

# Annual Report and Financial Statements **2019**

*Norwich Diocesan Board of Finance Limited*

Supporting the mission and ministry  
of the Diocese of Norwich



**THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
(A company limited by guarantee)

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

# NORWICH DIOCESAN BOARD OF FINANCE LIMITED

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## REFERENCE AND ADMINISTRATIVE INFORMATION

**Executive Committee  
(Board of Directors)  
as at 7 July 2020**

William E. Husselby OBE DL (Chairman)  
The Revd. Michael Asquith  
Robin P. Back  
The Ven. Steven J. Betts  
Hugh M. C. Coghill  
Michael A. J. Gurney  
Ray Hollands  
Kandara Kammoun  
Susan Martin  
Patricia Menaul  
Captain Anthony M. Poulter OBE RN  
The Revd. Dr Patrick Richmond  
Angela Robson  
The Revd. Canon Simon Stokes  
The Revd. Jeremy G. Sykes  
Julian Taylor  
The Rt. Revd. Graham Usher

**Diocesan Secretary (Chief Executive)**

Richard M. Butler MBE DL

**Director of Finance**

Susan E. Bunting BFP FCA

**Registered Office**

Diocesan House, 109 Dereham Road, Easton, Norwich,  
NR9 5ES

**Company Registration Number**

88175

**Charity Registration Number**

249318

**Auditor**

Lovewell Blake LLP, Bankside 300, Peachman Way,  
Broadland Business Park, Norwich, NR7 0LB

**Bankers**

Barclays Bank plc, London Street, Norwich, NR2 1HS

**Insurers**

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

**Solicitors**

Birketts LLP, Kingfisher House, 1 Gilders Way, Norwich,  
NR3 1UB

Anthony Collins Solicitors LLP, 134 Edmund Street,  
Birmingham. B3 2ES

**Investment Advisors and  
Stockbrokers**

Barratt and Cooke Ltd, 5/6 Opie Street, Norwich  
NR1 3DW  
CCLA Investment Management Limited, 80 Cheapside,  
London EC2V 6EE  
JM Finn & Co, 4 Coleman Street, London, EC2R 5TA  
Eskmuir Group, 8 Queen Anne Street, London, W1G 9LD

## NORWICH DIOCESAN BOARD OF FINANCE LIMITED

### SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

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

Each diocese in England is divided into parishes. Each parish is overseen ecclesiastically by a parish priest if not an 'incumbent' (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. The two archbishops and 24 senior bishops sit in the House of Lords.

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

#### **The three National Church Institutions**

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

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

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

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

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

#### **The Cathedral**

The Cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, the Cathedral, Norwich.

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

## SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND (continued)

### The Diocese

#### Diocesan Synod

The statutory governing body of the diocese is the diocesan synod which is elected with representation from across the diocese. The Synod has broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

#### Deanery Synod

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

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

#### The Bishop's Council

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

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

#### Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which - broadly - is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a corporate charity, and all those not exceeding £100,000 annual gross income are currently excepted from registration with the Charity Commission. 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.

#### Parishes

A benefice is a parish or group of parishes served by an incumbent in holy orders who as such is a Church beneficiary and typically receives a stipend and the benefit of free occupation and use of a parsonage house at the behest of the Bishop for the purpose of carrying out specified spiritual duties.

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

The diocese is then the principal pastoral and, by means of its Board of Finance, financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

## CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2019

Let me start my report on a very positive note and welcome Bishop Graham Usher. Bishop Graham was elected as the seventy-second Bishop of Norwich on 17 June 2019 and enthroned at Norwich Cathedral on 9 November 2019. I look forward to working alongside our new Bishop, seeking to serve and fulfil his vision as we continue to live out Jesus Christ's call to love God and our neighbours.

The priority of the Norwich Diocesan Board of Finance Ltd is to support the advancement of the Christian faith within the Diocese of Norwich and elsewhere, by providing resources for ministry and mission. To do this, we must have sound financial management.

I have commented in my previous statements that from 2015 onwards, we have been required to show the Norwich Diocesan Board of Finance Ltd share of the deficit on the national clergy pension scheme. At the 31 December 2019 our share of the deficit on this scheme was £1.113 million, a reduction of £2.353 million from the deficit of £3.466 million at 31 December 2018. These large adjustments, along with other pension scheme adjustments for the closed Diocesan Staff pension scheme make the operating results difficult to read.

The summary on page 7 of my report shows an operating surplus prior to the consolidation of our trading subsidiaries of £307k (2018: £430k), if we then remove the large pension scheme adjustments and other provisions, our actual operating deficit for 2019 was £328.6k. This compares with an operating deficit of £126.5k in 2018.

This is our second consecutive year of operating deficits and whilst budgeted (2019 budgeted deficit £350.2k) it is concerning. When Bishop's Council met at the end of January 2020, we discussed how future predicted operating deficits should be managed, alongside investment and asset management strategies. Little did we realise at the time, that although we had heard that Wuhan in China had reported a coronavirus (COVID-19) health crisis, that it would become a worldwide pandemic which would have an impact on all of our lives in such a severe way.

The financial statements you are about to read comment on the 'going concern' impact of COVID-19 on the Norwich Diocesan Board of Finance Ltd, in the report of the Executive committee on page 15 and also in note 1(h) on page 28. The financial impact on Norwich Diocesan Board of Finance Ltd will be in several areas, parish share, fee income and investment income, along with a fall in capital values. The full impact for 2020 cannot be known as there are so many uncertainties, including the possibility of future stricter lockdown periods if there is a resurgence in the number of COVID-19 cases, but could see an operating deficit of over £3 million. The Executive Committee recognises and commends the immediate action taken by the Diocesan Secretary and Director of Finance on expenditure savings, most notably in respect of housing costs, where only emergency/essential repairs are being carried out. 32 staff members (50%) have been furloughed under the government job retention scheme. On discussion and advice from our auditors and to use accounting terminology, the emergence of COVID-19 is a 'non-adjusting event' and therefore the measurement of assets and liabilities in these financial statements has not been adjusted for the potential future financial impact of the pandemic.

I am very conscious of the difficulties our parishes are facing but also how well our clergy and congregations have adapted to alternative online forms of worship. The impact of the closure of our church buildings has seen parish incomes fall, most noticeably from cash collections, fundraising activities and premises hire, along with parochial fee income from weddings. This in turn has impacted on the ability to pay parish share.

I must again offer my thanks to the people of this diocese for all that they do to meet the payment of parish share. In contributing to the cost of ministry through the Parish Share, church members are contributing to a ministry to the whole parish, to those that attend church and those that do not, to those who share our faith and those that do not, we want people to experience life in Christ.



## CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2019

Our main areas of expenditure are ministry costs, with clergy stipends, national insurance, pension and housing costs amounting to £7.8 million in 2019, some 66% of our total expenditure.

Our expenditure for supporting ministry and mission has increased by £146k, this relates to restricted funds, mainly for the new Church Planting and Revitalisation project, the work of the four workstreams of our Mission Strategy 2021 and Resourcing Ministerial Education (RME), which was a new framework introduced in September 2017 for paying to support Ordinands in initial training and increases each year as new cohorts join the scheme.

We are continually reviewing overheads to ensure that we are working in the most cost-efficient way, whilst still providing the essential services for our clergy and our parishioners. We also continue to look at maximising our assets to produce an income to support our activities, both now and in years to come.

Maintaining the level of Parish Share and increasing it if possible, is one of the biggest challenges we face and the biggest risk to our finances when it falls. This is monitored closely by the Parish Share Monitoring Group, acknowledging for 2020 this will be an exceptional year. Parish Share received for the year ended 31 December 2019 was £7.086 million (89.54% of the total request) a decrease of £24k compared with 2018.

Our income from investments has decreased by £37k, (2018 included over £100k back glebe rent following a rent review).

The value of our balance sheet at 31 December 2019 was £145.6 million, £146.8 million excluding the clergy pension scheme liability (before trading subsidiaries, see note 38 on page 48 of the financial statements). Our fixed assets, being Houses, Glebe land and an investment portfolio equate to £144.4 million, this leaves £2.4 million liquidity to run the Diocese on a daily basis, only £1.1 million being free reserves.

The values of our investment portfolios increased at 31 December 2019, by £2.137 million. Since the balance sheet date, we have seen the values of the portfolio plummet and then start to recover during May and June 2020.

As mentioned earlier when looking at expenditure, 2019 saw the launch of the Church Planting and Revitalisation Project. The Diocese was awarded £1.98 million towards the Church planting and revitalisation project by the Strategic Development Fund at Archbishop's Council. The project commenced in the latter part of 2019, its aims are to create 10 new or revitalised churches across Norfolk and Waveney. Teams of church and worship leaders, sports ministers and others will be appointed to areas where research shows there are local needs the church can help meet and communities that can be better supported. The project seeks to reach both rural and urban area, engaging with young people and families by focusing on areas of population around secondary school catchment areas.

During the year, we have continued to develop our trading subsidiaries, Spire Support Services Limited and Norwich Glebe Property Limited, the results of which are shown in note 33 on pages 44 and 45 of these financial statements. These companies were formed to provide alternative sources of income for the diocese and relieve the pressure on Parish Share. Both are profit making and able to gift the net profits under corporate gift aid back to the Diocese.

Each year I express my personal thanks and that of the whole of the Executive Committee, to the Diocesan Secretary, Richard Butler and the Diocesan staff team for their enduring hard work and support. This year, during the current circumstances, I would like to thank the Diocesan Secretary, Director of Finance and the staff team more than ever, for coping with additional workload, extreme pressure and strategic planning during this difficult time.

The table on page 7 of my report summarises the results for the year.



**WILLIAM E. HUSSELBY OBE DL**

7 July 2020

## APPENDIX TO CHAIRMAN'S STATEMENT IN ANNUAL REPORT 2019

The table below summarises the main features of the year and my explanation of them. The figures are extracted from note 37 on page 47 of the financial statements and are prior to the consolidation of Subsidiaries.

	<b>Board 2019 £'000</b>	<b>Board 2018 £'000</b>	<b>Variances £'000</b>
Income	12,099	11,981	118
Expenditure	<u>(11,792)</u>	<u>(11,551)</u>	<u>(241)</u>
<b>Operating surplus</b>	<b>307</b>	<b>430</b>	<b>(123)</b>
Realised gains on sale of properties - Board	<u>257</u>	<u>150</u>	<u>107</u>
<b>Net income</b>	<b>564</b>	<b>580</b>	<b>(16)</b>
Adjustment of value linked loans	(1)	(10)	9
Actuarial gain on defined benefit pension scheme	1,734	277	1,457
Gains on investment assets:			
Sale of glebe property (realised gains)	93	24	69
Quoted and unquoted investments			
Realised	8	(8)	16
Unrealised	<u>2,154</u>	<u>(1,159)</u>	<u>3,313</u>
Increase/(decrease) in funds	<u>4,552</u>	<u>(296)</u>	<u>4,848</u>

## THE EXECUTIVE COMMITTEE AND DIRECTORS' REPORT INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Executive Committee, who are also directors for the purposes of company law, present their combined trustees' and directors' report and strategic report together with the audited financial statements, for the year ended 31 December 2019.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

### Objectives

Norwich Diocesan Board of Finance Limited aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. These activities have been undertaken during the year and there have been no significant changes in its policies.

### Structure, governance and management

The Diocese of Norwich was founded in 1094 and took broadly its present form in 1906. It covers an area of 1,804 square miles. The approximate population is 905,000 and the demographics are as follows: the diocese is the 8<sup>th</sup> largest in England in geographical area but only 33<sup>rd</sup> in terms of density of population. The city of Norwich (total population around 135,000) is the area's key centre of economic activity. Apart from Norwich there are four other significant conurbations which spread around the periphery: Kings Lynn, Great Yarmouth, Lowestoft and Thetford. The rural areas contain a scattered population living in communities ranging from market towns (of which Norfolk has many, most of them growing) to smaller villages and remote hamlets.

The Diocese is arranged in three archdeaconries being Norwich, Thetford and Lynn. In total there are some 560 parishes.

### Diocesan governance

The Diocese is governed by Standing Orders approved by Diocesan Synod. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay members elected by the house 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 normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee which is the Bishop's Council.

