unapplied total return. The Trustees can apply the unapplied total return to the Diocesan Stipends Fund Income Account, to use for the restricted purpose of payment of clergy stipends, houses and the management and maintenance of Glebe property.

Restricted Funds totalling £4,586,000, to be spent in accordance with the donor's wishes.

Unrestricted funds of £18,671,000, which includes £17,015,000 of designated funds that relate substantially to operational properties and are therefore illiquid.

The objective of the DBF's reserves policy is to ensure adequate working capital resources. During 2022, the policy was to ensure the General Fund remained within a range equivalent to two and a half to three and a half months' worth of operating costs, as approved by Diocesan Synod for the ensuing year. This policy has been reviewed and has been left unchanged.

Diocesan Synod approved a maximum sum to be spent from operating funds in 2023 £12.063m (2022 £11,068m) The balance in the General Fund at 31 December 2022 was £1,656,000 which represents approximately two months of planned spending and is therefore below the bottom of the policy target range.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

1.5 PLANS FOR THE FUTURE and FUTURE COMMITMENTS

In 2022 work commenced on refreshing the Whole Diocese Strategy and strategic objectives. With the engagement of Bishop's Council and Diocesan Synod, an annual cycle of listening, planning and approving was developed, and a strategic framework was created to help us work together as a whole diocese to achieve Bishop's Christopher's vision of **restored health, new growth and renewed relationships**.

[Our Shared Future](#) was formally adopted towards the end of 2022, with the first phase of listening to be launched in early 2023. The strategic framework identifies the support we have committed to giving to our parishes and nine key strategic commitments, which collectively provide a framework for the whole diocesan family to come together to deliver our mission purpose and achieve the Bishop's vision over the coming years.

Core Support

- *Safeguarding* – Providing safeguarding training and advice, managing casework; and helping parishes to respond to concerns and allegations
- *Finance* – Paying grants, stipends and pensions; managing investments; administering parish share; and producing budgets, reports and accounts
- *Housing* – Maintaining and improving our vicarages and other clergy houses
- *Ministry* – Releasing, recognising and resourcing lay ministry; discerning vocations; training ordinands and curates; managing clergy appointments; providing continuing ministerial development; providing HR support
- *Church Buildings* – Advising about the care and development of churches (including the DAC); helping to find grants
- *Communications* – Sharing news, information and resources with parishes; maintaining the diocesan website, Equip Hub and social media channels
- *Governance* – Arranging meetings and providing briefing papers for Diocesan Synod, Bishop's Council, and statutory diocesan committees

Focused Strategic Support

- *Healthy communities* – meeting the social, spiritual and practical needs of those we serve
- *Healthy churches* – promoting the essential qualities of church health
- *Healthy people* – nurturing the wellbeing of everyone who serves the work of the diocese
- *New worshipping communities* – reaching out to those who are missing
- *Children, young people and families* – inviting them to come on a faith journey
- *Growing leaders* – enabling and equipping both new and current leaders
- *Loving one another* – being a reconciling presence in the heart of our communities
- *Renewing generosity* – supporting others with our time, talents and money
- *Renewing the environment* – restoring environmental balance, both locally and globally

In 2023, the strategic framework articulates the work we will be undertaking in each of the nine key commitments. Progress will be monitored through an annual plan which will be reported to the Bishop's Strategy Integration Group and Bishop's Council.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

SECTION 2: GOVERNANCE REPORT

2.1 COMPANY LEGAL STATUS

The DBF was incorporated on 12 October 1936 as a charitable company (No. 319482) limited by membership guarantees and its governing documents are the Memorandum and Articles of Association. The DBF is registered with the Charity Commission (No. 247828). The DBF has also been designated as the Parsonages Board for the Diocese of Coventry under the Repair of Benefice Buildings Measure 1972.

2.2 DIOCESAN SYNOD AND DBF MEMBERSHIP

The Diocese is governed in accordance with the Synodical Government Measure 1969, under which its governing body is the Diocesan Synod. Every Diocesan Synod member is a member of the DBF for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of it being wound up.

The Diocesan Synod is made up of three Houses:-

House of Bishops: the Bishop of Coventry (President of the Diocesan Synod) and the Bishop of Warwick.

House of Clergy: 44 members, including the Chair of the House and seven ex-officio members (the Dean of Coventry, two Archdeacons, the Chair of the Diocesan Advisory Committee and the three diocesan clergy General Synod members). The remainder were elected by the houses of clergy of Deanery Synods.

House of Laity: 54 members, including the Chair of the House and six ex-officio members (the Diocesan Chancellor, the Chair of the Board of Finance, the Chair of the Board of Education and the three diocesan lay General Synod members. One member was nominated by the Bishop of Coventry (President of the Mothers' Union). The remainder were elected by the houses of laity of Deanery Synods.

Elected and nominated members of the Diocesan Synod hold office for a term of three years. The current term of office runs from 1 August 2021 to 31 July 2024.

The Diocesan Synod normally meets three times a year and its functions are 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
- Consider the annual accounts of the DBF
- Consider and approve the DBF's annual budget

Diocesan Synod governs itself through Standing Orders, which were approved by Diocesan Synod on 19 July 2000, and amended on 14 March 2009. Through the Standing Orders, many of Diocesan Synod's responsibilities have been delegated to its Standing Committee, the Bishop's Council.

2.3 BISHOP'S COUNCIL AND THE TRUSTEES AND DIRECTORS OF THE DBF

The Bishop's Council is the senior committee of the Diocese. Under the Standing Orders of the Diocesan Synod its members have a number of concurrent roles. They are the members of the Standing Committee of Diocesan Synod, the trustees of the Charity for the purposes of charity law, the directors of the DBF for the purposes of company law, and the members of the Diocesan Mission and Pastoral Committee.

As the Standing Committee of the Diocesan Synod, the Bishop's Council is responsible for:

- Planning the business of the Synod and circulating the agenda and supporting papers for its sessions – this function is delegated to the Business Committee.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

- Initiating proposals for action by the Synod and advising it on matters of policy.
- Advising the President (the Diocesan Bishop) on any matter.
- Transacting the business of the Synod when not in session.
- Appoints members of committees and nominating individuals for election to committees.
- Carrying out such functions as the Synod may delegate to it.

As the Diocesan Mission and Pastoral Committee (DMPC) and in consultation with the eleven Deanery Mission and Pastoral Committees, the Bishop's Council:

- Advises the Bishop of Coventry on the deployment of clergy within the Diocese.
- Considers and authorises pastoral schemes.

As the Trustees and Directors of the DBF, the Bishop's Council:

- Takes responsibility for the activities of the DBF, including financial accountability as set out below.
- Manages funds and property held centrally in the Diocese.
- Prepares an annual budget for consideration and approval by Diocesan Synod, with estimates of expenditure and the income needed to finance that expenditure.
- Monitors income and expenditure against estimates in the budget approved by Diocesan Synod.
- Advises the Diocesan Synod on financial aspects of its policies and on any other matters referred to it.

Financial accountability responsibilities of Bishop's Council members as trustees and directors

The trustees of the DBF, who are also the directors of the DBF for the purposes of company law, are responsible for preparing the Directors' and Trustees' 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgments 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.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for the maintenance and integrity of the DBF's corporate and financial information included on the diocesan website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

Membership of the Bishop's Council

The membership of the Bishop's Council is comprised of a maximum of 32 members as follows:

- 8 ex officio members
- 15 members elected by the Diocesan Synod (seven clergy and eight lay, in both cases with a minimum of two from each archdeaconry)
- up to 6 nominated members (three may be nominated by the Bishop of Coventry and one may be nominated by each of the Diocesan Advisory Committee, the Parsonages Committee and the Diocesan Board of Education)
- up to 3 members co-opted by the Bishop's Council.

