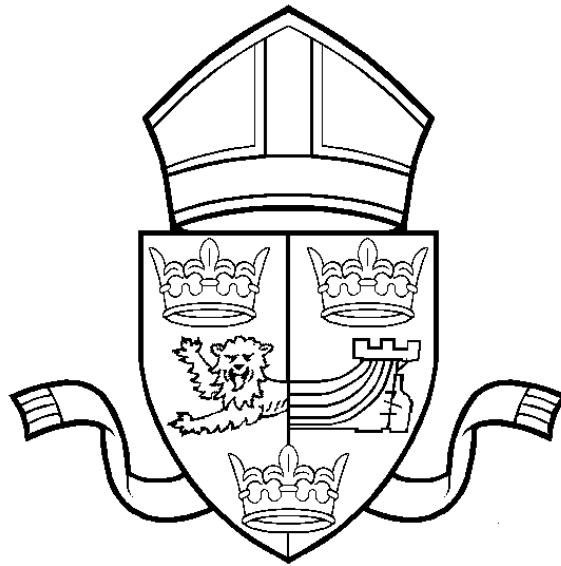


# **The St Edmundsbury and Ipswich Diocesan Board of Finance**



## **2011 Report and Financial Statements**

Company Limited by Guarantee

Registration No 143034

Charity Registration No 248919

# THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

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# THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

## THE TRUSTEES' AND DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011.

This report refers to the Diocese of St Edmundsbury & Ipswich except for parts of section 8 and is set out as follows:

1. Directors, Trustees and Administration
2. Chairman's Statement
3. Objectives
4. Activities, Benefits and Achievements
5. Financial Review
6. Future Developments
7. Auditors
8. Structure, Governance and Management

### 1. DIRECTORS, TRUSTEES and ADMINISTRATION

The name of the charity is the St Edmundsbury and Ipswich Diocesan Board of Finance and its registered office is the Diocesan Office, St Nicholas Centre, 4 Cutler Street, Ipswich IP1 1UQ. Telephone 01473 298500, website [www.stedmundsbury.anglican.org](http://www.stedmundsbury.anglican.org).

The charitable company is limited by guarantee and registered under the Companies Act 1985 Company No 143034. It is governed by the Memorandum and Articles of Association and set up under the provisions of the Diocesan Boards of Finance Measure 1924. It is a Registered Charity, Charity No 248919 and it is subject to both Company Law and Charity Law.

In accordance with the Companies Act 2006, the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005), and in accordance with the governance structures (section 8), the trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and as at the date of signing were as follows:

**President (ex officio):** The Rt Revd W N Stock, Lord Bishop of St Edmundsbury and Ipswich

**Chairman (Co opted):** Mr G F Woodward, Chairman of the Finance Committee

Ex officio: The Ven Dr J M Hunt Archdeacon of Suffolk

Ex officio: The Ven Dr D H Jenkins Archdeacon of Sudbury

Ex officio: The Revd Canon I D J Morgan Chairman of the House of Clergy

Ex officio: Canon B R Rowe Chairman of the House of Laity

Ex officio: The Very Revd Dr Frances Ward Dean of St Edmundsbury

Ex officio: Rt Revd C Young Member of the House of Bishops

Elected: Canon T E Allen Diocesan Advisory Committee

Elected: Mr G McGregor House of Laity

Elected: Mr G A P Leigh-Pollitt House of Laity

Elected: Mr J Barker House of Laity

Elected: Mr D J Lamming House of Laity

Elected: The Rev J T Olanczuk House of Clergy

Elected: The Rev Canon G Owen Diocesan Board of Education (appointed 01.03.2011)

Elected: The Rev A J Redman House of Clergy

Elected: Prof Canon L D Smith House of Laity

Elected: Canon P R Smith House of Laity

Elected: Mr C J E Spicer House of Laity

Elected: The Rev M J A Tillett House of Clergy

Elected: Mr J R Woods House of Laity

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

### **Diocesan and Company Secretary and Chief Executive**

Mr Nicholas P Edgell, MCIQB, FFB, MIOC, MiconstM, FIGS, MASI

### **Company Advisers**

Auditors: Ensors, Chartered Accountants, Cardinal House, 46 St Nicholas Street, Ipswich. IP1 1TT

Bank: The Royal Bank of Scotland plc, 8-10 Princes Street, Ipswich, IP1 8QT

Diocesan Registrar: Mr J S Hall, MA, 20/32 Museum Street, Ipswich, IP1 1HZ

Insurers: Ecclesiastical Insurance Group, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

Investment Advisers: CCLA Investment Management Limited, 80 Cheapside, London, EC2V 6DZ

### **Diocesan Administration Team**

Deputy Diocesan Secretary: Nicola Andrews LLB

Human Resources Adviser: Brenda Cowley MA MCIPD

Diocesan Advisory Committee and Pastoral Committee Secretary: James Halsall

Assistant Diocesan Secretary: Revd Canon Graham Hedger BA

Assistant Diocesan Secretary: Gavin Stone BA(Hons), PGDM

Parish Resources Adviser: Revd Canon Fr Jim Pendorf BA (Phil) magna cum laude, STB cum laude

Diocesan Accountant: Katy Reade BSc(Hons), ACA

# THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

## 2. CHAIRMAN'S STATEMENT

These statements centre on the financial impact of sustaining the current structures and the work of the Church of England in this diocese. The success of the Board of Finance in being able to fund that work in 2011 and into the future can be seen and explored through the pages of this document. The reader is able to see the tremendous commitment of faithful churchgoers and supporters, the inheritance of those that journeyed before us and the future work to which God calls us. In 2011 all the work budgeted for by Synod was funded, all the bills were paid and all the doors of our churches and other places of work and worship remain open – success!! Having said that, we failed to fund that work in a sustainable way. Group income of £8M and expenditure of £9.5M resulted in a deficit for the year of £1.5M requiring us, again, to depend upon our inherited wealth. We continue to use the proceeds from the sale of assets to fund everyday running costs which cannot be allowed to continue. Not only should we be self-sustaining we should also be investing to ensure we maintain that which we have to support future work.

The £1.5M deficit is considerably larger than the 2010 deficit of £500,000. Taking out the profits and losses on sales of assets, and the payment into the staff pension fund to meet an historic deficit, the two years (2010 and 2011) returned almost identical deficits of just over £800,000. These result from a budgeted deficit plus the shortfall in parish share. We could construe this as good news – things have not got worse despite the gloomy economic environment – however it means we are still some distance from balancing our budget.

We have sufficient reserves in the unrestricted fund to continue on our present course in the medium term, but the trustees (members of the Bishop's Council) are not being complacent and we continue to work towards both reducing costs and increasing income. Whether we can continue in the long term will depend on the success initially of the important review of expenditure, then in the longer term on the equally important results of the Bishop's Giving Group and the "Love so Amazing" initiative that will be launched in the autumn of 2012. This group is not looking at giving from a view of paying for what you get or need, but giving because it is what we as Christians are called to do, to give out of the bounty that God has given us and to give sacrificially as witnesses to Christ. Many church members already give generously out of their incomes but we cannot ignore the fact that average giving across the diocese remains well below the national average, suggesting that there is still in many the potential to meet our financial needs - and more.

In addition to these initiatives, our parish share system, which is currently creaking under the increasing amount of share requested, will be reviewed in 2012 to help ensure that as many views as possible are reflected in how to share the costs of funding parochial ministry and the mission of the church across the diocese.

As a first step towards reducing the deficit, Synod set a considerably reduced budget for 2012. The bulk of the anticipated savings will arise from staff retirement or departures, but this reduction does not fully address the deficit between income needed and share requested, 2012 is therefore likely to see another large operating loss, which can only be funded by the sale of redundant clergy houses. Further spending reductions are needed and as the majority of our costs relate to staff – both clergy and lay, these changes will be neither easy nor painless. Alongside these difficulties however, will be the opportunity for us all to work together to pass on to those who follow us a Church in sound financial health, enabling its Mission and Ministry to the people of Suffolk to be maintained and indeed enhanced. The final words of the hymn "When I Survey the Wondrous Cross" from which the "Love so Amazing" giving initiative title is taken are "Love so amazing, so divine, demands my soul, my life, my all". May it be so for each one of us.

Mr George Woodward  
Chairman of the St Edmundsbury & Ipswich Diocesan Board of Finance

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### 3. OBJECTIVES

The objects of the Board of Finance are to promote and assist the work and purposes of the Church of England in the Diocese of St Edmundsbury and Ipswich and in particular to organise and provide funds in support of the work of the Church and for the following essential areas of the Church's work:

- i) Training for and maintenance of the ministry, both stipendiary and non stipendiary, including the provision of pensions for stipended ministers.
- ii) Securing sites for and providing for the building, alteration, improvement and repair of church buildings, mission rooms, church halls, parsonage houses, hostels, clergy houses and other buildings to be used in connection with any objects of the Board.
- iii) Religious education in all its branches, including the acquisition of buildings, equipping, improving and repairing Church of England schools and colleges.
- iv) Provision of expenses of Diocesan and central organisation.

The church's objects can, if approved by Diocesan Synod and sanctioned by the Bishop, be carried out beyond the Diocesan borders.

### 4. ACTIVITIES, BENEFITS and ACHIEVEMENTS

#### Public Benefit

The directors are aware of the Charity Commission's guidance on public benefit and, in particular, the supplementary guidance for charities whose aims include advancing religion and have regard to that guidance in their administration of the charity.

The directors believe that, by promoting the work of the Church of England in the Diocese of St Edmundsbury & Ipswich, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- 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; and
- 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.

#### Activities and Achievements

##### **i) Training for, and maintenance of the ministry, both stipendiary (paid) and non stipendiary (unpaid), including the provision of pensions for stipended ministers.**

The Board contributes to the central training costs of stipendiary clergy, supports individuals with families while training and provides parish placements for curates including their housing, stipend and pension.

In addition the Board runs a training scheme for local ministers, readers and lay elders, as well as providing ongoing training for all licensed ministers. When stipendiary ministers are deployed to benefices, the Board meets the costs of their stipend, pension and housing.

Parishes are asked to make a contribution on a voluntary basis through the Parish Share, to the costs of ministry incurred by the Board.

In 2011 the Board funded the full time equivalent of 121.1 stipendiary clergy in benefice and mission posts, and 16.6 curates.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

	<b>2011 Actual Full Time Equivalents</b>	<b>2010 Actual Full Time Equivalents</b>
Stipendiary parochial clergy	121.1	119.0
Curates	16.6	17.4
House for Duty	1.0	2.0
Administrative staff in lieu of clergy	1.4	1.4
	140.1	139.8
Total parochial stipends & pensions	£4,564,000	£4,483,000

### **ii) Securing sites for and providing for the building, alteration, improvement and repair of church buildings, mission rooms, parsonage houses, hostels and other buildings to be used in connection with any objects of the Board.**

The costs of maintenance, repair and improvement of church buildings are borne by the individual parishes concerned, but they are supported in the care of their churches through the Diocesan Advisory Committee. This group provides advice and processes applications for faculties in respect of the alteration and improvement of church buildings.

The Board manages a large number of houses to enable the maintenance of parochial ministry. These are principally glebe and parsonage properties.

	<b>2011</b>	<b>2010</b>
Number of glebe and parsonage properties	163	168
Costs of maintenance and improvements	£565,000	£553,000
Average expenditure per property	£3,466	£3,290

### **iii) Religious education in all its branches, including the acquisition of buildings, equipping, improving and repairing Church of England schools and colleges.**

The Board of Education engages with Church of England schools in the diocese, to help them with religious education, admissions, staff and governor appointments. In addition the Board assists in the management of capital projects as schools look to repair, maintain and improve their facilities. The number and value of the projects assisted with (but not financed) in 2011 are detailed below.

In addition to work in schools, the Board of Finance provides for Youth and Children's officers, to engage in local and diocesan wide initiatives.

Much of the Board of Education funding is generated from investment income arising from the investment of closed school proceeds, with the funding for other initiatives found from Parish Share.

	<b>2011</b>	<b>2010</b>
Number of projects	56	63
Project expenditure in the year	£2,270,000	£1,449,000

### **iv) Provision of expenses of Diocesan and central organisation.**

The Diocese is a complex organisation. Episcopally led by the Diocesan Bishop, the policies are decided by a hierarchical structure from Parochial Church Councils, through Deaneries to Diocesan Synod.

Beyond this structure are the working and advisory committees including the Bishop's Council, Mission and Pastoral Committees, the Property Committee, the Finance Committee, Agenda Planning Group, Board of Education, Diocesan Advisory Committee and other ad hoc groups as needed.

All these committees require administrative support, and together with the costs of legal advisers, these items make up the governance and support costs of the organisation (see notes 13 & 16 to the accounts).

