

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

PETERBOROUGH DIOCESAN BOARD OF FINANCE

Company Number:186179

Registered Charity Number:250569

A large print version is available on request from

Andrew Roberts

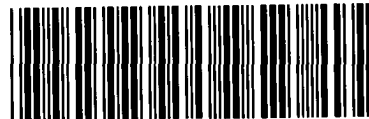
Peterborough Diocesan Office

The Palace

Peterborough

PE1 1YB

THURSDAY



LD4 *L8CEUKCQ* #34
22/08/2019
COMPANIES HOUSE

Contents

1. Introduction	3
2. Peterborough Diocesan Board of Finance	3
3. Executive Summary.....	5
4. Strategic Report	6
4.1. Strategic Aims	6
4.2. Objectives for 2018 and onwards.....	6
4.3. Activities and Achievements in 2018 and a look to the future.....	7
4.4. Financial Review	12
4.5. Investment Policy.....	13
4.6. Principal Risks and Uncertainties.....	13
4.7. Reserves Policy and Reserves	14
5. Structure and Governance.....	15
6. Statement of Directors' Responsibilities	18
7. Administrative Details.....	19
8. Independent Auditors Report to the members of the Diocesan Board of Finance.....	23
9. Statement of Financial Activities for the year ended 31 December 2018.....	26
10. Income and Expenditure account for the year ended 31 December 2018	27
11. Balance sheet as at 31 December 2018; company number; 186179	28
12. Statement of Cash flows for year ended 31 December 2018.....	29
Notes to the Cash Flow Statement.....	30
Notes to Financial Statements.....	30

1. Introduction

The Directors of Peterborough Diocesan Board of Finance present their Annual Report and Accounts for the year ended 31 December 2018. The names of Directors serving during the period from 1 January 2018, to the date of this report, are listed in section 7.2.

The Report of the Directors takes the following form:

- Strategic Report (including Aims, Achievements and Objectives)
- Structure and Governance
- Financial Performance

2. Peterborough Diocesan Board of Finance

The financial affairs of the diocese are conducted through the Peterborough Diocesan Board of Finance ('the DBF'), which is governed by its Articles of Association (which were updated in 2017) as well as by statutory provisions in the Diocesan Boards of Finance Measure 1925. In addition to ensuring the diocese complies with national safeguarding standards, the main functions of the DBF are:

- to finance and administer recruitment, training, deployment and housing of clergy appointed to posts in parishes in the diocese;
- to finance and administer recruitment and employment of clergy and other staff based in offices in Peterborough and Northampton, handling diocesan administration and, led by the Bishop, providing parish-focused services in relation to mission, training, parish development, youth and children's work and social, rural and urban issues;
- to manage, or arrange the management of, investments, including glebe assets, owned by the DBF;
- to act as custodian trustee of assets on behalf of some Parishes which are held on permanent trusts by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies.

The DBF is a company limited by guarantee with company no. 186179, and a registered charity with charity no. 250569. Its registered office is The Diocesan Office, The Palace, Peterborough PE1 1YB. The DBF is selectively registered for VAT, with registration no. 737 9263 95. It does not pay corporation tax. Details of the principal officers and agents of the DBF are shown in section 7.1.

A small staff team based in offices in Peterborough and Northampton handles essential administration. In addition, a number of Bishop's officers (many part-time or honorary) oversee such things as safeguarding, mission, training, parish development, youth and children's work and social, rural and urban issues.

The members of the DBF act as both its board of directors and as charity trustees. Members are elected for a term of three years, lay members by deanery synods and clergy members by Diocesan Synod. The Directors have to maintain a register of persons with significant control and have determined that the sole entry on the register at the present time is the Bishop of Peterborough.

Diocesan Board of Education

Peterborough Diocesan Board of Education ('the DBE') has charitable status and is an unincorporated body separate from the DBF. The DBF grants funds to the DBE on an annual basis. The DBE has separate officers

and staff and administers its own day-to-day operations, however the DBF is the employing body for the staff of both organisations.

In addition to the 'committee' functions outlined below, the Bishops Management Group (BMG) meets on a monthly basis to consider those pastoral issues relating to clergy, officers and staff which require senior management attention.

Much of the DBF's business is conducted by the members, with more detailed consideration taking place in committee:

Finance and Administration Committee

This Committee acts as the Executive Committee of the Board and focuses particularly on budget preparation, the Parish Share and the overall financial strategy.

Glebe and Trust Committee

This Committee directs and manages the glebe properties on behalf of the Board and acts for the DBF in its corporate capacity as custodian and managing trustee.

A joint meeting of the Finance and Administration and Glebe and Trust Committees seeks to help define an investment policy for the Board's assets.

Houses Committee

The functions of the DBF as Diocesan Parsonages Board have been delegated to the Houses Committee. This committee deals with the provision of, and the day to day maintenance of, clergy housing.

Audit Committee

This Committee scrutinises the financial reporting of the DBF and reviews governance procedures and documentation.

Public benefit

The members of the DBF as charity trustees are aware of the Charity Commission's guidance on public benefit and have regard to that guidance in their administration of the charity.

The members believe that, by supporting the work of the Church of England in the diocese of Peterborough, the DBF and DBE helps to promote more effectively the whole mission of the Church (pastoral, evangelistic, social and ecumenical), both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing resources for public worship, pastoral care and spiritual, moral and intellectual development, for its members as well as for anyone who wishes to benefit from what the Church offers;
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole; and
- supporting Church of England schools and Christian education in the diocese through the Board of Education.

Charitable donations

These have been made as part of normal expenditure in the exercise of the Board's objects. No political contributions are made.

Board members' interest in shares

The Board, which has no share capital, is a company limited by guarantee. The Board's Members may derive no benefit or income from or have any capital interest in the Board's financial affairs other than reimbursement of out-of-pocket expenses.

Related Parties

Within the ministry of the Church of England in the diocese of Peterborough, the DBF plays an important role in co-operation with other persons and charities which form part of the Church. While the Bishop of Peterborough and his clergy have the cure of souls within the diocese, the responsibility for the funding of stipends for the clergy (other than bishops and cathedral clergy), providing clergy housing (other than for the diocesan bishop and cathedral clergy) and training, as well as other associated costs, falls to the DBF. Some such clergy, listed in 7.2, are members of the DBF.

The main income of the DBF consists of parish share contributed by the parishes of the diocese. The DBF calculates parish share according to a formula agreed by the Diocesan Synod which is intended to cover the cost of ministry.

Whilst dioceses are responsible for the funding of clergy stipends, the national clergy payroll is administered by the Church Commissioners, to whom the DBF reimburses the costs of stipendiary clergy deployed in the diocese. The Church Commissioners also make grants for ministry in dioceses and parishes. The Archbishops' Council funds the administration of the General Synod, its boards and committees, and work undertaken on behalf of the Church nationally. The DBF contributes a share of these costs annually according to a formula agreed by that Synod, to which the diocese elects a number of lay and clergy members.

Other related parties include:

- the Church of England Pensions Board, to whom the DBF pays retirement benefit contributions for stipendiary clergy and employees;
- the Ecclesiastical Insurance Group plc, to whom the DBF pays insurance premiums;
- Shared Churches (Peterborough) Ltd and Shared Churches (Northampton) Ltd, to whom the diocese makes annual contributions.
- The Peterborough Diocese Education Trust (PDET) a multi – academy trust formed by the Peterborough Diocese Board of Education who occupy space at Bouverie court under the terms of a sharing agreement
- The Peterborough Cathedral, who contribute to the DBF for Diocesan Secretary and IT resources.

Disclosure of transactions with related parties is given in note 6 to the financial statements.

3. Executive Summary

We remain committed to Bishop Donald's vision for growth in the Peterborough Diocese although we do so in difficult times; rising to the challenges we will continue to renew and reshape our mission and ministry to deliver a long term and sustainable future for the Diocese.

Our diocesan pastoral account continues to underpin our day to day operations. A failure to achieve the budgeted parish share request accounts for much of the deficit experienced in 2018. Whilst this provides

significant challenges to us we continue to seek out efficiency savings, and manage vacancies arising in the diocese as prudently as possible.

Safeguarding remains a top priority for the diocese; and we are committed to ensuring the people who come into contact with us in whatever capacity do so in the confidence they are in a safe and secure environment. We have reaffirmed our commitment to adhering to National Church Safeguarding policies and procedures in order to ensure this remains so.

We have been successful in bidding for external funding in 2018 which has allowed us to provide additional stewardship support to parishes in what has been a challenging year for parish receipts; and implement a revised Gift aid scheme in 2019; our Children and Youth team have secured funding which will allow parishes to have the benefit of academically trained youth workers which will help them to grow the younger presence in their Church; a new Historic Churches Support Officer has been funded to support parishes in their work to keep our heritage safe and fit for purpose. We will continue to utilise new funding opportunities when they arise in support of the vision for growth.

4. Strategic Report

4.1. Strategic Aims

The overarching strategic aim is to see growth in all areas of the mission of the church in the Peterborough diocese, in accordance with the vision for growth clearly and consistently articulated by the Bishop of Peterborough. The vision for growth underpins the regular communications the Bishop has with ordained and licensed lay ministers thus keeping the strategic aim alive and relevant.

The underpinning principle to which we work is the firmly held belief that growth will follow on from increasing the provision of ordained stipendiary ministry to lead the discernment, encouragement and development of committed Christians throughout the diocese.

The vision is fully endorsed and subscribed to by the DBF. All senior ordained staff in the diocese saw growth in their earlier parish ministries, and growth is the expectation for every healthy church.

To deliver against this vision, parishes are encouraged to develop and own their own growth action plans which are relevant to their individual circumstances. This is felt to be a more supportive approach than imposing a detailed diocesan strategy on parishes.

4.2. Objectives for 2018 and onwards

To continue to work towards achieving a balanced budget;

To keep close attention to National Safeguarding developments to ensure our safeguarding function is fit for purpose; thereby growing the public's confidence that the Peterborough diocese is a safe place to worship and work;

To maintain current levels of clergy numbers and to ensure our work is designed to deliver stipendiary clergy and lay leaders who are focused on the mission of the church; and that we offer continuous professional development to ensure we grow the church in the Peterborough diocese.

To seek external funding to focus on growing the children and youth demographic thus ensuring the long term future of the church in the Peterborough diocese.

To explore innovative new ways to encourage giving and so help to ensure the vision for growth is sustainable in the long term.

To maximize external funding to grow the stewardship team thus supporting those parishes in most need of help in this area.

To be ready to make the most of the missional opportunities offered by the population growth planned for the local authority areas covered by the Peterborough diocese.

4.3. Activities and Achievements in 2018 and a look to the future

Diocesan Safeguarding

The strategic oversight of safeguarding in relation to the Peterborough diocese and the Cathedral rests with the Diocesan Safeguarding Advisory Panel (DSAP); the panel continues to meet and fulfill its obligations. This year has seen the Chair step down having been instrumental in assisting the diocese to embed safeguarding in everything it does for the last 5 years. The diocese is currently seeking a replacement Chair to continue to move this work forward. Formal responsibility for safeguarding children and adults in the diocese and the Cathedral rests with the Diocesan Safeguarding Advisory Team working in collaboration with all churches in the diocese who have a responsibility for the protection and care of others.

The work of the Diocesan Safeguarding Advisory Team falls within the following 3 areas:

Casework, Information and Advice; this refers to direct safeguarding work where the focus is on a particular named child or adult. There has been a 46% increase in new cases when comparing 2018 with 2017 with 146 new referrals throughout this year; in the same period information and advice consultations have increased by 136% to a high of 409.

Whilst this level of workload does cause some resourcing concerns, such increases are welcomed as an indication that parishes and the cathedral are putting safeguarding at the heart of what they do; and as an indication that the safeguarding training program is assisting in this.

Peterborough Diocese participated in the 2008/2009 Past Case review (PCR) based on a house of Bishops' Protocol. The Peterborough diocese PCR was reviewed in 2017/2018 by the National Safeguarding Team and found to be sound. In 2019/2020 we will be embarking on PCR-2 where the purpose is to identify, from files risks, to children and vulnerable adults to enable assessment and appropriate action to be taken.