### Company status

The company, Norwich Diocesan Board of Finance Limited, is established to manage the financial affairs, and hold legal title to the assets, of the Diocese of Norwich. It was incorporated on 28 March 1906 as a charitable company limited by membership guarantee (No. 88175), and its governing documents are the Memorandum and Articles of Association (as amended on 28 April 1970, 5 May 1970 and 19 June 2010). Norwich Diocesan Board of Finance Limited is registered with the Charity Commission (No. 249318).

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

### Decision-making structure

Within the supervisory powers of the Diocesan Synod, as listed below, certain diocesan functions (those italicised below) are undertaken by the Executive Committee in pursuit of Norwich Diocesan Board of Finance Limited's charitable Objects:

- Planning the business of Synod including the preparation of agendas and papers
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- Transacting the business of the Diocesan Synod when not in session;
- Management of the funds and property of the Diocese
- Preparation of annual estimates of expenditure

# REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED - continued

## Structure, governance and management (continued)

- Advising on action needed to raise the income necessary to finance expenditure
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it.
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod;
- Carrying out any other functions delegated by Diocesan Synod.

The Executive Committee has delegated responsibility for the day-to-day management of the Board to the Diocesan Secretary who is supported by a senior management team and their staff.

All members of the Executive Committee give their time voluntarily and receive no benefits from the Board. During the year Norwich Diocesan Board of Finance Limited made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Executive Committee members and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

### **Committee structure**

There are a number of Diocesan Synod committees that, though not sub-committees of Norwich Diocesan Board of Finance Limited, can influence the operations of the Board.

Those that follow are statutory committees:

**Property Committee**, which is responsible for overseeing policy and making major decisions concerning the management of parsonage houses in each benefice, including implementing the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by the Board. This Committee's work is now included in the mainstream work of the Property Executive which is a sub-committee of the Executive Committee of the Norwich Diocesan Board of Finance Limited.

**Glebe Committee**, which is responsible for overseeing policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese of Norwich.

**Diocesan Advisory Committee**, which advises the Chancellor on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

**Mission and Pastoral Committee**, is responsible for pastoral reorganisation taking account of finance, clergy numbers and new patterns of ministry. The Committee advises the Bishop on Bishop's Mission Orders and is also responsible for church buildings other than the work of the DAC. This Committee's work is now included in the mainstream work of the Bishop's Council.

In addition to the statutory committees, there are also the following committees:

**Investment Policy Group**, which is responsible for determining policy and making major decisions concerning the management of the consolidated investment portfolio in order to gain the best return from these assets to help sustain the ministry of the Church, without undue risk.

**Asset Management Committee**, which works closely with the Property committee, Glebe committee and Investment Policy Group to manage the extensive property portfolio in order to improve the quality of the existing housing stock and make best use of the assets to generate additional revenue.

### **Recruitment and appointment of Executive Committee**

The Executive Committee members listed on page 2 are the directors of the company for the purposes of company law and in accordance with the Articles of Association shall be the following persons:

# REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED - continued

## **Structure, governance and management (continued)**

- The Chair of the Board, to be nominated by the Bishop's Council;
- The Deputy Chair of the Board, to be nominated by the Bishop's Council;
- The Treasurer of the Board, to be nominated by the Bishop's Council;
- An Archdeacon, to be nominated by the Bishop's Council;
- The Clerical Vice-President of the Diocesan Synod;
- The Lay Vice-President of the Diocesan Synod;
- Three lay members of the Diocesan Synod and three clerical members of the Diocesan Synod to be elected by the Diocesan Synod;
- Up to three additional persons as may be co-opted by the Executive Committee from time to time.

## ***Induction and training of Executive Committee***

The Executive Committee is aware of the 2011 Charities Act requirement to ensure that all members receive appropriate induction and training. Periodically members attend talks on charity governance.

## ***Remuneration of key management personnel***

Emoluments of higher paid personnel are determined by the Chairman of the Board of Finance and the Diocesan Secretary and approved by the Executive Committee. The emoluments of the Diocesan Secretary are determined by the Bishop of Norwich and the Chairman of the Board of Finance. All employees including key management personnel have regular appraisals and remuneration is based on salary scales which are regularly benchmarked and reviewed.

## ***Related parties/Connected charities***

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

In pursuit of its charitable objectives, the Board acts as agent for a number of Diocesan Boards including the Board of Education, the Board for Social Responsibility and the Ministry division.

The Diocese of Norwich Education and Academies Trust and St Benet's Multi-academy Trust are connected charities of the Norwich Diocesan Board of Finance Limited. Church academies have a clause written into their funding agreements which requires the Academy Trust to ensure that the quality of Religious Education and the contents of the Academy's collective worship are given in accordance with the tenets and practice of the Church of England.

The Diocese of Norwich Churches Trust was established during 2015 and is a connected charity of the Norwich Diocesan Board of Finance Ltd. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs, this became active during 2017.

In addition the Board acts as managing or custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. All trust assets are recorded and maintained separately from the Board's own assets. It also co-operates with and provides advice to Parochial Church Councils, the Chapter of Norwich Cathedral, the Horstead Centre and other church bodies.

The Board is required by Measure to be custodian trustee in relation to Parochial Church Council property, but has no control over Parochial Church Councils, which are independent charities. The accounts of Parochial Church Councils and deaneries do not form part of these financial statements.

Parochial Church Councils are able to influence the decision-making within Norwich Diocesan Board of Finance Limited and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

# REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

## Structure, governance and management (continued)

### **Pension scheme**

Norwich Diocesan Board of Finance Limited is the sponsoring employer of the Norwich Diocesan Board of Finance Pension Scheme. This is a pension fund for the benefit of employees of Norwich Diocesan Board of Finance Limited. One trustee of the scheme is an employee of the Board. The scheme has been closed to new entrants. Costs of administration and secretarial services are borne by the Board.

The Board also participates in the Church of England Funded Pension Scheme. Further details are contained in note 28 to the financial statements.

### **Subsidiary undertakings**

The Board's subsidiaries are considered to be The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The Board has three trading subsidiaries, Spire Support Services Limited, Norwich Glebe Property Limited and NDBF Easton Limited (see note 33).

## Strategic Report

Key performance indicators are shown in the relevant sections of this report.

### **a) Activities, Benefits and Achievements**

Norwich Diocesan Board of Finance Limited's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people in parishes across the Diocese.

The key activities may be summarised as:

- To seek a constructive and positive relationship with the people of the Diocese;
- To communicate effectively across all areas of Diocesan activity;
- To exercise and promote good stewardship of Diocesan resources to support growth;
- To provide mechanisms for evaluating performance through a regular programme of reflection and review.

### **Public benefit**

The Executive Committee is aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. The Executive Committee believes that, by promoting the work of the Church of England in the Diocese of Norwich, the Board 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.

Norwich Diocesan Board of Finance Limited supports the clergy through the payment of stipends, the management of parsonages, and clergy training. This provides a benefit to members of the general public in each parish. The Church also carries out marriages, baptisms and funerals which are attended by the general public, and enriches local communities by the provision of other services across the Diocese.

The Board of Education provides support services and capital expenditure support for schools and academies, thus benefiting the pupils, and the improvement of the buildings benefits the local community.

Norwich Diocesan Board of Finance Limited also makes grants to connected charities and to other charitable projects in support of the above objectives.

The benefits outlined above are related to the aims of the Diocese in helping to promote, carry on and assist the work of the Church of England in the Diocese of Norwich and elsewhere, providing resources for Ministry and Mission. They also relate to a large section of the general public whose opportunity to benefit is not unreasonably affected by geographical or financial restrictions.

# REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED - continued

## **Achievements and performance**

*Our plans and achievements during 2019 were:*

**During 2019 the Board planned to:**

- Continue to implement the renewed Diocesan Mission Strategy. The Diocese is faced with new challenges – new housing areas, fresh opportunities in education, consolidating Fresh Expressions of church, learning from those places where the Church is growing and considering the role of our rural church buildings in small communities in the future.
- Submit an application to the Strategic Development Fund to help initiate and develop new areas of work and help people in sharing faith with our communities. We are looking to do this through the planting and/or revitalisation of disciple making churches. This will also include a Church Planting and Development Training School, Sports Factory, Youth Ministry and the Undergraduate Training Scheme.
- Appoint a further Church Army Officer in Kings Lynn to develop a fruitful ministry with a commitment to communicating the gospel to those who have little or no meaningful relationship with church.
- Continue to work with the Together Network, set up by the Church Urban Fund, to develop capacity for action at a local level, and to inform, inspire, resource and support local churches and organisations, as they work to address issues of social justice and relationships between communities.
- Continue to monitor the progress of the Parish Share allocation method and action areas of concern;
- Continue to support the Diocesan Churches Trust, to help to discover an appropriate solution for Churches in very small communities and with tiny congregations, so that the incumbent and the PCC are relieved of the burden and responsibility of maintenance with its associated running costs.
- Begin building works for the Diocesan House annexe during the latter part of 2019/beginning of 2020.
- Continue to support and develop the trading subsidiary companies;
- Continue to support and develop the Diocese of Norwich Education and Academies Trust and St Benet's Multi-academy Trust.
- Work closely with HM Revenue and Customs to maintain good standards of record keeping, ensuring new legislation and reforms are followed, communicating this information effectively to parishes.

**During the year the Board has achieved:**

- The work of each Mission Strategy stream is ongoing until 2021.
- A successful bid was made to the Strategic Development Fund at Archbishop's Council. The Diocese was awarded £1.98 million towards the Church planting and revitalisation project which commenced in October 2019.
- No further Church Army Officers were appointed during 2019.
- The Diocese continues to fund 50% of 'Imagine Norfolk Together' in conjunction with the Together Network and the Church Urban Fund.
- The Parish Share Monitoring Group met regularly throughout 2019 and addressed areas of concern.
- The Trustees of The Diocesan Churches Trust met regularly throughout 2019 to review applications to the Trust and its financial obligations.
- The planning application for the annexe to Diocesan House was submitted during 2019 and further revisions submitted and agreed. This project has not started and is currently being reviewed as part of a full review of the impact of the COVID-19 pandemic.
- The Board has continued to actively support two trading subsidiaries during 2019, both of which have seen a surplus position for 2019. NDBF (Easton) Limited (see note 33 on page 44) is likely to become active in the latter part of 2020.
- The Board has continued to help to develop the Diocese of Norwich Education and Academies Trust and St Benet's Multi-academy Trust.

## **Operational performance**

Norwich Diocesan Board of Finance Limited received 89.5% of parish share requested for the year and has met all of its financial obligations to continue resourcing Diocesan needs as these arise, including the support of the ministry, provision of well-maintained houses for the clergy, national church responsibilities and enriching and facilitating many other aspects of church life throughout the Diocese.

This has been achieved through a number of factors, including sound management, good systems and practice.

# REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

## Achievements and performance (continued)

### *Investment performance – overall performance*

The overall value of Diocesan investment assets increased by £2,217,000 during 2019, as compared with a decrease of £1,282,000 in 2018.

In 2019 the operational activities of the Diocese were financed by £714,000 from interest and dividends (2018: £638,000).

### *Glebe investments*

£37.1 million of the Board's investments are in glebe land, primarily to generate a sustainable income to continue funding clergy stipends.

Rents receivable amounted to £798,000 (2018: £911,000 (including back rent of £101k)).

Investment in equity and fixed interest funds were valued at £11.1 million at 31 December 2019 (2018: £9.9 million). The unrealised gain in the value of investments during the year amounted to £1,174,000 (2018: unrealised loss £629,000). Dividends and interest receivable amounted to £426,000 (2018: £380,000).

### *General and other fund investments*

Other investments are held on behalf of restricted and general funds. The policy with these investments is to safeguard capital and to achieve capital growth. Investment in equity and fixed interest funds were valued at £8.7 million at 31 December 2019 (2018: £7.6 million), an increase of £1.1m or 14.5%. Dividends and interest receivable amounted to £266,000 (2018: £258,000).

### *Value linked loans*

As detailed in note 18, freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and as part of the agreement all or part of the sale proceeds are repayable on final disposal. The Board is committed to repay the outstanding value linked loans in the short term as funds become available. Total value linked loans at 31 December 2019 were £511,000 (2018: £510,000).