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

The funding for these costs falls on the parishes through the voluntary parish share, and it is part of the Board's responsibilities to recommend the total expenditure required for the year to come, and how much of that expenditure is to be met through parish share.

Despite the continuing poor economic climate, the share received in 2011 was £150,000 more than in 2010. This was however, £430,000 less than requested, and represents a continuation of significant under-receipt of share, with the consequent continuing use of capital receipts to fund operating shortfalls.

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Parish share requested	6,742	6,610
Parish share received	6,312	6,162
Percentage received as a total of share requested	93.6%	93.2%

### Statutory activities

St Edmundsbury and Ipswich Diocesan Board of Finance has responsibility for the management of glebe property and investments, to generate income to support the cost of stipends. The Board of Finance is also the Diocesan Authority for the parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.

The trustees are custodian trustees in relation to PCC property and for trust investment assets with a market value at 31 December 2011 of £2.8m (2010 £2.9m). The investments are held on behalf of Parochial Church Councils and Vicars and Churchwardens, for trusts which benefit the parishes and so fall within the objects of the charity. Each parochial church council is a separate charity. The assets are held separately from those of the Board.

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

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 10 to the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of St Edmundsbury and Ipswich Diocesan Board of Finance's objects. (See note 15 to the financial statements).

## 5. FINANCIAL REVIEW

### Group – Overall financial position

The following table summarises the group's total income and expenditure:

	<b>2011</b>	<b>2010</b>	<b>Increase/ (decrease)</b>	<b>%</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>change</b>
<b>Income</b>				
Parish share	6,312	6,162	150	2.4
Investment income	480	475	5	1.1
Other income	1,193	1,474	(281)	(19.1)
	<b>7,985</b>	<b>8,111</b>	(126)	(1.55)
<b>Expenditure</b>				
Parochial stipends & pensions	4,564	4,483	81	1.8
Other expenditure	4,966	4,146	820	19.8
	<b>9,530</b>	<b>8,629</b>	901	10.4
<b>Outgoing resources before other recognised gains and losses</b>	(1,545)	(518)	(1,027)	
<b>Other recognised gains and losses</b>	(1,358)	1,395	(2,793)	
Net movement in funds	(2,903)	877	(3,780)	



## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

**Income** fell by £126,000 despite the £150,000 increase in parish share receipts. This was principally due to the drop in profits on disposal of properties of £194,000

**Expenditure** increased by £901,000 from 2010. The major contributor to this was the exceptional payment of £420,000 in respect of the lay workers pension deficit. There were also additional losses on disposal of assets of £283,000 and an additional £81,000 was spent on clergy stipends and pensions compared to 2010.

The significantly greater increase in expenditure compared to income for 2011 resulted in **outgoing resources** for the year before other recognised gains and losses, increasing to £1,545,000, £1,027,000 more than the 2010 net outgoing resources of £518,000. ).

**Other recognised gains and losses** fell £2,793,000 from a gain in 2010 of £1,395,000 to a loss of £1,358,000 in 2011. The losses on disposals of property during the year led to a prudent view being taken of the property valuations in what continues to be a challenging property market. This resulted in a property write down of £1,208,000 compared to an increase in value of property in 2010 of £488,000. Investment disposals and revaluations fell by £1,057,000 compared to 2010.

The resulting **net movement in funds** was a fall of £2,903,000 (2010 increase £877,000), decreasing the group's net assets to £78 million.

There was an overall net cash (including current asset investments) inflow during the year of £563,000. The negative operating outflows (including investment income) of £940,000 were compensated for by £1,503,000 generated from the net sales of assets.

After making enquiries the trustees are satisfied that St Edmundsbury and Ipswich Diocesan Board of Finance has adequate resources to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

### Unrestricted Funds

The first column of the statement of financial activities (SoFA) on page 21 encompasses the unrestricted funds of the Board of Finance.

The overall result for the year was a net decrease in funds of £890,000 (2010 decrease £398,000). This decrease is after taking into account transfers in from other funds of £380,000 (2010 £70,000), and negative revaluations of £179,000 (2010 positive £104,000). The result of the unrestricted fund before these adjustments was a deficit of £1,091,000 (2010 deficit £572,000).

The deficit before transfers of £1,091,000 was due to the shortfall in parish share receipts of £430,000 (2010 £448,000), the exceptional payment of £420,000 in respect of the lay pension scheme deficit, the £426,000 budgeted deficit and the £162,000 loss on sale of assets. Additional income and under expenditure in several areas reduced the deficit by £347,000.

The trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have in its unrestricted fund on an ongoing basis. Reserves are needed to ensure the substantial running costs of the Diocese are met on a timely and regular basis and to cover unforeseen or unplanned events. The Board of Finance is reliant on donations from parishes for income. These donations are not all received in regular equal instalments across the year, with some parishes paying in arrears. This fact, coupled with the risk of external economic factors on the communities' ability to pay in any one year, and the ongoing and significant shortfalls in share received compared to that required, means that the Board considers it prudent to retain sufficient funds in liquid form to meet at least six weeks' worth of budgeted costs - £925,000. At 31<sup>st</sup> December 2011 the Board held unrestricted liquid assets of £1,153,000 (2010 £1,168,000). Although these funds are in excess of £925,000, with income continuing to fall significantly short of target, and in the light of the review of strategy and structures, the additional funds are not considered excessive.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Appendix I to the accounts details the budget out-turn for the unrestricted fund before the netting off of income and expenditure relating to other funds and before the inclusion of Churchgates 2000 Limited.

### Restricted Funds

Restricted Funds are made up of a number of funds with different legal restrictions (see note 24). The principal funds are the Diocesan Pastoral Account (DPA), the Schools Income Fund and a collection of trusts for which the Board is not just custodian trustee, but is also responsible for managing the investments and in some cases directing the income. The restricted fund column as shown in the SoFA on page 21 is made up of these funds as follows:

	<b>DPA</b>	<b>Schools</b>	<b>Trusts</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total incoming resources	8	187	183	378	311
Total resources expended	209	337	155	701	582
Net (outgoing)/incoming resources before transfers	(201)	(150)	28	(323)	(271)
Transfers	(133)	67	(16)	(82)	613
Net (outgoing)/incoming resources before revaluations	(334)	(83)	12	(405)	342
Revaluations	-	-	(6)	(6)	8
Net movement in funds	(334)	(83)	6	(411)	350

Incoming resources were up by £67,000 to £378,000 with several areas receiving additional income for specific areas of works. Restricted expenditure increased by £119,000. This includes a £75,000 prudent provision against a long term Schools Fund debtor.

The main transfer was £150,000 out of the Diocesan Pastoral Account in respect of property expenditure in excess of benefice sale proceeds.

The level of income of the Diocesan Pastoral Fund fluctuates depending on the disposal of benefice properties, which have not been transferred to other funds under pastoral schemes. Funds from this account are primarily used for parsonage building and improvement. Due to the nature of this fund the trustees have not established a level of reserves that ought to be maintained. At 31 December 2011 free reserves (net of long term debtors) were £1.03m (group and company), (2010 £1.37m).

The Schools Fund budgets and reserves are set on a rolling three year basis during which time the level of reserves will vary. A large variation of cash flow means that the level of reserves required also shows large fluctuations.

Income generated from trusts and received for specific projects is spent on those projects or purposes as soon as required. Where there is no requirement for future funding above the levels of future income all reserves are spent where there is the opportunity to do so.

### Endowments

The endowment funds are constituted by several legally defined funds as described more fully in note 24 to the accounts. Their results for the year as reported in aggregate by the group SoFA on page 21 were as follows:

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

	Parsonages £000	DSF Capital £000	Schools £000	Trusts £000	2011 £000	2010 £000
Total incoming resources	8	-	-	-	8	201
Total resources expended	(11)	(128)	-	-	(139)	124
Net (outgoing)/incoming resources before transfers	(3)	(128)	-	-	(131)	325
Transfers	(360)	62	-	-	(298)	(683)
Net outgoing resources before revaluations	(363)	(66)	-	-	(429)	(358)
Revaluations & investment disposals	(754)	(236)	(66)	(117)	(1173)	1,283
Net movement in funds	(1,117)	(302)	(66)	(117)	(1,602)	925

The expenditure of £139,000 relates to the losses on disposal of properties as detailed in note 19. Transfers are in respect of property sales, purchases, improvements and transfers of ownership.

Investment and property values fell by £1.238m over the year compared to the £1.051m increase in 2010. There was a surplus on disposal of Glebe lands of £65,000.

### Churchgates 2000 Limited

Churchgates 2000 Limited is the wholly owned trading subsidiary of the charity. The Diocesan Board of Finance owns 100% of the £3,400,000 ordinary share capital. The Stipends Capital Fund (Appendix III) is the fund into which all the assets and liabilities of Churchgates 2000 Limited are consolidated. All income generated by the Stipends Capital Fund is credited to the Board's unrestricted fund. This includes the income from Churchgates 2000 Limited.

The results and balance sheet for the company are shown in note 20 to the accounts.

In 2011 the subsidiary generated a profit of £56,000, (2010 profit £38,000) from a turnover of £276,000 (2010 £284,000). In 2011 the property valuations remained at their written down level, however the charity directors are of the opinion, that the value in use of the St Nicholas Centre and office complex is considerably greater than its market value as shown in the accounts.

Of the two properties owned by Churchgates 2000 Limited, one comprises the diocesan office and the St Nicholas Centre – primarily a diocesan meeting space, cafe and home for Synod, the other – 11 St Nicholas Street, is held purely for investment purposes. As with other investments the primary aim of this second property is to ensure long term income. The property is subject to a long term lease, currently returning £48,000pa. In addition to the rental income and despite the current adverse market conditions, it is expected that the property will be disposed of at a profit at an appropriate point in a future business cycle. The property is held as a long term investment.

	2011 £000	2010 £000
11 St Nicholas Street – valuation at 31 December	800	800
Income	48	54

### Investments

The Diocesan Board of Finance holds investments to generate income, to help ensure the continuity of its charitable objectives. The majority of the investment funds are held in the Diocesan Stipends Capital Fund. Investments are at the discretion of the Directors, however, they draw upon the Trustee Act 2000 to ensure best practice and compatibility across all the Board's investment decisions and operate within the Board's agreed investment policies. The Board has adopted in its investment policy the Statement of Ethical Investment Policy produced by the Church of England's Ethical Advisory Group. This policy is also supported and participated in by CCLA, where the majority of funds are invested. This policy seeks to invest in companies that can demonstrate responsible

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

employment and best corporate governance practices, are conscientious with regard to environmental performance and human rights, and act with sensitivity to the communities in which they operate.

Investments comprise some 9.3% by value of the balance sheet. The group investment holdings are shown in the table below.

	<b>Valuation</b>	<b>Valuation</b>	<b>Net</b>	<b>Net</b>
	<b>2011</b>	<b>2010</b>	<b>income</b>	<b>income</b>
	<b>£000</b>	<b>£000</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
CBF Investment Fund	4,934	5,225	222	218
CBF Property Fund	1,038	1,041	82	79
Glebe Land	1,206	1,150	32	33
Other	40	41	1	1
<b>Total</b>	<b>7,218</b>	<b>7,457</b>	<b>337</b>	<b>331</b>

Quoted investments held at 31 December 2011 were valued at £6.0m (2010 £6.3m). The composite index used to assess the performance of the investments is structured to reflect the structure of the fund and its long-term objectives. Despite a challenging environment the income payment to investors was increased slightly for the year, and over a year of volatile quarterly movements the Fund has performed in line with the comparator index.

	<b>Total</b>
	<b>Return 12</b>
	<b>months %</b>
CBF Investment Funds	-0.9%
Composite: FTSE All-Share 60%, FTSE World ex UK 20%, IPD All Properties 10% & FTSE UK Government All Stocks 10%.	-0.8%
CBF Property Funds	6.8%
IPD Balanced Property Unit Trust Index	6.7%

### Land

Investment in glebe land was valued in the financial statements at £1.21m as at 31 December 2011 (2010 £1.15m). The net rent received for 2011 was £32,000 (2010 £33,000). Property is managed by Messrs Clarke and Simpson, Chartered Surveyors, as professional managing agents. They report on a regular basis to the Property Committee which provides oversight and sets policies. All parcels of land are kept under regular review to ensure the most appropriate action can be taken to maximise the Board's return in respect of each piece.

## 6. FUTURE DEVELOPMENTS

The main objective of the Board remains the delivery of parochial ministry across the whole diocese. The traditional model for this has been the deployment of stipended clergy to benefices, ably assisted by self supporting and lay ministers, whose work load has steadily increased as the numbers of stipendiary clergy available nationally have steadily decreased.

Although parish share receipts have increased year on year, the amount needed has also increased resulting in larger share shortfalls. These shortfalls are met primarily from the sales proceeds of properties no longer required as parishes reorganise in the light of falling stipendiary minister numbers.