Safeguarding Training and Development; Since the launch of the National Safeguarding team's training strategy in 2017, five core training modules and two specialist training modules have been, and continue to be delivered across the diocese at varying levels. The first two training modules are available on line, and in 2017/2018 1,241 people undertook their required training this way.

In order to meet the resourcing demands associated with delivering the training, the diocese has safely recruited 26 volunteers to assist in delivering a proportion of the core modules. The level of training delivered in the last 3 years has risen considerably, with 2018 seeing 86 sessions delivered, approximately one third of which was delivered by volunteers. The National Safeguarding Team are in the process of making substantial changes to the training modules which will, in time, be subject to ratification by the house of Bishops. As soon as these changes are agreed the diocesan Safeguarding Training Strategy and delivery plan will be reviewed and any changes needed made and communicated across the diocese. The diocesan safeguarding training strategy and delivery program continues to be monitored by the DSAP.

Safer Church Policy and Practice guidance; the third strand of the Diocesan Safeguarding Advisory Teams work relates to the policy and practice guidance which provides a robust

governance framework within which we all work. All new policies and guidance resources issued by the Nationals Safeguarding Team are published on the diocesan website, which underwent a major review in 2017 and is subject to ongoing scrutiny to ensure the information there remains relevant and up to date.

Vocation and Formation

The focus of the Vocation and Formation Team is the promotion, discernment, selection and initial training of ordained and licensed lay ministers operating under the strapline: ***“Calling, Shaping, Serving...in Jesus’ name.”*** It came into being in September 2017 following a reorganisation of diocesan teams at Bouverie Court. There are currently 7 members of the team, providing the equivalent of 5 full time posts.

Each team member leads teams of lay and ordained volunteers who support the work, as tutors, advisers, reviewers, champions of ministry and numbers 60 people. The aim is to create, sustain and increase the pipeline of people offering for ordained and licensed lay ministries in order to resource the growth of the church across the diocese. All research shows that where ministerial posts are cut, especially clergy, churches decline in number and impact. Since 2012 the diocese has invested in growing the number of clergy and lay ministers in training to serve the planned growth.

The Past Year; Local clergy and lay ministers are the ‘eyes and ears’ of the Vocation and Formation team who take referrals throughout the year. One major event, *Explore* is held each November which produces potential candidates for the team to work with. November 2018 was the largest such event in memory, with 61 people booking in, up from 46 the year before, which is the more customary number. The last 3 years has seen in total 50 students for the Lay Ministry Course. Selection is currently ongoing, but 2019’s new intake alone could number half that. Training pathways have become more flexible, so that students do not need to decide in advance whether their focus might be pastoral ministry or evangelism or preaching/teaching, chaplaincy thus allowing for a measure of development and discovery along the way.

Ordinand numbers have grown and been sustained over the years. The best measure of effectiveness for the growth strategy is the number of curates completing their curacy and being retained for ongoing service as incumbents;

- *In the 6 years from 2011-2016...prior to the new growth strategy*
Trained 41 curates – 27 Stipendiary, 14 Self Supporting Ministers – 80% home-grown
The Diocese retained...21 curates – 11 Stipendiary, 10 Self Supporting Ministers
- *In the 6 years from 2017-2022...the first fruit of the investment for growth*
Training 60 curates – 48 Stipendiary, 12 Self Supporting Ministers – 95% home- grown
To date, the diocese has retained-15 curates – 12 Stipendiary, 3 Self Supporting Ministers

The national church has set the target to increase new clergy by 50% by 2020 which the diocese of Peterborough has achieved. In addition, 30% of Ordinands are under the age of 30, up from 16% in 2011.

The plan for the coming year is to ensure there will be someone exploring, training for or serving in an ordained or licensed lay ministry in every parish / benefice in the diocese in 3 years’ time.

Mission and Development

Budget cuts of 25% at the beginning of 2017 saw a reimagined 'Mission and Development Team' emerge - constructed to enable diocesan churches to grow. The team continues to get smaller under budgetary constraints, whilst continuing to equip and inspire churches across the diocese.

Data collected from parish churches is used to provide a better understanding of the church presence in the diocese. The data shows that in 2017, the worshipping community was up on the average recorded in the previous 3 years. The age distribution in the diocese replicates the national picture, with children and young people accounting for a surprising 20% of the total. External grant funding has been secured to implement the 'Generation to Generation' project (see 'Children & Youth'). The 'Archdeacons' Articles of Enquiry' continue to identify a need in parishes for significant advice and guidance on mission.

2018 saw a refocusing on the 'Five Marks of Mission': Sharing the Good News, Nurturing Disciples, Loving Service, Justice and Peace, Caring for Creation. The Mission and Development Team worked with the 'Try Praying' team; 'Sharing Faith' sessions were held at both ends of the diocese; excellent and accessible missionally focused literature was made available to parishes. In addition, the team designed 'mission packs' for every deanery and (as usual) assisted with the Bishop's Bible Days, delivering workshops and playing a leading role.

'Continual Ministerial Development' is delivered by this team, focusing on those training courses which equip and enable lay and ordained leaders to grow and flourish in their roles. In fact, the team is responsible for the training and development of clergy from first incumbency to post retirement. In 2018, ten stand-alone training days were offered, the majority open to both clergy and laity – plus many other training opportunities around the diocese.

'Ministry Development Reviews' are undertaken for one third of the diocesan clergy every year. All clergy in their first post of responsibility are given extra support in their first three years, and this support is provided by the Training Officer and the '100 Days Group'.

Economies of scale: Over the past couple of years 4 members of the team have left and have not been replaced by additional staff: The team continues to evolve and reorganize to deliver Mission and Development across the diocese. The diocese now has a new Director of Mission who also leads the Mission and Development Team and has previously served as Pioneering and New Initiatives Office. However, the work of the team does not exist in isolation. All teams are working more collaboratively than ever before to ensure the Bishop's vision for growth is top of the agenda around the diocese.

Education

There have been a number of changes to the Diocesan Board of Education officers over the course of 2018. The loss of three members of the team at the end of 2017, combined with a significant budget cut and no change in the statutory obligations faced by the board, during a year when the Deputy Director retired, provided the incoming Director of Education with a number of challenges.

Notwithstanding these challenges, DBE officers have considerably increased the level of support provided for CE school leaders; the quality and quantity of communications from the education team to school leaders has increased significantly, accompanied by many school visits and numerous training sessions, and the number of school leaders attending the termly headteachers' conferences has more than doubled. There have been a number of new appointments during 2018/2019 which sees the education team beginning 2019 in good heart and with a complete team.

The performance of Church Schools inspected by Ofsted and SIAMS (Statutory Inspection of Anglican and Methodist schools) in 2018 has shown that overall standards have been maintained. Of the 23 schools inspected by Ofsted, 18 were rated as 'good' and 5 'require improvement'. Of the 7 schools subject to SIAMS in the same period, 4 were rated 'outstanding' and 3 were 'good'.

The Diocesan Board of Education has met three times during the year and continues to develop and set the strategy for the development of church schools; launching the new voluntary aided Monksmoor Park CE Primary School this year. The work of the Board is supported by monthly meetings of the Board's Executive Committee and regular meetings of its other three Committees: Schools' Standards and Effectiveness, Strategy and Leadership, and Resource Management.

An increasing proportion of schools continue to buy into the DBE Service Level Agreement; 91% in comparison with 87% in the previous year. Approximately 74% buy in at Gold Level, which gives them the benefit of a Diocesan Schools Consultant to help them develop their Christian distinctiveness and free access to all the DBE training courses. The Bishop's Vicar for church schools also supported 21 schools and their parish churches during the 2017/2018 academic year and up to December 2018.

The Finance Officer managed the capital funding (Locally Controlled Voluntary Aided Program) and provided governance support for 9 school building projects.

The Peterborough Diocesan Education Trust is now in its 4th year, operating independently of the Diocesan Board of Education. The appointment of a full time Chief Executive was achieved in 2017/2018. Following the strategic conversion to academy status of a further 6 primary schools, the trust now stands with 28 academies. The trust saw the closure of one primary school in 2018, which ceased to be a viable concern, with no children on roll.

Currently 54% of the 103 church schools in the diocese have academy status, which is a marginal increase on the previous year (48%). Primary academy v primary school performance related to receiving an Ofsted rating of 'good' is broadly similar (89% v 91%). Two of the three secondary academies continue to be 'outstanding', whilst the third has moved from 'requires improvement' to 'good' both in SIAMS and Ofsted inspections.

Youth and Children

There is a lot of anxiety surrounding children and teens in our churches; when they are in church you worry about what to say and how to keep them engaged; when they are not present, you worry about the future of the church and how to get a sustained child and youth presence in church. The work of the generation to Generation (Gen 2) youth team is first and foremost about changing the culture of our parish churches to a culture where everyone, clergy and lay, is committed to including and involving children in the life of the church, not out of anxiety but out of love for the children and the church.

The team visited parishes every week, offering advice, support and feedback to clergy and volunteers; hosted Deanery youth events such as 'fire church' or Taizé-style worship; trained over 70 youth work volunteers at a monthly training evening and launched a new Certificate in Children's Ministry. A Clergy Study Day was led by the team in November who also developed a bespoke e-bulletin harnessing new technology and high-quality design to ensure all those working with children and young people and good quality resources to support their ministry.

The future will see Xpect youth work continuing, along with the apprenticeship and Echo intern scheme. The successful bid made for £1.1m grant funding has enabled an academic training pathway to employment for youth and children's ministers to be developed. The funding has allowed the team to employ a project manager enabling the project board to remain focused on achieving the agreed objectives and ultimately grow the children and youth demographic in churches in the Peterborough diocese.

Stewardship

Historically, the Peterborough diocese has witnessed encouraging increases in giving. For nine years, regular increases were observed that averaged out at c6% per year; recently this fell to c2%. This led to a number of changes in the Stewardship team. The first being the addition of a giving officer to the team made possible by a successful bid for external grant funding from the Strategic Capacity Fund administered by the central church. The second was a peer review of the stewardship team, which looked at past and current practice and how to move forward over the next few years. The third was the decision taken by the Diocesan Board of Finance, to adopt the Parish Giving Scheme as our provider for our planned giving scheme. This will enable our givers to increase their giving annually, by ticking a box on the direct debit form.

A period of reflection has also followed, where two other key strands were identified to try to move giving forward again. These are better and more regular training for clergy (and curates) concerning teaching and preaching on giving, and secondly to focus more on the discipleship side of giving, centered on our giving responding to our relationship with God.

Since the giving officer started in June 2018, 63 Parishes (either speaking to the PCC, running a stewardship campaign or preaching) have benefited from Stewardship help and advice. The giving officer has visited 11 out of 12 Deanery Chapters, and together with the stewardship officer has run 12 Deanery workshops, meeting over 130 treasurers, informing them of the Parish Giving Scheme (PGS) and promoting its benefits. 10 parishes have been set up on the scheme as part of the pre-launch for PGS and 2 Deanery Synod meetings have been visited and updated on the scheme. Over the next 18 months, we will need to be working with 15 Parishes each month, to introduce PGS and migrate all of our existing givers over to this scheme. This is a significant task, but it is one, which the stewardship team are committed to achieving to get giving in the diocese back to where it needs to be.

As we move forward into 2019 the stewardship team will remain focussed on supporting parishes to improve their giving; the additional resource funded through the external grant provides the opportunity to reach out to more and more parishes.

Diocesan Advisory Committee for the Care of Churches

Throughout the year the Diocesan Advisory Committee (DAC) continued to support and advise parishes in the care and improvement of their church buildings and to assist them in the faculty process. The DAC Secretary and the Historic Churches Support Officer (HCSO) were involved in a variety of events and site visits for parishes, churchwardens and clergy. These included a session introducing the faculty process, the work of the DAC and advice regarding prevention against metal theft at the October 'Equipped for the Task' training day for parish representatives.