### *Statutory functions*

Norwich Diocesan Board of Finance Limited has responsibility for the management of glebe property and investments to generate income to support the cost of stipends. It is the Diocesan authority for 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.

### *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. Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of Norwich Diocesan Board of Finance Limited's objects.

### *Volunteers*

Norwich Diocesan Board of Finance Limited is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the Executive Committee greatly value the considerable time given by all the volunteers across the diocese in pursuit of the mission of the Norwich Diocesan Board of Finance Limited.

## **b) Financial review**

The results for the year shown in the Statement of Financial Activities on page 20 and the year end position shown in the balance sheet on page 22 are considered to be satisfactory. Results and highlights for the year and future prospects are given in the Chairman's Statement on pages 5 to 7.



# REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

## Financial review (continued)

### **Financial performance**

Income before revaluation adjustments totalled £12.8 million (2018: £12.8 million) and expenditure amounted to £12.3 million (2018: £11.9 million).

The Statement of Financial Activities (SOFA) for the year shows net income of £488,000 (2018: £910,000) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets, and actuarial losses on the defined benefit pension scheme.

The accounts show an increase in the balance sheet total of £4,583,000.

The Norwich Diocesan Board of Finance Ltd share of the Church of England Pension Scheme defined benefit funding deficit at 31 December 2019 was £1.113m (2018: £3.466m) see note 28 to the financial statements.

During the year, total fund balances remained at £148 million.

### **Principal funding sources**

Around 55.5% of the income of the Board comes from the Parish Share, 11.2% from National Church Selective Allocations, 11.9% from investment income, and 4.9% from statutory fees.

### **Going concern**

See note 1(h) on page 28, note 39 on page 48, and plans for the future on page 15, regarding the impact of COVID-19. After making enquiries the Executive Committee are satisfied that Norwich Diocesan Board of Finance Limited has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

### **Investment policy**

The Board's aim is to gain the best return from their assets to help sustain the ministry of the Church, without undue risk. Their portfolio includes fixed interest, bank and stock market investments, freehold properties and glebe land.

The Executive Committee have delegated the functions and duties in relation to Investment Management to the Investment Policy Group (IPG). The members of the IPG are appointed by the Executive Committee and are made up of a number of Executive Committee members and advisors who are reasonably believed, by the Executive Committee, to be qualified by ability and practical experience in matters relating to investments. The members of the IPG are guided by the best practice advice issued by the Charity Commission for the investment of Charitable Funds.

The Board's investment policies are based on two key policies:

Long-term responsibilities and growth – the Executive Committee are aware of their long-term responsibilities and as a result follow a correspondingly prudent approach to investment decisions. Investment policy for long term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. Glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. The overall aim is for a return of RPI plus 3%.

Ethical investment – the Executive Committee adopt an ethical investment policy that follows the Church of England Ethical Investment Advisory Group (EIAG) guidelines, this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

### **Reserves policy**

Norwich Diocesan Board of Finance Limited has considerable responsibilities including the remuneration of up to 180 parochial stipendiary clergy, the upkeep of approximately 260 houses, and the employment of 47 (f.t.e) full or part time staff, and it is therefore essential that the Board carries an appropriate level of reserves to meet these responsibilities.

## **REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued**

### **Financial review (continued)**

The free reserves of the Board at 31 December 2019, comprising the income funds freely available for general purposes (and which are not yet spent, committed or restricted) amounted to £1.1 million as compared with £1.2 million at the end of the previous year. Free reserves include free designated reserves of £154,000.

The Executive Committee have reviewed the reserves policy and continues to aim to build up the free reserves to approximately £3 million being four and a half months expenditure within the Capital and General fund and designated funds.

As stated in note 27, the Diocesan Secretary is sanctioned by the Bishop of Norwich to use monies from the Benefice Buildings and Pastoral Fund - this is mainly called upon when there are insufficient resources within the General Fund. The Benefice Building and Pastoral Fund is regarded as an expendable endowment (a restricted fund). The investments and net current assets within this fund at 31 December 2019 amounted to £2.4 million (2018: £2.4 million).

Total other restricted funds excluding tangible assets and long term liabilities at 31 December 2019 amounted to £58 million (2018: £56 million).

### **c) Plans for the future**

The COVID-19 pandemic has had a significant impact on plans for 2020. The government instructed all places of worship to close in March 2020, with gradual re-opening permitted for private worship during June 2020. The impact of the closure has seen parish incomes fall, most noticeably from cash collections, fundraising activities and premises hire, along with parochial fee income from weddings. This in turn has impacted on the ability to pay parish share.

The financial impact on Norwich Diocesan Board of Finance Ltd will be in several areas, parish share, fee income and investment income, along with a fall in capital values. The full impact for 2020 cannot be known but could see an operating deficit of over £3 million. The Board of Finance has enacted immediate expenditure savings, most notably in respect of housing costs, where only emergency/essential repairs are being carried out. 32 staff members (50%) have been furloughed under the government job retention scheme.

A review of clergy deployment and expenditure is being led by the Bishop of Thetford and this is likely to have a budgetary impact for 2021.

The Board of Finance has sufficient reserves to conclude that going concern is not an immediate concern but the Trustees recognise that in order to support our parishes in recovering from the pandemic, the activities of the Board of Finance must be reviewed.

## **REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued**

### **d) Principal Risks and Uncertainties**

The Executive Committee confirm that the major risks to which Norwich Diocesan Board of Finance Limited is exposed, as identified by the Executive Committee and staff, have been reviewed and that systems and procedures have been established to manage those risks. Risks are reviewed and managed as part of the risk management strategy.

A risk register has been compiled covering potential governance and management risks, operational risks, financial risks, environmental/external risks, and compliance risks. Potential risks are explained with their likely impact, and procedures to mitigate the risks are listed. The Executive Committee review the risk register at least annually as part of the risk management strategy.

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. Work continues on an affordable plan for the delivery of the charity's main objectives in the long term.

A key element in the management of financial risk is the setting of a reserves policy and its regular review by the Executive Committee.

### **Funds held as custodian trustee for others**

The Board is custodian trustee for approximately 1,800 Parish and other religious trusts which hold property and investments. The Board also holds Parochial Church Council property as custodian trustee. Each PCC is a separate charity and the assets are held separately from those of Norwich Diocesan Board of Finance Limited.

### **Fixed Assets**

The movements in fixed assets are set out in notes 18 to 20 in the accounts.

All of the Board's properties were re-valued at 31 December 2012 in accordance with the Board's normal accounting policy of re-valuing every five years.

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

The Glebe holdings were revalued as at 31 December 2017, in accordance with the policy set out on page 27. Glebe land was valued by FPD Savills, Property Consultants, at market value at 31 December 2017.

### **Fundraising standards information**

The Board supports raising funds from the public in relation to the annual Lent appeal. No professional fundraisers or third party commercial participators are used. The Board is registered with the Fundraising Regulator.

The Diocese employs an Events Coordinator who is monitored on a regular basis and reports to the Chief Executive. The Board is pleased to report that no complaints have been received.

No direct contact is made with the public regarding fundraising activities. All advertising is carried out via Diocesan publications, social media or websites.

# REPORT OF THE EXECUTIVE COMMITTEE (INCORPORATING STRATEGIC REPORT) OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED – continued

## Statement of Executive Committee's Responsibilities

The Executive Committee (who are also directors of Norwich Diocesan Board of Finance Limited for the purposes of company law) are responsible for preparing the Report of the Executive Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice 2015 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Board will continue in operation.

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

In so far as the Executive Committee is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Executive Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

## Members of the Executive Committee

Members of the Executive Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 2. The Rt. Revd. Graham Usher was appointed on 17 June 2019. The Revd. Canon Sally Theakston resigned on 19 December 2019 and the Revd. Dr Patrick Richmond was appointed on 19 December 2019.

## Auditor

A resolution to re-appoint Lovewell Blake LLP as auditor of the Board will be proposed at the Annual General Meeting on 10 October 2020.

The Report of the Executive Committee (incorporating Strategic Report) was approved by the Board on 7 July 2020.

Signed by Order of the Board



**RICHARD M. BUTLER MBE DL**, Secretary

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORWICH DIOCESAN BOARD OF FINANCE LIMITED**

### **Opinion**

We have audited the financial statements of Norwich Diocesan Board of Finance Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2019, 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.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Emphasis of matter**

We draw attention to the narrative in note 39 of the financial statements (concerning post balance sheet events) which describes the observed impacts to date of the COVID-19 pandemic and the group's assessment of the pandemic on its operational activities and financial position. Our opinion is not modified in respect of this matter.

### **Other information**

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

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

We have nothing to report in this regard.

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

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

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

## INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

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

### Responsibilities of the Executive Committee

As explained more fully in the Trustees' Responsibilities Statement (set out on page 17), the Executive Committee (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

### Use of our report

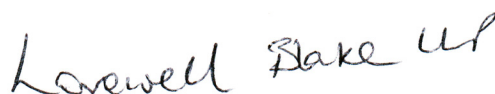
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report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

Mark Proctor FCA DCha (Senior Statutory Auditor)  
For and on behalf of  
LOVEWELL BLAKE LLP  
Chartered Accountants  
& Statutory Auditor

Bankside 300  
Peachman Way  
Broadland Business Park  
Norwich  
Norfolk  
NR7 0LB

Date: 7 July 2020

*Lowell Blake LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*



**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended 31 December 2019

	Note	* Restricted Funds			* Total Funds		Total Funds 2018 £'000
		Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	Total Funds 2019 £'000	
<b>Income and endowments from</b>							
<b>Donations</b>	2						
Parish contributions		7,086	-	-	-	<b>7,086</b>	7,110
Archbishops' Council		-	-	1,432	270	<b>1,702</b>	1,555
Other donations		300	-	-	213	<b>513</b>	490
<b>Charitable activities</b>	3	847	2	3	9	<b>861</b>	867
<b>Other activities</b>	4	446	2	-	380	<b>828</b>	836
<b>Investments</b>	5	98	167	1,224	23	<b>1,512</b>	1,549
<b>Other sources</b>	6	-	257	-	-	<b>257</b>	402
<b>Total income</b>		<b>8,777</b>	<b>428</b>	<b>2,659</b>	<b>895</b>	<b>12,759</b>	<b>12,809</b>
<b>Expenditure on</b>							
<b>Raising funds</b>	7	2	-	128	361	<b>491</b>	428
<b>Charitable activities</b>	8	9,093	8	2,104	575	<b>11,780</b>	11,471
<b>Total expenditure</b>		<b>9,095</b>	<b>8</b>	<b>2,232</b>	<b>936</b>	<b>12,271</b>	<b>11,899</b>
<b>Net income/(expenditure) before investment gains</b>		(318)	420	427	(41)	<b>488</b>	910
<b>Net gains/(losses) on investments</b>	13	394	582	1,279	107	<b>2,362</b>	(1,120)
<b>Net income/(expenditure)</b>	14	76	1,002	1,706	66	2,850	(210)
<b>Transfers between funds</b>	15	31	(839)	839	(31)	-	-
<b>Other recognised gains/(losses)</b>							
Adjustment of value linked loans	26	(1)	-	-	-	<b>(1)</b>	(10)
Actuarial gain/(loss) on defined benefit pension scheme	28	(169)	-	1,903	-	<b>1,734</b>	277
<b>Net movement in funds</b>		<b>(63)</b>	<b>163</b>	<b>4,448</b>	<b>35</b>	<b>4,583</b>	<b>57</b>
<b>Reconciliation of funds</b>							
Total funds at 1 January 2019		5,353	80,667	54,870	2,518	<b>143,408</b>	143,351
<b>Total funds at 31 December 2019</b>		<b>5,290</b>	<b>80,830</b>	<b>59,318</b>	<b>2,553</b>	<b>147,991</b>	<b>143,408</b>

The fund-analysis of the comparative figures is shown in note 36 to the accounts.

The notes on pages 24 to 48 form part of these accounts.