The Chair of the DBF, one of the ex officio members of Bishop's Council, is nominated by the Bishop of Coventry and appointed by Diocesan Synod. During 2022, the Bishop's Council met five times as Bishop's Council and board of trustees and directors. The term of office of the members of Bishop's Council (excluding ex officio members) lasts for three years. Their term will end in 2024, upon the election of their successors. During the year and as at the date of this report the members of Bishop's Council were as follows:

EX-OFFICIO

President	The Rt Revd Dr Christopher Cocksworth
Bishop of Warwick	The Rt Revd John Stroyan
Archdeacon Pastor	The Ven Sue Field
Archdeacon Missioner	The Ven Barry Dugmore
Dean of Coventry	The Very Revd John Witcombe
Chair of the House of Clergy	The Revd Claire McArthur
Chair of the House of Laity	Phil Swards
Chair of the DBF	Simon Danks

NOMINATED MEMBERS

Nominated by DAC	The Revd Peter Walker
Nominated by Parsonages Cmte	The Revd Peter Walker
Nominated by DBE	Chris Edwards

BISHOP'S NOMINEES

The Revd Kate Massey
Emili Lowery

ELECTED CLERGY

The Revd Kay Dyer
The Revd Alison Evans
The Revd Barry Jackson
The Revd Jonathan Jee
The Revd Stephen Parker
The Revd David Poultney – *from October 2022*
The Revd Jo Parker
The Revd Stella Bailey - *to June 2022*

ELECTED LAITY

Chris Baker
Jo King
Ogechi Ngemegwai
Sue Williams
Sarah Mount
Tim Pollard
Marion MacLellan
Alex Suffell – *to November 2022*

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

CO-OPTED MEMBERS

No co-opted members

2.4 COMMITTEE STRUCTURE

There are a number of Diocesan committees which advise the DBF:

- **Business Committee** which considers the content of the agendas for Bishop's Council and the Diocesan Synod.
- **Audit and Risk Committee** which considers the appointment of the auditor, the audit fee, the nature and scope of the audit, reviews the annual financial statements prior to submission to Bishop's Council and keeps under review the systems of internal control and risk management.
- **Diocesan Finance Group (DFG)** which monitors the finances of the DBF and advises Bishop's Council on financial matters, in particular the application of the Deanery Share system and matters relating to the Church Fabric Fund.
 - **Investment Sub-Committee (ISC)** which oversees investment strategy and policy.
- **Conditions of Employment Group (COEG)** which deals with the terms and conditions of employment, including remuneration, of staff employed by the DBF and annual increases to clergy stipends in line with increases in the cost of living, except the Diocesan Secretary (whose terms and conditions of employment, including remuneration, are reviewed by the Chair of the DBF and the Diocesan Bishop).
- **Diocesan Advisory Committee for the Care of Churches (DAC)** which advises on the repair and improvement of places of worship, their contents and churchyards, with a view to the furtherance of the Church's mission and the protection of the nation's heritage.
- **Net Zero Steering Group (NZSG)** which oversees the diocesan response to the Church of England target of achieving net zero carbon by 2030.
- **Diocesan Environment Group (DEG)** which encourages the Diocese in its vocation to care for the earth.
- **Diocesan Mission Fund Committee (DMFC)** which considers matters relating to Diocesan Mission Fund, Church Improvement Fund and Offa House Spirituality Capital grants, making decisions on grants of up to £10,000 and recommendations to Bishop's Council for grants above this level.
- **Glebe Committee** which oversees the management of Diocesan Glebe investments, under the powers laid down in a scheme under the Endowments and Glebe Measure 1976
- **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.

2.5 DIOCESAN SECRETARY AND STAFF

The Diocesan Secretary serves as the Secretary to Diocesan Synod and Bishop's Council and as Chief Executive Officer and Company Secretary of the DBF. The Diocesan Secretary and her staff carry out the day-to-day work of the DBF. They consult regularly with the Chair of the DBF and the various diocesan committees. Whilst senior staff have job titles incorporating the word 'Director' they are not directors of the company for the purposes of company law or trustees of the charity for the purposes of charity law. For information relating to staff headcount and costs, see note 10 to the financial statements.

The Diocesan Secretary was Ruth Marlow until her retirement on 28 February 2022. Jacqueline Ladds has been Diocesan Secretary and CEO since her appointment on 23 May 2022.

In 2022 there was one staff member employed under joint working arrangements by the Leicester Diocesan Board of Finance (company registered number 227087; registered charity number 249100). These arrangements are regularly reviewed and continue to be an effective method generating economies of scale without detriment to the service provided.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

2.6 RELATED PARTIES

Coventry Diocesan Trustees (Registered)

The Coventry Diocesan Trustees (Registered), registered charity number 249165, is the Diocesan Authority under the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964. The Trust is the custodian trustee holding property and funds on behalf of PCCs and the DBF.

Coventry Diocesan Board of Education

Coventry Diocesan Board of Education (the DBE – a company registered in England and Wales no. 3663851 and a registered charity no. 1091145) is a statutory body established under the Diocesan Boards of Education Measure 1991, responsible to Diocesan Synod. Its functions under this measure principally relate to the promotion or assistance in the promotion of education in the Diocese, which is consistent with the faith and practice of the Church of England and therefore consistent with the objectives of the DBF.

2.7 OTHER GOVERNANCE MATTERS

Charity Governance Code and Governance Review

The DBF will be undertaking a governance review during 2023, to ensure that the organisation has an effective framework in place to continue to fulfil our statutory obligations and enable us to work towards our identified priorities. The DBF will draw upon the Charity Governance Code during this review, as a tool to support continuous improvement. A Governance Handbook will be created which will further develop the training and induction for trustees, committee chairs and committee members.

Risk management

The trustees confirm that the risks to which the DBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures to manage those and other identified risks have been established and reviewed. The trustees review the risk register at least annually and delegate to the DBF leadership team day to day management of the risks the DBF is exposed to. In addition, the Audit & Risk Committee review the risk management processes and the risk register at least annually, and reports to the trustees on whether it is satisfied with its findings. Recommendations are made as a result of those findings. The principal risks identified are shown in Section 1.2 of this report.

Valuation of properties in the financial statements

Investment properties are stated in the balance sheet at fair value. All non-investment properties - parsonage houses, operational properties, houses for clergy held in Glebe and the diocesan offices – are freehold properties and are stated in the balance sheet at cost. In the opinion of the trustees the fair value of these non-investment properties is substantially in excess of cost, but the amount of this excess is not economically quantifiable.

Auditor

The 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 auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees and directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

A resolution to reappoint Crowe LLP as auditor to the company and to authorise the Board of Directors to fix the auditor's remuneration will be proposed at the Annual General Meeting.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

TRUSTEES' AND DIRECTORS' REPORT

for the year ended 31 December 2022

2.8 REFERENCE AND ADMINISTRATIVE DETAILS

<i>Registered & Principal Office</i>	Diocesan Offices, 1 Hill Top, Coventry, CV1 5AB
<i>Telephone</i>	024 7652 1200
<i>Website</i>	www.coventry.anglican.org
<i>Company registration number</i>	319482 (England and Wales)
<i>Charity registration number</i>	247828 (England)
<i>Company Secretary</i>	Jacqueline Ladds – <i>from 23 May 2022</i> Ruth Marlow – <i>to 28 Feb 2022</i>
<i>Registrar and solicitors</i>	Mary Allanson – <i>to 31 Oct 2022</i> Jenny Dymond – <i>from 1 Nov 2022 (joint registrar prior to Nov 2022)</i> Rotherham & Co 8 & 9 The Quadrant, Coventry, CV1 2EG
<i>Auditor</i>	Crowe UK LLP Black Country House, Rounds Green Road, Oldbury, B69 2DG
<i>Bankers</i>	Bank of Scotland Pentland House, 8 Lochside Avenue, Edinburgh, EH12 9DJ
<i>Diocesan Surveyors</i>	Godfrey-Payton 25 High Street, Warwick, CV34 4BB
<i>Glebe Agent</i>	Godfrey-Payton 25 High Street, Warwick, CV34 4BB
<i>Insurers</i>	Ecclesiastical Insurance Office plc Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
<i>Investment Managers</i>	CCLA Investment Management Ltd Senator House, 85 Queen Victoria Street, London, EC4V 4ET Ecclesiastical Investment Management Ltd Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

SECTION 3: DIRECTORS' AND TRUSTEES' REPORT APPROVAL

This Trustees' and Directors' Report, including both the Strategic Report and the Governance Report, is approved by the trustees, by whose authority it is signed as below.