In March the Historic Churches Support Officer left the diocese to undertake a similar role in Birmingham; and September saw the Assistant DAC Secretary leave for theological college. A new Historic Churches Support Officer has joined the diocese, from a previous role with Historic England.

He is continuing our work with individual parishes, particularly those with churches already on, or being considered for inclusion on the Heritage at Risk Register, to seek sustainable solutions and assist with advice in relation to grant funding. The DBF continues to work towards recruiting a new Assistant DAC Secretary.

This year has seen a further rise in incidents of lead theft which provides additional challenges to parishes. Notifications have been issued to parishes to continue to highlight this unwanted activity and assist in ensuring that parishes remain alert to the risk and also to encourage them to consider preventative measures including roof alarms. Where a loss has occurred, support and guidance has been provided to parishes who are working to remedy losses.

Throughout the year visits were made to parishes to discuss projects and issues relating to the buildings. These included informal visits by the DAC Secretary, HCSO visits, DAC visits, and multi-party visits including representatives from the consultee bodies and amenity societies (e.g. Historic England and The Church Buildings Council). These have enabled parishes to meet with a range of representatives involved in the process, enabling a holistic approach which considers the needs of the parish, the appropriateness of the proposals in relation to the building as a heritage asset, opportunities for community engagement and possible approaches to funding.

The full DAC met 8 times during the year, and considered proposals from parishes and other DAC related matters. In 2018, on average 46 items were considered at each meeting. During the year, proposals by parishes were presented to the DAC meeting for the advice of the Committee on 302 occasions. New proposals accounted for 42% of these referrals and returning matters for 58%. The Committee was able to give a formal recommendation for faculty approval in form 2 to the Chancellor, the Bishop's Chief Legal Officer, in relation to 96 matters. More urgent matters were dealt with between meetings where appropriate, including recommendations for Interim Faculties. Once granted by the Chancellor, an Interim Faculty allows the parish to proceed with the work without needing to wait for the 28-day public notice period. In addition, in the course of the year, 70 of the list B permissions introduced under the Faculty Jurisdiction Rules 2015 were issued.

4.4. Financial Review

In 2018 the DBF budgeted for an income of £10,368,998 which would have allowed us to meet expenditure of £10,911,167. As the DBF failed to achieve those levels of income, the budgeted levels of expenditure could not be sustained.

The DBF is immensely grateful to the efforts made in all our parishes to meet the challenging requests made for Parish Share. The DBF recognises that an increasing number of parishes are finding it extremely difficult to meet the increasing requests for parish share and that many are meeting the increases from reserves, and an increasing number are not paying in full. The Parish Share result is discussed in more detail below.

The results for 2018 show an operating shortfall of £95,870 (2017 - £132,198) on the Statement of Financial Activities (SOFA). However, this figure does not take into account the payments to reduce the Pension Deficits (see note 30). If these payments are factored in, then the operating shortfall increases by £553,000 (2017 - £499,000) to £648,870 (2017 - £631,198). This is set against the 2018 Budgeted shortfall (pre pension adjustments) of £542,170.

Our main source of income was again Parish Share. In 2018 we received in a total of £7,073,130 (2017 - £7,024,561) against a requested figure of £7,967,353 (2017 - £7,753,094). This was an increase of £48,569 or 0.69% against an increase in the request of 3.5%. The total represented 88.78 % (2017 -

90.60%) of the share requested. This is a disappointing result in view of our historic collection rates of approximately 95% and when set against a backdrop of a cost base that continues to increase. The prospects for 2019 at the time of writing appear similar to the 2018 results.

The Parish Share receipts for 2018 were significantly lower than expected, the Board continues to support the budget approved by Synod for 2019, however all aspects of expenditure will be under constant review. The ongoing challenge will be to achieve a balanced budget with realistic increases in share receipts. Thanks are due to all concerned in continuing to respond to the need to resource our Kingdom journey but the challenge and difficulties we face collectively are not under estimated.

During 2018 the Balance Sheet value increased by £2,848,828 to £145,640,779 (2017 - £142,791,951) this is due to an increase in the value of approximately £3.5 million in the housing stock occupied by clergy, and as such cannot be used to support operating shortfalls while we maintain our Clergy numbers, the difference of approximately £0.7 million is mainly due to the declining stock market towards the end on 2018 along with changes to the pension liabilities.

Over the last 6 years (2013 to 2018 inclusive) the DBF has used the strength of its balance sheet to fund the budget for growth by approximately £5.7 million pounds. While the DBF appreciates that the continued funding of these deficits is not sustainable it is looking to achieve a truly balanced budget position as soon as is feasible, without damaging the excellent work done over the period to achieve sustainable growth of the church.

4.5. Investment Policy

During the course of the year, the Diocese's Investment Policy was extensively discussed and a new one was adopted by the Board at its November meeting. This new policy requires that the investments made should produce as much income as reasonably possible while maintaining the real value of the asset base. Although income recognition based on the Total Returns of permanent endowments is now permitted by the Charity Commission, the Board decided not to adopt this approach.

It is the Board's policy that the value of the total investment portfolio should be split approximately equally between financial assets and glebe. It is however recognised that there is little correlation between the value of agricultural land and stock-market securities and the desired balance in value between these two classes of asset will therefore be reviewed on an annual basis.

Although there are no significant legal restrictions on the range of assets in which the Board may invest, the advice of the Church of England Investment Advisory Group is required to be followed as far as possible. Any identified breach of these guidelines is required to be reported to the Board who will direct what action to take.

It remains the responsibility of the Finance and Administration Committee to monitor the performance of the financial investments held and of the Glebe and Trust Committee to ensure that appropriate policies are in place to maximise the potential yield from glebe properties. These two Committees meet together from time to time, as an Investment Steering Group, to ensure that each of them is aware of the position of the other with regard to the investment objectives agreed by the Board.

4.6. Principal Risks and Uncertainties

The trustees are responsible for the identification, mitigation and/or management of risk. To achieve this a register of all the risks identified is maintained and, alongside it, a Risk, Issues and Opportunities Policy is maintained. This is subject to annual review by the Trustees with responsibility for delivery of the mitigation activities being delegated to the Diocesan Secretary.

The risk register identifies four strategic areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation activities are:

Spiritual Leadership: The diocese is ineffective in providing a spiritual lead for the people it seeks to serve.

- The work of the director of Ordinands and the Mission and Development teams is explicitly linked to the vision for growth.
- The training and ongoing professional development of ordained stipendiary clergy is explicitly linked to the vision for growth.

Financial Reserves and Cash Flow: a failure to maximize income from parish share, investments and other income sources impacts on the vision for growth.

- Monthly monitoring of income v expenditure is routine.
- Implementation of the Investment Group and associated policy designed to maximize investment income.
- Archdeacons implement accountability meetings where parish share is not forthcoming without good reason.
- The Bishop regularly reinforces the need for parish share to pay for investment in ministry.
- Use of Strategic Capacity grant funding to employ a giving officer to manage the role out of the Parish giving scheme.

Safeguarding: an unforeseen issue involving a vulnerable adult or child is either not recognised or dealt with ineffectively.

- The diocese employs two safeguarding officers and additional administrative staff.
- Policies are aligned to the National Church.
- All parishes are required to endorse and implement the diocesan safeguarding policy.
- Compulsory training for all relevant staff.

Changing demographic profile: the participating population in the Peterborough diocese is heavily weighted towards the older generations. A failure to rebalance this will naturally lead to a decline in participation.

- The Children and Youth team is designed to increase the participation of young people in the church.
- Strategic Development Funding secured to implement the Gen 2 project specifically aimed at growing the youth church.
- The diocese employs two children and youth missionaries directed towards increasing children and youth membership in the church.

4.7. Reserves Policy and Reserves

The DBF notes that in excess of 75% of its annual income (excluding education capital related income) is from parish share receipts with most of the balance coming from historic resources. In view of the need to provide bridging finance for educational projects and more particularly to fund clergy stipends whether or not receipts from the parishes are up to date, the Board's reserves policy is to operate

within a minimum general fund reserve of two months of annual expenditure including schools' capital works - £1,678,890 (2017 - £1,709,593). At year-end 2018, the general fund stood at approximately 3.5 months of annual expenditure including school's capital work.

The Total Nets Assets of the DBF (Total Reserves) at 31 December 2018 were £145.6m. These net assets were made up of £134.8m of Endowment Funds; £9.8m of Restricted Funds, £2.8m of General Funds; £0.8m of Designated Funds and Pension Liabilities of £2.6m. (See page 28)

Included in the Total of £145.6 are houses occupied by Clergy totalling £94.4m split between Fixed Assets and Investment Assets. These assets equate to 64.8% of the total DBF assets and as such are not readily available to fund operational costs.

5. Structure and Governance

The structure of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, Incumbents and their bishop are responsible for the 'cure of souls' in their parish.

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

The Church of England is episcopally-led, with 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. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The Three National Church Institutions

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

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

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

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from

stipendiary ministry and for surviving partners of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

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

The financial transactions of the General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

The Diocese of Peterborough

The Diocese of Peterborough was created in 1541, following the dissolution of the Benedictine Abbey of Peterborough under Henry VIII, and assumed roughly its present dimensions in 1927. Its total area is 1,150 square miles.

The diocese comprises 350 parishes, divided into 12 deaneries, covering Northamptonshire, the part of Cambridgeshire formerly known as the Soke of Peterborough (i.e. the area of the present-day city of Peterborough north of the River Nene) and the county of Rutland. The River Nene marks part of the boundary with the Diocese of Ely, which falls mainly to the east; to the south the diocese borders St Albans and Oxford dioceses, to the west Coventry and Leicester, and to the north Lincoln. Its total population is around 865,000.

The diocese is made up of two archdeaconries, the Archdeaconry of Northampton to the south and the Archdeaconry of Oakham to the north, each with a broad rural/suburban/urban and socio-cultural mix. The Archdeacon of Northampton has an office base and lives in Northampton, and the Archdeacon of Oakham in Peterborough.

The Cathedral; Peterborough 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: The Cathedral Office, Minster Precincts, Peterborough PE1 1XS.

Diocesan Synod; The statutory governing body of the diocese is Diocesan Synod which is made up of broadly equal numbers of clergy and lay representatives elected from across the diocese together with the 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; There is a Deanery Synod in each of the diocese's deaneries. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

- Respond to requests from General Synod
- Give effect to the decisions made by Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery

- Act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to Diocesan Synod and of the diocese to General Synod.

The Bishop's Council; Under the constitution of 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 member's 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 (the Diocesan Bishop) 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); A PCC is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically, each parish has one parish church. A PCC is made up of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the foreseeable future. If not required to register, PCCs are 'excepted' charities. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

The DBF is custodian trustee of assets held on permanent trusts by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, the managing trustees being parochial church councils and other bodies. These assets are not aggregated in these financial statements as the DBF does not control them, and they are segregated from the DBF's own assets. Further details of financial trust assets, whose market value at 31 December 2018 was £11,372,666 (2017 - £11,723,172), are available on request. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the DBF's solicitors, Hunt & Coombs.

Parishes, Benefices, Deaneries and Archdeaconries; A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. 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 information in this section about General Synod, the Church Commissioners, the Archbishops' Council, Peterborough Cathedral and PCCs is included as background only. The financial transactions of these bodies do not form part of these financial statements.

6. Statement of Directors' Responsibilities

Directors Responsibilities

Under the general company law, the DBF is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the DBF and of its income and expenditure for that period. In preparing the financial statements, the directors of the DBF are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the DBF will continue to carry out its charitable activities.

The directors are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the DBF, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors: Statement of disclosure to auditors

As far as the directors are aware, there is no relevant audit information of which the DBF's auditors are unaware. The directors have taken all necessary steps to make themselves aware of any relevant information and to establish that the DBF's auditors are aware of that information.

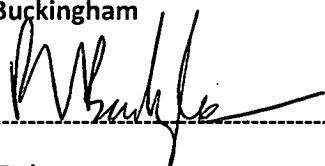
Haysmacintyre LLP have signified their willingness to act for the coming year. A resolution to appoint them as auditors will be proposed at the forthcoming annual general meeting.