To address the shortfall in income, work continues to review and improve the allocation system for parish share, and initiatives are being undertaken to assist parishes with stewardship. These measures

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

alone will not significantly reduce the increasing deficits in the medium term. To tackle these deficits, a group has been established to review all areas of the Board's expenditure. A first round of expenditure reductions has been introduced for 2012, but the group will be producing further cost saving recommendations for 2013 with a view to bringing the diocesan budget back into balance, and so help secure a stable financial environment for the provision of the Church's mission into the future.

### **7. AUDITORS**

A resolution to reappoint Ensors as auditors to the company and to authorise the trustees to fix their remuneration will be proposed at the Annual General Meeting.

### **8. STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Structure**

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

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

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

The Church of England is episcopally-led. There are 108 bishops (including Diocesan Bishops, Honorary Assistant and Suffragan Bishops). The Church is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, Clergy and Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the church.

#### **The three National Church Institutions (NCI)**

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

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

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

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

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

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

### **The Cathedral**

The cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, Abbey House, Angel Hill, Bury St Edmunds IP33 1LS.

The information about General Synod, the Church Commissioners, the Archbishops' Council and Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements, excepting only that money flows both to and from the Board, the cathedral and the NCIs.

### **The Diocese**

The Diocese of St Edmundsbury & Ipswich was created in 1914 and broadly took its present form in 1924. It is arranged as three archdeaconries, Ipswich covering the South Eastern part with 7 deaneries, Suffolk the North Eastern part with 6 deaneries and Sudbury the Western part with 6 deaneries. In total there are some 443 parishes. The three archdeaconries are overseen by two archdeacons, one for Suffolk and one for Sudbury, with the Ipswich deaneries being shared between them.

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

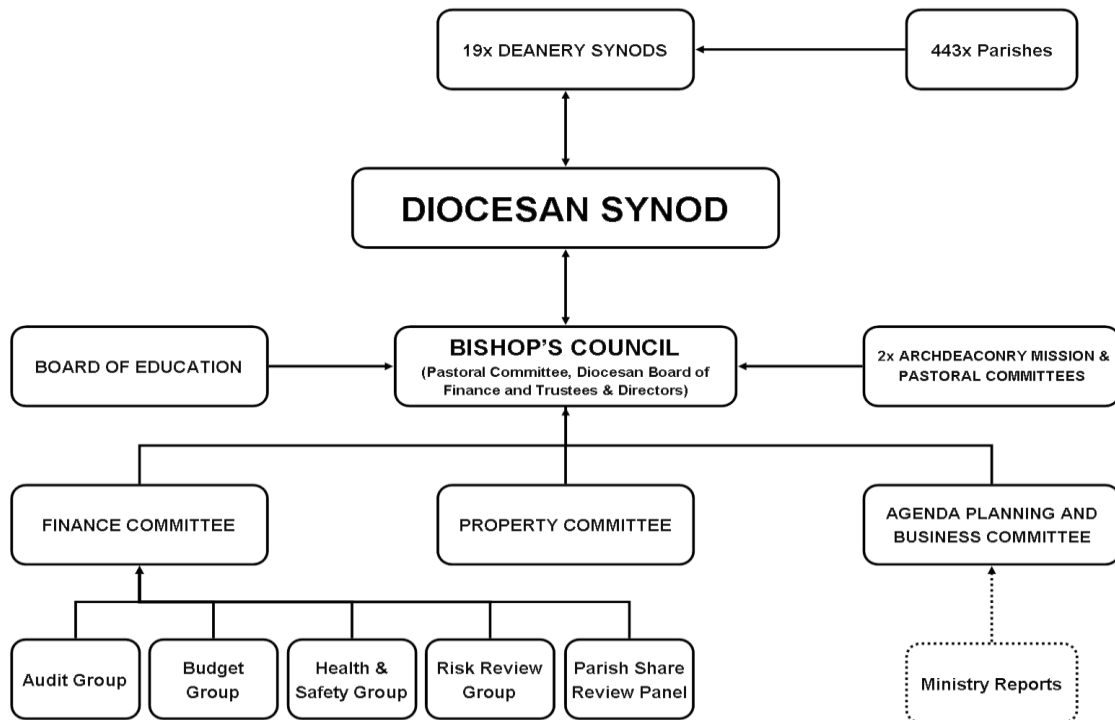
A parish or group of parishes form a benefice, served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house, managed and maintained by the Board, for carrying out spiritual and pastoral duties.

## **Governance**

The Bishop's Council brings together policy-making and financial management, and also satisfies the requirements of Dioceses, Pastoral and Mission Measure 2007. The body has three legal identities, Bishop's Council and Standing Committee, the Diocesan Board of Finance and the Diocesan Mission and Pastoral Committee. All three have the same membership and meet at the same time and place. The members are accountable as both charity trustees and company directors. This consolidation brings together policy and money, so that those whose task is making policy understand the financial implications of that policy – and therefore whether that policy is financially viable, and secondly so that those whose task is funding policy are presented with achievable levels of funding to find.

The simplified diagram below shows the committee structure. There are other committees, groups, reference groups and working groups some of which are set up under ecclesiastical legislation such as the Diocesan Advisory Committee which are not included below.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE



*Committee and Organisational Structures*

### Diocesan Synod

The statutory governing body in the Diocese is the Diocesan Synod, which is an elected body with representation from all parts of the diocese and is directed by Standing Orders and the Church Representation Rules. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the Houses of Clergy in Deanery Synods, lay persons elected by the Houses of Laity in Deanery Synods, up to five persons who may be co-opted by the House of Clergy or the House of Laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod usually meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council. Its role is to:

- Consider matters affecting the Church of England in the diocese
- Act as a forum for debate of Christian opinion on matters of religious or public interest
- Advise the bishop where requested
- Deal with matters referred by General Synod
- Approve and provide the arrangements for the financing of the diocese

### Deanery Synod

Deanery Synod has two Houses, Laity and Clergy, and its role is to:

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

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

### **Parochial Church Council (PCC)**

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently excepted from registration with the Charity Commission, subject to the Charities Act 2011 under which those above £100,000 gross income for the year were required to register from February 2009. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

### **The Bishop's Council**

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

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

In its capacity as the Board of Finance the Bishop's Council members are responsible for finding the funding for the work of the Diocese.

The Bishop's Council members are also the directors and trustees of the Diocesan Board of Finance, whose responsibilities include:

- Management of the funds and property of the Diocese
- Preparation of annual estimates of expenditure
- Advising on action needed to raise the income necessary to finance expenditure
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it
- Carrying out any other functions delegated by Diocesan Synod

The Board of Trustees has delegated responsibility for their day to day management of the company to the Diocesan Secretary and Chief Executive Officer who is supported by a small team working out of the Diocesan Office.

### **Other Major Operating Committees of the Bishops' Council**

- The Property Committee - manages the housing of the clergy and deals with the maintenance of glebe houses and land.
- The Finance Committee – oversees the accounts and audit process, prepares management accounts, manages the assets and investments, oversees the budget preparation, makes recommendations regarding stipends, salaries and conditions and receives reports from the Parish Share Review Panel.
- The Risk Review Group
- The Budget Review Group
- The Parish Share Review Panel
- The Archdeaconery Mission and Pastoral Sub-Committees – advise on the re-organisation of parishes and benefices.
- The Agenda Planning and Business Committee – responsible for recommending to the Bishop's Council the agenda for Synod and approving the agenda for Bishop's Council.



## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

### **Other Diocesan Committees with which the Bishop's Council works**

- The Diocesan Advisory Committee – a statutory body which advises the chancellor and the Archdeacons before a faculty is granted
- The Board of Education – a statutory body which provides advice, guidance and resources for Church schools and others in the diocese

### **Management - Trustees**

#### **Appointment of Trustees**

The directors are appointed as follows:

Ex Officio:

- The Bishop of the Diocese,
- All other members of the House of Bishops
- The Chairman of the House of Clergy of the Diocesan Synod
- The Chairman of the House of Laity of the Diocesan Synod
- The Dean of St Edmundsbury
- The Archdeacons

Elected:

- Four persons elected by and from the members of the House of Clergy of the Diocesan Synod
- Eight persons elected by and from the members of the House of Laity of the Diocesan Synod
- One person appointed by the Board of Education
- One person appointed by the Diocesan Advisory Committee

Co-opted:

- Up to five co-opted members (one of whom will normally be the Chairman of the Finance Committee.)

#### **Induction and Training of Trustees**

In recognition of the increasing complexity and responsibilities of trusteeship an induction pack for trustees has been developed for use as an introductory educational tool and an on-going resource.

#### **Delegation of Day to Day Management Matters**

Because of the scale of the charity's work, the trustees have necessarily delegated the day to day management matters of the charity to the Diocesan Secretary who is Secretary of the Diocesan Synod and the Chief Executive of the Board.

#### **Deployment of Clergy and Direction of Mission and Ministry**

The deployment of parochial clergy and matters relating to the direction of mission and ministry in the diocese are managed through the Bishop's Staff meetings. These are regular meetings comprising the Diocesan and Suffragan Bishops, the Dean, the Archdeacons, the Diocesan Secretary, with the Assistant Secretary (Ministry Support) and the Bishop's Chaplain in attendance. Other Officers and advisors are invited to attend either on an ad hoc or regular basis as needs arise.

#### **Trustees' Responsibilities**

The trustees (who also act as directors for company law purposes) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

of the charitable company and the group and of the net incoming or outgoing resources of the group for that period. In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and group and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group, ensuring that the assets are properly applied in accordance with charity law, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have responsibility for the maintenance and integrity of the corporate and financial information on the website; and are aware that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement as to disclosure of information to auditors**

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

### **Related Parties**

#### **General Synod, Church Commissioners and Archbishops' Council**

The St Edmundsbury and Ipswich Diocesan Board of Finance has to comply with Measures passed by the General Synod of the Church of England and is requested to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners. Some of the directors have membership of or attend meetings of National Church Institutions and are engaged in their decision making processes.

#### **Parochial Church Councils (PCCs)**

The Diocesan Board of Finance is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities. The accounts of PCC's and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the Board of Finance and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods and through membership of these and other diocesan committees and groups.

#### **Subsidiary undertaking**

The Diocesan Board of Finance owns 100% of the ordinary share capital of Churchgates 2000 Limited, a subsidiary undertaking.

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

Details of related party transactions are disclosed in notes 20 and 32 to the financial statements.

### **Pension Schemes**

St Edmundsbury and Ipswich Diocesan Board of Finance participates in the Church of England Defined Benefits Scheme (DBS) part of the Church Workers Pension Fund. This is a pension fund for the benefit of employees of the participating employers, and the St Edmundsbury and Ipswich Diocesan Board of Finance is unable to separately identify its share of underlying assets and liabilities.

St Edmundsbury and Ipswich Diocesan Board of Finance does not offer membership of the above scheme to all employees. For those employees who are not offered the scheme the Board facilitates access to a Virgin Stakeholder Pension. This scheme is fully contributory with no input from the employer.

St Edmundsbury and Ipswich Diocesan Board of Finance also participates in the Church of England Funded Pension Scheme in respect of stipended clergy in the diocese. This is a pension fund for all stipended clergy of the Church of England. The St Edmundsbury and Ipswich Diocesan Board of Finance is unable to separately identify its share of underlying assets and liabilities.

Further details are contained in note 25 to the financial statements.

### **Risk Management**

The Board of Finance and Directors of the Charity have reviewed the major risks which they have identified as facing the charity, and put procedures in place to minimise the effects of those risks or reduce the chance of them occurring. This is an ongoing process which encompasses any new or additional activities the Board engages in. The Board has appointed a Risk Review Group, which prepares the major risk register and reviews the systems that are in place to mitigate those risks.

The most significant and major financial risk facing the charity remains the shortfall in donations from parishes to the Parish Share as this is the main contribution received to fund the work of the Board. While there are contingency plans for funding these shortfalls in the short to medium term, work continues on an affordable plan for the delivery of the charity's main objectives in the long term.

The trading subsidiary activities of Churchgates 2000 Limited are fully supported by the holding company which would otherwise have operated it directly. The major financial risk faced by the subsidiary is loss of rental income through loss of tenants.

Approved by the Board and signed on its behalf by:

G. Woodward  
Chairman  
Diocese of St Edmundsbury and Ipswich  
St Nicholas Centre  
4 Cutler Street, Ipswich. IP1 1UQ  
10<sup>th</sup> May 2012

**THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST EDMUNDSBURY**  
**AND IPSWICH DIOCESAN BOARD OF FINANCE**

We have audited the financial statements of St Edmundsbury and Ipswich Diocesan Board of Finance for the year ended 31 December 2011 set out on pages 21 to 49. These accounts have been prepared in accordance with the accounting policies set out on pages 27 to 30.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' and Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and group's affairs as at 31 December 2011, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Trustees' and Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; 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.