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 2019**

	2019 £'000	2018 £'000
Total income (note 1 below)	12,494	12,650
Expenditure	<u>(12,271)</u>	<u>(11,899)</u>
<b>Operating surplus for the year</b>	223	751
Interest receivable	8	9
Net gains/(losses) on investment assets	<u>2,362</u>	<u>(1,120)</u>
<b>Surplus/(deficit) for the year</b>	2,593	(360)
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	(1)	(10)
Net assets transferred from endowments	257	150
Defined benefit scheme actuarial gains	<u>1,734</u>	<u>277</u>
<b>Total comprehensive income for the year</b>	<u><u>4,583</u></u>	<u><u>57</u></u>

All income and expenditure relates to continuing activities

Total income comprises £8,769,000 for unrestricted funds and £3,725,000 for restricted funds, including subsidiaries and quasi subsidiaries. A detailed analysis of income by source is provided in the Statement of Financial Activities and notes 2 to 6 to the accounts. Detailed analysis of the expenditure is provided in the Statement of Financial Activities and notes 7 to 12 to the accounts.

The net surplus for the year of £2,593,000 comprises £76,000 net surplus of Unrestricted Funds and £2,517,000 net surplus of Restricted Funds.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 20, which together with the notes to the financial statements on pages 24 to 48, provides full information on the movements during the year on all the funds in the group.

All income and expenditure derives from continuing activities.

**Note 1 Reconciliation of Summary Income and Expenditure to Statement of Financial Activities**

	2019 £'000	2018 £'000
Total income per page 20	12,759	12,809
Less interest receivable	(8)	(9)
Less total endowment additions	<u>(257)</u>	<u>(150)</u>
Total income per above	<u><u>12,494</u></u>	<u><u>12,650</u></u>

The notes on pages 24 to 48 form part of these accounts.



**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**At 31 December 2019**

		* <b>Restricted Funds</b> *					
	Notes	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	<b>2019 Total £'000</b>	<i>2018 Total £'000</i>
<b>Fixed Assets</b>							
Tangible assets	18	4,691	78,413	5,233	520	<b>88,857</b>	<i>87,898</i>
Investment assets							
Glebe holding	19	-	-	37,050	55	<b>37,105</b>	<i>37,130</i>
Investments	20	2,941	4,965	11,107	787	<b>19,800</b>	<i>17,558</i>
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		7,632	83,378	53,390	1,362	<b>145,762</b>	<i>142,586</i>
<b>Current Assets</b>							
Stock	21	-	-	-	63	<b>63</b>	<i>78</i>
Debtors	22	2,069	23	872	198	<b>3,162</b>	<i>3,041</i>
Pension scheme asset		354	-	-	-	<b>354</b>	<i>337</i>
Central Board of Finance							
Deposit Fund		64	301	-	83	<b>448</b>	<i>664</i>
Cash/(overdrawn balance) at bank		(3,737)	(2,816)	6,266	3,392	<b>3,105</b>	<i>3,965</i>
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		(1,250)	(2,492)	7,138	3,736	<b>7,132</b>	<i>8,085</i>
<b>Creditors - Amounts</b>							
falling due within one year	24	581	56	97	2,066	<b>2,800</b>	<i>2,560</i>
<b>Net Current Assets</b>		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		(1,831)	(2,548)	7,041	1,670	<b>4,332</b>	<i>5,525</i>
<b>Total Assets Less</b>							
<b>current liabilities</b>		5,801	80,830	60,431	3,032	<b>150,094</b>	<i>148,111</i>
<b>Creditors - Amounts falling</b>							
due after more than one year	25	511	-	-	479	<b>990</b>	<i>1,237</i>
<b>Net Assets excluding pension</b>		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>scheme liability</b>		5,290	80,830	60,431	2,553	<b>149,104</b>	<i>146,874</i>
<b>Defined benefit pension scheme</b>							
<b>liability</b>	28	-	-	1,113	-	<b>1,113</b>	<i>3,466</i>
<b>Net assets after pension liability</b>		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		5,290	80,830	59,318	2,553	<b>147,991</b>	<i>143,408</i>
<b>Fund Balances</b>							
At 31 December 2019 (page 20)	27	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		5,290	80,830	59,318	2,553	<b>147,991</b>	<i>143,408</i>

Approved by the Executive Committee on 7 July 2020 and signed on its behalf by

Chairman

**William E. Hesselby OBE DL**



Diocesan Secretary

**Richard M. Butler MBE DL**

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 December 2019

	2019 £'000	2018 £'000
<b>Net cash outflow from operating activities</b>	<u>(1,757)</u>	<u>(1,163)</u>
<b>Cash flows from investing activities</b>		
Dividends, interest and rent from investments	1,512	1,549
Interest paid	(11)	(11)
Proceeds from the sale of tangible fixed assets	1,384	1,520
Purchase of tangible fixed assets	(2,111)	(1,102)
Proceeds from the sale of investments	710	8,836
Purchase of investments	(565)	(8,674)
<b>Net cash provided by investing activities</b>	<u>919</u>	<u>2,118</u>
<b>Cash flows from financing activities</b>		
Loans repaid to the Board	10	45
Loans repaid by the Company	(248)	(42)
<b>Net cash provided by financing activities</b>	<u>(238)</u>	<u>3</u>
<b>Change in cash and cash equivalents in the reporting period</b>	(1,076)	958
Cash and cash equivalents at 1 January 2019	<u>4,629</u>	<u>3,671</u>
Cash and cash equivalents at 31 December 2019	<u><u>3,553</u></u>	<u><u>4,629</u></u>
<b>Reconciliation of net income to net cash flow from operating activities</b>		
<b>Net income</b>	488	910
Depreciation	25	13
Interest paid	11	11
Net gain on the sale of fixed assets	(257)	(146)
Dividends, interest and rent from investments	(1,512)	(1,549)
Increase in stock	15	(64)
Increase in debtors	(131)	(437)
Increase in creditors	240	650
FRS 102 Non-cash pension disclosures	(636)	(551)
<b>Net cash provided by/(used in) operating activities</b>	<u>(1,757)</u>	<u>(1,163)</u>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	3,105	3,965
Notice deposits (less than 3 months)	448	664
	<u>3,553</u>	<u>4,629</u>
<b>Reconciliation of net cash flow to movements in net debt</b>		
Change in cash and cash equivalents in the reporting period	(1,076)	958
Cash flow from decrease in debt	247	33
Increase/(decrease) in net debt in the reporting period	<u>(829)</u>	<u>991</u>
Net debt at 1 January 2019	<u>3,392</u>	<u>2,401</u>
Net debt at 31 December 2019	<u><u>2,563</u></u>	<u><u>3,392</u></u>

# NORWICH DIOCESAN BOARD OF FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 1. Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) published in October 2019, the Companies Act 2006 and applicable accounting standards (FRS102). The Board constitutes a Public benefit entity as defined by FRS102.

The principal accounting policies and estimation techniques are as follows.

#### a) Income

All income is included in the Statement of Financial Activities (SOFA) when the Board is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Share** is recognised as income of the year in respect of which it is receivable, which includes amounts received in respect of the year up to the following 31 January.
- ii) **Rent** receivable is recognised as income in the period it is received. Glebe rents are collected by the Board and the income, net of related expenditure, is paid by instalments to the Church Commissioners in accordance with the Endowments and Glebe Measures 1976. The amounts received by the Church Commissioners are then credited to the Stipends Fund. Glebe rents are shown gross in the Statement of Financial Activities.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate, which include assigned fees received in respect of the year up to the following 31 January.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the Board's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

#### b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

## NORWICH DIOCESAN BOARD OF FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

#### 1. Accounting policies (continued)

- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.**

#### ***The Church of England Funded Pension Scheme***

The Board participates in the Church of England Funded Pension Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that the contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

#### ***The Board's Defined Benefit Scheme***

The Board's pension scheme provides benefits for other full-time staff based on final pensionable pay. This is closed to new entrants. The assets of the scheme are held separately from those of the Board, being invested with Aviva. Defined benefit pension liabilities are measured using the projected unit credit method and discounted at the valuation rate of interest on a high quality corporate bond of equivalent term and currency to the liability. Under FRS 102 it is permissible to review and update the most recent actuarial valuation results, any net liability arising based on these valuations is the best estimate of the present value of the actual amounts to be paid out of the scheme, less the market value of the scheme assets.

The increase in the present value of the liabilities of the Board's defined benefit pension scheme expected to arise from employee service in the period is charged to the Statement of Financial Activities. The net interest on the scheme liabilities is also charged to the Statement of Financial Activities. Actuarial gains and losses are recognised in the Statement of Financial Activities.

## NORWICH DIOCESAN BOARD OF FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

#### 1. Accounting policies (continued)

##### v) Pension contributions (continued)

###### **Group Personal Pension Plan**

A group personal pension scheme was set up on 1 January 2002 and the costs of providing this are charged to the Statement of Financial Activities as they become payable.

#### c) Tangible fixed assets and depreciation

##### **Freehold properties**

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

##### **Investment properties**

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

##### **Parsonage houses**

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

##### **Properties subject to value linked loans**

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are carried at their pre-existing balance sheet revaluation as deemed cost (see paragraph above). Each year end the loan is carried at an index linked current valuation basis.

#### d) Other tangible fixed assets

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

Office and other equipment	25% / 33.33% straight line
Motor vehicles	25% reducing balance

## NORWICH DIOCESAN BOARD OF FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

#### 1. Accounting policies (continued)

##### e) Other accounting policies

##### i) Fixed asset investments

The Glebe holding, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2017. This valuation, which represents an average of £6,388 per acre, is updated every five years. Details of the cost of the majority of the Glebe property is not available. Listed investments are included at their market value. Unlisted investments are included at valuations provided by the Fund Managers concerned. Subsidiary companies are included at fair value and any changes are recognised in the SOFA.

##### ii) Diocesan Stipends

All stipends are paid by the Church Commissioners with funds provided by the Diocese. Allocations, guaranteed annuities and grants from the Church Commissioners, net Glebe rents and other attributable income received by the Church Commissioners are credited to the Stipends Fund.

##### iii) Diocesan Parsonages Fund

All transactions relating to the Diocesan Parsonages Fund are included under the appropriate headings in the Capital and General Fund column of the Board's Statement of Financial Activities.

##### iv) Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

##### v) Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

##### vi) Cash at Bank

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

##### vii) The Diocese of Norwich Consolidated Education Endowments

The Diocese contributes towards the repairs and capital expenditure on schools and the costs are shown net of grants receivable. This grant system has now ceased for new projects and has been replaced by the Voluntary Aided Schools pooling arrangement. Grants shown in the Statement of Financial Activities relate to existing projects commenced under Consolidated Education Endowments.

##### viii) Financial Instruments

The Board only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their transaction value and then measured at their settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## NORWICH DIOCESAN BOARD OF FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

#### 1. Accounting policies (continued)

##### f) Fund balances

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

- **Unrestricted funds** are the Board's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the Executive Committee. There are two types of unrestricted funds:
  - **General funds** which the Board intends to use for the general purposes and
  - **Designated funds** set aside out of unrestricted funds by the Board for a purpose specified by the Executive Committee
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

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 are disclosed in the Report of the Executive Committee.

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

##### g) Consolidated accounts

For the purposes of the Consolidated Statement of Financial Activities and Balance Sheet which appear alongside those of the Board itself, the Board's subsidiaries and quasi subsidiaries are considered to be Spire Support Services Ltd, NDBF (Easton) Ltd, Norwich Glebe Property Ltd, The Diocese of Norwich Consolidated Education Endowments (formerly Schemes under Section 554 of the Education Act 1996) and certain trusts over which the Board has absolute discretionary control and of which it is a beneficiary. The results of the subsidiaries and quasi subsidiaries are consolidated on a line by line basis within 'other restricted funds'. Intra group balances, where immaterial, are not eliminated on consolidation.