Approved by the Board on : 13 June 2019

and signed on its behalf by:

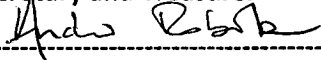
Dr Paul Buckingham

Chair



Andrew Roberts

Secretary and Treasurer



7. Administrative Details

7.1. Officers and Agents

For the year ended 31 December 2018

President	Rt Revd D S Allister (Bishop of Peterborough)
Chair	Dr P Buckingham
Vice-Chair	Ven. G J Steele (Archdeacon of Oakham)
Secretary and Treasurer	Mr A J Roberts
Assistant Secretary	Mrs S Ratcliffe
Director of Education	Mr P Cantley

Diocesan Surveyors

Carter Jonas LLP
12 Waterside Way
Bedford Road
Northampton NN4 7XD

Bankers

Barclays Bank plc
1 Church Street
Peterborough
PE1 1QP

Investment Fund Managers

M & G Investments
M & G Securities Ltd
PO Box 9039
Chelmsford
CM99 2XF

CCLA Investment Management Ltd
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Auditors

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Solicitors

Hunt & Coombs
35 Thorpe Road
Peterborough
PE3 6AG

Solicitors to the Board of Education
(from January 2018)

Stone King
Boundary House
91 Charterhouse Street
London
EC1M 6HR

Diocesan Registrar

Ms A Spriggs
Hunt & Coombs
35 Thorpe Road
Peterborough
PE3 6AG

Diocesan Chancellor

Mr D M Pittaway QC
c/o Diocesan Registrar

Deputy Chancellor

Mr M Griffiths QC
c/o Diocesan Registrar

Registered Office

The Diocesan Office
The Palace
Peterborough
PE1 1YB

Registered Numbers

Company Registration No. 186179
Charity No. 250569
VAT Registration No. 737 9263 95

**Finance and Administration
Committee**

Chair: Dr P Buckingham
Secretary: Diocesan Secretary
c/o The Diocesan Office

Glebe and Trust Committee Chair: Mr G J Hoare
Secretary: Property Officer
c/o The Diocesan Office

Houses Committee Chair: Mr R Purser
Secretary: Property Officer
c/o The Diocesan Office

Audit Committee Chair: Ms H Daniels
Secretary: Assistant Diocesan Secretary
c/o The Diocesan Office

Board of Education Chair: Rt Revd J E Holbrook
Secretary: Director of Education
c/o The Diocesan Office

7.2. List of Directors

For the year ended 31 December 2018

President	Rt Revd D S Allister
Chair	Dr P Buckingham (FA, GT, H)
Ex-officio	Rt Revd J E Holbrook Ven. R J Ormston (FA, GT, H) Ven. G J Steele (Vice-Chair) (FA, GT, H) Very Revd C Dalliston (from 20.1.18)
Co-opted	Ms H Daniels (A) Mr G J Hoare (GT) Mr R Purser (H) Mr M J Truman (FA, GT, H) (until 31.12.18) Mr P McKay

Elected by the House of Clergy of the Diocesan Synod (2019–21)

Archdeaconry of Northampton

Revd K Hutchins (also Wellingborough)

Revd Canon B Hollins (from 1.1.19)

Archdeaconry of Oakham

Revd J E Baxter (GT)

Revd M W Lucas

Revd G H Rogers

Revd D Walsh (from 1.1.19)

(also DBF rep for Kettering Deanery)

Elected by the Houses of Laity of the Deanery Synods (2018–20)

Archdeaconry of Northampton

Brackley Mrs I Burbidge

Brixworth Mr N Robertson

Daventry Mr R Baker (A)

Archdeaconry of Oakham

Corby Mr J Hindle

Higham Mr A K Owst

Kettering Mr N J Bradley (until 31.12.18)

Greater Northampton Mr N Critchlow (FA)

Towcester Mrs H Creek

Wellingborough Mr C Haynes (until 28/06/2018)

Oundle Mr A C Hawkins (from 21.11.18)

Peterborough Mrs C Hall

Rutland Mr J Orme

The abbreviations used above indicate sub-committees on which members served, as follows:

A = Audit

GT = Glebe and Trust

FA = Finance and Administration

H = Houses

8. Independent Auditors Report to the members of the Diocesan Board of Finance.

Opinion

We have audited the financial statements of Peterborough Diocesan Board of Finance for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Income and Expenditure account, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of the charitable company's net movement in funds, including the 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 charity 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.

Responsibilities of trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) 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 included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates 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 charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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.


Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

13 June 2019

9. Statement of Financial Activities for the year ended 31 December 2018

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £	Total 2017 £
Income and endowments from						
Donations						
Parish Share and other voluntary income						
Ministry and mission	3	7,244,460	10,099	-	7,254,559	7,230,658
Charitable activities						
Ministry and mission	3	373,973	-	-	373,973	427,430
Education	14	118,769	-	2,738	121,507	118,632
Investments						
Investment income	9	25,982	1,383,002	-	1,408,984	1,443,115
Other income		186,031	87,522	-	273,553	151,312
Total		<u>7,949,215</u>	<u>1,480,623</u>	<u>2,738</u>	<u>9,432,576</u>	<u>9,371,147</u>
Expenditure on						
Raising Funds						
Investment management costs		159,850	-	-	159,850	172,377
Charitable activities						
Ministry and mission	3	7,121,286	1,960,258	-	9,081,544	8,997,881
Education	14	286,161	-	891	287,052	333,087
Total		<u>7,567,297</u>	<u>1,960,258</u>	<u>891</u>	<u>9,528,446</u>	<u>9,503,345</u>
Net income/(expenditure) before investment gains		381,918	(479,635)	1,847	(95,870)	(132,198)
Net gains/ (losses) on Investments	17	(4,905)	(8,167)	(79,906)	(92,978)	5,363,940
Net income/(expenditure)		377,013	(487,802)	(78,059)	(188,848)	5,231,742
Transfers between Funds	26	<u>(663,226)</u>	<u>341,152</u>	<u>322,074</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Gains/(losses) on revaluations and disposals of fixed assets	16	-	176,783	2,860,893	3,037,676	5,238,580
Net movement in funds		<u>(286,213)</u>	<u>30,133</u>	<u>3,104,908</u>	<u>2,848,828</u>	<u>10,470,322</u>
Reconciliation of funds						
Total funds brought forward		<u>3,920,598</u>	<u>9,801,304</u>	<u>129,070,049</u>	<u>142,791,951</u>	<u>132,321,629</u>
Total funds carried forward		<u>3,634,385</u>	<u>9,831,437</u>	<u>132,174,957</u>	<u>145,640,779</u>	<u>142,791,951</u>

For detailed fund by fund comparisons a copy of the 2017 Statement of Financial Activities has been included in note 32.

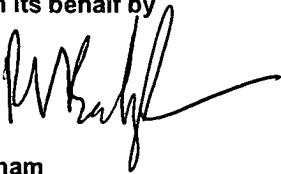
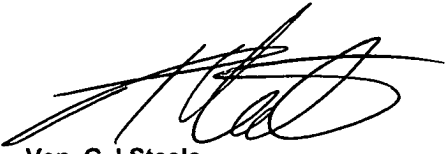
10. Income and Expenditure account for the year ended 31 December 2018

	2018	2017
	£	£
Total income from continuing operations	9,429,838	9,365,120
Total expenditure from continuing operations	<u>(9,527,555)</u>	<u>(9,485,294)</u>
Net Income / (expenditure) for the year before transfers and investment asset disposals	(97,717)	(120,174)
Net income for the year	<u>£ (97,717)</u>	<u>£ (120,174)</u>

Total income comprises £7,949,215 (2017: £7,920,210) for unrestricted funds and £1,480,623 (2017:£1,444,910) for restricted funds. Detailed analysis of Income and Expenditure is provided in the Statement of Financial Activities and Notes 5 to 15.

The historical net income for both years is different from that disclosed in the Income and Expenditure Account above. The actual figures cannot be disclosed for either year as the original cost of glebe land and buildings, and some parsonage houses, is not known.

11. Balance sheet as at 31 December 2018; company number; 186179

	Note	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	16	81,306,278		78,603,254	
Investments	17	<u>56,980,420</u>		<u>56,188,823</u>	
			138,286,698		134,792,077
CURRENT ASSETS					
Debtors - amounts falling due within one year	18	1,189,208		1,395,583	
amounts falling due after more than one year	19	117,277		102,750	
Cash at bank and on deposit	20	<u>9,551,260</u>		<u>10,572,396</u>	
		10,857,745		12,070,729	
Less: Creditors - amounts falling due within one year	21	<u>(802,929)</u>		<u>(1,089,720)</u>	
NET CURRENT ASSETS			<u>10,054,816</u>		<u>10,981,009</u>
TOTAL ASSETS					
Less CURRENT LIABILITIES			148,341,514		145,773,086
Less: Creditors - amounts falling due after more than one year	22		<u>(2,700,735)</u>		<u>(2,981,135)</u>
NET ASSETS			<u>145,640,779</u>		<u>142,791,951</u>
FUNDS					
Endowment funds (exc. pension liability)	23		134,822,957		132,363,049
Clergy Pension Liability	23 & 30		(2,648,000)		(3,293,000)
Restricted funds	24		9,831,437		9,801,304
Unrestricted income funds					
General funds	25		2,809,549		3,077,499
Designated funds	25		<u>824,836</u>		<u>843,099</u>
TOTAL FUNDS			<u>145,640,779</u>		<u>142,791,951</u>
Approved by the Board and authorised for issue on 13 June 2019					
and signed on its behalf by					
					
Dr P Buckingham Chairman		Ven. G J Steele Vice-chairman			

12. Statement of Cash flows for year ended 31 December 2018

	2018		2017	
	£	£	£	£
Net Cash used in Operating Activities		(1,868,471)		(1,136,489)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,408,984		1,443,115	
Proceeds from the sale of:				
Tangible fixed assets	322,926		2,479,096	
Investment assets	115,425		1,437,938	
Purchase of:				
Tangible fixed assets	-		-	
Fixed asset investments	<u>(1,000,000)</u>		<u>(836,616)</u>	
Net cash provided by investing activities		847,335		4,523,533
Cash flows from financing activities				
Movement in loans	<u>-</u>		<u>(81,925)</u>	
Net cash used in financing activities		-		(81,925)
Change in cash and cash equivalents in the reporting period		<u>(1,021,136)</u>		<u>3,305,119</u>
Cash and cash equivalents at 1 January		10,572,396		7,267,277
Cash and cash equivalents at 31 December		<u>9,551,260</u>		<u>10,572,396</u>
Reconciliation of net movements in funds to net cash flow movement from operating activities				
Net expenditure for the year ended 31 December		(95,870)		(132,198)
Adjustments for:				
Depreciation charges		11,726		14,068
Dividends, interest and rent from investments		(1,408,984)		(1,443,115)
FRS102 pension schemes adjustment		(553,000)		(499,000)
(Increase)/decrease in debtors		191,848		832,092
Increase/(decrease) in creditors		(14,191)		91,664
Net cash used in operating activities		<u>(1,868,471)</u>		<u>(1,136,489)</u>

Notes to the Cash Flow Statement

For the year ended 31 December 2018

ANALYSIS OF CHANGES IN NET FUNDS	2018	2017	Cashflow
	£	£	£
Cash at Bank and In Hand	2,400,880	3,350,579	(949,699)
Cash on Deposit with the Central Board of Finance of the Church of England and the Church Commissioners	7,150,380	7,221,817	(71,437)
	<u>9,551,260</u>	<u>10,572,396</u>	<u>(1,021,136)</u>
Debt due after 1 year - Loans	(140,135)	(140,135)	-
	<u><u>9,411,125</u></u>	<u><u>10,432,261</u></u>	<u><u>(1,021,136)</u></u>

Notes to Financial Statements

1 GENERAL INFORMATION

The Peterborough Diocesan Board of Finance (the PDBF) is a company limited by Guarantee. The liability of each Board Member is limited to £1.

There were 27 Members as at 31 December 2018. The registered office is The Diocesan Office, The Palace, Peterborough, PE1 1YB.