H Rumsey (Senior Statutory Auditor)  
for and on behalf of Ensors

Chartered Accountants  
Statutory Auditor  
Cardinal House  
46 St Nicholas Street  
Ipswich  
IP1 1TT

Dated: 11<sup>th</sup> May 2012

# THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

## Consolidated Statement of Financial Activities for the Year Ended 31 December 2011

	Unrestricted Funds	Restricted Funds	Endowed Funds	Total Funds 2011	Total Funds 2010
Note	£000	£000	£000	£000	£000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income:					
Parish contributions	1	6,312	-	-	6,312
Archbishops' Council	2	164	-	-	164
Other	3	148	163	-	311
Activities for generating funds	4	271	-	-	271
Investment income	5	257	215	8	480
<b>Incoming resources from charitable activities :</b>					
Statutory fees, chaplaincy and other income	6	447	-	-	447
<b>Other incoming resources</b>	7	-	-	-	194
<b>Total incoming resources</b>		7,599	378	8	7,985
<b>Resources expended</b>					
<b>Costs of generating funds:</b>					
Costs of activities for generating funds	8	262	-	-	262
Investment management costs	9	31	-	-	31
<b>Charitable activities :</b>					
Contributions to Archbishops' Council	10	565	-	-	565
Resourcing ministry and mission	11	7,339	362	-	7,701
Education	12	-	337	-	337
<b>Governance costs</b>	13	331	2	-	333
<b>Other resources expended</b>	14	162	-	139	301
<b>Total resources expended</b>		8,690	701	139	9,530
<b>Net outgoing resources before transfers</b>		(1,091)	(323)	(131)	(1,545)
<b>Gross transfers between funds</b>	18	380	(82)	(298)	-
<b>Net outgoing resources before other recognised gains and losses</b>		(711)	(405)	(429)	(1,545)
<b>Other recognised gains and losses:</b>					
(Losses)/gains on revaluation of fixed assets for charity's own use	19	(153)	-	(1,055)	(1,208)
Gains on investment assets realised		-	-	65	65
(Losses)/gains on investment assets unrealised		(26)	(6)	(183)	(215)
<b>Net movement in funds</b>		(890)	(411)	(1,602)	(2,903)
<b>Reconciliation of funds:</b>					
Total funds at 1 January 2011		6,660	3,799	70,271	80,730
Total funds at 31 December 2011		5,770	3,388	68,669	77,827

All incoming resources and resources expended derive from continuing activities.  
The notes on pages 27 to 49 form part of these financial statements.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Consolidated Summary Income and Expenditure Account Year Ended 31 December 2011

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Total incoming resources (note 1 below)	7,935	7,863
Resources expended (note 1 below)	(8,809)	(8,751)
Operating deficit for the year	(874)	(888)
Interest receivable	42	47
Net expenditure before exceptional items	(832)	(841)
Net (deficit)/surplus on sale of fixed assets	(301)	176
Net surplus on sale of investment assets	65	232
Impairment losses written back	-	140
Exceptional contribution to lay staff pension deficit	(420)	-
Net deficit for the year	<u>(1,488)</u>	<u>(293)</u>

#### Supplementary Information

Total income comprises £7,592,000 for unrestricted funds and £343,000 for restricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities. Detailed analysis of expenditure is provided in the Statement of Financial Activities on page 21 and note 8 to 14 to the accounts.

The net deficit for the year of £1,488,000 comprises £1,091,000 net deficit on unrestricted funds, £323,000 net deficit from restricted funds and £74,000 net deficit from endowment funds.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 21 which, together with the notes to the financial statements on pages 27 to 49, provides full information on the movements during the year of the funds in the group.

All incoming resources and resources expended derive from continuing activities.

<b>Note 1 Reconciliation of Summary Income and Expenditure to SoFA</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Incoming resources per SoFA	7,985	8,111
Less surplus on disposal of assets	-	(194)
Less interest receivable	(50)	(54)
Total income per above	<u>7,935</u>	<u>7,863</u>
Resources expended per SoFA	(9,530)	(8,629)
Add back deficit on disposal of assets	301	18
Less impairment losses written back	-	(140)
Add back exceptional contribution to lay staff pension deficit	420	-
Resources expended per above	<u>(8,809)</u>	<u>(8,751)</u>

The notes on pages 27 to 49 form part of these financial statements.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Consolidated Statement of Total Recognised Gains and Losses Year Ended 31 December 2011

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Deficit for the financial year (from page 22)	(1,488)	(293)
Unrealised (loss)/gain on revaluation of assets	(1,423)	1,163
Total recognised gains and losses relating to the year	<u>(2,911)</u>	<u>870</u>

### Consolidated Note of Historical Cost Profit and Losses

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Deficit for the financial year (from page 22)	(1,488)	(293)
Realisation of revaluation gains of previous years	1,865	952
Historic cost profit for the year	<u>377</u>	<u>659</u>

The notes on pages 27 to 49 form part of these financial statements



# THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

## Group and Charity Balance Sheet as at 31 December 2011

	Note	Group		Charity	
		2011 £000	2010 £000	2011 £000	2010 £000
<b>Fixed assets</b>					
Tangible assets	19	64,995	67,944	62,988	65,932
Investments	20	7,218	7,457	9,418	10,857
		72,213	75,401	72,406	76,789
<b>Current assets</b>					
Debtors: amounts due within one year	21	1,112	1,604	1,092	1,576
Debtors: amounts due after one year	21	36	74	36	74
Investments	22	2,718	1,116	2,718	1,116
Cash at bank and in hand		2,234	3,273	2,048	3,147
		6,100	6,067	5,894	5,913
Creditors: amounts falling due within one year	23	(486)	(672)	(468)	(645)
<b>Net current assets</b>		5,614	5,395	5,426	5,268
<b>Total assets less current liabilities</b>					
		77,827	80,796	77,832	82,057
Creditors: amounts falling due after more than one year – pension scheme creditor	23	-	(66)	-	(66)
<b>Total net assets</b>		77,827	80,730	77,832	81,991
<b>Capital and reserves</b>					
Unrestricted fund		3,989	4,072	3,989	4,072
Unrestricted fund revaluation reserve		1,781	2,588	1,781	2,588
	24	5,770	6,660	5,770	6,660
Restricted fund		3,358	3,760	3,358	3,760
Restricted fund revaluation reserve		30	39	30	39
	24	3,388	3,799	3,388	3,799
Endowment fund		23,522	22,741	24,520	23,795
Endowment fund revaluation reserve		45,147	47,530	44,154	47,737
	24	68,669	70,271	68,674	71,532
		77,827	80,730	77,832	81,991

Approved by the Board, authorised for issue on 10<sup>th</sup> May 2012 and signed on its behalf by:

G. Woodward (Chairman)

G. A. P. Leigh-Pollitt (Trustee & Director)

The notes on pages 27 to 49 form part of these financial statements  
Company Registration Number 143034

**THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

**Consolidated Cashflow Statement  
Year Ended 31 December 2011**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
<b>Reconciliation of net activity before transfers to net cash outflow from operating activities</b>		
Net outgoing resources	(1,545)	(518)
Depreciation & impairment reversals	30	(106)
Loss/(profit) on disposal of tangible fixed assets	301	(176)
Returns on investments	(356)	(352)
Decrease/(increase) in debtors	518	(250)
(Decrease)/increase in creditors	(252)	285
<b>Net cash outflow from operating activities</b>	<b>(1,304)</b>	<b>(1,117)</b>
 <b>Cashflow Statement</b>		
Cashflow from operating activities	(1,304)	(1,117)
Returns on investments (note 1)	368	317
Capital expenditure and financial investment (note 1)	1,499	(64)
Management of liquid resources (note 1)	(1,602)	1,382
<b>(Decrease)/Increase in cash</b>	<b>(1,039)</b>	<b>518</b>
 <b>Reconciliation of net cash flow movement to net funds (note 2)</b>		
(Decrease)/increase in cash in the period	(1,039)	518
Cash (outflow)/inflow from decrease in liquid resources	1,602	(1,382)
Net funds at 1 January	4,389	5,253
<b>Net funds at 31 December</b>	<b>4,952</b>	<b>4,389</b>

The notes on page 26 form part of this statement

# THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

## Notes to the Cashflow Statement

### Note 1. Gross cashflows

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
<b>Returns on investments</b>		
Interest received	28	35
Investment income received	340	282
	368	317
<b>Capital expenditure and financial investment</b>		
Receipts from sales of tangible fixed assets	3,304	1,255
Payments to acquire tangible fixed assets	(1,894)	(1,594)
Receipts from sales of investments	94	275
Payments to acquire investments	(5)	-
	1,499	(64)
<b>Management of liquid resources</b>		
(Increase)/Decrease in deposits held as current asset investments	(1,602)	1,382

### Note 2. Analysis of changes in funds

	<b>January 2011</b>	<b>Cashflow</b>	<b>December 2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	3,273	(1,039)	2,234
Current asset investments	1,116	1,602	2,718
	4,389	563	4,952

# THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

## Statement of Accounting Policies For the Year Ended 31 December 2011

### (a) Accounting convention

The accounts have been prepared under the historical cost convention modified for the revaluation of certain fixed assets, under the Charities Acts 2011, Companies Act 2006, in accordance with applicable United Kingdom accounting standards and the SORP Accounting and Reporting by Charities (Revised 2005), except where stated below.

### (b) Basis of consolidation

The assets, liabilities and results of the trading subsidiary undertaking are included in the consolidated accounts using its audited accounts made up to 31 December. As a consolidated statement of financial activities is published, a separate statement of financial activities for the parent entity is omitted from the group accounts by virtue of section 408 of the Companies Act 2006.

The net result for the charitable company (unconsolidated) was a deficit of £4,159,000 (2010 surplus £838,000).

### (c) Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of donations principally from parishes as parish share. Parish share income is accounted for on an accruals basis in line with Synod policy, to enable parishes that have raised funds over Christmas sufficient time to pay those funds to the Board for that year. This treatment of contributions to parish share does not conform with the SORP recommendation of accounting for contributions when received. The amount received in relation to 2011 parish share between 1 January and 31 January 2012 amounted to £316k (2010 £319k). Other voluntary income is included in full in the Statement of Financial Activities when receivable.

Grants are recognised as receivable at the point they become unconditional.

Rents received are shown gross before any direct costs.

Investment income is recognised as it accrues.

### (d) Resources expended & liabilities

Expenditure is recognised when a liability is incurred. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

Costs of generating funds are those costs incurred in managing rented properties and investments, and those incurred in trading activities that raise funds, i.e. Churchgates 2000 Limited.

Charitable activities include expenditure associated with parochial support and sector ministry and other direct charitable grants and costs.

Governance costs include those incurred in the governance of the charity and its assets, and are primarily associated with constitutional, statutory and synodical requirements.

Support costs include central functions including running costs of the Diocesan Office and accounts. They have been allocated to activity cost categories (excluding payments to the Archbishop's Council and losses on disposal of fixed assets), on a proportional cost basis.

Grants are recognised as payable at the point they become unconditional.

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

### **(e) Pensions Costs**

#### **Defined benefit schemes**

The pension schemes for lay employees of the Board and stipendiary clergy are run by the Church of England Pensions Board and the pension charges calculated on the basis of actuarial advice. The schemes are based on final salary and are not money purchase schemes.

Each employer in the scheme is unable to identify its share of the underlying assets and liabilities. Under FRS 17, where the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and regular basis the contributions should be accounted for as if it were a defined contribution scheme. The pension costs are therefore based on contributions actually payable to the Scheme in the year.

### **(f) Taxation**

The Board of Finance is a charity and is therefore exempt from direct taxation on its investment income.

The Charity is unable to reclaim Value Added Tax (VAT), which is included under the various relevant expenditure headings. Churchgates 2000 Ltd, a trading subsidiary company included in these consolidated financial statements, is registered for VAT. Its income and expenditure is stated net of VAT.

### **(g) Deferred taxation**

In accordance with the provisions of FRS 19, no provision for deferred taxation on revalued fixed assets is included in the balance sheet unless the group is committed to selling the asset. The potential deferred tax liability (of Churchgates 2000 Limited) is stated in note 33 and is not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised to the extent that the income is foreseeable.

### **(h) Fixed Assets**

Benefice, glebe, corporate and other properties are included in the balance sheet at cost or valuation. Profit or loss on disposal is calculated in accordance with FRS 3. Fixed assets are accounted for in accordance with FRS 15 with the following departures as allowed for charities under that reporting standard:

Properties are valued using open market value instead of value in use. The Directors consider open market valuation is more understandable and therefore relevant to the users of the accounts.