##### h) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist in relation to going concern.

At the balance sheet date, China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as coronavirus (or COVID-19) only came to light in early 2020. The emergence of COVID-19 is a non-adjusting event and therefore the measurement of assets and liabilities has not been adjusted for its potential impact. The Trustees have assessed the heightened going concern risks arising from the COVID-19 pandemic, including cashflow, investment values, staffing, government support and timelines for opening places of worship. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

	* Restricted Funds *				Total Funds 2019 £'000	Total Funds 2018 £'000
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000		
<b>2. Income from Donations</b>						
<b>Parish contributions</b>						
Parish share						
Current year's allocation	7,914	-	-	-	7,914	7,837
Shortfall in contributions	(828)	-	-	-	(828)	(727)
Total income	<u>7,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,086</u>	<u>7,110</u>
Total parish share receipts for the current year represent 89.5% of the allocation (2018: 90.7%)						
<b>Archbishop's Council</b>						
Selective allocation	-	-	1,431	-	1,431	1,464
Resourcing Ministerial Education	-	-	-	144	144	87
Strategic Development Funding	-	-	-	126	126	-
Guaranteed annuities	-	-	1	-	1	4
	<u>-</u>	<u>-</u>	<u>1,432</u>	<u>270</u>	<u>1,702</u>	<u>1,555</u>
<b>Other donations</b>						
All Churches Trust Grant	165	-	-	-	165	178
Anne French Memorial Trust	30	-	-	-	30	30
Keswick Hall Charity	48	-	-	-	48	78
Roof Alarm Appeal	-	-	-	55	55	81
Mission Strategy	-	-	-	158	158	118
Other donations	57	-	-	-	57	5
	<u>300</u>	<u>-</u>	<u>-</u>	<u>213</u>	<u>513</u>	<u>490</u>
<b>3. Income from Charitable activities</b>						
Statutory fees and chaplaincy income	626	-	3	-	629	721
Other Board income	221	2	-	9	232	146
	<u>847</u>	<u>2</u>	<u>3</u>	<u>9</u>	<u>861</u>	<u>867</u>
<b>4. Income from Other activities</b>						
Rental income from parsonages and closed schools	347	2	-	19	368	379
<b>Trading income</b>						
Property support services	-	-	-	312	312	343
Rental income from commercial property	-	-	-	49	49	49
Income from recharged support services	99	-	-	-	99	65
	<u>446</u>	<u>2</u>	<u>-</u>	<u>380</u>	<u>828</u>	<u>836</u>
<b>5. Income from Investments</b>						
Dividends receivable	91	167	425	23	706	629
Interest receivable	7	-	1	-	8	9
Glebe rents receivable (note 16)	-	-	798	-	798	911
	<u>98</u>	<u>167</u>	<u>1,224</u>	<u>23</u>	<u>1,512</u>	<u>1,549</u>
<b>6. Other income</b>						
Gains on disposal of property	-	257	-	-	257	402
	<u>-</u>	<u>257</u>	<u>-</u>	<u>-</u>	<u>257</u>	<u>402</u>
<b>Total income</b>	<u>8,777</u>	<u>428</u>	<u>2,659</u>	<u>895</u>	<u>12,759</u>	<u>12,809</u>



**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

	* Restricted Funds *				<b>Total Funds</b>	<i>Total Funds</i>
	Unrestricted Funds	Benefice Buildings & Pastoral	Stipends Fund	Other Restricted Funds		
	£'000	£'000	£'000	£'000	<b>2019</b>	<i>2018</i>
					<b>£'000</b>	<i>£'000</i>
<b>7. Expenditure on raising funds</b>						
<b><i>Investment management costs</i></b>						
Glebe management charges	-	-	128	-	<b>128</b>	<i>111</i>
Asset management expenses	2	-	-	-	<b>2</b>	<i>1</i>
<b><i>Trading expenses</i></b>						
Property support services	-	-	-	312	<b>312</b>	<i>267</i>
Commercial property	-	-	-	49	<b>49</b>	<i>49</i>
	<u>2</u>	<u>-</u>	<u>128</u>	<u>361</u>	<b><u>491</u></b>	<i><u>428</u></i>
<b>8. Expenditure on charitable activities</b>						
<b><i>Contributions to Archbishop's Council</i></b>						
Training for ministry	338	-	-	-	<b>338</b>	<i>385</i>
National Church responsibilities	305	-	-	-	<b>305</b>	<i>297</i>
Grants and provisions	3	-	-	-	<b>3</b>	<i>2</i>
	<u>646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>646</u></b>	<i><u>684</u></i>
<b><i>Expenditure on resourcing ministry and mission</i></b>						
Parish ministry:						
Stipends and national insurance	2,447	-	2,554	-	<b>5,001</b>	<i>4,789</i>
Pension contributions	1,658	-	(450)	-	<b>1,208</b>	<i>1,151</i>
Housing costs	1,182	1	-	-	<b>1,183</b>	<i>1,384</i>
Removal, resettlement and other grants	190	-	-	-	<b>190</b>	<i>205</i>
Other expenses	176	-	-	-	<b>176</b>	<i>184</i>
	<u>5,653</u>	<u>1</u>	<u>2,104</u>	<u>-</u>	<b><u>7,758</u></b>	<i><u>7,713</u></i>
Support for parish ministry	2,320	7	-	7	<b>2,334</b>	<i>2,350</i>
Resourcing Ministerial Education	-	-	-	140	<b>140</b>	<i>89</i>
Roof Alarm Appeal	-	-	-	55	<b>55</b>	<i>81</i>
Mission Strategy	-	-	-	129	<b>129</b>	<i>118</i>
Church Planting and Revitalisation	-	-	-	126	<b>126</b>	<i>-</i>
	<u>2,320</u>	<u>7</u>	<u>-</u>	<u>457</u>	<b><u>2,784</u></b>	<i><u>2,638</u></i>
<b><i>Expenditure on education</i></b>						
Support for church schools	474	-	-	-	<b>474</b>	<i>403</i>
Grants	-	-	-	118	<b>118</b>	<i>33</i>
	<u>474</u>	<u>-</u>	<u>-</u>	<u>118</u>	<b><u>592</u></b>	<i><u>436</u></i>
Total expenditure on charitable activities	<u>9,093</u>	<u>8</u>	<u>2,104</u>	<u>575</u>	<b><u>11,780</u></b>	<i><u>11,471</u></i>
<b>Total expenditure</b>	<u>9,095</u>	<u>8</u>	<u>2,232</u>	<u>936</u>	<b><u>12,271</u></b>	<i><u>11,899</u></i>
<b>9. Analysis of expenditure including allocation of support costs</b>						
		Activities undertaken directly	Grant funding of activities	Support costs	<b>Total</b>	<i>Total</i>
		£'000	£'000	£'000	<b>2019</b>	<i>2018</i>
					<b>£'000</b>	<i>£'000</i>
Raising funds		491	-	-	<b>491</b>	<i>428</i>
Contributions to Archbishop's Council		646	-	-	<b>646</b>	<i>684</i>
Resourcing Ministry and Mission		8,932	138	1,472	<b>10,542</b>	<i>10,351</i>
Education, Youth Children and Families		474	118	-	<b>592</b>	<i>436</i>
		<u>10,543</u>	<u>256</u>	<u>1,472</u>	<b><u>12,271</u></b>	<i><u>11,899</u></i>

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

	Unrestricted Funds £'000	* Restricted Funds *		Other Restricted Funds £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
		Benefice Buildings & Pastoral £'000	Stipends Fund £'000			
<b>10. Analysis of support costs</b>						
Central administration	1,311	-	-	-	1,311	1,281
Governance:						
Amounts paid to auditor:						
External audit	24	-	-	-	24	24
Accountancy	7	-	-	-	7	5
Registrar, Chancellor and Human Resources	119	-	-	-	119	108
Synodical costs	11	-	-	-	11	13
	<u>1,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,472</u>	<u>1,431</u>
<b>11. Analysis of grants made</b>					<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
		Individuals £'000	Institutions £'000			
Included within:						
Contributions to the Archbishop's Council		-	548		548	556
Education and training grants		98	-		98	128
Resourcing ministry and mission:						
Resettlement and first incumbency grants		190	-		190	205
Support for parish ministry						
Resourcing Ministerial Education		42	97		139	88
Roof Alarm Appeal			55		55	81
Church quinquennial inspections		-	57		57	76
PCC Faculty fees		-	25		25	36
Repair and reordering of redundant churches		-	7		7	5
PCC grant		-	7		7	34
Sharing good news grants		-	13		13	14
Continuing Ministerial Development		15	-		15	8
Good Work Chaplaincy grants		-	8		8	8
Norfolk and Waveney Churches Together		-	3		3	3
Education						
CEE grants to schools and academies		-	118		118	33
		<u>345</u>	<u>938</u>		<u>1,283</u>	<u>1,275</u>
<b>12. Staff costs</b>						
Staff costs were as follows:				2019 £'000	2018 £'000	
Gross salaries				1,346	1,226	
Social security costs				135	118	
Pension contributions				198	182	
Lump sum contributions				132	116	
Health insurance contributions				19	19	
				<u>1,830</u>	<u>1,661</u>	

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**12. Staff costs (continued)**

	2019	2018
The average head count of total employees:	<u>54</u>	<u>49</u>
The average number of employees, based on full-time equivalents were as follows:		
Resourcing ministry		
Support for parish ministry	26	24
Safeguarding	2	2
Counsellor	1	1
Property	4	4
Parochial lay staff	2	2
Church Planting and Revitalisation	2	0
Education, youth, families and children	6	6
Spire Support Services Limited	4	4
	<u>47</u>	<u>43</u>

The number of staff whose emoluments (including benefits in kind but excluding pension contributions) exceeded £60,000 were:

	2019	2018
£60,000 - £70,000	2	1
£70,000 - £80,000	1	1
£80,000 - £90,000	1	1
£90,000 - £100,000	-	-
£100,000 - £110,000	-	1
£110,000 - £120,001	1	-

Pension contributions amounting to £49.6k were made in the year for the provision of money purchase benefits for the above employees.

**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the members of the Executive committee, for planning, directing and controlling the activities of the diocese. During 2019 they were:

The Diocesan Secretary and Chief Executive, the Director of Property Services, the Director of Education, the Director of Finance and the Director of Communications. Remuneration (including employers National Insurance, pension costs and benefits-in-kind) and expenses for these employees amounted to £512k (2018: £489k).

**Executive Committee Remuneration**

No remuneration has been paid to any member of the Executive Committee in their capacity as Executive Committee members (2018: £NIL). Four members were reimbursed for travel and incidental costs incurred in undertaking their Executive Committee duties totalling £542 (2018: Four members £428).

During the year the Board made contributions to the Church Commissioners towards the stipends, national insurance and pension contributions of the licensed clergy who are Executive Committee members and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the Executive Committee members who were in receipt of a stipend and/or housing provided by the Norwich Diocesan Board of Finance Limited during the year:

	Stipend	Housing
The Revd. Michael Asquith	Yes	Yes
The Ven. Steven J. Betts	Yes	Yes
The Revd. Dr Patrick Richmond	Yes	Yes
The Revd. Jeremy G. Sykes	Yes	Yes
The Revd. Canon Sally Theakston	Yes	Yes
The Revd. Canon Simon Stokes	Yes	Yes

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**12. Staff costs (continued)**

**Stipendiary Clergy (continued)**

The Board is responsible for funding via the Church Commissioners the stipend of licenced stipendiary clergy in the diocese, other than bishops and cathedral staff. The Board is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishops but excluding the diocesan bishop and cathedral staff.

	2019	2018
<b>Parochial Clergy:</b> The average number of clergy holding parochial or archidiaconal posts in the diocese was:	<u>172</u>	<u>172</u>
	£'000	£'000
At a cost before recharges of:		
Stipends	4,702	4,446
National Insurance contributions	376	364
Pension contributions	1,742	1,645
	<u>6,820</u>	<u>6,455</u>

The stipends of the Diocesan Bishop and two Suffragan Bishops are funded by the Church Commissioners and are in the range of £36,210 to £45,650. The annual rate of stipend, funded by the Board, paid to Archdeacons in 2019 was in the range of £35,400 to £36,100 and other clergy who were members of the Executive Committee were paid in the range £25,950 to £26,470. The estimated value to the occupant, gross of income tax and national insurance, of church provided housing in 2019 is an average of £12,900 p.a.

**13. Net gains/(losses) on investments**

	2019	2018
	£'000	£'000
<b>Investments (note 20)</b>		
Realised	8	(8)
Unrealised - listed	2,275	(1,169)
- unlisted	(14)	33
<b>Glebe Holding (note 19)</b>		
Realised	93	24
<b>Net gains/(losses)</b>	<u>2,362</u>	<u>(1,120)</u>

**14. Net income/(expenditure)**

This is after charging:

	2019	2018
	£'000	£'000
Depreciation	<u>25</u>	<u>13</u>

**15. Analysis of transfers between funds**

	Capital and General £'000	Designated Funds £'000	Restricted Funds £'000	Total 2019 £'000
Mission Strategy costs	31	-	(31)	-
Asset Management costs	<u>(2)</u>	<u>2</u>	<u>-</u>	<u>-</u>
	<u>29</u>	<u>2</u>	<u>(31)</u>	<u>-</u>

Herfast House at Wymondham was transferred from the Benefice Buildings and Pastoral Fund following the recommendation of the Church Commissioners at a value of £838,588.