Mr Simon Danks

Chair of Coventry Diocesan Board of Finance Limited

22 May 2023

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

Opinion

We have audited the financial statements of Coventry Diocesan Board of Finance Limited for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Statement of Cash flows 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 UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of 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 for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

AUDITOR'S REPORT

Independent auditor's report to members of Coventry Diocesan Board of Finance Ltd.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The key laws and regulations we considered in this context for the UK operations were employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Kerry Brown | Senior Statutory Auditor

For and on behalf of **Crowe U.K. LLP**

Statutory Auditor

Black Country House, Rounds Green Road, Oldbury, West Midlands, B69 2DG

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

	<i>Notes</i>	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Income and endowments from:							
Donations							
Parish Share	<i>4a</i>	4,670	-	107	-	4,777	4,987
Church Commissioners	<i>4b</i>	177	-	1,108	-	1,285	829
Other grants and donations	<i>4c</i>	43	-	1,123	-	1,166	433
Charges for charitable activities	<i>4d</i>	391	-	-	-	391	354
Other trading activities	<i>4e</i>	470	141	-	-	611	574
Investments							
Investments income	<i>4f</i>	70	8	34	2,429	2,541	2,247
Total return allocated to income	<i>18</i>	-	-	2,429	(2,429)	-	-
Release of historic return	<i>18</i>	-	-	2,111	(2,111)	-	-
Surplus on sale of assets		-	364	-	-	364	-
Total		5,821	513	6,912	(2,111)	11,135	9,424
Expenditure on:							
Raising funds	<i>5a</i>	309	-	-	202	511	480
Charitable activities							
Mission and ministry	<i>5b</i>	3,480	-	3,793	-	7,273	6,052
Support for mission and ministry	<i>5c</i>	2,280	74	1,254	-	3,608	2,553
Contributions to Archbishop's Council	<i>5d</i>	508	-	-	-	508	467
Diocesan Board of Education	<i>5e</i>	155	-	-	-	155	187
Other	<i>5f</i>	-	-	-	-	-	1
Total		6,733	74	5,047	202	12,056	9,741
Net income before investment gains		(912)	439	1,865	(2,313)	(921)	(316)
Net gains on investments:							
Net (losses)/gains on revaluation	<i>12</i>	(284)	(15)	(162)	(4,064)	(4,525)	5,649
Surplus on sale of investments		-	-	-	-	-	138
Net income		(1,196)	424	1,703	(6,377)	(5,446)	5,471
Transfers between funds	<i>19</i>	825	499	(1,322)	(2)	-	-
Other recognised gains:							
Actuarial gains on defined benefit pension scheme	<i>2</i>	-	-	-	203	203	(6)
Net movement in funds		(371)	923	543	(6,176)	(5,243)	5,465
Reconciliation of funds							
Funds at 1 January	<i>16</i>	2027	16,094	4,205	77,013	99,339	93,874
Net movement in funds		(371)	923	381	(6,176)	(5,243)	5,465
Funds at 31 December	<i>16</i>	1,656	17,015	4,586	70,835	94,096	99,339

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

	2022 Total £000s	2021 Total £000s
Total income	13,246	10,935
Total expenditure	11,854	9,493
	1,392	1,442
Net gains on investments	(4,525)	5,649
Net income/(deficit) for the year before transfers	(3,133)	7,091
Transfer to endowment funds	2	(203)
Net income/(deficit) for the year after transfers	(3,131)	6,888

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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

	<i>Notes</i>	2022 £000s	2021 £000s
FIXED ASSETS			
Tangible fixed assets	11	19,244	18,288
Fixed asset investments	12	68,825	76,353
		88,069	94,641
CURRENT ASSETS			
Debtors	13	2,632	2,156
Cash and cash equivalents		5,096	3,952
		7,728	6,108
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	14	(1,701)	(1,352)
NET CURRENT ASSETS			
		6,027	4,756
TOTAL ASSETS LESS CURRENT LIABILITIES			
		94,096	99,397
Creditors: amounts falling due after more than one year	15	-	(58)
NET ASSETS			
	20	94,096	99,339
FUNDS			
Unrestricted funds:			
General Fund	16	1,660	2,027
Designated funds	16	17,015	16,094
		18,675	18,121
Restricted funds	16	4,586	4,205
Endowment funds	16	70,835	77,013
TOTAL FUNDS			
		94,096	99,339

The financial statements on pages 27 to 51 were approved by the Board of Directors and authorised for issue on and are signed on its behalf by:

Mr Simon Danks
Chair of Coventry Diocesan Board of Finance Limited

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

	2022 £000s	2021 £000s
Cash flows from operating activities:		
Net cash generated by operating activities	(1,264)	(266)
Cash flows from investing activities:		
Proceeds from sale of fixed asset properties	788	-
Purchase of fixed assets	(1,383)	-
Proceeds from sale of investments	6,792	937
Purchase of investments	(3,789)	-
Net cash used by investing activities	2,408	937
Change in cash and cash equivalents in the year	1,144	671
Cash and cash equivalents at 1 January	3,952	3,281
Cash and cash equivalents at 31 December	5,096	3,952

	2022 £000s	2021 £000s
Analysis of cash and cash equivalents at 31 December		
Cash in hand	1,378	2,201
Short term deposits (less than 3 months)	3,718	1,751
Total cash and cash equivalents	5,096	3,952

	2022 £000s	2021 £000s
Reconciliation of net movement in funds to net cash flow from operating activities		
Net movements in funds for the year	(5,243)	5,465
Adjustments for:		
Gains on investments	4,525	(5,787)
Profit on sale of fixed asset properties	(364)	-
Depreciation of fixed assets	3	2
Actuarial (gains)/losses on defined benefit pension scheme	(201)	(6)
Unwinding of pension liability discount	-	6
(Increase)/Decrease in debtors	(476)	198
Increase/(Decrease) in creditors	489	(144)
Net cash generated by operating activities	(1,264)	(266)

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

1. Principal accounting policies

Basis of accounting

The DBF is a charitable company and a public benefit entity. Therefore, the financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (FRS 102), the Companies Act 2006 and the applicable UK accounting standard (FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements have been prepared under the historical cost convention except that fixed asset investments are included at fair value at the balance sheet date. After making enquiries the trustees are satisfied that the DBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Going Concern

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

Income

Income is included in the Statement of Financial Activities when the charity is legally entitled to it, receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish share income

Parish share income for the year, or for previous years, include amounts received up to the 31 December.

Income from parochial fees

Income from parochial fees is accounted for when received.

Grants (receivable)

Grant income is accounted for when the formal offer of funding is communicated in writing, any conditions related to the entitlement have been met, receipt is probable and the amount can be measured reliably.

Donations, legacies and similar income

Income from legacies is recognised when the DBF has been notified that there is a clear indication of the amount receivable. Donations and similar income are accounted for when received.