Non depreciable land and depreciable buildings thereon are combined for the purposes of valuation. The Directors consider that no helpful information would be provided by separate valuation and obtaining the information would be costly.

No depreciation is provided on buildings in accordance with FRS 15 where the residual value of the properties is so large and the life of those assets so long that depreciation is immaterial. These properties are recorded at open market value, which satisfies the requirement of FRS 11 Impairment Review, for when depreciation is not provided under FRS 15. The entire property portfolio is valued by independent valuers over a five year cycle. Annually, those properties not subject to a specific independent valuation are part of a general valuation adjustment as agreed by the company directors.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Benefice houses are legally vested in the incumbent as freeholder during their incumbency. The freeholder is not free to dispose of the house for their own benefit and is not responsible for maintaining the house. The Diocese carries both the benefits and obligations of ownership and under FRS 5 recognises these properties as assets.

Where the DBF is the trustee of buildings of a school which is still open, the risks and rewards of ownership are construed as belonging to the school governors under FRS5. These are not therefore reflected in these financial statements. The number of school properties not included in these accounts is 52.

Depreciation is calculated to write off fixed assets over their estimated useful lives from the date of purchase on the following basis:

Land	Nil
Buildings	Nil
Fixtures and Fittings	20% on cost
Motor vehicles	20% on cost
Computers	20% on cost
Photocopiers	Over 3 years

Assets are capitalised if they are to be used for more than one year, and cost at least £1,000, with the exception of laptop computers, which are all capitalised for security purposes.

### (i) Redundant churches

These are capitalised at the point they are vested in the Diocesan Board of Finance at the expected final disposal value available to the Board.

### (j) Investments

Properties held as investments are included in the balance sheet at open market valuation as advised by independent valuers. All other fixed asset investments are included in the balance sheet at mid-market valuation as at the year end date. Profit or loss on disposal is calculated in accordance with FRS 3. Current asset investments (liquid resources) are stated at their market value. Investment gains or losses are taken to the Statement of Financial Activities.

### (k) Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### (l) Liquid resources

Liquid resources include all those monies held on deposit funds with withdrawal terms of 30 days or less, other than endowment monies.

### (m) Operating leases

Rentals paid and received under operating leases are charged to expenditure and income as incurred/due. Rental charges are charged on a straight line basis over the term of the lease.

### (n) Funds Structure

Fund balances are split between unrestricted, designated, restricted and endowment funds.

Unrestricted funds are the company's corporate funds. Undesignated general funds are freely available for any purpose within the company's objects, at the discretion of the Board.

Designated funds are those funds set aside out of general funds by the Board for a specific purpose over whose use and purpose the Board has discretion.

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust or else by legal measure.

Endowment funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Capital Fund, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

‘Special trusts’ (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company’s own financial statements as charity branches, subject to the Charity Commission’s determination of their accounting status.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but disclosed in the trustee’s annual report.

The Stipends Fund Capital account is governed by the Diocesan Stipends’ Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Transfers between funds are made when legal ownership of assets changes and when expenditure defrayed in one fund can be properly discharged by income from another fund.

# THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

## Notes to the Accounts

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2011	Total funds 2010
	£000	£000	£000	£000	£000
<b>1 Parish contributions</b>					
Parish share requested	6,742	-	-	6,742	6,610
Shortfall in contributions	(430)	-	-	(430)	(448)
	<u>6,312</u>	<u>-</u>	<u>-</u>	<u>6,312</u>	<u>6,162</u>
<b>2 Voluntary income from Archbishops' Council</b>					
Selective allocation	164	-	-	164	222
DMC per capita grant	-	-	-	-	11
	<u>164</u>	<u>-</u>	<u>-</u>	<u>164</u>	<u>233</u>
<b>3 Other voluntary income</b>					
Ecclesiastical Insurance Group	104	-	-	104	105
Donations	44	163	-	207	187
	<u>148</u>	<u>163</u>	<u>-</u>	<u>311</u>	<u>292</u>
<b>4 Income from activities for generating funds</b>					
Rental income from parsonage, glebe & Board houses	154	-	-	154	158
St Nicholas Centre	113	-	-	113	114
Other	4	-	-	4	4
	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>276</u>
<b>5 Investment income</b>					
Dividends receivable	145	161	-	306	298
Interest receivable	7	35	8	50	54
Rents receivable	105	19	-	124	123
	<u>257</u>	<u>215</u>	<u>8</u>	<u>480</u>	<u>475</u>
<b>6 Incoming resources from charitable activities</b>					
Statutory fees and chaplaincy income	397	-	-	397	399
Miscellaneous income	50	-	-	50	80
	<u>447</u>	<u>-</u>	<u>-</u>	<u>447</u>	<u>479</u>
<b>7 Other incoming resources</b>					
Gain on disposal of assets	-	-	-	-	194
<b>8 Cost of activities for generating funds</b>					
Cost of renting out parsonage, glebe and Board houses	40	-	-	40	46
St Nicholas Centre costs of sales	199	-	-	199	222
	<u>239</u>	<u>-</u>	<u>-</u>	<u>239</u>	<u>268</u>
Support costs	23	-	-	23	12
	<u>262</u>	<u>-</u>	<u>-</u>	<u>262</u>	<u>280</u>
<b>9 Investment management costs</b>					
Glebe land	10	-	-	10	11
Investment properties	18	-	-	18	18
	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>29</u>
Support costs	3	-	-	3	1
	<u>31</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>30</u>



**THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2011	Total funds 2010
	£000	£000	£000	£000	£000
<b>10 Contributions to Archbishops' Council</b>					
Training for ministry	217	-	-	217	208
National Church Responsibilities	207	-	-	207	209
Mission Agency pension contributions	14	-	-	14	15
Retired clergy housing costs (CHARM)	61	-	-	61	57
Pooling of ordinand candidates costs	66	-	-	66	68
	<b>565</b>	<b>-</b>	<b>-</b>	<b>565</b>	<b>557</b>
<b>11 Expenditure on resourcing ministry and mission</b>					
Ministry stipends	3,421	-	-	3,421	3,251
Clergy pensions	1,143	-	-	1,143	1,232
Removals and disturbances	98	-	-	98	105
Clergy insurance and welfare	-	-	-	-	1
Parsonage repairs	377	-	-	377	326
Parsonage improvements	-	188	-	188	227
Property costs previously written down (Exceptional)	-	-	-	-	(140)
Water charges, council tax, insurance, rent	371	-	-	371	371
Sequestration	7	-	-	7	11
Property Administration	127	-	-	127	87
Archdeacons	153	-	-	153	138
Rural deans	7	-	-	7	11
Bishops	21	-	-	21	19
Child protection	55	-	-	55	49
Continuing ministerial education	113	-	-	113	122
Lay education and training	37	-	-	37	53
Readers	12	-	-	12	6
Diocesan ministry course	144	-	-	144	163
Youth	14	-	-	14	21
Children	44	-	-	44	49
Diocesan ordinands	98	-	-	98	100
Community affairs	57	-	-	57	86
Parish resources	79	-	-	79	77
Diocesan communications	71	-	-	71	95
Library	21	-	-	21	22
Resource centre	12	-	-	12	57
Chaplaincies, Ecumenism & Music	29	1	-	30	55
DAC & Tourism	147	-	-	147	137
Church inspection	29	-	-	29	21
Redundant church buildings	-	3	-	3	7
Grants (see note 15)	11	117	-	128	97
Other trust expenditure	-	21	-	21	19
	<b>6,698</b>	<b>330</b>	<b>-</b>	<b>7,028</b>	<b>6,875</b>
Support costs	641	32	-	673	307
	<b>7,339</b>	<b>362</b>	<b>-</b>	<b>7,701</b>	<b>7,182</b>
<b>12 Education</b>					
Church schools	-	308	-	308	229
Support costs	-	29	-	29	10
	<b>-</b>	<b>337</b>	<b>-</b>	<b>337</b>	<b>239</b>

**THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2011	Total funds 2010
	£000	£000	£000	£000	£000
<b>13 Governance costs</b>					
Auditors:					
Audit	21	2	-	23	22
Tax	3	-	-	3	2
Other professional fees	3	-	-	3	4
Chancellor	8	-	-	8	8
Registrar	37	-	-	37	36
General Synod	4	-	-	4	10
DBF Committees and Synod	8	-	-	8	8
Secretariat	218	-	-	218	219
	<hr/> 302	<hr/> 2	<hr/> -	<hr/> 304	<hr/> 309
Support costs	29	-	-	29	14
	<hr/> 331	<hr/> 2	<hr/> -	<hr/> 333	<hr/> 323
<b>14 Other resources expended</b>					
Loss on sale of fixed assets	162	-	139	301	17
Support costs	-	-	-	-	1
	<hr/> 162	<hr/> -	<hr/> 139	<hr/> 301	<hr/> 18

**15 Grants payable**

	Unrestricted funds	Restricted funds	Endowment funds
	£000	£000	£000
<b>General grants payable</b>			
<b>Institutional grants greater than £1,000 to support the work of those institutions:</b>			
Regional Training Partnership		1	-
Churches Together in Suffolk		3	-
East England Churches Network		5	-
<b>Suffolk Churches Capital Fund for repairs and reordering of church buildings:</b>			
Brandeston All Saints		-	2
Haverhill St Mary		-	2
Newmarket All Saints		-	1
Sproughton All Saints		-	2
Worlingworth St Mary		-	2
Ashfield		-	3
Freston		-	2
Hargrave		-	2
Hesset		-	1
Mettingham		-	1
Rickinghall		-	1
Thorington		-	2
Tunstall		-	1
Ufford		-	1
Wattisfield		-	2
Ipswich St Margaret		-	2
Ramsholt		-	1

Contd...

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Other Trusts for the purposes detailed in the individual trust documents:

Melton St Andrew PCC	1	-	-
Bacton PCC	-	12	-
Easton PCC	-	1	-
The Bishops Discretionary Fund	-	3	-
The Diocese of Kagera	-	35	-
Gt Finborough CEVCP School	-	2	-
Orford CEVAP School	-	11	-
Cavendish CEVP School	-	1	-
Hintleshan & Chattisham CEVCP School	-	1	-
Gt Waldingfield School	-	6	-
<b>Grants to individuals and others less than £1,000 to further the work of the Board (114)</b>	<b>1</b>	<b>17</b>	<b>-</b>
	<b>11</b>	<b>117</b>	<b>-</b>

### 16 Support costs

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>Endowment funds £000</b>	<b>Total funds 2011 £000</b>	<b>Total funds 2010 £000</b>
Costs of activities for generating funds	23	-	-	23	12
Investment management costs	3	-	-	3	1
Resourcing ministry and mission	641	32	-	673	307
Education	-	29	-	29	10
Governance Costs	29	-	-	29	14
Other resources expended	-	-	-	-	1
<b>Total resources expended</b>	<b>696</b>	<b>61</b>	<b>-</b>	<b>757</b>	<b>345</b>

### Analysis of support costs by type:

	<b>2011 £000</b>	<b>2010 £000</b>
Depreciation	12	12
Staff costs	227	229
Exceptional contribution to lay staff pension deficit	420	-
Post, stationery and photocopying	1	4
Sundry	7	11
Telephone	9	5
Health and safety	4	4
Property costs	51	46
Cleaning	4	4
Computers	22	30
	<b>757</b>	<b>345</b>

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### 17 Staff costs and directors remuneration

Staff costs during the year were as follows:

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	1,145	1,163
Social security costs	103	91
Pension costs - regular	175	165
Pension costs – deficit payment arising from past service	420	-
	<b>1,843</b>	<b>1,419</b>

The average full time equivalent number of employees, analysed by function was:

	<b>2011</b>	<b>2010</b>
Costs of activities for generating funds (includes Churchgates staff)	5.5	7.3
Resourcing ministry and mission	16.6	17.5
Education	4.1	4.0
Governance	5.4	4.9
Support costs	6.6	6.1
	<b>38.2</b>	<b>39.8</b>

The number of employees earning £60,000 or more during the year were as follows:

£60,000 - £70,000	1	1
£70,000 - £80,000	1	1

Non-contributory pension contributions paid in respect of these staff were £Nil (2010 £Nil).

In addition to a net salary of £33,031 the Diocesan Registrar received £32,000 (2010 £33,000) in faculty fees.

#### Stipended office holders not employees (full time equivalents)

	<b>2011</b>	<b>2010</b>
Archdeacons	2.0	1.9
Parochial clergy	121.1	119.0
Curates	16.6	17.4
Clergy holding ministerial support posts & lay workers	4.2	4.5
	<b>143.9</b>	<b>142.8</b>

At a cost of

	<b>£000</b>	<b>£000</b>
Stipends	3,253	3,196
National insurance	255	188
Pension contributions	1,117	1,291
Additional contribution agreed for individual past service	58	-
	<b>4,683</b>	<b>4,675</b>

#### Trustees' emoluments

None of the directors have received any emoluments from the Board of Finance in respect of services performed as a trustee (2010 £ nil).