Mission Strategy costs transferred from general funds relate to the redevelopment of the Diocesan website, a contribution to the heritage Support Officer, 'Know Your Church, Know Your Neighbour' and other resources for church Buildings.

Asset management costs are funds designated from unrestricted reserves to manage the extensive property portfolio in order to improve the quality of the existing housing stock and make best use of assets to generate additional revenue.

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**16. Endowments and Glebe Measure, 1976**

	2019	2018
Income and Expenditure Account	£'000	£'000
<b>Income (note 5)</b>		
Glebe rents	798	911
<b>Expenditure (note 7)</b>		
Repairs	-	(1)
Surveyor's and Agent's fees	51	51
Legal and other administration charges	76	60
	<u>128</u>	<u>110</u>
Surplus for the year	<u>670</u>	<u>801</u>

**17. Taxation**

The Board has no liability to corporation tax or capital gains tax.

**18. Tangible assets**

	* Subject to value linked loans	Freehold Property Glebe	* Benefice and Pastoral	Commercial Property	Other freehold property	Office and other equipment	<b>2019 Consolidated Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At cost or valuation</b>							
At 1 January 2019	723	4,390	78,302	733	3,690	109	87,947
Additions	-	4	2,076	2	-	29	2,111
Disposals	-	-	(1,126)	-	-	(12)	(1,138)
Transfer	-	839	(839)	-	-	-	-
<b>At 31 December 2019</b>	<u>723</u>	<u>5,233</u>	<u>78,413</u>	<u>735</u>	<u>3,690</u>	<u>126</u>	<u>88,920</u>
<b>Accumulated depreciation</b>							
At 1 January 2019	-	-	-	-	-	49	49
Disposals	-	-	-	-	-	(11)	(11)
Charge for the year	-	-	-	-	-	25	25
<b>At 31 December 2019</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63</u>	<u>63</u>
<b>Net book value</b>							
<b>At 31 December 2019</b>	<u>723</u>	<u>5,233</u>	<u>78,413</u>	<u>735</u>	<u>3,690</u>	<u>63</u>	<u>88,857</u>
At 31 December 2018	<u>723</u>	<u>4,390</u>	<u>78,302</u>	<u>733</u>	<u>3,690</u>	<u>60</u>	<u>87,898</u>
<b>Company</b>							
<b>At 31 December 2019</b>	<u>723</u>	<u>5,233</u>	<u>78,413</u>	<u>220</u>	<u>3,690</u>	<u>63</u>	<u>88,342</u>
At 31 December 2018	<u>723</u>	<u>4,390</u>	<u>78,302</u>	<u>218</u>	<u>3,690</u>	<u>60</u>	<u>87,383</u>

	2019 £'000	2018 £'000
The net book amount comprises:		
Assets used, or intended to be used, predominantly for direct charitable purposes	86,933	85,980
Assets used for administration and other purposes	<u>1,924</u>	<u>1,918</u>
	<u>88,857</u>	<u>87,898</u>

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

**18. Tangible Fixed Assets - continued**

Freehold property subject to value linked loans comprises freeholds where loans have been received from Church Commissioners or Parochial Church Councils towards the capital expenditure and, as part of the agreement, all or part of the sale proceeds will be repayable on final disposal. These properties are carried at their pre-existing balance sheet revaluation as deemed cost. Each year end the loan is carried at an index linked current valuation basis (note 26).

	2019 £'000	2018 £'000
Glebe Property (mainly residential houses) comprises:		
Houses at valuation as at 1 January 2019	4,390	4,958
Transfer from Benefice and Pastoral Fund	839	-
Additions	4	42
Disposals	-	(610)
Valuation as at 31 December 2019	<u>5,233</u>	<u>4,390</u>
Benefice and Pastoral Property comprises -		
Houses -		
At valuation as at 1 January 2019	78,302	78,084
Subsequent additions at cost	2,076	944
Transfer to Glebe Property	(839)	-
Disposals	(1,126)	(726)
Valuation as at 31 December 2019	<u>78,413</u>	<u>78,302</u>

The Board has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Executive Committee members therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their pre-existing balance sheet revaluation as deemed cost. No further revaluations will be performed on these assets.

Property held by the Diocesan Consolidated Education Endowments, comprising school land and buildings including teachers' houses, some of which are let, is vested in the Board. It is not considered appropriate to include these as assets in the balance sheet because they are in the main held in the very long term and their disposal and the right to any proceeds of sale are subject to the agreement of the Local Education Authority.

**19. Glebe Land**

	£'000
Consolidated	
Valuation at 1 January 2019	37,130
Additions	-
Disposal proceeds	(118)
Profit on disposal	93
Revaluation adjustment	-
Valuation at 31 December 2019	<u>37,105</u>
Company	
Valuation at 31 December 2019	<u>37,050</u>

The Glebe land, which is considered to be investment property, was revalued by FPD Savills, Property Consultants, at its estimated open market value as at 31 December 2017. This valuation, which represents an average £6,388 per acre, will be updated every five years. Details of the historic cost of the majority of the Glebe holding is not available.

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**20. Fixed asset investments**

	At 1 January 2019 £'000	Additions £'000	Disposal proceeds £'000	Profit/(loss) on Disposal £'000	Increase/(decrease) in Market value £'000	At 31 December 2019 £'000
<b>Unrestricted Funds</b>						
Listed investments	2,285	76	-	-	394	2,755
Unlisted investments	97	-	-	-	-	97
Cash	164	-	(75)	-	-	89
	<u>2,546</u>	<u>76</u>	<u>(75)</u>	<u>-</u>	<u>394</u>	<u>2,941</u>
<b>Restricted Funds</b>						
Listed investments	13,174	489	(346)	8	1,881	15,206
Unlisted investments	1,378	-	-	-	(14)	1,364
Cash	460	-	(171)	-	-	289
	<u>15,012</u>	<u>489</u>	<u>(517)</u>	<u>8</u>	<u>1,867</u>	<u>16,859</u>
<b>Total</b>	<b><u>17,558</u></b>	<b><u>565</u></b>	<b><u>(592)</u></b>	<b><u>8</u></b>	<b><u>2,261</u></b>	<b><u>19,800</u></b>

	2019 £'000	2018 £'000
The unlisted securities comprise:-		
Shares in the Central Board of Finance -		
Investment Fund	39	33
Property Fund	1,236	1,270
(valued as per the Central Board of Finance)		
COIF Charities Investment Fund Income shares		
(valued as per COIF Charity Funds)	89	75
Investment in Eastern Landowners Consortium	94	94
Investment in CMCU shares	3	3
	<u>1,461</u>	<u>1,475</u>

**The historical cost of the above assets is as follows:**

Listed securities	14,363	14,172
Unlisted securities	1,137	1,137
Cash	378	624
	<u>15,878</u>	<u>15,933</u>

The following shareholdings, at valuation, form a material part of the investment portfolio (i.e. greater than 5% of the total of the Board's consolidated investments).

	2019 £'000	2018 £'000
M & G Charifund income units	1,751	1,502
Central Board of Finance Property Fund	1,237	1,270
Eskmuir Diversified Property Fund	2,068	2,023
	<u>5,056</u>	<u>4,795</u>

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

<b>21. Stock</b>	2019	2018
	£'000	£'000
Stock and Work-in-Progress	<u>63</u>	<u>78</u>
<b>22. Debtors</b>	2019	2018
<b>Company</b>	£'000	£'000
<b>Due within one year</b>		
Parish share	439	359
Assigned fees	105	103
Prepayments and accrued income	259	266
Amounts due from Subsidiary undertakings	182	246
Other debtors	903	683
Loans (note 23)	<u>12</u>	<u>20</u>
	1,900	1,677
<b>Consolidated</b>		
Prepayments and accrued income	7	4
Other debtors	<u>175</u>	<u>283</u>
	2,082	1,964
<b>Company and Consolidated</b>		
<b>Due after more than one year</b>		
Deferred costs on development project	601	596
Loans (note 23)	<u>479</u>	<u>481</u>
	<u>3,162</u>	<u>3,041</u>
<b>23. Loans Receivable</b>	2019	2018
	£'000	£'000
<b>Company and Consolidated</b>		
Amounts due from parishes	12	20
Amounts due from Subsidiary undertakings	479	481
	<u>491</u>	<u>501</u>
Amounts falling due after more than one year	<u>479</u>	<u>481</u>
<b>24. Creditors - amounts falling due within one year</b>	2019	2018
	£'000	£'000
<b>Company</b>		
Tax and social security costs	41	40
Other creditors	351	434
Accruals and deferred income (note 35)	1,536	1,217
	<u>1,928</u>	<u>1,691</u>
<b>Consolidated</b>		
Tax and social security costs	11	24
Other creditors	676	607
Accruals and deferred income (note 35)	185	238
	<u>2,800</u>	<u>2,560</u>
<b>25. Creditors - amounts falling due after more than one year</b>	2019	2018
	£'000	£'000
Loans due by the Board (note 26)	<u>990</u>	<u>1,237</u>
<b>26. Loans due by the Board</b>	2019	2018
<b>Company</b>	£'000	£'000
Church Commissioners Property Loans - Value Linked Loans	511	510
<b>Consolidated</b>		
Amount owed to group undertakings	479	727
	<u>990</u>	<u>1,237</u>
Amounts falling due after more than one year	<u>990</u>	<u>1,237</u>
Interest payable on loans due by the Board	<u>11</u>	<u>11</u>



**NORWICH DIOCESAN BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**27. Summary of fund movements**

	Balances at 1 January 2019	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds</b>						
Capital and General	4,483	8,777	(9,091)	29	224	4,422
<b>Designated funds:</b>						
Aided Church Schools						
Buildings Reserve	178	-	-	-	-	178
Diocesan Parsonages Fund	85	-	-	-	-	85
Jane Bailey Bequest	607	-	(2)	-	-	605
Asset Management Fund	-	-	(2)	2	-	-
	870	-	(4)	2	-	868
Total unrestricted funds	<b>5,353</b>	<b>8,777</b>	<b>(9,095)</b>	<b>31</b>	<b>224</b>	<b>5,290</b>
<b>Restricted funds</b>						
Stipends Fund	54,870	2,659	(2,232)	839	3,182	59,318
Benefice Buildings and Pastoral Fund	80,667	428	(8)	(839)	582	80,830
<b>Other Restricted Funds</b>						
Margaret Young Fund	242	-	-	-	-	242
Cormorants	(1)	8	(7)	-	-	-
Bishops' Fund for Readers in Training	7	1	-	-	-	8
Burning Bush Barn	5	1	-	-	-	6
Roof Alarm Appeal	-	55	(55)	-	-	-
Mission Strategy	5	158	(129)	(31)	-	3
Resourcing Ministerial Education	(2)	144	(140)	-	-	2
Church Planting and Revitalisation	-	126	(126)	-	-	-
<b>Subsidiaries and Quasi subsidiaries</b>						
Trading Subsidiaries: (see note 33)						
Non-charitable trading funds	55	361	(361)	-	-	55
Consolidated Education Endowments	2,108	40	(118)	-	103	2,133
Trusts	99	1	-	-	4	104
Total other restricted funds	2,518	895	(936)	(31)	107	2,553
Total restricted funds	<b>138,055</b>	<b>3,982</b>	<b>(3,176)</b>	<b>(31)</b>	<b>3,871</b>	<b>142,701</b>
<b>Total funds</b>	<b>143,408</b>	<b>12,759</b>	<b>(12,271)</b>	<b>-</b>	<b>4,095</b>	<b>147,991</b>

**Unrestricted funds**

The Board's Capital and General Funds includes £990,000 relating to capital (2018: £990,000). 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 some housing.

**Designated funds**

The Aided Church Schools Buildings Reserve represents designated funds set aside for the maintenance and repair of Church schools.