Investment income

Investment income is accounted for when receivable. Investment income from Common Investment Funds managed by CCLA Investment Managers Ltd is considered receivable when dividends are declared.

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.

Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate similar costs under each category of the Statement of Financial Activities.

Grants (payable)

Grants payable, are accounted for either in full or in part, when authorised, when the award of the grant has been specifically communicated to the recipient or when paid if there is no communication to the recipient in advance, and when any condition attaching to the grant is outside the control of the DBF.

Support costs

These costs consist of indirect staff costs, office and IT costs and governance costs. They are allocated to categories of expenditure on the basis of the proportion of staff time spent on each area of activity.

Governance costs

The costs allocated to governance costs are those costs incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Operating leases

Payments under operating leases are charged against income as incurred.

Investment gains and losses

For investments that are not part of the Diocesan Stipends Fund Capital Account, realised gains or losses are recognised in the Statement of Financial Activities when investments are sold. Unrealised gains or losses are accounted for on revaluation of investments at the year end.

A total return approach has been adopted for the Diocesan Stipends Fund Capital Account. Part of the historic unapplied total return will be allocated to income in the year as determined by the Bishop's Council.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

Tangible fixed assets

Parsonage houses, operational properties and the diocesan offices

Parsonage houses, operational properties and the diocesan offices are held at cost or estimated cost. The cost of extensions which enhance the capital value of buildings is capitalised.

For parsonage houses, the legal title and right to beneficial occupation are vested in the incumbent, whereas the DBF is responsible for the maintenance and repair of such properties and can determine their subsequent use or sale. FRS 102 requires accounting treatments to follow the substance of arrangements rather than their strict legal form. Accordingly, parsonage houses are capitalised as tangible fixed assets.

Operational properties are houses owned by the DBF for occupation by stipendiary clergy and House for Duty priests. The Diocesan Offices are at 7 Priory Row, Coventry (which shares the postal address of 1 Hill Top, Coventry, CV1 5AB).

Depreciation

Depreciation is not provided on land and buildings as any annual or accumulated depreciation would not be material. This is due to the long estimated remaining useful economic lives and because the estimated residual values are not materially less than their carrying values and the buildings are unlikely to suffer from obsolescence. Disposals of buildings occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying values. The DBF has a policy of regular inspection, repair and maintenance of buildings, charges for which are included in expenditure in the Statement of Financial Activities.

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

IT and Telecommunications Equipment	3 years
Computer Software	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.

Financial instruments

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 ("Glebe properties") are included at fair value. Glebe properties which are fixed asset investments are comprised of commercial properties and agricultural properties. Agricultural properties are predominantly land but include some agricultural buildings and residential properties. Glebe properties also include houses for occupation by clergy that are treated as tangible fixed assets. Unlisted shares in investment funds are included at fair value at the balance sheet date.

Current assets and liabilities

Debtors are measured at the transaction price less any impairment losses. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources. Creditors are measured at the transaction price less any amounts settled. For pension liabilities, see note 2.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with any qualifying institution repayable on demand without more than seven days' notice or penalty.

Pension Schemes – see note 2.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

Fund accounting

The *General Fund* is an unrestricted income fund which receives income available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted income funds that have been set aside by the trustees 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.

2. Pension schemes' accounting policy and significant estimates and judgements

The DBF participates in three pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other two are for lay staff and are separate sections of the Church Workers Pension Fund – one a final salary scheme and the other a deferred annuity scheme. All three of these schemes are multi-employer defined benefit pension schemes for which the DBF 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. A valuation of each scheme, to determine future contribution levels, is carried out once every three years and the resulting report and recovery plan for any deficit is required to be completed within fifteen months of the valuation date. On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that formerly contracted-out schemes are required to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. In November 2020, the High Court handed down a further ruling concerning the equalisation of GMPs. This ruling requires Trustees to equalise transfer payments paid from schemes. This exercise will require a check on previous transfers paid and if appropriate pay a top-up transfer payment to the receiving scheme if the GMP element is deemed to be unequal.

Normally the Employer is required to reflect both the backdated and future costs of GMP equalisation arising from this judgment. However, since the DBF participate and are accounting as multi-employer defined benefit pension schemes this is not applicable. Any uplift in liability will be reflected in the financial statements once revised deficit recovery payment plans are issued.

Accounting policy

Where the scheme is in deficit and the DBF is required to make deficit recovery contributions, this obligation is recognised as a liability within creditors in the Balance Sheet. The amount recognised is the sum of the deficit recovery contributions payable, discounted to the net present value. The unwinding of the discount in each year, together with contributions required by the Pensions Board for the benefit in relation to pensionable service in the year, is recognised within expenditure in the Statement of Financial Activities. Changes in the pension liability due to changes in the discount rate used and due to inaccuracies and changes in the actuarial assumptions made by the Pensions Board are recognised as actuarial gains or losses in the Statement of Financial Activities.

The liability and movements in the liability are allocated to the Diocesan Stipends Fund Capital Account, an endowment fund held for investment return for the benefit of the Diocesan Stipends Fund Income Account which is expected to be sufficient to cover the DBF's future deficit recovery contributions. Deficit recovery contributions actually paid in the year are transferred from the Diocesan Stipends Fund Income Account to the Diocesan Stipends Fund Capital Account.

Church of England Funded Pension Scheme (CEFPS)

With effect from 1 January 1998, diocesan clergy became members of the new Church of England Funded Pensions Scheme. To enable this the DBF participates in this scheme and at 31 December 2022 was paying contributions for 134 members (2021: 120 members). The scheme provides benefits based on members' final pensionable stipends and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Pensionable stipends are

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

currently the National Minimum Stipend in the preceding year. Benefits are currently being accrued on the basis of half of the pensionable stipend being paid as the normal pension on reaching the age of 68, or 1.25 times this amount for archdeacons, plus a lump sum normally three times the pension payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 are provided by the Church Commissioners under the previous arrangements. Each participating entity in the scheme pays contributions at a common contribution rate applied to pensionable stipends, which are currently the same as the National Minimum Stipend of the previous year.

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

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

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

% of pensionable stipends	January 2018 to December 2020	December 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

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 2021 and over 2022 is set out in the table below.

Church of England Funded Pensions Scheme pension liability movements:	2022	2021
	£000s	£000s
Pension liability at 1 January	265	397
Deficit contributions paid	(125)	(139)
Interest cost	-	1
Remaining change to the balance sheet liability*	(140)	6
Balance sheet liability at 31 December	-	265
Due within one year	-	265
Due after more than one year	-	-

* 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. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	2022	2021	2020
Discount rate	n/a	0% p.a	0.2% p.a
Price inflation	n/a	n/a	3.1% p.a
Increase to total pensionable payroll	n/a	-1.5% p.a	1.6% p.a

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

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

Church Workers Pension Fund (CWPF) - Defined Benefits Scheme

The defined Benefits Scheme ("DBS") section of the church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. At 31 December 2018, the DBF had no active members, and has not admitted any further Coventry DBF staff to membership of this section of the scheme. There is one joint worker employed by Leicester Diocesan Board of Finance ("Leicester DBF") who is an active member of this section of the Church Workers Pension Fund.

The most recent scheme valuation completed was carried out as at 31 December 2019. The Leicester DBF contribution rate (affecting the cost of joint workers in this section of the Church Workers Pension Fund is 30.8% of salary. A liability of £62,000 (2021:£62,000) has been accrued within Other Accruals for the DBF share of the deficit relating to joint workers in the scheme.