Expenses for travel and subsistence received by trustees and expenses for travel and subsistence and stipends in respect of other capacities on behalf of the Board were as follows:

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Expenses - 5 trustees (2010 9)	6	12
Stipends - 6 trustees (2010 6)	151	145
2011 - 8 trustees (2010 10 trustees)	157	157

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

In respect of the 6 directors (2010 6) who are also stipendiary priests (excluding the Bishops and the Dean), retirement benefits are accruing under a defined benefit scheme in respect of qualifying service. The Suffragan Bishop, Archdeacons and clergy who are trustees are also provided with housing or an allowance by the Board by virtue of their office. The Archdeacons are provided with a car.

### 18. Transfers between funds

	General £000	Restricted £000	Endow't £000	Total 2011 £000
Property sales, purchases & improvements	-	(156)	156	-
Transfer of property ownership	509	-	(509)	-
Income from trusts	25	(25)	-	-
Education funding by the Diocesan Board of Finance	(41)	41	-	-
Trading with Churchgates 2000 Ltd	(53)	(2)	55	-
Allocation of support costs	(60)	60	-	-
	<u>380</u>	<u>(82)</u>	<u>(298)</u>	<u>-</u>

The property sales, purchases and improvements transfers are in respect of benefice properties. These properties are held as expendable endowments in the Parsonage Houses fund and purchases/sales are funded by transfers from/to the Diocesan Pastoral Account, a restricted fund. Transfers of property ownership are made between funds when the legal ownership of a property changes.

### 19. Tangible fixed assets

Group	Investment properties £000	Freehold land & buildings £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost or valuation at 1 January 2011	800	67,084	241	33	68,158
Additions	-	1,867	27	-	1,894
Revaluations	-	(1,208)	-	-	(1,208)
Disposals	-	(3,605)	(1)	-	(3,606)
Cost or valuation at 31 December 2011	800	64,138	267	33	65,238
Accumulated depreciation at 1 January 2011	-	-	207	7	214
Disposals	-	-	(1)	-	(1)
Charge for the year	-	-	23	7	30
Accumulated depreciation at 31 December 2011	-	-	229	14	243
Net Book Value at 31 December 2011	<u>800</u>	<u>64,138</u>	<u>38</u>	<u>19</u>	<u>64,995</u>
Net Book Value at 31 December 2010	<u>800</u>	<u>67,084</u>	<u>34</u>	<u>26</u>	<u>67,944</u>
Cost at 31 December 2011 *	1,007	20,671	267	33	21,978
Impairment write downs	-	(820)	-	-	(820)
Net cost at 31 December 2011	1,007	19,851	267	33	21,158
Valuation reserve at 31 December 2011	(207)	44,287	-	-	44,080
	<u>800</u>	<u>64,138</u>	<u>267</u>	<u>33</u>	<u>65,238</u>

On 4 March 2009 the group's Freehold Property, Churchgates House and The St Nicholas Centre, was revalued to its market value of £1,200,000 and the Investment Property was revalued to its market value of

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

£800,000 by Fenn Wright, Chartered Surveyors. The directors do not believe that the valuations have materially changed at the balance sheet date.

\* For historical reasons, the full cost of properties is only ascertainable for a proportion of the portfolio. The remainder of the properties were brought in at valuation in 1995.

<b>Company</b>	<b>Freehold land &amp; buildings £000</b>	<b>Fixtures &amp; fittings £000</b>	<b>Motor vehicles £000</b>	<b>Total £000</b>
Cost or valuation at 1 January 2011	65,881	121	33	66,035
Additions	1,867	26	-	1,893
Revaluations	(1,208)	-	-	(1,208)
Disposals	(3,605)	-	-	(3,605)
Cost or valuation at 31 December 2011	62,935	147	33	63,115
Accumulated depreciation at 1 January 2011	-	96	7	103
Disposals	-	-	-	-
Charge for the year	-	17	7	24
Accumulated depreciation at 31 December 2011	-	113	14	127
Net Book Value at 31 December 2011	62,935	34	19	62,988
Net Book Value at 31 December 2010	65,881	25	26	65,932
Cost at 31 December 2011*	18,898	147	33	19,078
Impairment write downs	(250)	-	-	(250)
Net cost at 31 December 2011	18,648	147	33	18,828
Valuation reserve at 31 December 2011	44,287	-	-	44,287
	62,935	147	33	63,115

### Group and company

None of the above properties are held under leasehold.

Land and buildings included above amounting to £64m for the group and company were revalued by the directors at 31 December 2011 on an open market basis. The directors acknowledge that not every property has been the subject of a professional opinion of value. However every property is professionally revalued every five years and account is taken of that valuation by the directors, when considering the value of the remaining portfolio, together with other available market indices. The directors believe that the current balance sheet valuation is a reasonable estimate of the properties open market value as at the 31<sup>st</sup> December 2011.

Included in the above are assets leased to third parties at 31 December 2011: group £6.8m (2010 £5.6m), company £5.8m (2010 £4.6m).

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Included in property disposals	Book value £000	Net proceeds £000
<b>Benefice:</b>		
Polstead	475	488
<b>Glebe:</b>		
Walpole Cookley Lane	368	310
Walton Treetops	238	189
Saxmundham Gull Road	249	200
Chelmondiston	110	116
Ipswich Corder Rd	316	319
Bury St Edmunds Brayfield Rd	218	211
Bures Normandie Way	213	242
Sudbury Corporal Lillie Close	222	220
<b>Corporate:</b>		
Ipswich Park Rd	340	327
Benhall	347	263
Playford	509	439
	3,605	3,324

### 20. Fixed asset investments

Group	Investment properties £000	Quoted investments £000	Total £000
Valuation at 1 January 2011	1,150	6,307	7,457
Additions	-	5	5
Revaluations	80	(295)	(215)
Disposals	(24)	(5)	(29)
Valuation at 31 December 2011	1,206	6,012	7,218
Historical cost at 31 December 2011	-	4,432	4,432

The investment property relates to glebe land.

Company	Investment properties £000	Churchgates 2000 Ltd £000	Quoted investments £000	Total £000
Valuation at 1 January 2011	1,150	3,400	6,307	10,857
Additions	-	-	5	5
Revaluations*	80	(1,200)	(295)	(1,415)
Disposals	(24)	-	(5)	(29)
Valuation at 31 December 2011	1,206	2,200	6,012	9,418
Historical cost at 31 December 2011	-	3,400	4,432	7,832

\*The directors have valued the company investment in Churchgates 2000 Limited at the total of its net assets as at 31 December 2011, necessitating a £1,200,000 write down in value.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Investments held

<b>Group</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Land	1,206	1,150
Listed investments and common investment funds:		
Central Board of Finance Investment Fund	4,934	5,225
Central Board of Finance Property Fund	1,038	1,041
Other	40	41
	<u>7,218</u>	<u>7,457</u>

The land was valued by Messrs Clarke & Simpson Chartered Surveyors at 31<sup>st</sup> December 2011.

<b>Company</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Land	1,206	1,150
Shares in Churchgates 2000 Limited	2,200	3,400
Listed investments and common investment funds:		
Central Board of Finance Investment Fund	4,934	5,225
Central Board of Finance Property Fund	1,038	1,041
Other	40	41
	<u>9,418</u>	<u>10,857</u>

Included in investments above is 100% interest in the issued ordinary share capital of Churchgates 2000 Limited. The subsidiary company is incorporated and operated in England and Wales. The investment total is £2,200,000. Extracts of Churchgates 2000 Limited financial statements for the year ended 31 December 2011 are noted below.

Included in the consolidation:

<b>Undertaking</b>	<b>Principal activity</b>	<b>Share capital</b>	<b>Holding by charity</b>
Churchgates 2000 Ltd	See below	3,400,000 Ordinary £1	100%

Churchgates 2000 Ltd was set up in 2000 by the charity. The principal activities during the year were those of landlord, holding investment properties and running a conference centre including cafe. It is a general trading company whose fixed assets are Churchgates House, which is occupied by the charity and unrelated third parties, St Nicholas Church and restaurant, which is used to provide a resource and conference facility and 11 St Nicholas Street, Ipswich, which is leased to a third party.

<b>Churchgates 2000 Limited year to 31 December 2011</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Turnover	276	284
Cost of sales and administration	(220)	(246)
Net profit	<u>56</u>	<u>38</u>
The assets and liabilities of the subsidiary were:		
Fixed assets	2,008	2,012
Current assets*	207	162
Creditors: amounts falling due within one year	(19)	(34)
Net assets	<u>2,196</u>	<u>2,140</u>
Aggregate share capital and reserves	<u>2,196</u>	<u>2,140</u>

\*Included in debtors are amounts due from the holding company of £66 (2010 creditors £6,005)



## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### 21 Debtors

	2011		2010	
	Group £000	Charity £000	Group £000	Charity £000
<b>Amounts falling due within one year:</b>				
Trade	9	-	6	-
Amount owed by group undertaking	-	-	-	7
Collections in progress	316	316	319	319
Other debtors	571	560	1,019	990
Prepayments	101	101	88	88
Accrued income	115	115	172	172
	<u>1,112</u>	<u>1,092</u>	<u>1,604</u>	<u>1,576</u>
<b>Amounts falling due after one year:</b>				
Other debtors	36	36	74	74
	<u>1,148</u>	<u>1,128</u>	<u>1,678</u>	<u>1,650</u>

### 22 Short term investments

Group and charity	2011 £000	2010 £000
Building Funds	21	12
Diocesan Stipends Capital Account	277	12
Diocesan Pastoral Account	975	5
Restricted Income Funds	966	976
Unrestricted Funds	374	6
Schools' Fund	105	105
	<u>2,718</u>	<u>1,116</u>

These funds are all held as cash deposits.

### 23 Creditors: Amounts falling due within one year

	2011		2010	
	Group £000	Charity £000	Group £000	Charity £000
Trade creditors	3	-	7	-
Amounts owed to group undertaking	-	-	-	2
Taxes and social security	39	32	39	31
Other creditors	99	91	118	104
Accruals and income received in advance	114	114	100	100
Schools	231	231	408	408
	<u>486</u>	<u>468</u>	<u>672</u>	<u>645</u>
<b>Amounts falling due after one year:</b>				
Other creditors	-	-	66	66
	<u>486</u>	<u>468</u>	<u>738</u>	<u>711</u>

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### 24. Funds

#### Unrestricted funds

Unrestricted funds comprise those funds which are available for application for the general purposes of the charity as set out in its governing document. Movements on these funds and details of designated amounts set aside by the Board for specific purposes are as follows:

#### Group

	At 1 January 2011	Incoming resources	Expenditure	Transfers	Revaluations	Reserve adjustments	At 31 December 2011
	£000	£000	£000	£000	£000	£000	£000
General reserve	2,616	7,599	(8,690)	380	-	681	2,586
Fixed asset reserve	1,456	-	-	-	-	(53)	1,403
Fixed asset revaluation reserve	2,398	-	-	-	(153)	(628)	1,617
Investment revaluation reserve	190	-	-	-	(26)	-	164
	<b>6,660</b>	<b>7,599</b>	<b>(8,690)</b>	<b>380</b>	<b>(179)</b>	<b>-</b>	<b>5,770</b>

#### General reserve

The general reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives including statutory compliance, administration of funds and provision of office facilities. The Board's policy is to maintain a level of cash and liquid assets of not less than six weeks' worth of average costs. This is approximately £925,000.

#### Fixed asset reserve

This reserve represents the funds tied up in properties, computers, office fittings and cars. The properties are used for the housing of clergy and curates, and where vacant are let to maximise revenue.

#### Charity

	At 1 January 2011	Incoming resources	Expenditure	Transfers	Revaluations	Reserve adjustments	At 31 December 2011
	£000	£000	£000	£000	£000	£000	£000
General reserve	2,616	7,412	(8,617)	494	-	681	2,586
Fixed asset reserve	1,456	-	-	-	-	(53)	1,403
Fixed asset revaluation reserve	2,398	-	-	-	(153)	(628)	1,617
Investment revaluation reserve	190	-	-	-	(26)	-	164
	<b>6,660</b>	<b>7,412</b>	<b>(8,617)</b>	<b>494</b>	<b>(179)</b>	<b>-</b>	<b>5,770</b>

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Restricted Income Funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations, grants and investment income held on trusts to be applied for specific purposes.