The principal activity of the charity is to conduct the financial affairs of the Diocese of Peterborough. These financial statements have been presented in Pounds Sterling as this is the charity's functional currency.

2 ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold and investment properties and investments which are included at market value. The financial statements have been prepared in accordance with "Accounting and Reporting by Charities" Statement of Recommended Practice (revised 2015), as clarified by update Bulletin 2 of the Diocesan Annual Report and Financial Statements Guide (DFS 2015 Guide) and Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies.

The financial statements present an aggregation of the accounts of the PDBF and those of the Peterborough Diocesan Board of Education (the PDBE).

The financial statements have been drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the PDBF's operations has required adaptation of the formats as allowed by section 396(5).

Income

Income is accounted for on an accruals basis where both the amount and receipt are reasonably certain with the following exceptions:

Parish Share is included where received up to the end of the month following the end of the financial year.

Fees and chaplaincy income is included as received. Donations and legacies are recognised where there is entitlement, probability of receipt and the amount of the gift is measurable, e.g. when the executor informs the PDBF following probate.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Royalties are included as received.

Income is analysed between unrestricted, restricted or endowment funds in the Statement of Financial Activities "the SOFA" dependent on the source of the income and/or the purpose for which it has been given. Income from endowment funds is restricted income.

Expenditure

Expenditure is included in the SOFA on an accruals basis, inclusive of any VAT which cannot be recovered.

Grants are recognised when payable.

Operating lease payments are recognised when payable. The assets are not capitalised in the balance sheet.

The Church Commissioners administer the clergy payroll and are re-imbursed by the charity. The costs are included in the SOFA as ministry and mission within resources expended.

The PDBF participates in both defined contribution and defined benefit pension schemes (see note 29). Contributions payable by the PDBF to defined contribution scheme are included in SOFA when payable. Contributions payable to the defined benefit schemes are included in the SOFA when payable in respect of current service. Contributions payable in respect of schemes deficits relating to past service are charged to the Pension Liabilities in the Balance Sheet.

2 ACCOUNTING POLICIES (Continued)

All expenses are recognised when a liability is reasonably certain in terms of amount and payment.

Investment management costs are the apportioned staff costs involved in the management of investments and also the direct costs of agents dealing with property investments.

Wherever possible, costs are charged directly to the activity concerned. Central support costs of £558,931 (2017: £522,666) are apportioned on the basis of estimated usage of central resources at Diocesan Office and Bouverie Court.

Net gains and losses arising on revaluations and disposals during the year are included in the SOFA.

Tangible Fixed Assets

Tangible fixed assets have been included on the following bases:

Clergy and Other Domestic Houses: at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation. Properties are revalued annually from the second full year after their purchase.

Board Property: at cost or internally estimated market value.

All assets costing more than £1,000 and with an expected useful life in excess of one year are capitalised.

Clergy houses are held in the balance sheet as tangible fixed assets given their use in the furtherance of the PDBF charitable activities. For many of these the freehold is vested in the incumbent during occupancy. Any income generated from renting out these properties is treated as investment income. The profit/loss on disposal is also treated as if they were investment properties.

Depreciation

Depreciation is calculated to write off the cost of other tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:-

Fixtures and Fittings	20%
Motor Vehicles	25%
Leasehold Improvements	20%
Computer Equipment	25%

No depreciation is charged on freehold properties. The PDBF is committed to a maintenance policy which endeavours to ensure that realisable values exceed carrying values. Accordingly the PDBF considers that the lives of these assets are so long and residual values so high that any resulting depreciation charge is not material. As explained above a policy of re-valuation has been adopted.

2 ACCOUNTING POLICIES (Continued)

Fixed Asset Investments

Fixed asset investments have been included on the following bases:

Unlisted Investments are stated at market value at the balance sheet date as provided by the Central Board of Finance of the Church of England and M & G Investments.

Agricultural Land was valued at 31 December 2018 as part of an estate held for investment purposes by an external valuer Carter Jonas LLP, Chartered Surveyors & Property Consultants, 12 Waterside Way, Bedford Road, Northampton.

Commercial Property at Bouverie Court was valued during 2018 by chartered surveyors Carter Jonas (address as above) on an open market basis.

Domestic Properties are valued at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation.

Benefice properties which have been vacated by their incumbent and are being rented out are presented as tangible fixed assets within the financial statements. This is not in accordance with FRS102 which requires that they are recognised as Investment Properties.

Custodian Trustee

Investments held by the Board as Custodian Trustee are not included in these financial statements but are set out separately in note 30.

Debtors

Debtors are measured at the transaction price less any impairment. Loans are initially measured at fair value and are measured subsequently at amortised cost less any impairment.

Cash and Cash equivalents

Cash and cash equivalents are 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.

Liabilities

Liabilities due within one year are recognised on an accruals basis. Liabilities due after one year relate to long term loans either for the purchase of domestic property or for onward lending to parishes. The loans to parishes are also represented in debtors due after one year.

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

Financial instruments

The charity 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 settlement value.

Pension contributions

The Board's staff are members of the Board's defined contribution pension scheme and Clergy are members of the Church of England Funded Pensions Scheme. The pension costs charged as resources expended represent the Board's contributions in respect of the accounting period, in accordance with FRS102. Lay staff who are members of the stakeholder pension scheme or have contributions paid into their own personal pension plan are accounted for in the month in which they are deducted. Deficit funding for the pension schemes in which the Board participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

2 ACCOUNTING POLICIES (Continued)

Fund Accounting

In accordance with the SORP 2015 - "Accounting and Reporting by Charities", the Board's funds are analysed under specific headings as follows:

Unrestricted Funds - available for any purpose of the Board. These funds may be set aside by the Board for specific purposes creating designated funds.

Restricted Funds - these are subject to legally binding conditions imposed by the donor upon the Board or by the terms of an appeal.

Permanent Endowment Funds - these funds are held to produce income, and are sometimes called capital funds. The income from endowment funds is added to the relevant fund.

Expendable Endowments Funds - these are funds that may be used as income at the discretion of the Board. Use of the funds are subject to legally binding conditions imposed by the donor upon the Board or by terms of an appeal.

Investment income and increase or decrease in market values of property/investments are allocated to the appropriate fund.

During the year monies may be transferred between specific funds in line with the PDBF budget as approved by Diocesan Synod. These only appear on the SOFA if the transfer is between the fund types identified above.

Taxation

The Diocese does not carry out any non-charitable activities that may give rise to a Corporation Tax liability.

Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

Domestic properties are valued at either cost or the mid-point of the council tax banding as adjusted by a published index to reflect changes since the last valuation.

The deficit funding liability for the Church of England Funded Pension Scheme liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the assumptions set out in note 29 and set by reference to the duration of the deficit recovery payments.

Depreciation is calculated on a straight line basis, based on management's best estimate of the useful economic lives of assets. Depreciation policies can be seen above.

3 INCOME AND EXPENDITURE					
	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £
Income					
Generated funds					
Parish share	7	7,113,734	-	-	7,113,734
Grants, donations and legacies	8	128,117	10,099	-	138,216
Church Commissioners		2,609	-	-	2,609
Total Generated Funds		7,244,460	10,099	-	7,254,559
Charitable activities					
Fees and Chaplaincy income		373,973	-	-	373,973
		7,618,433	10,099	-	7,628,532
Expenditure					
Charitable activities					
National Church		340,816	-	-	340,816
Grants and donations	13	125,240	197,170	-	322,410
Clergy Stipends and staff costs	10	4,197,161	1,043,293	-	5,240,454
Clergy Housing	11	807,480	279,061	-	1,086,541
Improvements to Clergy Housing	11	-	314,183	-	314,183
Clergy Training	12	605,076	126,551	-	731,627
Diocesan Support for Parish Mission	15	1,045,513	-	-	1,045,513
		7,121,286	1,960,258	-	9,081,544
Included in the above expenditure is support costs of £602,531 (2017: £ 522,666) which have been apportioned on the basis of estimated usage of central resources at the Diocesan Office and Bouverie Court. Governance costs of £28,736 (2017: £32,278) have also been apportioned over the Diocesan Support for Parish Mission.					
2017 Comparative					
	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £
Income					
Generated funds					
Parish share	7	7,074,915	-	-	7,074,915
Grants, donations and legacies	8	138,887	3,622	-	142,509
Church Commissioners		13,234	-	-	13,234
Total Generated Funds		7,227,036	3,622	-	7,230,658
Charitable activities					
Fees and Chaplaincy income		427,430	-	-	427,430
		7,654,466	3,622	-	7,658,088
Expenditure					
Charitable activities					
National Church		331,922	-	-	331,922
Grants and donations	13	119,699	203,392	-	323,091
Clergy Stipends and staff costs	10	4,276,884	1,119,525	-	5,396,409
Clergy Housing	11	870,315	256,986	-	1,127,301
Improvements to Clergy Housing	11	-	166,812	-	166,812
Clergy Training	12	625,843	28,492	-	654,335
Diocesan Support for Parish Mission	15	997,684	-	-	997,684
		7,222,347	1,775,207	-	8,997,554

4 DEFICIT FOR THE FINANCIAL YEAR	2018	2017
	£	£
The net deficit for the financial year is stated after charging:		
Auditors' Remuneration;		
in respect of Audit Services	17,400	16,800
Depreciation on Tangible Fixed Assets	11,726	14,068
Operating Lease Charges in the Year	31,000	29,000
Interest Charges		
On Church Commissioners' Value Linked Loans	8,430	9,435

5 EMPLOYEE/OFFICE-HOLDER DETAILS

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

	2018	2017
£60,000 - £69,999	2	2

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the directors, for planning, directing and controlling the activities of the diocese. During 2018 they were:

Diocesan Secretary and Company Secretary	Andrew Roberts
Diocesan Director of Education	Peter Cantley

Remuneration, pension and expenses for these employees amounted to £158,826 (2017: £169,614).

Staff Costs	Parochial Clergy	Diocesan Boards and Councils	Total 2018
	£	£	£
Stipendiary parochial clergy *	3,625,662	64,646	3,690,308
Salaries	-	1,147,909	1,147,909
Social Security Costs	297,398	104,309	401,707
Pension Costs	898,140	205,567	1,103,707
Pension deficit reduction payments	408,000	12,000	420,000
	<u>5,229,200</u>	<u>1,534,431</u>	<u>6,763,631</u>

2017 Comparative

Staff Costs	Parochial Clergy	Diocesan Boards and Councils	Total 2017
	£	£	£
Stipendiary parochial clergy *	3,647,765	80,316	3,728,081
Salaries	-	1,086,844	1,086,844
Social Security Costs	300,204	110,163	410,367
Pension Costs	840,019	201,321	1,041,340
Clergy pension deficit reduction payments	497,000	-	497,000
	<u>5,284,988</u>	<u>1,478,644</u>	<u>6,763,632</u>

The average number of employees, analysed by function, was:-

	2018		2017	
	Full Time	Part Time	Full Time	Part Time
Stipendiary Parochial Ministers *	130	13	134	12
Diocesan Boards and Councils	18	10	20	10
Administration	10	4	8	5
Archdeacons	2	-	2	-
	<u>160</u>	<u>27</u>	<u>164</u>	<u>27</u>

* The legal status of parochial clergy and the Archdeacons is that of office-holder and not employee.

Trustee/Directors' Emoluments and expenses

None of the trustee/directors has received any emoluments from the Board in respect of services performed. (2017: £Nil).

No trustee/director received travel expenses from the Board in the year in question in the course of services performed. (2017: £NIL).

If trustee/directors had claimed travel expenses to Board Meetings it is estimated that the cost would have been £2,500 (2017: £2,500).

Trustee Donations.

The Bishop of Peterborough donated £600 (2017:£870) to the general costs of the DBF.

5 EMPLOYEE/OFFICE-HOLDER DETAILS (Continued)**Note:**

The Church Commissioners are responsible for the stipends of Bishops (Ex-Officio directors) and the salaries of their secretaries. The housing for the Suffragan Bishop is the responsibility of the diocese. Expenditure on this house for the year (excluding the capital value of the house concerned) amounted to £3,059 (2017: £3,986).