Church Workers Pension Fund

This scheme is administered by the Church of England Pensions Board, which holds the assets separately to those of the participating employers. There are two sections, the Defined Benefits Scheme, and the Pension Builder Scheme which has two subsections; a deferred annuity section known as Pension Builder Classic, and a cash balance section known as Pension Builder 2014 both of which are defined benefit schemes. Pension Builder Classic provides a pension accumulated from contributions paid and converted into a deferred annuity during employment. Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account plus any bonuses is payable, unreduced from age 65. There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

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

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review the Board chose to grant a discretionary bonus of 3%, following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

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

Valuation of glebe assets

Following a period of considerable economic turbulence, and as the UK is in a period of 0.1% growth (not in a recession) with high inflation at 10.5%. However, Bank of England (BoE) are predicting inflation is unlikely to rise much further and will fall in this year although remaining well above the 2% target set by the BoE and recent unprecedented increases in interest rates to 3.5% but the BoE is predicting the interest rates may increase to 4.5% this year to curb inflation, the benefit of good quality tenants on established leases, in well-maintained premises is likely to prove beneficial to investor Landlords during the next two to three years or so.

Furthermore, it is our belief that the portfolio is in reasonable shape to withstand the current economic challenges and provide a good return to the Charity.

3. Net Income

	2022 £000s	2021 £000s
Net income is stated after charging/(crediting):		
Auditor's remuneration for the audit	18	18
Depreciation	3	1
Hire of office equipment	2	4
Surplus on disposal of tangible fixed assets	(364)	-

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

4. Analysis of income

a Parish Share

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Parish share assessed for the year	5,119	-	107	-	5,226	5,377
Less shortfall in contributions	(527)	-	-	-	(527)	(440)
Received for the year	4,592	-	107	-	4,699	4,937
Arrears received in respect of previous years	78	-	-	-	78	50
	4,670	-	107	-	4,777	4,987

b Grants from Church Commissioners and Archbishops' Council

This reflects monies from Church Commissioners and Archbishops' Council which are used in the following activities:

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Ministry Division funding of curates	133	-	-	-	133	130
Mission to Lowest Income Communities grant	-	-	412	-	412	398
Ordination Training Grant (see note 17)	-	-	387	-	387	269
Hardship Fund	-	-	309	-	309	-
Contribution to Bishop's Legal costs	44	-	-	-	44	32
	177	-	1,108	-	1,285	829

c Other grants and donations

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
King Henry VIII Endowed Trust	-	-	227	-	227	291
Benefact Trust	118	-	-	-	118	111
Strategic Development Fund	-	-	1,250	-	1,250	-
Serving Christ	-	-	(358)	-	(358)	-
Other grants and similar income	(75)	-	4	-	(71)	31
	43	-	1,123	-	1,166	433

Serving Christ income of (£358k) is a release of previously accrued income due to an expected underspend over the course of the programme which is due to end in June 2023.

d Charges for charitable activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Parochial fees	391	-	-	-	391	333
Churches closed for public worship	-	-	-	-	-	3
Contributions to expenditure	-	-	-	-	-	18
	391	-	-	-	391	354

e Other trading activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Rental income (non-investment properties)	200	-	-	-	200	351
Recharged payroll costs	146	-	-	-	146	159
Training	5	-	-	-	5	8
DBE (Proceeds of St Barts bungalow)	-	141	-	-	141	-
Sundry income	119	-	-	-	119	56
	470	141	-	-	611	574

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

f Investments

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Glebe property income	-	-	-	1,379	1,379	1,158
Unlisted securities	64	3	13	1,050	1,130	1,032
Bank and deposit interest	6	5	4	-	15	35
Other property income	-	-	17	-	17	22
	70	8	34	2,429	2,541	2,247

5. Analysis of expenditure

a Raising funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Glebe operating costs	-	-	-	143	143	188
Glebe management fees	-	-	-	59	59	58
Parsonage rental costs	76	-	-	-	76	45
Support costs	233	-	-	-	233	189
	309	-	-	202	511	480

b Mission and ministry

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Clergy stipends costs (see note 9)	-	-	3,766	-	3,766	3,670
Curates stipends costs (see note 9)	761	-	-	-	761	618
Clergy housing	2,023	-	27	-	2,050	1,131
Clergy appointment & retirement costs	185	-	-	-	185	175
Staff costs (see note 10)	148	-	-	-	148	151
Fees to retired stipendiary clergy	33	-	-	-	33	24
Other clergy diocesan expenses	81	-	-	-	81	108
Support costs	250	-	-	-	250	178
	3,480	-	3,793	-	7,273	6,052

c Support for mission and ministry

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Department costs	115	-	81	-	195	232
Staff costs (see note 10)	691	-	248	-	939	995
Grants (see note 7)	617	74	916	-	1,606	680
Churches closed for public worship	-	-	9	-	9	28
Support costs	859	-	-	-	859	618
	2,280	74	1,254	-	3,608	2,553

d Contributions to Archbishops' Council

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Training for ministry	249	-	-	-	249	190
National Church Responsibilities	142	-	-	-	142	162
Grants and provisions	20	-	-	-	20	20
Mission agencies' pension costs	10	-	-	-	10	10
Retired clergy housing & other costs	87	-	-	-	87	85
	508	-	-	-	508	467

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

e Diocesan Board of Education

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Grants (see note 7)	127	-	-	-	127	159
Support costs	28	-	-	-	28	28
	155	-	-	-	155	187

f Other

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s	2021 Total £000s
Unwinding of pension liability discount	-	-	-	-	-	1
	-	-	-	-	-	1

6. Analysis and allocation of support costs

	Raising funds £000s	Ministry & mission £000s	Support for ministry & mission £000s	Education £000s	2022 Total £000s	2021 Total £000s
Governance, management & finance						
Staff costs (see note 10)	117	50	232	26	425	439
Other costs	55	38	212	2	307	154
Office						
Staff costs (see note 10)	22	137	211	-	369	236
Other costs	39	25	203	-	267	181
	233	250	857	28	1,368	1,010

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

7. Grants awarded

	2022 Total £000s	2021 Total £000s
To parishes and other organisations in the Diocese		
<i>Mission and ministry in parishes</i>		
Mission to Lowest Income Communities grants	320	7
Diocesan Mission Fund grants to parishes	47	-
20s-30s development work	-	19
Hardship Fund	391	
Bishop's Mission Fund grants to parishes	-	3
Block Grant	201	-
Urban Church Plants	37	-
Strategic Development Fund	29	-
Other grants to parishes	44	-
<i>Church land and buildings</i>		
Church Improvement Fund grants for ten churches (2021: ten churches)	8	5
City Church grants	30	-
Other church building developments	-	7
Church Fabric Fund grants for four churches (2021: four churches)	37	17
<i>Other organisations in the Diocese</i>		
Coventry Diocesan Board of Education	127	159
Together for Change	30	30
Coventry Cathedral	158	120
	1,481	367
To other institutions		
Syrian Orthodox Christian School	-	9
	-	9
To individuals		
For support of ordinands in ministerial training	208	452
Other grants to clergy and readers	44	10
Lay retreat grants	-	2
	252	464
	1,733	840

Summarised by fund type:

	General Fund £000s	Designated funds £000s	Restricted funds £000s	2022 Total £000s	2021 Total £000s
Support for mission and ministry					
Mission and ministry in parishes	110	47	912	1,069	29
Church land and buildings	66	31	-	97	29
Other organisations in the Diocese	188	-	-	188	150
Other institutions	-	-	-	-	9
Individuals	252	-	-	252	464
	616	78	912	1,606	681
Diocesan Board of Education					
Other organisations in the Diocese	127	-	-	127	159
	127	-	-	127	159
	743	78	912	1,733	840

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

8. Trustees' emoluments and expenses

None of the trustees received any emoluments from the DBF for services performed as directors (2021: £nil).

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

No trustees received travel expenses related to activity as trustees of the DBF (2021: nil). Two trustees received a total of £861 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 (2021: two and £787). Fourteen trustees received a total of £493,192 in connection with other offices held in the Diocese (2021: eleven and £435,807). These amounts were for stipends, accrued pension benefits, housing, expenses and sundry grants for resettlement and ministerial development.