The Diocesan Parsonages Fund represents Parsonage Building Funds held by the Church Commissioners, which may be applied to either the Benefice Buildings and Pastoral or the Stipends Capital.

The Jane Bailey Bequest was established by the will of the late Miss Sybella Jane Bailey, who died on 16 November 1993. The Board became entitled to this by a Deed of Appointment, dated 14 November 1995 and the assets thereof, consisting of Cavick House and grounds, together with three adjacent dwellings near Wymondham, were vested in the Board with effect from 30 August 1996. Following agreement with the executors of the estate, the property was sold in December 1998. The resulting funds have been used for the provision of archdeacons housing and related housing costs.

The Asset Management Fund relates to funds set aside to meet costs to be incurred by the Asset Management Committee in their work in connection with the return on land and housing assets.

**Restricted funds**

The Stipends Fund derives mainly from the historic Glebe property of the Diocese and is restricted as to its use by Section 35 of the Endowments and Glebe Measure, 1976. It is regarded as an expendable endowment fund.

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

**27. Summary of fund movements (continued)**

**Restricted funds - continued**

The Margaret Young Fund was established by the will of the late Margaret Caroline Young. The Board became entitled to the property Babur Hill Cottage, Bawburgh, on the death of the life tenant on 26 July 2008, and the transfer of ownership took place during 2009. This was subsequently sold in October 2010. The fund is to be used towards the provision of housing for retired clergy.

Cormorants was established to run Christian sailing holidays for young people. Income is derived from fees for specific sailing holidays and donations. The income is restricted for the specific purpose of providing sailing holidays.

The Bishops' Fund for Readers in Training was set up by the former Archdeacon of Lynn, John Ashe from a collection in Norwich Cathedral, to provide financial assistance to students.

The Burning Bush Barn was contemplative art space set in the rural village of Rockland St Mary 6 miles south of Norwich City centre. This is currently being re-imagined for future spiritual growth through creative visual art.

To combat the threat of church lead thefts the Bishop of Norwich, the Police and Crime Commissioner for Norfolk, the Norfolk Churches Trust, Allchurches Trust and the Round Tower Churches Society have been working together to find a long-term solution and have created The Roof Alarm Scheme. The appeal raises funds towards the cost of installing alarms on church roofs. Income is released to match expenditure.

Mission Strategy 2021 is an extension of 'Committed to Growth', building on what is already being done and continuing to look to grow in discipleship, service and numbers. It identifies four 'streams' of work - Listen, Celebrate, Imagine and Empower and has been resourced by restructuring grants from the Archbishop's Council and local Trust funds. Income is released to match expenditure.

Resourcing Ministerial Education is a framework for paying to support Ordinands in initial training which supports diocesan and national ministry strategies, incentivises sponsorship of younger candidates and offers clear links between training choices and financial implications. Block grants are restricted and income is released to match expenditure.

The Church Planting and Revitalisation project began in September 2019, its aims are to create 10 new or revitalised churches across Norfolk and Waveney. Teams of church and worship leaders, sports ministers and others will be appointed to areas where research shows there are local needs the church can help meet and communities that can be better supported. The programme seeks to reach both rural and urban area, engaging with young people and families by focusing on areas of population around secondary school catchment areas. The project is part-funded by a grant of £1.98m from the national Church of England.

The Benefice Buildings and Pastoral Fund is represented by parsonage and other houses and assets derived from the sale of such houses or churches which have become redundant. The use of pastoral monies is restricted by Section 78 of the Pastoral Measure, 1983. However, the Bishop of Norwich has given the Diocesan Secretary sanction for the use of these funds at his discretion for ministry and mission purposes.

**28. Pension costs**

**The Church of England Funded Pension Scheme**

The Norwich Diocesan Board of Finance participates in the Church of England Funded Pension Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Responsible Body.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged in the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

A valuation of the scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% pa;
- RPI inflation of 3.4% pa (and pension increases consistent with this);
- Increase in pensionable stipends 3.4% pa; and

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**28. Pension costs (continued)**

**The Church of England Funded Pension Scheme (continued)**

Following the 31 December 2018 valuation, a recovery plan was put into place until 31 December 2022 and the deficit recovery contributions payable (as a percentage of pensionable stipends) were set as follows:

<b>% of pensionable stipends</b>	1 January 2018 to 31 December 2020	1 January 2021 to 31 December 2022
Deficit repair contributions	11.9%	7.1%

The deficit recovery contributions under the recovery plan in force as at 31 December 2019 were as set out above.

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

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

	2019 £'000	2018 £'000
Balance sheet liability at 1 January	3,466	4,000
Deficit contribution paid	(517)	(491)
Interest cost (recognised in Statement of Financial Activities)	67	53
Remaining change to the balance sheet liability* (recognised in SoFA)	(1,903)	(96)
Balance sheet liability at 31 December	<u>1,113</u>	<u>3,466</u>

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

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

<b>% of pensionable stipends</b>	December 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to pensionable payroll	1.3% pa	1.6% pa	1.5% pa

The legal structure of the scheme is such that if another Responsible Body fails, the Norwich Diocesan Board of Finance Limited could become responsible for paying a share of that Responsible Body's pension liabilities.

**The Board's Pension Scheme**

Norwich Diocesan Board of Finance Limited operates a final salary defined benefit pension plan in the UK, the Norwich Diocesan Board of Finance Limited Pension Scheme. A comprehensive actuarial valuation of the scheme was carried out as at 1 April 2019, which has been updated to 31 December 2019 by a qualified independent actuary.

Information about the Scheme is set out below consistent with section 28 of FRS 102.

**Employee benefit obligations - amounts recognised in the balance sheet:**

	2019 £'000	2018 £'000
Present value of funded obligations	2,353	2,148
Fair value of plan assets	<u>2,707</u>	<u>2,485</u>
Net defined benefit asset	<u>354</u>	<u>337</u>

The pension plan assets do not include property occupied by the sponsoring employer.

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

**28. Pension costs (continued)**

**The Board's Pension Scheme (continued)**

The scheme assets include insurance policies that exactly match the amount and timing of the benefits payable under the Scheme to those current pensioners whose pensions are fully secured in immediate annuity policies. Since the fair value of these insurance policies is deemed to be the present value of the related obligations, both the asset and corresponding liability have been ignored in the disclosures.

**The amounts recognised in the Statement of Financial Activities are as follows:**

	For year to 31 December 2019 £'000	For year to 31 December 2018 £'000
Current service cost	11	19
Scheme administration expenses	2	-
Interest expense	60	55
Interest income	<u>(71)</u>	<u>(58)</u>
Total cost recognised in Statement of Financial Activities	<u>2</u>	<u>16</u>
Actual return on plan assets	<u>146</u>	<u>135</u>

Administration expenses totalling approximately £2,000 were paid from Scheme assets during the year to 31 December 2018.

**Changes in the present value of the defined benefit obligation are as follows:**

	For year to 31 December 2019 £'000
Opening defined benefit obligation	2,148
Current service cost	11
Interest expense	60
Actuarial losses	169
Benefits paid	<u>(35)</u>
Closing defined benefit obligation	<u>2,353</u>

FRS 102 states that the reconciliation of changes in the present value of the defined benefit obligation need not be presented for prior periods.

The projected unit credit valuation method has been used to arrive at the above service cost. The use of this method is prescribed in FRS 102. To produce a stable future contribution rate this valuation method assumes that the average age of the scheme membership will remain broadly constant in future due to a flow of new entrants to the scheme. However, as the scheme is closed to new members this will not be the case and the costs of benefits accruing, as a percentage of pensionable salaries, will be expected to increase over time.

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

**28. Pension costs (continued)**

**The Board's Pension Scheme (continued)**

**Changes in the fair value of plan assets are as follows:**

	For year to 31 December 2019 £'000
Opening fair value of plan assets	2,485
Interest income	71
Return on Scheme assets, excluding amounts included in	
Interest expense/income	75
Contributions by employer	113
Administration fee	(2)
Benefits paid	<u>(35)</u>
Closing fair value of plan assets	<u>2,707</u>

FRS 102 states that the reconciliation of changes in the fair value of plan assets need not be presented for prior periods.

**The major categories of plan assets as a percentage of total plan assets are as follows:**

	2019 % total plan assets	2018 % total plan assets
Unitised with profits policy	100%	100%

**Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):**

<b>a) Financial assumptions</b>	2019	2018
Discount rate	2.0% pa	2.8% pa
RPI inflation assumption	2.9% pa	3.4% pa
CPI inflation assumption	2.1% pa	2.6% pa
Future salary increases	2.9% pa	3.4% pa
Pension increases in payment		
(RPI - maximum 5%)	2.85% pa	3.4% pa
(CPI - maximum 2.5% )	1.75% pa	2.5% pa
<b>b) Demographic assumptions</b>	2019	2018
Assumed life expectancy in years, on retirement at 65:		
Retiring today		
Males	22.2	22.5
Females	24.4	24.8
Retiring in 20 years		
Males	23.5	23.9
Females	25.8	26.2

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

**29. Redundant Churches**

The Board was responsible for the care and maintenance of 3 redundant churches during the year (2018: 3). The cost to the Board was £6,716 (2018: £4,796).

No value has been attributed to these churches on the grounds that it is not material having regard to the liability for repair.

**30. Voluntary Aided Schools pooling arrangement**

In April 2006 the DFE made voluntary aided school annual devolved formula capital grants available to schools in advance of project spend. A significant number of Diocesan education and finance staff are involved in administering the projects and use of the funds received.

A summary of the transactions between 1 January 2019 and 31 December 2019 is detailed below:

	2019 £'000	2018 £'000
Cash held at 1 January 2019	398	359
Grants received from DFE	411	212
Payments on behalf of Schools	(229)	(173)
Cash held at 31 December 2019	<u>580</u>	<u>398</u>

These grants belong to the individual schools in the pooling arrangement and are not included in the consolidated accounts of Norwich Diocesan Board of Finance Limited.

**31. Related party transactions**

Transactions with the Ministry division and the Board of Education are included with the Unrestricted Funds in the Statement of Financial Activities. Consolidated Education Endowments is included as a Restricted Fund in the Statement of Financial Activities.

Norwich Diocesan Board of Finance Ltd is Managing or Custodian Trustee for approximately 1,800 Trusts. Where Norwich Diocesan Board of Finance Ltd is Managing Trustee, these trusts are included as a quasi subsidiary in the Statement of Financial Activities.

The Board co-operates closely with The Horstead Centre. The Board leases the Horstead Conference Centre to the Horstead Centre over a fifty year lease at £12 per annum. During 2019 the Horstead Centre paid £30,000 towards dilapidation costs of the building. The market value of this rent is £18,000 per annum. During the year The Horstead Centre recharged £5,836 of expenditure to Norwich Diocesan Board of Finance Limited (2018: £3,654), with nothing outstanding at the year end (2018: £Nil).

£71,181 (2018: £39,072) was recharged to The Diocese of Norwich Education and Academies Trust (DNEAT) in 2019 by the Consolidated Education Endowments Fund (CEE) and the Norwich Diocesan Board of Finance Ltd, with £19,860 outstanding at the year end (2018: £11,745). £25,600 (2018: £6,965) was charged to the Norwich Diocesan Board of Finance with respect to subscriptions and staff costs, with nothing (2018: £6,667) outstanding at the year end. £12,000 was paid to Silica Associates during 2019 in respect of Free Schools bids on behalf of the Diocese of Norwich Education and Academies Trust and St Benet's Multi-Academy Trust (2019: nil).

£3,075 was recharged to St Benet's Multi-Academy Trust by the Norwich Diocesan Board of Finance Ltd in 2019, with £730 outstanding at the year end. Nothing was transferred to St Benet's Multi-Academy Trust in 2019 (2018: nil), with respect to devolved formula capital for schools transferring to academy status. £95,000 grant funding was paid from the Consolidated Education Endowments Fund (CEE) in grant funding for St Benet's Multi-Academy Trust (2018: nil).

£46,186 was recharged to The Anne French Memorial Trust in 2019 (2018: £3,567), with £10,416 outstanding at the year end (2018: nil). Grants totalling £230,000 were given towards housing costs and Mission Strategy funds (2018: £230,000), this income is released to match expenditure.