Archdeacons and parochial clergy who are directors, whether ex-officio, elected, appointed or co-opted, are in receipt of a stipend and housing paid via the Board by virtue of their office of £45,000 to £55,000 per person (2017: £45,000 to £55,000).

The two Archdeacons of the diocese, who are also directors of the Board, received reimbursement of their working expenses in relation to their offices as Archdeacons. This reimbursement amounted to £22,168 (2017: £22,921) excluding the salaries and on costs of their secretarial support.

Redundancy payments

During the year no redundancy payments were made (2017: £NIL).

6 RELATED PARTY TRANSACTIONS

	2018	2017
	£	£
The following identifies related parties and their transactions. (A description of these relationships is identified in the trustees report)		
Ecclesiastical Insurance Group	43,958	43,787
Church of England Pensions Board (Clergy and Lay)	1,530,844	1,561,011
Shared Churches Peterborough	19,660	19,350
Shared Churches Northampton	60	60
Peterborough Diocese Education Trust (PDET)	(18,333)	(75,511)
Peterborough Cathedral	(49,827)	(42,167)
	1,526,362	1,506,530

There were no outstanding balances with related parties at the end of the financial year 2018 and 2017. Figures in brackets denote income.

7 PARISH SHARE

	2018	2017
	£	£
Parochial Apportionments	7,967,353	7,753,094
Less: Amount Not Received	(894,223)	(728,533)
	7,073,130	7,024,561
Plus: Other Share received Amounts Received in Respect of Earlier Years	40,604	50,354
	7,113,734	7,074,915

8 GRANTS, DONATIONS AND LEGACIES

	2018	2017
	£	£
All Churches Trust (Ecclesiastical Insurance Group)	115,310	115,310
Forsters Charity	3,320	3,010
Institutional Collections and Donations	10,099	3,622
Mission Fund Donations	6,500	9,917
Other Donations	2,987	10,650
	138,216	142,509

9 INVESTMENT INCOME	2018	2017
	£	£
(a) Income from Fixed Asset Investments		
(i) Unlisted Investments:		
Central Board of Finance of the Church of England		
Investment Fund Dividends	391,530	383,884
Fixed Interest Security Fund Dividends	2,773	4,470
M&G Charifund	177,070	134,725
	<u>571,373</u>	<u>523,079</u>
(ii) Investment Properties		
Glebe Land and Buildings Rents	487,547	632,131
Commercial Property Rents	67,101	47,206
	<u>554,648</u>	<u>679,337</u>
(iii) Fixed Asset Investments		
Rent from Clergy Houses when occupied by non-clergy tenants.	244,037	222,703
	<u>244,037</u>	<u>222,703</u>
(b) Other Income Receivable		
Central Board of Finance of the Church of England		
Deposit Fund Interest	29,806	14,320
Church Commissioners Interest	42	-
Bank Interest	8,924	3,676
Other Interest	154	-
	<u>38,926</u>	<u>17,996</u>
	<u>1,408,984</u>	<u>1,443,115</u>

10 CLERGY STIPENDS	2018	2017
	£	£
Parochial Stipends:		
Clergy of Incumbent Status	3,160,583	3,034,421
Assistant Staff	779,320	863,627
Archdeacons	70,190	68,359
Total Pension Contributions paid to Clergy Pension Fund (see note 29)	1,306,140	1,337,018
Less Clergy Pension Deficit reduction payments	(408,000)	(497,000)
Interest payable on Clergy Pension Deficit Liability	43,000	53,000
Remaining change to the Clergy Pension Deficit balance sheet liability	(280,000)	(55,000)
National Insurance	297,398	300,204
Removal and First Appointment Grants	119,531	131,196
Sequestration Expenses	22,097	16,778
Other (including the expenses of Rural Deans and Archdeacons)	130,195	143,806
	<u>5,240,454</u>	<u>5,396,409</u>

11 CLERGY HOUSING	2018 £	2017 £
Cost of Repairs to Clergy Houses (includes rental costs and housing allowance)	447,667	469,856
Maintenance of Empty Properties	25,468	24,850
Minor Improvements to Properties	314,183	166,812
Council Tax and Water Rates	451,353	441,637
Administration	127,585	156,538
Insurance Premiums	34,468	34,420
	<u>1,400,724</u>	<u>1,294,113</u>

Minor improvements to housing occupied by the clergy totalling £314,183 (2017: £166,812) were funded from the DBF Pastoral Account and not through Parish Share.

12 CLERGY TRAINING	2018 £	2017 £
National Training Costs	234,723	232,519
Director of Ordinands (including stipend, pension and NI)	61,097	59,030
Ordination Candidates Support Costs	173,197	224,989
RME	113,325	21,809
Post Ordination Training	54,808	36,756
Continuing Ministerial Education	79,799	77,525
Clergy Conference	14,625	1,655
Liturgical Officer	53	52
	<u>731,627</u>	<u>654,335</u>

13 GRANTS AND DONATIONS	2018 £	2017 £
Bishops' Discretionary Funds	5,852	5,852
Shared Churches Peterborough	19,660	19,350
Widows & Dependants	15,310	12,470
New Housing Project Grants	-	21,671
Mission Fund Grants	35,862	36,173
Family Care Fund Grants	162,200	171,572
Other	83,526	56,003
	<u>322,410</u>	<u>323,091</u>

Grants to the Bishops' Discretionary Funds and Widows and Dependants are to individuals, all other grants are to institutions.

14 EDUCATION (CHURCH SCHOOLS)	2018	2017
	£	£
Income		
Other	121,507	118,632
	<u>121,507</u>	<u>118,632</u>
Direct Expenditure		
Capital Works / Improvements (Sec 554)	891	18,051
Administration	256,037	294,632
Other (incl Travel)	30,124	20,404
	<u>287,052</u>	<u>333,087</u>
The following church schools are supported by the Diocese:	Number	Number
Voluntary aided	13	14
Academy Schools	30	26
Academy Schools in Peterborough Diocesan Educational Trust (PDET) Multi Academy Trust	26	23
Independent	-	1
Voluntary controlled	34	39
Free Schools	-	1
	<u>103</u>	<u>104</u>
<p>The 2006 Diocesan Accounts Group (DAG) recommends that Education income and expenditure relating to building projects entered into by the Governing bodies of voluntary aided schools is not included in SOFA other than as short term loans repaid by ESFA Grants and Governors contributions. The effect of this recommendation is that £532,897 (2017:£754,212) of receipts and payments does not appear in the SOFA as it is effectively "netted off".</p>		

15 DIOCESAN SUPPORT FOR PARISH MISSION	2018	2017
	£	£
Bishop's Advisors and Support to Parishes	139,980	135,518
DAC, Legal, Stewardship Support to Parishes and Asset management	353,159	314,578
Bishop's Officers and Mission work in the Parishes	211,413	278,470
Adult, Lay and Clergy Training and Conferences	241,391	206,493
Social Responsibility (including overseas links)	2,106	7,487
SSMs, Readers, Pastoral Assistants, Parish Evangelists	7,394	6,475
Strategic Development Fund - "Generation to Generation Project"	29,655	-
Other Costs	60,415	48,663
	<u>1,045,513</u>	<u>997,684</u>
<p>Included above are Governance costs of £21,023 (2017: £22,226)</p>		

16 TANGIBLE FIXED ASSETS	Freehold Land and Buildings £	Short Leasehold Improvements £	Motor Vehicles £	Office Equipment £	Total £
COST OR VALUATION					
At 1 January 2018	78,582,474	56,603	-	412,101	79,051,178
Additions	-	-	-	-	-
Disposals	(322,926)	-	-	-	(322,926)
Revaluation	3,037,676	-	-	-	3,037,676
At 31 December 2018	<u>81,297,224</u>	<u>56,603</u>	<u>-</u>	<u>412,101</u>	<u>81,765,928</u>
Depreciation					
At 1 January 2018	-	56,603	-	391,321	447,924
Charge for the year	-	-	-	11,726	11,726
Depreciation of Disposed Assets	-	-	-	-	-
At 31 December 2018	<u>-</u>	<u>56,603</u>	<u>-</u>	<u>403,047</u>	<u>459,650</u>
NET BOOK VALUE					
At 31 December 2018	<u>81,297,224</u>	<u>-</u>	<u>-</u>	<u>9,054</u>	<u>81,306,278</u>
At 31 December 2017	<u>78,582,474</u>	<u>-</u>	<u>-</u>	<u>20,780</u>	<u>78,603,254</u>
The historical cost of the buildings is £ 10,855,521 (2017: £11,186,246).					

17 FIXED ASSET INVESTMENTS	Investments (Valuation) £	Investment Properties (Valuation) £	Total 2018 £	Total 2017
At 1 January 2018	14,540,229	41,648,594	56,188,823	51,426,205
Additions	1,000,000	-	1,000,000	836,616
Disposals	-	(115,425)	(115,425)	(1,437,938)
Unrealised Investment Gains/(Losses)	(711,294)	618,316	(92,978)	5,363,940
At 31 December 2018	<u>14,828,935</u>	<u>42,151,485</u>	<u>56,980,420</u>	<u>56,188,823</u>

17 FIXED ASSET INVESTMENTS (Continued)				
	Investments	Investment	Total	Total
Fixed Asset Investments Comprise:	(Valuation)	Properties	2018	2017
	£	(Valuation)	£	£
Central Board of Finance of the Church of England				
Investment Fund	11,377,100	-	11,377,100	11,550,338
Fixed Interest Fund	40,448	-	40,448	42,359
M&G Charifund	3,411,387	-	3,411,387	2,947,532
Glebe Land and Buildings		40,751,485	40,751,485	40,248,594
Commercial Properties		1,400,000	1,400,000	1,400,000
At Valuation	14,828,935	42,151,485	56,980,420	56,188,823
Historical Cost (see below)	8,494,427	13,991,855	22,486,282	21,486,281
			2018	2017
			£	£
Investment Fund			5,205,457	5,205,457
Fixed Interest Fund			40,003	40,003
M&G Charifund			3,248,967	2,248,967
Commercial Properties/Glebe Land and Buildings*			13,291,554	13,291,553
Section 554 Investment Assets			700,301	700,301
			22,486,282	21,486,281

*The historical cost of most glebe land and buildings is not known.
The glebe land valuation conducted by Carter Jonas as at 31 December 2018.

The investment properties above are all within the UK.

18 DEBTORS - Amounts falling due within one year		
	2018	2017
	£	£
Parish Share Received after Year End	96,921	101,738
Parochial Loans	68,394	27,750
Other Debtors	1,023,893	1,266,095
	1,189,208	1,395,583
Parochial Loans		
Parochial loans are repayable over periods of up to 5 years. Interest is charged at variable amounts up to 5%.		
Schools		
The Board acts as 'banker' to School Governors for capital and repair work at Voluntary Aided Schools. The accounts are paid by the Board and the appropriate costs are recovered from the Department for Education and Skills, the Local Education Authority and the Governors themselves for their liability.		
Other Debtors		
This includes general prepayments (for software and equipment), council tax and water rates, domestic, agricultural and commercial rent and other educational debtors. In 2018 a debtor of £NIL(2017:£436,320) for the sale of a glebe land is also included.		

19 DEBTORS - Amounts falling due after more than one year		
	2018	2017
	£	£
Parochial Loans	117,277	102,750
	117,277	102,750

20 CASH AND CASH EQUIVALENTS	2018	2017
	£	£
Cash at Bank and in Hand (Current and Deposit Accounts)	2,400,880	3,350,579
Funds with the Central Board of Finance of the Church of England Deposit Fund and the Church Commissioners	<u>7,150,380</u>	<u>7,221,817</u>
	<u>9,551,260</u>	<u>10,572,396</u>

21 CREDITORS - Amounts falling due within one year	2018	2017
	£	£
Taxation and Social Security Costs	20,610	30,844
Accruals and Deferred Income	367,020	398,656
Church Workers Pension liability	15,900	-
Clergy Pension Liability (see note 30)	163,500	452,000
Other Creditors	<u>235,899</u>	<u>208,220</u>
	<u>802,929</u>	<u>1,089,720</u>

22 CREDITORS - Amounts falling due after more than one year	2018	2017
	£	£
Church Commissioners:		
Value Linked Loans	140,135	140,135
Church Workers Pension liability	76,100	-
Clergy Pension liability (see note 30)	<u>2,484,500</u>	<u>2,841,000</u>
	<u>2,700,735</u>	<u>2,981,135</u>

Church Commissioners Value Linked Loans

These loans are repayable either when the house concerned is sold or when it ceases to be occupied by a qualifying person. Interest is charged by the Commissioners at 4% per annum on the amount loaned initially, the rate rising annually by the increase in the Retail Price Index.