9. Clergy headcount and costs

The average full time equivalent number of stipendiary clergy who were office holders in the Diocese was 116 (2021: 105); this included two (2021: two) archdeacons.

	2022 Total £000s	2021 Total £000s
Stipends	3,138	2,937
Social security costs	268	244
Pension contributions	1,121	1,108
	4,527	4,288

10. Staff headcount and costs

a Staff numbers based on headcount

	2022 Headcount	2021 Headcount
Staff employed directly:		
Mission and ministry	11	9
Support for mission and ministry	19	22
Central support	11	11
	41	42
Staff employed via third parties		
Central support	2	2
	43	44

b Staff costs

	2022 Total £000s	2021 Total £000s
Staff employed directly:		
Salaries	1,510	1,443
Social security costs	150	139
Pension contributions	140	131
	1,800	1,713
Staff employed via third parties		
For service in the year	87	106
	1,887	1,819

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

11. Tangible fixed assets

	Parsonages £000s	Glebe houses £000s	Operational properties £000s	Diocesan offices £000s	Office equipment £000s	Total £000s
Cost						
At 1 January 2022	6,219	928	10,295	846	237	18,525
Additions	-	-	1,327	-	56	1,383
Transfers	-	-	-	-	-	-
Disposals	-	-	(424)	-	-	(424)
At 31 December 2022	6,219	928	11,198	846	293	19,484
Depreciation						
At 1 January 2022	-	-	-	-	237	237
Charge for year	-	-	-	-	3	3
At 31 December 2022	-	-	-	-	240	240
Net book value						
At 31 December 2022	6,219	928	11,198	846	53	19,244
At 31 December 2021	6,219	928	10,295	846	-	18,288

All tangible fixed assets were used for direct charitable purposes.

12. Fixed asset investments

	Glebe properties £000s	Unlisted investments £000s	Total £000s
Fair value at 1 January 2022	34,159	42,194	76,353
Additions at cost	-	3,789	3,789
Disposals at cost	(402)	(6,153)	(6,555)
(Losses)/Gains on revaluation	(306)	(4,456)	(4,762)
Fair value at 31 December 2022	33,451	35,374	68,825

13. Debtors

	2022 Total £000s	2021 Total £000s
Glebe agents	471	423
Accrued grant income due within one year	1,614	1,078
Prepayments and accrued other income	57	437
CCLA dividend income accrued	261	-
Other debtors	229	218
	2,632	2,156

14. Creditors: amounts falling due within one year

	2022 Total £000s	2021 Total £000s
Trade creditors	423	224
Grant payment accruals	627	178
Other accruals	196	264
Deferred income	170	288
Taxation and social security	132	133
Pension contributions payable for the period	153	-
Pension liability (see note 2)	-	265
	1,701	1,352

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

15. Creditors: amounts falling due after more than one year

	2022 Total	2021 Total
	£000s	£000s
Grant payment accruals	-	58
	-	58

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

16. Statement of funds

	At 1 Jan 2022 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 December 2022 £000s
GENERAL FUND	2,027	5,821	(6,732)	825	(284)	1,657
DESIGNATED FUNDS						
Operational Properties Fund	11,143	364	-	-	-	11,507
Cathedral "Endowment" Fund	4,500	-	-	500	-	5,000
Bishop's Mission Fund	31	4	-	-	-	35
Extra Mission & Ministry Support Fund	106	1	-	-	-	107
Diocesan Mission Fund	35	1	(33)	21	-	24
Church Fabric Fund	54	-	(38)	(7)	-	9
Church Improvement Fund	40	-	(7)	(15)	-	18
Bishop of Coventry's Link Dioceses Fund	5	-	-	-	-	5
Lambeth Conference Fund	20	-	-	-	-	20
Special Projects 2020	20	-	-	-	-	20
Clergy Holidays Fund	141	3	-	-	(15)	129
Diocesan Board of Education	-	141	-	-	-	141
Total designated funds	16,094	514	(78)	499	(15)	17,014
Total unrestricted funds	18,121	6,335	(6,810)	1,324	(299)	18,671
RESTRICTED FUNDS						
Serving Christ Fund	882	(358)	(336)	63	-	251
Mission to Lowest Income Communities Fund	583	412	(186)	(300)	-	509
Church Commissioners' Mission Fund	2	-	-	-	-	2
LINC DMF Fund	(1)	-	(11)	36	-	24
LINC NCD Fund	13	-	-	-	-	13
LINC CGDA Fund	14	-	(3)	-	-	11
LINC Stipends Fund	4	-	-	-	-	4
LINC Growth Strategy	300	-	(102)	300	-	498
Strategic Development Fund	-	1,250	-	-	-	1,250
Places of Peace Fund	7	-	-	-	-	7
Offa Capital Projects Fund	283	3	-	(33)	-	253
Offa Spiritual Renewal Fund	1,435	28	-	-	(156)	1,307
Syrian Orthodox Christian School Fund	11	4	-	(6)	-	9
SOCS Scholarship Fund	1	-	-	-	-	1
Companionship Link Funds	2	-	(1)	-	-	1
Retreat Grants Fund	17	-	(4)	-	-	13
The Reverend George Goode Fund	15	-	-	-	-	15
Ordination Training Grant Fund	17	387	201	-	-	203
DC Bonfield Bequest	58	1	-	-	-	59
Archdeacons' Discretionary Fund	53	1	(3)	-	(6)	45
Queen Victoria Clergy Fund	5	-	-	-	-	5
Diocesan Stipends Fund Income Account	331	-	(3,459)	3,128	-	0
Capacity Funding	170	-	(14)	(53)	-	103
Deanery Share Support Fund	-	107	(107)	-	-	-
Warwick Clergy Stipends & Housing Fund	-	227	(227)	-	-	-
Ministry Hardship/PCC Energy Fund	-	309	(392)	83	-	-
Total restricted funds	4,205	2,371	(5,046)	3,218	(162)	4,586

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

16. Statement of funds - continued

	At 1 Jan 2022 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 December 2022 £000s
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	6,218	-	-	-	-	6,218
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	70,132	2,409	(203)	(4,540)	(3,963)	63,835
Church of England Funded Pension Fund	(201)	-	-	(2)	203	-
Coventry Diocesan Endowment Fund	865	20	-	-	(101)	784
Total endowment funds	77,013	2,429	(203)	(4,452)	(3,861)	70,836
TOTAL FUNDS	99,339	11,135	(12,056)	-	(4,322)	94,096

* Transfers include £4,540k (2021: £3,621k) released to restricted funds in accordance with the DBFs total return policy.

17. Descriptions of Designated, Restricted and Endowment Funds

Designated Funds

Operational Properties Fund

This fund represents the cost of properties held for operational use by the DBF and by clergy not in parochial posts that otherwise would be held by the General Fund, including the houses occupied by the Suffragan Bishop and the archdeacons, but excluding Glebe houses for occupation by clergy, together with surplus cash from the sale of properties held for reinvestment in houses for curates and other clergy.

Cathedral "Endowment" Fund

With the loss of trading income for the Cathedral during the COVID 19 pandemic, the DBF intends to create a fund with a capital amount of £5m which is to remain under the control of the DBF. The income generated from the capital amount, currently invested with CCLA, will be granted on a quarterly basis to the Cathedral each year. It is expected that c£150k will be derived from these investments. This income can be used by the Cathedral on its normal running costs and in return the Cathedral will continue to provide Diocesan services, and work with parishes on the reconciliation ministry strategic objective across the Diocese. These funds can be undesignated, in agreement with the Cathedral, by the DBF in the future.