The Diocese of Norwich Churches Trust was established during 2015. This is a Charitable Incorporated Organisation (CIO) set up to relieve incumbents and PCC members with very small congregations, from the burden and responsibility of the Churches running costs. £1,132 was repayable at the year end by the Trust to the Norwich Diocesan Board of Finance Limited in respect of fees (2018: £600).

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2019**

**32. Capital commitment**

The Board has a long term commitment towards the purchase of development land, the amount of which depends on future planning permission. The Board's best estimate is that this will not exceed £700,000.

**33. Subsidiary Undertakings**

All subsidiary undertakings are included within restricted funds.

**(a) Spire Support Services Limited**

Spire Support Services Limited is a wholly owned subsidiary of Norwich Diocesan Board of Finance Limited, incorporated on 19 May 2011.

	2019 £'000	2018 £'000
Net profit (before tax and Corporate Gift Aid) for the year ended 31 December	<u>75</u>	<u>93</u>

Transactions between Spire Support Services Limited and Norwich Diocesan Board of Finance Limited are as follows:

	2019 £'000	2018 £'000
Expenses paid on behalf of Spire Support Services Limited (inc. recharges)	<u>182</u>	<u>246</u>
Amounts owing by Subsidiary undertaking at 31 December 2019 (debtor)	<u>182</u>	<u>246</u>

Shareholders Equity/(Deficit)	<u>-</u>	<u>-</u>
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During the year Spire Support Services Limited collected rental income net of 8% commission plus VAT of £263,817. Spire Support Services charged Norwich Diocesan Board of Finance Limited £208,117 inc VAT for design, surveying services and Church Quinquennials. Norwich Diocesan Board of Finance Limited charged Spire Support Services £20,986 for management oversight, financial services, office rental and loan interest. Spire Support Services Limited will gift £74,961 distributable profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Spire Support Services Limited for the year ended 31 December 2019 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

**(b) NDBF (Easton) Limited**

NDBF (Easton) Limited was incorporated on 4th April 2014 to be part of a land-owners consortium for property development in the village of Easton. Since that date the company has been dormant. During 2018 8.604 acres of Glebe land was transferred to NDBF (Easton) Limited from Norwich Diocesan Board of Finance Limited at a valuation of £54,966, being £6,388.22 per acre. The company should become active during 2020.

**(c) Norwich Glebe Property Limited**

Norwich Glebe Property Limited was incorporated on 26 February 2016 and was set up in order to hold commercial glebe property.

	2019 £'000	2018 £'000
Norwich Glebe Property Limited net profit for the year ended 31 December	<u>30</u>	<u>30</u>

During the year Norwich Diocesan Board of Finance Limited collected rental income net of VAT of £48,993 on behalf of Norwich Glebe Property Limited, paid costs of £1,841 and charged loan interest of £16,615 to Norwich Glebe Property Limited. Norwich Glebe Property Limited will gift the above net profit under corporate gift aid to Norwich Diocesan Board of Finance Limited within nine months of the year end. The accounts for Norwich Glebe Property Limited for the year ended 31 December 2019 have been audited by Lovewell Blake LLP and received an unqualified audit opinion. For further information please refer to the subsidiary accounts which are available on request.

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**34. Financial Instruments**

2019  
£'000

2018  
£'000

The carrying amounts of the company's financial instruments are as follows:

***Financial assets***

Measured at fair value through net income/expenditure:

Fixed asset listed investments (note 20)	<u>17,961</u>	<u>15,459</u>
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Equity instruments measured at cost less impairment:

Fixed asset unlisted investments (note 20)	<u>1,461</u>	<u>1,475</u>
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***Financial liabilities***

Measured at fair value through net income/expenditure:

Value Linked loans (note 26)	<u>511</u>	<u>510</u>
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**35. Deferred income (note 24)**

Deferred income brought forward at 1 January 2019	1,263	970
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Deferred income added/(released) during the year	<u>328</u>	<u>293</u>
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Deferred income carried forward at 31 December 2019	<u>1,591</u>	<u>1,263</u>
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Deferred income relates to funds received for specific projects which are deferred until the expenditure is incurred.



**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**36. Prior year comparative Statement of Financial Activities**

	* <b>Restricted Funds</b> *				<b>Total Funds</b> <b>2018</b> <b>£'000</b>
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000	
<b>Income and endowments from</b>					
<b>Donations</b>					
Parish contributions	7,110	-	-	-	7,110
Archbishops' Council	-	-	1,468	87	1,555
Other donations	291	-	-	199	490
<b>Charitable activities</b>	853	1	4	9	867
<b>Other activities</b>	430	3	-	403	836
<b>Investments</b>	89	146	1,291	23	1,549
<b>Other sources</b>	-	118	32	252	402
<b>Total income</b>	<b>8,773</b>	<b>268</b>	<b>2,795</b>	<b>973</b>	<b>12,809</b>
<b>Expenditure on</b>					
<b>Raising funds</b>	1	-	111	316	428
<b>Charitable activities</b>	8,883	5	2,242	341	11,471
<b>Total expenditure</b>	<b>8,884</b>	<b>5</b>	<b>2,353</b>	<b>657</b>	<b>11,899</b>
<b>Net income before investment gains</b>	(111)	263	442	316	910
<b>Net (losses)/gains on investments</b>	(180)	(222)	(741)	23	(1,120)
<b>Net income/(expenditure)</b>	(291)	41	(299)	339	(210)
<b>Transfers between funds</b>	-	-	-	-	-
<b>Other recognised gains/(losses)</b>					
Adjustment of value linked loans	(10)	-	-	-	(10)
Actuarial gain/(loss) on defined benefit pension scheme	181	-	96	-	277
<b>Net movement in funds</b>	(120)	41	(203)	339	57
<b>Reconciliation of funds</b>					
Total funds at 1 January 2018	5,473	80,626	55,073	2,179	135,064
<b>Total funds at 31 December 2018</b>	<b>5,353</b>	<b>80,667</b>	<b>54,870</b>	<b>2,518</b>	<b>143,408</b>

NORWICH DIOCESAN BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

37. Statement of Financial Activities at Company level before consolidation of Trading subsidiaries, CEE and Trusts

	* <b>Restricted Funds</b> *				<b>Total Funds</b> <b>2019</b> <b>£'000</b>	<i>Total Funds</i> <i>2018</i> <i>£'000</i>
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000	Other Restricted Funds £'000		
<b>Income and endowments from</b>						
<b>Donations</b>						
Parish contributions	7,086	-	-	-	<b>7,086</b>	7,110
Archbishops' Council	-	-	1,432	270	<b>1,702</b>	1,555
Other	300	-	-	213	<b>513</b>	490
<b>Charitable activities</b>	847	2	3	9	<b>861</b>	867
<b>Other activities</b>	446	2	-	-	<b>448</b>	433
<b>Investments</b>	98	167	1,224	-	<b>1,489</b>	1,526
<b>Other sources</b>	-	257	-	-	<b>257</b>	150
<b>Total income</b>	<b>8,777</b>	<b>428</b>	<b>2,659</b>	<b>492</b>	<b>12,356</b>	<b>12,131</b>
<b>Expenditure on</b>						
<b>Raising funds</b>	2	-	128	-	<b>130</b>	112
<b>Charitable activities</b>	9,093	8	2,104	457	<b>11,662</b>	11,439
<b>Total expenditure</b>	<b>9,095</b>	<b>8</b>	<b>2,232</b>	<b>457</b>	<b>11,792</b>	<b>11,551</b>
<b>Net (expenditure)/income before investment gains</b>	(318)	420	427	35	<b>564</b>	580
<b>Net gains/(losses) on investments</b>	394	582	1,279	-	<b>2,255</b>	(1,143)
<b>Net income/(expenditure)</b>	76	1,002	1,706	35	<b>2,819</b>	(563)
<b>Transfers between funds</b>	31	(839)	839	(31)	-	-
<b>Other recognised gains/(losses)</b>						
Adjustment of value linked loans	(1)	-	-	-	<b>(1)</b>	(10)
Actuarial gain/(loss) on defined benefit pension scheme	(169)	-	1,903	-	<b>1,734</b>	277
<b>Net movement in funds</b>	<b>(63)</b>	<b>163</b>	<b>4,448</b>	<b>4</b>	<b>4,552</b>	<b>(296)</b>
<b>Reconciliation of funds</b>						
Total funds at 1 January 2019	5,353	80,667	54,870	255	<b>141,145</b>	141,441
<b>Total funds at 31 December 2019</b>	<b>5,290</b>	<b>80,830</b>	<b>59,318</b>	<b>259</b>	<b>145,697</b>	<b>141,145</b>

**NORWICH DIOCESAN BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2019

**38. Balance Sheet at Company level before consolidation of Trading subsidiaries, CEE and Trusts**

	* Restricted Funds			* Other Restricted Funds £'000	2019 Total £'000 *	2018 Total £'000
	Unrestricted Funds £'000	Benefice Buildings & Pastoral £'000	Stipends Fund £'000			
<b>Fixed Assets</b>						
Tangible assets	4,691	78,413	5,233	2	<b>88,339</b>	87,383
Investment assets						
Glebe holding	-	-	37,050	-	<b>37,050</b>	37,075
Investments	2,941	4,965	11,107	-	<b>19,013</b>	16,876
	<b>7,632</b>	<b>83,378</b>	<b>53,390</b>	<b>2</b>	<b>144,402</b>	<b>141,334</b>
<b>Current Assets</b>						
Debtors	2,069	23	872	16	<b>2,980</b>	2,754
Pension scheme asset	354	-	-	-	<b>354</b>	337
Balances with Church Commissioners	-	-	-	-	-	-
Central Board of Finance Deposit Fund	64	301	-	2	<b>367</b>	585
Cash /(overdrawn balance) at bank	(3,737)	(2,816)	6,266	1,433	<b>1,146</b>	1,802
	<b>(1,250)</b>	<b>(2,492)</b>	<b>7,138</b>	<b>1,451</b>	<b>4,847</b>	<b>5,478</b>
<b>Creditors - Amounts</b> falling due within one year	581	56	97	1,194	<b>1,928</b>	1,691
<b>Net Current Assets</b>	<b>(1,831)</b>	<b>(2,548)</b>	<b>7,041</b>	<b>257</b>	<b>2,919</b>	<b>3,787</b>
<b>Total Assets Less</b> <b>current liabilities</b>	<b>5,801</b>	<b>80,830</b>	<b>60,431</b>	<b>259</b>	<b>147,321</b>	<b>145,121</b>
<b>Creditors - Amounts falling</b> due after more than one year	511	-	-	-	<b>511</b>	510
<b>Net Assets excluding pension</b> <b>scheme liability</b>	<b>5,290</b>	<b>80,830</b>	<b>60,431</b>	<b>259</b>	<b>146,810</b>	<b>144,611</b>
<b>Defined benefit pension scheme</b> <b>liability</b>	-	-	1,113	-	<b>1,113</b>	3,466
<b>Net assets after pensions liability</b>	<b>5,290</b>	<b>80,830</b>	<b>59,318</b>	<b>259</b>	<b>145,697</b>	<b>141,145</b>
<b>Fund Balances</b> At 31 December 2018	5,290	80,830	59,318	259	<b>145,697</b>	141,145

**39. Post Balance Sheet Event**

The COVID-19 pandemic has had a significant impact on plans for 2020. The government instructed all places of worship to close in March 2020, with gradual re-opening permitted for private worship during June 2020. The impact of the closure has seen parish incomes fall, most noticeably from cash collections, fundraising activities and premises hire, along with parochial fee income from weddings. This in turn has impacted on the ability to pay parish share.

The financial impact on Norwich Diocesan Board of Finance Ltd will be in several areas, parish share, fee income and investment income, along with a fall in capital values. The full impact for 2020 cannot be known but could see an operating deficit of over £3 million. The Board of Finance has enacted immediate expenditure savings, most notably in respect of housing costs, where only emergency/essential repairs are being carried out. 32 staff members (50%) have been furloughed under the government job retention scheme.

A review of clergy deployment and expenditure is being led by the Bishop of Thetford and this is likely to have a budgetary impact for 2021.

The Board of Finance has sufficient reserves to conclude that going concern is not an immediate concern but the Trustees recognise that in order to support our parishes in recovering from the pandemic, the activities of the Board of Finance must be reviewed.



[www.dioceseofnorwich.org](http://www.dioceseofnorwich.org)

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