#### Group

	At 1 January 2011	Incoming resources	Expenditure	Transfers	Revaluations	At 31 December 2011
	£000	£000	£000	£000	£000	£000
Diocesan Pastoral Account	1,370	8	(192)	(150)	-	1,036
Schools fund	1,378	187	(310)	40	-	1,295
Restricted income reserve	17	33	(17)	(6)	-	27
Trusts:						
Ordination	-	1	-	(1)	-	-
Overseas	19	29	(35)	-	-	13
Parish	243	18	(15)	-	(1)	245
Stipends	-	13	-	(13)	-	-
Church building	568	41	(28)	-	(3)	578
School	98	18	(20)	(1)	-	95
Other	106	30	(23)	(12)	(2)	99
Support costs	-	-	(61)	61	-	-
	<b>3,799</b>	<b>378</b>	<b>(701)</b>	<b>(82)</b>	<b>(6)</b>	<b>3,388</b>

Included in the above balances are revaluation reserves totalling £30,000 (2010 £39,000).

#### Charity

	At 1 January 2011	Incoming resources	Expenditure	Transfers	Revaluations	At 31 December 2011
	£000	£000	£000	£000	£000	£000
Diocesan Pastoral Account	1,370	8	(192)	(150)	-	1,036
Schools fund	1,378	187	(313)	43	-	1,295
Restricted income reserve	17	33	(17)	(6)	-	27
Trusts:						
Ordination	-	1	-	(1)	-	-
Overseas	19	29	(35)	-	-	13
Parish	243	18	(15)	-	(1)	245
Stipends	-	13	-	(13)	-	-
Church building	568	41	(28)	-	(3)	578
School	98	18	(20)	(1)	-	95
Other	106	30	(23)	(12)	(2)	99
	<b>3,799</b>	<b>378</b>	<b>(643)</b>	<b>(140)</b>	<b>(6)</b>	<b>3,388</b>

Included in the above balances are revaluation reserves totalling £30,000 (2010 £39,000).

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Endowment funds

Group	At 1 January 2011 £000	Incoming resources £000	Expenditure £000	Transfers £000	Revaluations £000	Reserve adjustments £000	At 31 December 2011 £000
Expendable endowment:							
Diocesan Stipends Fund	12,940	-	(128)	62	-	829	13,703
Diocesan Stipends Fund revaluation reserve	6,797	-	-	-	(301)	(764)	5,732
Parsonage houses fund	7,762	8	(11)	74	-	(26)	7,807
Parsonages houses fund revaluation reserve	39,188	-	-	(434)	(754)	26	38,026
Schools funds	768	-	-	-	-	-	768
Schools funds revaln reserve	615	-	-	-	(66)	-	549
	<u>68,070</u>	<u>8</u>	<u>(139)</u>	<u>(298)</u>	<u>(1,121)</u>	<u>65</u>	<u>66,585</u>
Permanent endowment:							
Ordination trusts	20	-	-	-	(1)	-	19
Parish trusts	379	-	-	-	(21)	-	358
Stipend and pension trusts	469	-	-	-	(17)	-	452
Church building trusts	802	-	-	-	(46)	-	756
School trusts	359	-	-	-	(21)	-	338
Other trusts	172	-	-	-	(11)	-	161
	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117)</u>	<u>-</u>	<u>2,084</u>
	<u><u>70,271</u></u>	<u><u>8</u></u>	<u><u>(139)</u></u>	<u><u>(298)</u></u>	<u><u>(1,238)</u></u>	<u><u>65</u></u>	<u><u>68,669</u></u>

Included in permanent endowment balances are revaluation reserves of £0.84m (2010 £0.93m).

Charity	At 1 January 2011 £000	Incoming resources £000	Expenditure £000	Transfers £000	Revaluations £000	Reserve adjustments £000	At 31 December 2011 £000
Expendable endowment:							
Diocesan Stipends Fund	13,994	-	(128)	6	-	829	14,701
Diocesan Stipends Fund revaluation reserve	7,004	-	-	-	(1,501)	(764)	4,739
Parsonage houses fund	7,762	8	(11)	74	-	(26)	7,807
Parsonages houses fund revaluation reserve	39,188	-	-	(434)	(754)	26	38,026
Schools funds	768	-	-	-	-	-	768
Schools funds revaln reserve	615	-	-	-	(66)	-	549
	<u>69,331</u>	<u>8</u>	<u>(139)</u>	<u>(354)</u>	<u>(2,321)</u>	<u>65</u>	<u>66,590</u>
Permanent endowment:							
Ordination trusts	20	-	-	-	(1)	-	19
Parish trusts	379	-	-	-	(21)	-	358
Stipend and pension trusts	469	-	-	-	(17)	-	452
Church building trusts	802	-	-	-	(46)	-	756
School trusts	359	-	-	-	(21)	-	338
Other trusts	172	-	-	-	(11)	-	161
	<u>2,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117)</u>	<u>-</u>	<u>2,084</u>
	<u><u>71,532</u></u>	<u><u>8</u></u>	<u><u>(139)</u></u>	<u><u>(354)</u></u>	<u><u>(2,438)</u></u>	<u><u>65</u></u>	<u><u>68,674</u></u>

Included in permanent endowment balances are revaluation reserves of £0.84m (2010 £0.93m).

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Fund	Application /purpose
<b>Diocesan Pastoral Account</b>	
Restricted Income	<p>Purposes as laid down in Section 78 of the Pastoral Measure 1983, the main uses being:</p> <ul style="list-style-type: none"> <li>• Costs incurred for the purpose of the Measure or any scheme or order</li> <li>• Costs of disposing of or maintaining houses or churches vested in the Diocesan Board of Finance or Commissioners</li> <li>• For the benefit of another Diocese</li> <li>• Transfer to the DSF capital or income funds</li> </ul>
<b>Schools fund</b>	
Restricted Income	<p>Subject to Section 17 of the Education Act 1993 the funds can be used for:</p> <ul style="list-style-type: none"> <li>• The purchase, construction, maintenance and improvement of any school or teacher's house in the relevant area</li> <li>• The provision of advice, guidance and resources for the management of schools in the area</li> <li>• Inspection of relevant schools in the area</li> </ul>
Expendable endowment	<p>This fund is comprised of the sale proceeds of redundant Church of England school premises, teachers' houses and associated endowments which have been vested in the Board of Finance by Orders under the Education Act 1994 and 1973.</p> <p>The use of the fund is restricted under Section 17 of the Education Act 1993.</p>
<b>Restricted Income</b>	Sundry receipts for specific purposes of the Board of Finance and Diocesan activities.
<b>Trusts</b>	
Ordination trust	To defray general and specific costs of ordinands' training and expenses.
Overseas trusts	To assist with mission in Rwanda and the Diocese of Kagera.
Parish trusts	To defray various costs in specific parishes. These are included in the diocesan accounts as the Board of Finance is the trustee responsible for the management of the assets in addition to being the custodian trustee.
Stipends and pension trusts	For the augmentation of particular benefices and stipends in general.
Church building trusts	For the maintenance of churches in the Diocese.
Schools trusts	For the use of specific schools as directed by those school governors.
Other trusts	Sundry trusts for various purposes of the Board of Finance and diocesan mission.
<b>Diocesan Stipends Fund</b>	
Restricted Income	<p>Subject to any charges imposed by the Scheme or Order the fund shall be applied to:</p> <ul style="list-style-type: none"> <li>• Provide or augment stipends of incumbents, assistant curates and others engaged in the cure of souls in the Diocese</li> <li>• Meet expenses incurred in repairing and maintaining parsonage houses</li> <li>• Paying secondary class 1 contributions in respect of ministers not employed under a contract of service</li> <li>• Defray sequestrators' expenses</li> </ul>

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Restricted monies credited to the DSF Income accounts are supplemented by unrestricted monies which form the majority of monies credited to the account. The resulting transitory immaterial asset remaining on this account at the end of the year is accounted for as unrestricted in line with the recommendation of the Diocesan Annual Report and Financial Statements Guide 2006.

### Expendable Endowment

This fund represents the value of glebe property and investments at the balance sheet date. The account is governed by the Diocesan Stipends Fund Measure 1953 as amended by the Endowments and Glebe Measure 1976, the National Institutions Measure 1998 and the Miscellaneous Provisions Measure 1992. Income arises from the sale of glebe assets, the transfer of parsonage sale money, transfers from the Diocesan Stipends fund income account, as well as gifts, bequests and donations.

The main function of the fund is to provide income for stipends, but it may also be used for other purposes including:

- Acquiring glebe property
- Investing in a subsidiary
- Developing and protecting glebe amenities
- Investments
- Discharging loans and levies on glebe
- Improving parsonage houses
- Discharging any loans made by the Church Commissioners under the Endowment and Glebe Measure 1976

### Parsonage houses fund

#### Expendable Endowment

This fund represents the value of benefice houses at the balance sheet date, together with the parsonages building funds which were previously held by the Church Commissioners but are now held by the Diocesan Board of Finance on discrete deposit accounts. The houses are used to provide accommodation for the parochial clergy.

The diocese is not free to dispose of these houses except in accordance with the appropriate measures. There is a provision for the net proceeds of sale to be applied either to the Diocesan Pastoral Account or the Diocesan Stipends Capital Fund.

## 25 Pensions Fund

### Defined Benefit Scheme – Church Workers

The St Edmundsbury and Ipswich Diocesan Board of Finance participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund. During the year to 31<sup>st</sup> December 2011, the St Edmundsbury & Ipswich Diocesan Board of Finance made contributions of £595,000 and this has been taken as the pension cost shown in these accounts as explained below.

The St Edmundsbury and Ipswich Diocesan Board of Finance, 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 DBS. A valuation of the Fund was carried out as at 31<sup>st</sup> December 2010 and the St Edmundsbury and Ipswich Diocesan Board of Finance's contribution rate was revised to 31.8% with effect from 1<sup>st</sup> April 2012.

	2011	2010
Deferred pensioners	23	22
Active members	24	26

## **THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**

### **Defined Benefit Scheme – Clergy**

The St Edmundsbury and Ipswich Diocesan Board of Finance participates in the Church of England Funded Pensions Scheme and employs 148 members of the Scheme out of a total membership of approximately 9,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the St Edmundsbury and Ipswich Diocesan Board of Finance is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
  - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 4.4% pa on gilts and 5.9% pa on equities;
- RPI inflation of 3.8% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.8% pa; and
- Post-retirement mortality in accordance with 80% of the S1NA tables, with allowance made for improvements in mortality rates from 2003 according to the “medium cohort” projections, and subject to a minimum annual improvement of 1.5% for males and 1.0% for females.

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

Following the results of the 2009 valuation, changes were made to benefits being built up in the Scheme from 1 January 2011 and the St Edmundsbury and Ipswich Diocesan Board of Finance’s contribution rate was set at 38.2% of pensionable stipends.

Contributions rates will be reviewed at the next valuation of the Scheme, due no later than as at 31 December 2012.

### **26 Capital**

The company has no share capital being limited by guarantee. The maximum number of members is restricted to 75 by the articles of association and each member’s liability under guarantee is £1.

The company has obtained the consent of the Registrar of Companies to be exempt from the requirement to use the word Limited in its name.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### 27 Analysis of group net assets between funds

	Unrestricted £000	Restricted £000	Endowments £000	Total £000
<b>Fixed assets</b>				
Tangible assets	3,020	-	61,975	64,995
Investments	1,195	114	5,909	7,218
	4,215	114	67,884	72,213
<b>Current assets</b>				
Debtors	615	506	27	1,148
Investments	374	2,046	298	2,718
Cash at bank and in hand	829	918	487	2,234
	1,818	3,470	812	6,100
<b>Creditors &lt; 1 year</b>	(213)	(254)	(19)	(486)
Net current assets	1,605	3,216	793	5,614
Total assets less current liabilities	5,820	3,330	68,677	77,827
<b>Creditors &gt;1 year</b>	-	-	-	-
Amounts (to)/from other funds	(50)	58	(8)	-
<b>Total net assets</b>	5,770	3,388	68,669	77,827

### 28 Custodian trusteeship

The company acts as custodian trustee for a variety of trusts including those falling under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Tithe Act 1936. The assets are mainly held in Central Board of Finance Investments and are separate to those of the Board and not included in these accounts. At 31 December 2011 the market value of these trust investments was £2.8m (2010 £2.9m). The trustees are also custodian trustees in relation to PCC property.

The company also holds various devolved formula capital balances on behalf of church schools. These funds are used for capital projects with which the Board of Education assists. The funds remain under the control of the school concerned and are not included in these accounts. At 31 December 2011 the total funds held on deposit were £0.8m (2010 £1.1m).

### 29 Redundant churches

When a church becomes redundant the obligation to maintain, 'wind and weatherproof' and dispose of the church falls on the Board of Finance.