Bishop's Mission Fund

This fund has been established to support specific mission projects sponsored by the Bishop of Coventry.

Extra Mission and Ministry Support Fund

This fund enables the DBF to give financial support to those providing ministry and mission.

Diocesan Mission Fund

The Diocesan Mission Fund was set up in 2009 and has been replenished to fund applications for mission support from parishes.

Church Fabric Fund

This fund is normally used to make fabric grants to churches.

Church Improvement Fund

This fund is used to make improvement grants to churches for their buildings with the aim of increasing mission effectiveness.

Bishop of Coventry's Link Dioceses Fund

This fund is supported by transfers from the General Fund and relates to the Anglican Diocese of Kaduna and the Syrian Orthodox Diocese of Jerusalem.

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.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

Restricted Funds

Serving Christ Fund

This fund has been set up as a result of a grant awarded in 2017 by the Church Commissioners towards the costs of the Serving Christ project, an extension of the existing diocesan strategy of growing healthy churches. The project aims to increase significantly the capacity for growth in existing and emerging churches across the diocese of Coventry, and also Ebbfleet parishes in other Dioceses, by a focus on discipleship development.

Mission to Lowest Income Communities Fund

This fund is for grants received from the Church Commissioners during the 2017 to 2019 triennium for mission to lowest income communities in the Diocese.

New Church Building Funds

This fund is for monies received from the Stoke Aldemoor PCC for additional works on the new church building.

Church Commissioners' Mission Fund

This fund represents additional funds given to the DBF 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.

Warwick 20s-30s Development Worker Fund

This fund was set up in the year for income from The King Henry VIII Endowed Trust, Warwick to pay for the cost of a 20s and 30s development worker for the parishes of the Warwick Team and Budbrooke.

Offa Capital Projects Fund

The Trustees and Bishop of Coventry have set this fund using the proceeds of the Offa House sale. The capital and income from this fund can be used to fund capital projects that support the spiritual development of the members of the church in the Diocese of Coventry.

Offa Spiritual Refreshment Fund

This fund has been set up using the monies from the sale of Offa House. The capital and income from this fund is available to fund projects for children and or adults which develop their spirituality.

Syrian Orthodox Christian School Funds

The Mar Ephraim School is a Syrian Orthodox school that opened in Bethlehem in 2006. Donations to the main fund go to support the school and the Scholarship Fund is used to provide a bursary for a pupil. These funds were previously managed by Coventry Cathedral and were paid over to the DBF in December 2011.

Companionship Link Funds

These funds are funds raised to fund specific projects for the linked dioceses.

Retreat Grants Fund

This fund was set up with funds donated by the company which managed the former retreat house, for retreat grants for lay people who are not licensed and who are communicant members of the Church of England within the Diocese of Coventry.

The Reverend George Goode Fund

This fund represents money held for training and supporting the ministry of Readers in the Diocese.

Ordination Training Grant Fund

This fund is for the block grant received from the Archbishop's Council for training ordinands sponsored by the Diocese. The block grant is based on the number and age of ordinands sponsored by the Diocese and can only be used to fund training on Initial Ministerial Education Phase 1 pathways at accredited institutions approved by the Ministry Division of the Archbishop's Council.

DC Bonfield Bequest and Ordination Candidates' Fund

These funds enable the DBF to give financial support to those in training for the Ministry. The DC Bonfield Bequest funds came from the estate of Donald Charles Bonfield in 2006 and subsequent years.

Archdeacons' Discretionary Fund and the Queen Victoria Clergy Fund

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

These funds enable the Archdeacons and the Bishop to give discretionary grants to those in Parochial Ministry in need.

Diocesan Stipends Fund Income Account

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 Diocesan Stipends Fund Capital Account, and is charged with expenditure on Clergy stipends and the management and maintenance of Glebe property. The excess of expenditure over income is charged to the General Fund.

Capacity Funding

This fund has been set up as a result of a grant awarded in 2020 from the Church Commissioners to fund the first year of salary for the Programme Manager and the Director of New Worshipping Communities posts which form part of the Growth Strategy of the Diocese.

Deanery Share Support Fund

This fund has been set up as part of the Deanery Share system to assist deaneries that need support to cover the cost of parochial ministry posts with an allocation from the combined parish shares of deaneries that are able to contribute.

Warwick Clergy Stipends & Housing Fund

This fund receives income from The King Henry VIII Endowed Trust, Warwick to pay for stipend and housing costs of clergy in the parishes of the Warwick Team and Budbrooke.

Diocesan Board of Education

This fund consists of the proceeds from the sale of the site bungalow at St Bartholomew's CofE Academy and will be distributed from 2023.

Ministry Hardship/PCC Energy Fund

This fund represents funding received from the Church Commissioners to provide one off hardship grants to clergy & employees on lower income and grants towards PCC to help with the significant increase in energy costs.

Strategic Development Fund

This fund represents funding received from the Church Commissioners to provide six new Mission hubs with new associate ministers and four city church plants in Tile Hill, Bedworth, Wyken and Hillfields.

The following fund is still active but has a zero balance and there has been no activity during the year:

EE Bardsley Bequest

These funds were received in 2005 and 2006 from the estate of the late Mrs Edith Bardsley, widow of the late Bishop Bardsley, for use by the Coventry Diocesan Board of Mission, of which the DBF is the successor. Both capital and income may be used.

Endowment Funds

Parsonage Houses Fund

This fund represents the capitalised value of clergy housing for which the DBF has responsibility for maintenance.

Diocesan Stipends Fund Capital Account

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 DBF.

Coventry Diocesan Endowment Fund

This fund is established to produce income applied for the augmentation of stipends. The assets of the fund are held by the Diocesan Trustees as custodian trustees.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

18. Total Return

	Trust for Investment £000s	Unapplied Total Return £000s	Total £000s
At 1 January 2022			
Gift component of the permanent endowment	14,984	-	14,984
Accumulated inflation since original gift	7,476	-	7,476
Accumulated net transfers brought forward	(162)	-	(162)
Unapplied total return	-	48,067	48,067
	22,298	48,067	70,365
Movements in the year			
Investment return: property income, dividends and interest	-	2,429	2,429
Investment return: realized and unrealized gains and losses	-	(3,963)	(3,963)
Indexation on base value of investment	1,573	(1,573)	-
	1,573	(3,107)	(1,533)
Unapplied total return allocated to income in the year	-	(2,429)	(2,429)
Release of historic unapplied total return	-	(2,111)	(2,111)
	-	(4,540)	(4,540)
Net movements in the year	1,573	(7,647)	(6,074)
At 31 December 2022			
Gift component of the permanent endowment	14,984	-	14,984
Accumulated inflation since original gift	9,049	-	9,049
Accumulated net transfers brought forward	(162)	-	(162)
Unapplied total return	-	40,420	40,420
	23,871	40,420	64,291

Movements in the year reflect the pastoral order made for the creation of the new benefice, The Bridge Benefice, uniting the parishes of Westwood and Canley. This led to the transfer of a parsonage, St Stephen's Vicarage, 47 Glebe Close, Canley from Parsonages to Operational Properties.