23 ENDOWMENTS

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

Permanent Endowments

	Balance 1.1.18	Incoming Endowments	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital Gains/(Losses)	Balance 31.12.18
	£	£	£	£	£
Houses Committee	1,056,489	-	-	(15,846)	1,040,643
Stipends Capital	285,060	-	-	(4,276)	280,784
Diocesan Stipends Capital Fund	55,595,182	-	-	(58,323)	55,536,859
Clergy Pension Liability	(3,293,000)	-	645,000	-	(2,648,000)
Church Major Works	97,382	-	-	(1,461)	95,921
	53,741,113	-	645,000	(79,906)	54,306,207

2017 Comparative

	Balance 1.1.17	Incoming Endowments	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital Gains/(Losses)	Balance 31.12.17
	£	£	£	£	£
Houses Committee	969,015	-	-	87,474	1,056,489
Stipends Capital	261,458	-	-	23,602	285,060
Diocesan Stipends Capital Fund	50,411,636	-	-	5,183,546	55,595,182
Clergy Pension Liability	(3,792,000)	-	499,000	-	(3,293,000)
Church Major Works	89,319	-	-	8,063	97,382
	47,939,428	-	499,000	5,302,685	53,741,113

Houses Committee

This fund represents the permanent capital of the Houses Committee and, under the Repair of Benefices Measure 1972, only the income from the capital and not the capital itself may be used for the general purposes of the Houses Committee.

Stipends Capital

This represents the capital of a number of bequests, the income from which may only be used for clergy stipends.

Diocesan Stipends Capital Fund

The Diocesan Stipends Capital Fund was set up under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents glebe property, the accumulated sale proceeds of glebe property, sale proceeds of certain parsonage houses and surplus benefice endowments following pastoral re-organisation. Capital funds may be used for the purchase of glebe property and capital expenditure on parsonage house property.

Clergy Pension Liability

In previous years, the clergy pension liability was presented as a component of unrestricted funds. Following a review, it is considered appropriate to show this as part of endowment funds on the basis as the endowment assets underpin the liability. The comparative figures have been restated on a comparable basis.

Church Major Works Fund (formerly Church Major Repair Fund)

This fund may be loaned to parishes in need of funds for works to churches.

23 ENDOWMENTS (continued)

Expendable Endowments

	Balance	Incoming	Movement in Funds		Capital	Balance
	1.1.18		Endowments	Expenditure/ Transfer to/from other Funds		
	£	£	£	£	£	£
Education Act 1996 (Section 554)	1,748,896	2,738	(891)	-		1,750,743
Clergy Houses	73,580,040		(322,926)	2,860,893		76,118,007
	<u>75,328,936</u>	<u>2,738</u>	<u>(323,817)</u>	<u>2,860,893</u>		<u>77,868,750</u>

2017 Comparative

	Balance	Incoming	Movement in Funds		Capital	Balance
	1.1.17		Endowments	Expenditure/ Transfer to/from other Funds		
	£	£	£	£	£	£
Education Act 1996 (Section 554)	1,760,920	6,027	(18,051)			1,748,896
Clergy Houses	70,997,709		(2,235,747)	4,818,078		73,580,040
	<u>72,758,629</u>	<u>6,027</u>	<u>(2,253,798)</u>	<u>4,818,078</u>		<u>75,328,936</u>

Clergy Houses

These funds are represented by clergy houses. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the PDBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the diocese. The Pastoral Account funds new parsonage houses and transfers the asset to the Pastoral Account (Clergy House). Any sale proceeds, net of original cost, are transferred back into the Pastoral Account.

Education Act 1996 (Section 554)

This is an expendable endowment which can be used to support the work of the Peterborough Diocesan Board of Education.

24 RESTRICTED FUNDS

	Balance 1.1.18	Income	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital Gains/(Losses)	Balance 31.12.18
	£	£	£	£	£
Stipends Capital	-	1,043,293	(1,043,293)	-	-
Houses Committee	5,002,435	279,061	(279,061)	176,783	5,179,218
Widows & Dependants	411,993	12,960	(15,310)	(6,752)	402,891
Ordination Candidates	103,941	13,226	(13,226)	(1,415)	102,526
Education Act 1996	90,771	22,932	18,226	-	131,929
Church Major Works	51,799	339	-	-	52,138
Resourcing Ministerial Education (RME)	(3,306)	87,522	(113,325)	-	(29,109)
Family Care Fund	162,400	-	(162,200)	-	200
Pastoral Account	3,981,271	21,290	(10,917)	-	3,991,644
	<u>9,801,304</u>	<u>1,480,623</u>	<u>(1,619,106)</u>	<u>168,616</u>	<u>9,831,437</u>

2017 Comparative

	Balance 1.1.17	Income	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital Gains/(Losses)	Balance 31.12.17
	£	£	£	£	£
Stipends Capital	-	1,119,525	(1,119,525)	-	-
Houses Committee	4,825,282	256,986	(500,335)	420,502	5,002,435
Widows & Dependants	385,315	12,781	(12,470)	26,367	411,993
Ordination Candidates	96,131	6,683	(6,683)	7,810	103,941
Education Act 1996	89,103	20,140	(18,472)	-	90,771
Church Major Works	51,617	182	-	-	51,799
Resourcing Ministerial Education (RME)	-	18,503	(21,809)	-	(3,306)
Family Care Fund	333,972	-	(171,572)	-	162,400
Pastoral Account	2,753,604	10,110	1,217,557	-	3,981,271
	<u>8,535,024</u>	<u>1,444,910</u>	<u>(633,309)</u>	<u>454,679</u>	<u>9,801,304</u>

Houses Committee

This fund represents non-parsonage houses held in the name of the Diocesan Board of Finance. On sale the proceeds are transferred back to general funds.

Widows and Dependants

This is a revenue fund made up of trust income and donations specifically given for the relief of clergy widows and their dependants.

Ordination Candidates

This is a revenue fund made up of trust income and donations specifically given for the support of ordinands and their families during training.

Resourcing Ministerial Education (RME)

This is a fund created by changes to how Ordinands in training are funded by the Church Commissioners Ministry Division (from Sept. 2017). It represents surplus/(deficits) between the value of the grants given by Ministry Division and the actual costs of training.

Schools Fund/Education/Education Act 1996

The income of these funds primarily represents income from the Department for Education and Skills for specific building projects and repairs carried out during the year. The Education Act 1996 fund balance is made up of sale proceeds from closed schools and is used primarily towards improvement costs at Church Aided Schools.

Church Major Works Fund (formerly Church Major Repair Fund)

This represents unspent income from the endowment fund.

Family Care Fund

This represents funds received from Family care under a Deed of Gift and must be spent in accordance with the terms of the Deed. The terms of the deed include working in partnership with families and other agencies to protect children and prevent family breakdown.

Pastoral Accounts

This represents the capital and investment income from the pastoral account which is made up from the sale proceeds of parsonage houses and churches which have become redundant under pastoral reorganisation. At the year end funds from the Expendable Endowment Fund and Designated Fund were transferred into the fund in accordance with the 2006 Diocesan Accounts Group recommendations.

25 UNRESTRICTED FUNDS

	Balance 1.1.18	Income	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital (Losses)	Balance 31.12.18
	£	£	£	£	£
(a) Designated					
Church Major Works	641,134	14,736	-	(4,905)	650,965
Mission Fund	201,965	7,768	(35,862)	-	173,871
	<u>843,099</u>	<u>22,504</u>	<u>(35,862)</u>	<u>(4,905)</u>	<u>824,836</u>

2017 Comparatives

	Balance 1.1.17	Income	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital (Losses)	Balance 31.12.17
	£	£	£	£	£
(a) Designated					
Church Major Works	599,905	14,151	-	27,078	641,134
Mission Fund	217,015	21,123	(36,173)	-	201,965
Partnership in World Mission	-	-	-	-	-
	<u>816,920</u>	<u>35,274</u>	<u>(36,173)</u>	<u>27,078</u>	<u>843,099</u>

Church Major Works Fund (formerly Church Major Repair Fund)

This was set up by Diocesan Synod under the "Budget for Growth" and is used to assist parishes with major church repairs. The funds are available as loans, and exceptionally as grants.

Mission Fund

This Fund exists to provide monies for expenditure on mission activities specifically supported by the Diocese.

	Balance 1.1.18	Income	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital (Losses)	Balance 31.12.18
	£	£	£	£	£
(b) General Fund					
General Fund	3,077,499	7,926,711	(8,102,661)	-	2,901,549
Church Worker fund pension deficit	-	-	(92,000)	-	(92,000)
	<u>3,077,499</u>	<u>7,926,711</u>	<u>(8,194,661)</u>	<u>-</u>	<u>2,809,549</u>

2017 Comparative

	Movement in Funds Balance 1.1.17	Income	Expenditure/ Transfer to/from other Funds	Capital (Losses)	Balance 31.12.17
	£	£	£	£	£
(b) General Fund					
General Fund	2,271,628	7,884,936	(7,079,065)	-	3,077,499
	<u>2,271,628</u>	<u>7,884,936</u>	<u>(7,079,065)</u>	<u>-</u>	<u>3,077,499</u>

The General Revenue Fund is a 'free' reserve representing accumulated annual surpluses less deficits on the PDBF's main activities and represents the fund used in the ongoing business of the PDBF.

26 TRANSFER BETWEEN FUNDS

2018 The main transfer between funds are;

- A £322,936 from Clergy Houses to the Pastoral Account. This represents the sale of parsonage property during the year.
 B £18,226 to the Education Restricted Fund from the General Fund. This represents the surplus of the PDBE's delegated budget.
 C £645,000 between the general fund and the clergy pension liability and represents the sums paid under the repayment schedule.

	Unrestricted	Designated	Restricted	Endowment
A Clergy Houses to Pastoral Account	-	-	322,926	(322,926)
B Education restricted to General Fund	(18,226)		18,226	
C Clergy Pension liability repayment	(645,000)			645,000
	<u>(663,226)</u>	<u>-</u>	<u>341,152</u>	<u>322,074</u>

2017 The main transfer between funds are;

- A £2,235,747 from Clergy Houses to the Pastoral Account. This represents the sale of parsonage houses during the year.
 B £1,000,000 from the Pastoral Account to the General Fund to fund the Growth Agenda.
 C £75,050 from the Houses Restricted to the General fund. This represents the sale of a house during the year.
 D £17,081 from the Education Restricted Fund to the General Fund. This represents the deficit of the PDBE's delegated budget.
 E £499,000 between the general fund and the clergy pension liability and represents the sums paid under the repayment schedule.