The following churches are the responsibility of the Board at the year end:

Stanton Warren – leased  
Southolt St Margaret – leased  
Wangford St Denys – leased

### 30 Schools fund properties

The schools fund contributes to the construction of new school buildings, which are conveyed in part to the Board. There is no ongoing liability or income in relation to this expenditure. On closure of the school concerned, and at the discretion of the Charity Commissioners, a proportion of the proceeds may be returned to the Board. No provision has been made for this potential income.



## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### 31 Operating lease commitments

The amounts paid by the group and charity in the year, and amounts due in the next year in respect of operating leases for property are shown below and analysed according to the expiry date of the leases.

	2011 £000	2010 £000
Expiring during 2-5 years – group & charity	22	22
Expiring after 5 years - charity only	60	60
	82	82

### 32 Related party transactions

Due to the nature of the charitable company's and group's operations and the composition of the board of trustees, it is possible that transactions will take place with organisations in which a trustee may have an interest. All transactions involving trustees are conducted at arm's length and in accordance with the company's normal purchasing procedures. Transactions identified include:

Trustee/Related Party	Relationship	Transaction
The Right Reverend Nigel Stock Bishop of St Edmundsbury & Ipswich	Trustee of Allchurches Trust Limited, the 100% parent company of Ecclesiastical Insurance Ltd (EIG)	£30,954 to EIG for insurance premiums
Mr George Woodward	Trustee of the Melanesian Mission Director of EWS Chartered Surveyors	£2,000 Melanesian Mission grant £1,891 rental agency fees.
The Revd T Redman	Partner in Whitworth & Co	£13,600 for quinquennial inspections
Mr Nicholas P Edgell	Parent of Director of Blind Spot	£6,706 for property blinds and maintenance.
Mr Tim Allen	Trustee of Orford PCC	£130 Elix grant
Mr David Lamming	Trustee of Boxted PCC	£1,930 Rent for parish room
Mr G McGregor	Trustee of Hoxne PCC	£130 Elix grant
Revd Canon G Owen	Trustee of Framlingham PCC	£130 Elix grant £50 Music Festival
Prof L Smith	Trustee of Stowupland PCC	£168 Hall hire
Mr P Smith	Trustee of Gt Glemham PCC	£130 Elix grant
Revd M Tillet	Trustee of Ipswich St Helen's PCC	£130 Elix grant
The Very Revd F Ward	Trustee of the Cathedral Director of Cathedral Enterprises Ltd	£35,793 property rent and costs £4,894 refreshments and room hire
The Right Revd C Young	Trustee ERM Trustee CTF	£7,167 various course fees £2,160 annual contribution and course fees.

The ultimate controlling party of the company is its board of trustees all of whom will have an interest in their own parishes and therefore are related to the diocesan organisation. Some trustees will attend or have membership of the various National Church Institutions through the General Synod, the Archbishops' Council, the Church Commissioners, the Central Board of Finance, the Church of England Pensions Board and other organisations related thereto.

In particular it should be noted that funds are transferred between the Board of Finance and the Church Commissioners both in relation to the grants from the Commissioners to support the work of the Diocese and contributions towards central costs.

The financial statements of the subsidiary company are included within the consolidated financial statements. Advantage has therefore been taken of disclosure exemptions available under FRS 8.

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### 33 Deferred taxation – group

	2011		2010	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Tax losses available	-	86	-	98
Decelerated capital allowances	-	(15)	-	(11)
	-	71	-	87

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Appendix I

#### The Diocesan Board of Finance Unrestricted Fund Budget Outturn 2011

	Total to date £000	Budget £000	Favourable/ (unfavourable) £000
<b>Income</b>			
Parish Share	6,312	6,742	(430)
Other income received (see below)	1,160	1,066	94
Total incoming resources	7,472	7,808	(336)
<b>Expenditure</b>	8,094	8,234	140
<b>Deficit compared to budget</b>	(622)	(426)	(196)
Exceptional payment to clear the lay staff pension deficit	(420)	-	(420)
Loss on disposal of assets	(162)	-	(162)
<b>Net deficit</b>	(1,204)	(426)	(778)
Property transfers	509		
Restricted funds movement	(16)		
Revaluations	(179)		
<b>Net movement in group unrestricted funds</b>	(890)		

#### **Other Income Received**

Archbishops' Council	164	164	-
Other donations	202	184	18
House rent received	156	129	27
Investment income	184	194	(10)
<i>Statutory Fees &amp; Other Income:</i>			
Other income	38	28	10
Clergy fees	379	336	43
Sequestration fees	20	13	7
East Anglican	17	18	(1)
<b>Total</b>	1,160	1,066	94

#### **Expenditure**

Costs of renting out properties	41	30	(11)
Investment management costs	10	11	1
Contributions to Archbishops' Council	565	565	-
	616	606	(10)
<i>Resourcing Ministry &amp; Mission</i>			
<i>Parochial Costs</i>			
Stipends and National Insurance	3,423	3,370	(53)
Pensions	1,143	1,044	(99)

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### **Expenditure continued...**

Removals and Relocations	98	80	(18)
Parsonage Repairs	376	364	(12)
Water Rates, Council Tax, Insurance & rent	371	377	6
Sequestration	7	15	8
Property Administration	127	125	(2)
Archdeacons	153	156	3
Rural Deans	7	13	6
Bishops	21	24	3
Child Protection/Criminal Records Bureau	55	76	21
CME	116	146	30
	5,897	5,790	(107)
<i>Parochial Support &amp; Mission</i>			
Lay Education and Training	37	60	23
Readers	12	9	(3)
Diocesan Ministry Course	144	179	35
Youth Work	14	30	16
Children's Work	44	65	21
Diocesan Director of Ordinands	99	133	34
Community Affairs	57	61	4
Parish Resources	79	86	7
Communications	72	114	42
Ecumenical Library	21	22	1
Church Requisites	12	10	(2)
Chaplaincies & Ecumenism	43	86	43
Diocesan Advisory Committee	106	119	13
Tourism	42	45	3
Church Inspections	29	30	1
Church Building Scheme Grants	16	-	(16)
	827	1,049	222
Board of Education Grant	40	40	-
<i>Governance &amp; Administration</i>			
Synod and Committees	16	25	9
Secretariat	219	223	4
Registrar & Chancellor	45	45	-
Audit & professional fees	22	27	5
	302	320	18
<i>Support costs</i>			
Accounts	127	130	3
Office services	285	299	14
	412	429	17
<b>Total</b>	<b>8,094</b>	<b>8,234</b>	<b>140</b>

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Appendix II

#### Diocesan Pastoral Account Statement of movement on the fund for the year ended 31 December 2011

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Incoming resources</b>		
Interest received	8,079	12,277
Total incoming resources	8,079	12,277
<b>Expenditure</b>		
Parsonage house improvements	188,448	227,496
Redundant Churches	3,035	-
World Mission	-	734
Other items	360	165
Total resources expended	191,843	228,395
Net outgoing resources before transfers	(183,764)	(216,118)
<b>Transfers between funds</b>		
Capital work on property	(614,018)	(472,396)
Property sale proceeds	463,993	1,045,205
	(150,025)	572,809
<b>Net movement of funds</b>	(333,789)	356,691
Total funds brought forward at 1 January 2011	1,370,286	1,013,595
<b>Total funds carried forward at 31 December 2011</b>	<b>1,036,497</b>	<b>1,370,286</b>

#### Assets as at 31 December 2011

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Current assets</b>		
Loans	3,000	3,000
Amounts owed from other funds	54,519	548,600
Cash	975,186	804,687
Diocesan Pastoral Account London	3,792	4,599
Interest debtor	-	9,400
	1,036,497	1,370,286

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Appendix III

#### Diocesan Stipends Capital Fund Statement of movement on the fund for the year ended 31 December 2011

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Expenditure</b>		
Reversal of write down of property costs	-	115,247
Loss on sale of properties	(128,104)	(15,356)
Net (outgoing)/incoming resources before transfers	(128,104)	99,891
<b>Transfers between funds</b>		
Transfer of investments/property from other funds	5,500	375,532
Churchgates 2000 Limited profit for the year	55,987	38,010
Net (outgoing)/incoming resources after transfers	61,487	413,542
	(66,617)	513,433
<b>Asset revaluations and investment asset movements</b>		
Revaluation of fixed assets	(301,472)	154,041
Gain on disposal of investments	65,047	232,454
Revaluation of investments	314	382,141
	(236,111)	768,636
<b>Net movement of funds</b>	(302,728)	1,282,069
Total funds brought forward at 1 January 2011	19,737,204	18,455,135
<b>Total funds carried forward at 31 December 2011</b>	<b>19,434,476</b>	<b>19,737,204</b>

#### Assets as at 31 December 2011

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Fixed assets	14,461,604	15,446,801
Investment assets	2,507,589	2,526,974
Net assets of Churchgates 2000 Ltd	2,195,621	2,139,635
	19,164,814	20,113,410
Current investments	277,571	12,026
Amounts due to other funds	(7,909)	(388,232)
<b>Net current assets</b>	<b>269,662</b>	<b>(376,206)</b>
<b>Total Funds</b>	<b>19,434,476</b>	<b>19,737,204</b>

## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Appendix IV

#### Parish Share 2011 Deanery Summary

Deanery	Parish Share £	Paid £	Not Paid £	Paid %
Bosmere	265,822	261,579	4,243	98.40
Colneys	416,223	390,406	25,817	93.80
Hadleigh	313,937	313,938	(1)	100.00
Ipswich	998,524	848,129	150,395	84.94
Samford	286,507	277,336	9,171	96.80
Stowmarket	260,431	260,472	(41)	100.02
Woodbridge	502,863	494,135	8,728	98.26
Clare	243,678	240,334	3,344	98.63
Ixworth	295,572	270,544	25,028	91.53
Lavenham	406,141	398,838	7,303	98.20
Mildenhall	350,482	304,584	45,898	86.90
Sudbury	400,926	361,247	39,679	90.10
Thingoe	426,089	412,260	13,829	96.75
Beccles & South Elmham	248,515	220,565	27,950	88.75
Halesworth	321,020	297,564	23,456	92.69
Hartismere	173,943	170,664	3,279	98.11
Hoxne	154,390	154,390	-	100.00
Loes	317,815	261,273	56,542	82.21
Saxmundham	358,870	357,741	1,129	99.69
<b>Total 2011</b>	<b>6,741,748</b>	<b>6,295,999</b>	<b>445,729</b>	<b>93.39</b>
Total 2010	6,609,557	6,179,518	430,039	93.49

Amount received per accounts (note 1)	6,311,958
Less late receipts 2010 & add late receipts 2011*	<u>(15,959)</u>
Amount received as above	<u>6,295,999</u>

\* Late receipts up to the date of signing of the accounts are taken account of in this table, but the accounts themselves are not adjusted.

**THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE**



## THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

### Company Statement of Financial Activities for the Year Ended 31 December 2011

	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	Total Funds 2011 £000	Total Funds 2010 £000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income:					
Parish contributions	6,312	-	-	6,312	6,162
Archbishops' Council	163	-	-	163	233
Other	148	163	-	311	291
Activities for generating funds	158	-	-	158	163
Investment income	184	215	8	407	397
<b>Incoming resources from charitable activities :</b>					
Statutory fees, chaplaincy and other income	447	-	-	447	479
<b>Other incoming resources</b>	-	-	-	-	194
<b>Total incoming resources</b>	7,412	378	8	7,798	7,919
<b>Resources expended</b>					
<b>Costs of generating funds:</b>					
Costs of activities for generating funds	41	-	-	41	46
Investment management costs	10	-	-	10	12
<b>Charitable activities :</b>					
Contributions to Archbishops' Council	565	-	-	565	557
Resourcing ministry and mission	6,705	330	-	7,035	6,887
Education	-	311	-	311	231
<b>Governance costs</b>	302	2	-	304	308
<b>Support Costs</b>	832	-	-	832	417
<b>Other resources expended</b>	162	-	139	301	18
<b>Total resources expended</b>	8,617	643	139	9,399	8,476
<b>Net outgoing resources before transfers</b>	(1,205)	(265)	(131)	(1,601)	(557)
<b>Gross transfers between funds</b>	494	(140)	(354)	-	-
<b>Net outgoing resources before other recognised gains and losses</b>	(711)	(405)	(485)	(1,601)	(557)
<b>Other recognised gains and losses:</b>					
(Losses)/gains on revaluation of fixed assets for charity's own use	(153)	-	(1,055)	(1,208)	488
Gains on investment assets realised	-	-	65	65	232
(Losses)/gains on investment assets unrealised	(26)	(6)	(1,383)	(1,415)	675
<b>Net movement in funds</b>	(890)	(411)	(2,858)	(4,159)	838
<b>Reconciliation of funds:</b>					
Total funds at 1 January 2011	6,660	3,799	71,532	81,991	81,153
Total funds at 31 December 2011	5,770	3,388	68,674	77,832	81,991