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

19. Transfer between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s
Bishop's Initiatives' Fund	7	(7)	-	-	-
Church Improvement Fund	15	(15)	-	-	-
Syrian Orthodox Christian School Fund	6	-	(6)	-	-
Capacity Funding	53	-	(53)	-	-
Offa Capital Projects Fund	33	-	(33)	-	-
Mission to Lowest Income Communities Fund	300	-	(300)	-	-
Pension deficit contributions paid in year	2	-	-	(2)	-
Serving Christ project	(63)	-	63	-	-
Hardship Fund	(83)	-	83	-	-
Diocesan Mission Fund	(21)	21	-	-	-
LINC DMF Fund	(36)	-	36	-	-
LINC Growth Strategy	(300)	-	300	-	-
Cathedral "Endowment" Fund	(500)	500	-	-	-
Diocesan Stipends Fund Income Account	1,412	-	(1,412)	-	-
	825	499	(1,322)	(2)	-

20. Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2022 Total £000s
Funds at 31 December 2022 are represented by:					
Tangible fixed assets	53	12,044	-	7,147	19,244
Fixed asset investments	2,156	112	1,229	65,328	68,825
Net current assets	(549)	4,859	3,357	(1,640)	6,027
Total net assets	1,656	17,015	4,586	70,835	94,096

21. Related party transactions

The Coventry Diocesan Board of Education ("the DBE") is a related party as it is responsible to Diocesan Synod, the members of which are also the members of the DBF. The DBF provided the DBE with grants of £187,000 (2021: £159,000) in the year towards the costs of the DBE's statutory obligations and, in 2021, the costs of academisation and the costs of potential new schools development (see note 7).

The Coventry Diocesan Trustees (Registered) ("the CDT") is a related party as it is the custodian trustee of the Coventry Diocesan Endowment Fund and a residential property. Income received from the Diocesan Trustees during the year for the Diocesan Stipends Fund Income Account was:

Coventry Diocesan Endowment Fund	£16,959 (2021: £21,987)
Residential property	£2,831 (2021: £4,031)

Costs incurred by the DBF on behalf of the Diocesan Trustees were £25,350 (2021: £33,860). These costs were for secretarial support, land registrations and audit fees.

Together for Change (TFC) is a partner charity supported by the DBF and the Church Urban Fund. Costs incurred by the DBF as part of this partnership include the supply of a Chief Executive Officer, office and IT provision, and finance and HR services. A grant of £30,000 was awarded in the year (2021: £30,000).

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

22. Prior year Statement of Financial Activities

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s
Income and endowments from:					
Donations					
Parish Share	4,688	-	299	-	4,987
Church Commissioners	162	-	667	-	829
Other grants and donations	124	-	309	-	433
Charges for charitable activities	351	-	3	-	354
Other trading activities	574	-	-	-	574
Investments					
Investments income	67	-	44	2,136	2,247
Total return allocated to income	-	-	2,136	(2,136)	-
Release of historic return	-	-	1,511	(1,511)	-
Total	5,966	-	4,969	(1,511)	9,424
Expenditure on:					
Raising funds	234	-	-	246	480
Charitable activities					
Mission and ministry	2,347	-	3,705	-	6,052
Support for mission and ministry	2,231	26	296	-	2,553
Contributions to Archbishop's Council	467	-	-	-	467
Diocesan Board of Education	187	-	-	-	187
Other	-	-	-	1	6
Total	5,466	26	4,001	247	9,740
Net income before investment gains	500	(26)	968	(1,758)	(316)
Net gains on investments:					
Net gains/(losses) on revaluation	307	16	176	5,150	5,649
Surplus on sale of investments	-	-	-	138	138
Net income/(expenditure)	807	(10)	1,144	3,530	5,471
Transfers between funds	(408)	480	(275)	203	-
Other recognised gains/(losses):					
Actuarial gains on defined benefit pension scheme	-	-	-	(6)	(6)
Net movement in funds	399	470	868	3,728	5,465
Reconciliation of funds					
Funds at 1 January	1,628	15,624	3,336	73,286	93,874
Net movement in funds	399	470	869	3,727	5,465
Funds at 31 December	2,027	16,094	4,205	77,013	99,339

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

23. Prior year Statement of Funds

	At 1 Jan 2021 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 December 2021 £000s
GENERAL FUND	1,628	5,966	(5,466)	(408)	307	2,027
DESIGNATED FUNDS						
Operational Properties Fund	11,143	-	-	-	-	11,143
Cathedral "Endowment" Fund	4,000	-	-	500	-	4,500
Bishop's Mission Fund	34	-	(3)	-	-	31
Extra Mission & Ministry Support Fund	106	-	-	-	-	106
Diocesan Mission Fund	53	-	-	(18)	-	35
Church Fabric Fund	71	-	(17)	-	-	54
Church Improvement Fund	77	-	(5)	(32)	-	40
Bishop of Coventry's Link Dioceses Fund	5	-	-	-	-	5
Lambeth Conference Fund	20	-	-	-	-	20
Special Projects 2020	(9)	-	-	29	-	20
Clergy Holidays Fund	125	-	-	-	16	140
Total designated funds	15,625	-	(25)	480	16	16,094
Total unrestricted funds	17,253	5,966	(5,491)	72	323	18,121
RESTRICTED FUNDS						
Pastoral Fund	3	3	(25)	19	-	-
Acceler8 Grants Fund	65	(10)	-	(55)	-	-
Serving Christ Fund	1,064	-	-	(182)	-	882
Mission to Lowest Income Communities Fund	251	398	-	(66)	-	583
Church Commissioners' Mission Fund	5	-	-	(3)	-	2
LINC DMF Fund	(8)	-	(7)	14	-	(1)
LINC NCD Fund	13	-	-	-	-	13
LINC CGDA Fund	17	-	(3)	-	-	14
LINC Stipends Fund	58	-	-	(54)	-	4
LINC Growth Strategy	-	-	-	300	-	300
Places of Peace Fund	7	-	-	-	-	7
Offa Capital Projects Fund	283	-	-	-	-	283
Offa Spiritual Renewal Fund	1,224	43	-	-	168	1,435
Syrian Orthodox Christian School Fund	11	8	(8)	-	-	11
SOCS Scholarship Fund	2	-	(1)	-	-	1
Companionship Link Funds	2	-	-	-	-	2
Retreat Grants Fund	20	-	(2)	-	-	18
The Reverend George Goode Fund	15	-	-	-	-	15
Ordination Training Grant Fund	(17)	285	(251)	-	-	17
DC Bonfield Bequest	58	-	-	-	-	58
Archdeacons' Discretionary Fund	46	1	-	-	7	53
Queen Victoria Clergy Fund	2	3	-	-	-	5
EE Bardsley Bequest	-	-	-	-	-	-
Diocesan Stipends Fund Income Account	-	-	(3,115)	3,446	-	331
Capacity Fund	215	-	-	(45)	-	170
Deanery Share Support Fund	-	299	(299)	-	-	0
Warwick Clergy Stipends & Housing Fund	-	291	(291)	-	-	1
Total restricted funds	3,336	1,322	(4,001)	3,374	175	4,205

COVENTRY DIOCESAN BOARD OF FINANCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 December 2022

23. Prior year Statement of Funds - continued

	At 1 Jan 2021 £000s	Income £000s	Expenditure £000s	Transfers £000s	Gains and (losses) £000s	At 31 December 2021 £000s
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses Fund	6,218	-	-	-	-	6,218
<i>Permanent:</i>						
Diocesan Stipends Fund Capital Account	66,654	2,136	(245)	(3,647)	5,234	70,132
Church of England Funded Pension Fund	(397)	-	1	201	(6)	(201)
Coventry Diocesan Endowment Fund	811	-	-	-	54	865
Total endowment funds	73,286	2,136	(244)	(3,446)	5,282	77,014
TOTAL FUNDS	93,873	9,422	(9,735)	-	5,780	99,339

24. Prior year Analysis of net assets between funds

	General Fund £000s	Designated funds £000s	Restricted funds £000s	Endowment funds £000s	2021 Total £000s
Funds at 31 December 2021 are represented by:					
Tangible fixed assets	-	11,141	-	7,147	18,288
Fixed asset investments	2,441	132	1,390	72,388	76,351
Net current assets	(414)	4,824	2,869	(2,522)	4,758
Creditors falling due after more than one year	-	(3)	(55)	-	(58)
Total net assets	2,027	16,094	4,204	77,013	99,339