	Unrestricted	Designated	Restricted	Endowment
A Clergy Houses to Pastoral Account	-	-	2,235,747	(2,235,747)
B Pastoral Account to General Fund	1,000,000	-	(1,000,000)	-
C Houses restricted to General Fund	75,050	-	(75,050)	-
D Education restricted to General Fund	18,472	-	(18,472)	-
E Clergy Pension liability repayment	(499,000)	-	-	499,000
	<u>594,522</u>	<u>-</u>	<u>1,142,225</u>	<u>(1,736,747)</u>

27 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund Balances at 31 December 2018 are represented by:

	General £	Unrestricted Designated £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
Tangible Fixed Assets	9,054	-	5,179,218	76,118,006	81,306,278
Investments	-	322,138	451,307	56,206,975	56,980,420
Current Assets	3,656,159	502,698	4,200,912	2,497,976	10,857,745
Liabilities	(855,664)	-	-	(2,648,000)	(3,503,664)
Total Net Assets	2,809,549	824,836	9,831,437	132,174,957	145,640,779
Revaluation Reserve					
Investment Assets	-	151,815	323,165	34,019,155	34,494,135
Tangible Fixed Assets	-	-	2,866,085	67,575,618	70,441,703
	-	151,815	3,189,250	101,594,773	104,935,838

Reconciliation of Movements in Revaluations on Investment Assets (including property)

Revaluations at 1 January 2018	156,720	3,020,635	98,921,412	102,098,767
Add: Revaluations arising during the year	(4,905)	168,616	2,780,987	2,944,698
Less: Revaluations eliminated on disposal	-	(115,425)	7,798	(107,627)
Revaluations at 31 December 2018	151,815	3,073,826	101,710,197	104,935,838

2017 Comparative

	General £	Unrestricted Designated £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
Tangible Fixed Assets	20,779	-	5,002,435	73,580,040	78,603,254
Investments	-	327,045	459,473	55,402,305	56,188,823
Current Assets	3,834,575	516,054	4,339,396	3,380,704	12,070,729
Liabilities	(777,855)	-	-	(3,293,000)	(4,070,855)
Total Net Assets	3,077,499	843,099	9,801,304	129,070,049	142,791,951
Revaluation Reserve					
Investment Assets	-	156,720	331,332	34,214,486	34,702,538
Tangible Fixed Assets	-	-	2,689,303	64,706,926	67,396,229
	-	156,720	3,020,635	98,921,412	102,098,767

Reconciliation of Movements in Revaluations on Investment Assets (including property)

Revaluations at 1 January 2017	129,642	2,678,755	91,973,989	94,782,386
Add: Revaluations arising during the year	27,078	454,679	10,120,763	10,602,520
Less: Revaluations eliminated on disposal	-	(112,799)	(3,173,340)	(3,286,139)
Revaluations at 31 December 2017	156,720	3,020,635	98,921,412	102,098,767

28 CAPITAL AND OTHER COMMITMENTS	2018	2017
	£	£
(a) Expenditure on house repairs approved but not contracted for	20,590	18,344
(b) Contingent liability in respect of guarantee given	150,000	150,000
(c) Ordinands support grants	232,123	204,415
 (b) The contingent liability relates to a guarantee given to The Charity Bank in respect of a loan given to Northampton St Matthews PCC.		

29 OPERATING LEASES	2018	2017
	£	£
Total commitments under non-cancellable operating leases are as follows:		
Operating leases in respect of Buildings where the lease expires		
within one year	31,000	30,250
within two to five years.	100,750	124,000
	<u>131,750</u>	<u>154,250</u>

30 PENSION COSTS

Church Workers Pension Fund

PDBF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for some lay staff. The 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.

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

Defined Benefit Scheme.

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

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

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

The scheme is a multi-employer scheme as described in section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the DBS were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, (2018: £63,671, 2017: £ 52,108) plus any impact of deficit contribution (see below), giving a total charge of £75,671 for 2018 (2017: £2,108).

Following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pool to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 47.7% of pensionable salary and expenses of £3,900 per year. In addition deficit payments of £15,863 per year have been agreed for 7.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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

	2018	2017
Balance sheet liability at 1 January	-	-
Deficit contribution paid	(12,000)	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	104,000	-
Balance sheet liability at 31 December	92,000	-
* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.		
This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:		
Discount rate	2.10%	0.00%
	December 2018	December 2017
		December 2016
		0.00%

30 PENSION COSTS (Continued)

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

The next valuation of the scheme is being carried out as at December 2019.

Pension Builder Scheme.

For eligible salaried employees who commenced employment after 1 January 2000, the Board participates in the Church of England Pension Builder Scheme (PBS), within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

The PBS is made of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

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

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

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions cost charged to the SoFA in the year are contributions payable. (2018: £86,820, 2017: £ 87,165)

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

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

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

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

30 PENSION COSTS (continued)**Clergy Pension Fund**

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year are the contributions payable towards benefits and expenses accrued in that year (2018:£960,352, 2017:£910,267), less the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £723,352 for 2018 (2017:£908,267)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. A valuation of the scheme is currently under way, but the results of this are yet to be determined. The 2015 valuation revealed a deficit of "£236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

An investment strategy of :

For investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030 (with the remainder in return-seeking assets);

A 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;

Investment returns equivalent to 2.6% pa on gilts and 4.6% pa on return-seeking assets;

RPI inflation of 3.2% pa (and pension increases consistent with this) ;

Increase in pensionable stipends 3.2% pa ; and

Mortality in accordance with 80% of the S2NMA tables and S2NFA tables, with allowance made for improvements in mortality rates in line with the CMI 2015 core projections , with a long term rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

%age of pensionable stipends	January 2015 to December 2017	January 2018 to December 2025
Deficit repair contribution	14.10%	11.9%

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

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

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

	2018	2017
Balance sheet liability as at 1 January	3,293,000	3,792,000
Deficit Contributions paid	(408,000)	(497,000)
Interest cost (recognised in the SOFA)	43,000	53,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(280,000)	(55,000)
Balance sheet liability as at 31 December	<u>2,648,000</u>	<u>3,293,000</u>

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

30 PENSION COSTS (continued)

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

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

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

31 TRUST FUNDS

The Board acts as custodian trustee of a number of trusts in the diocese. The invested capital of these trusts, which is vested in the Board as custodian trustee but which does not form part of the Board's assets, amounted to £ 11,372,666 at 31 December 2018 (2017: £11,723,172) made up as follows:

	2018 Cost £	2017 Cost £	2018 Valuation £	2017 Valuation £
Land & Buildings	96,823	96,823	212,849	191,204
Miscellaneous Listed Investments				
Miscellaneous Unlisted Investments	597,325	597,325	1,203,781	1,324,906
Central Board of Finance				
Investment Fund shares	1,988,093	1,987,962	7,916,932	8,137,376
Fixed Interest Securities Fund shares	481,826	480,863	528,660	552,649
Equity Fund	49,490	49,490	61,386	66,639
Property Fund	49,490	49,490	45,045	43,799
Deposits	1,405,078	1,406,599	1,404,013	1,406,599
	<u>4,668,125</u>	<u>4,668,552</u>	<u>11,372,666</u>	<u>11,723,172</u>

Note 32 - See page 26 for the current year Statement of Financial Activities. Below are the detailed 2017 comparatives.

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £
Income and endowments from					
Donations					
Parish Share and other voluntary income					
Ministry and mission	3	7,227,036	3,622	-	7,230,658
Charitable activities					
Ministry and mission	3	427,430	-	-	427,430
Education	14	112,605	-	6,027	118,632
Investments					
Investment income	8	20,330	1,422,785	-	1,443,115
Other incoming resources		132,809	18,503	-	151,312
Total		<u>7,920,210</u>	<u>1,444,910</u>	<u>6,027</u>	<u>9,371,147</u>
Expenditure on					
Raising Funds					
Investment management costs		172,377	-	-	172,377
Charitable activities					
Ministry and mission	3	7,222,347	1,775,534	-	8,997,881
Education	14	315,036	-	18,051	333,087
Total		<u>7,709,760</u>	<u>1,775,534</u>	<u>18,051</u>	<u>9,503,345</u>
Net (expenditure)/income before investment gains		210,450	(330,624)	(12,024)	(132,198)
Net gains on Investments	17	27,078	34,177	5,302,685	5,363,940
Net (expenditure)/income		237,528	(296,447)	5,290,661	5,231,742
Transfers between Funds	26	<u>594,522</u>	<u>1,142,225</u>	<u>(1,736,747)</u>	<u>-</u>
Other recognised gains (losses)					
Gains/(losses) on revaluations and disposals of fixed assets	16	-	420,502	4,818,078	5,238,580
Net movement in funds		<u>832,050</u>	<u>1,266,280</u>	<u>8,371,992</u>	<u>10,470,322</u>
Reconciliation of funds					
Total funds brought forward		<u>3,088,548</u>	<u>8,535,024</u>	<u>120,698,057</u>	<u>132,321,629</u>
Total funds carried forward		<u>3,920,598</u>	<u>9,801,304</u>	<u>129,070,049</u>	<u>142,791,951</u>

DIOCESAN BOARD OF FINANCE TRUST ACCOUNT

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

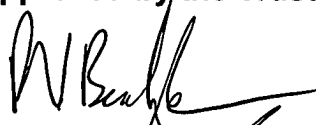
	2018 £	2017 £
INCOME		
Income from Investments	321,047	312,419
Additional Income	67,564	26,252
New Trusts	-	-
	<hr/>	<hr/>
	388,611	338,671
EXPENDITURE		
Disbursements to Parishes and Beneficiaries	(263,068)	(261,200)
	<hr/>	<hr/>
INCOME RETAINED ON BEHALF OF BENEFICIARIES	<u>£ 125,543</u>	<u>£ 77,471</u>

BALANCE SHEET AS AT 31 DECEMBER 2018

	2018 £	2017 £
FIXED ASSETS AT COST		
3 Meeting Lane, Towcester	96,823	96,823
INVESTMENTS AT COST		
Investments from which income is retained on behalf of Parishes & Beneficiaries (note 2(a))	2,213,085	2,214,179
Investments from which income is paid direct to the local Managing Trustees (note 2(b))	2,325,217	2,357,552
	<hr/>	<hr/>
	<u>£ 4,635,125</u>	<u>£ 4,668,554</u>
CAPITAL ACCOUNT		
Balance as at 1 January 2018	4,668,554	4,673,778
New and Transferred Trusts	3,171	14,991
	<hr/>	<hr/>
	4,671,725	4,688,769
Less: Capital Withdrawn	(162,143)	(97,687)
	<hr/>	<hr/>
	4,509,582	4,591,083
Add: Income retained on behalf of Parishes and Beneficiaries	125,543	77,471
	<hr/>	<hr/>
Balance as at 31 December 2018	<u>£ 4,635,125</u>	<u>£ 4,668,554</u>

These accounts were approved by the Trustees on

(Chairman)



(Vice-Chairman)



DIOCESAN BOARD OF FINANCE TRUST ACCOUNTS

Notes to the Accounts

1 ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom, under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out below.

- (a) Credit is taken for investment income when it is received.
- (b) No depreciation is charged on freehold buildings, which are held for investment purposes.
- (c) Investments are included in the accounts at cost, less any amounts written off for permanent diminution in value. Market value is recorded in the notes to the balance sheet.

2 INVESTMENTS AT COST

- (a) The Trust Committee holds the following investments for which it is responsible for collecting the income:

	2018	2017
163,101 shares Central Board of Finance Investment Fund (S)	804,091	804,485
(Market Value: 2018 £2,632,640 2017 £2,673,942)		
36,965 shares Central Board of Finance Fixed Interest Securities Fund (F)	55,346	54,524
(Market Value: 2018 £59,236 2017 £61,194)		
6870 Units M & G Charifund	25,970	25,970
(Market Value: 2018 £230,408 2017 £265,786)		
COIF Investments	22,451	22,451
(Market Value: 2018 £22,281 2017 £23,154)		
Central Board of Finance Deposit Fund (D)	1,305,227	1,306,748
	<u>£ 2,213,085</u>	<u>£ 2,214,179</u>

DIOCESAN BOARD OF FINANCE TRUST ACCOUNTS

Notes to the Accounts

2 INVESTMENTS AT COST (Continued)

- (b) The Trust Committee holds the following investments whose income is paid direct to the local managing trustees:

	2018	2017
Central Board of Finance Deposit Fund	99,851	99,851
327,231 shares in the Central Board of Finance Investment Fund	1,151,002	1,183,477
(Market Value: 2018 £5,284,292 2017 £5,463,434)		
292,932 shares in the Central Board of Finance Fixed Interest Securities Fund	426,480	426,339
(Market Value: 2018 £469,424 2017 £491,455)		
38,824.82 shares in the Central Board of Finance Equity Fund	49,490	49,490
(Market Value: 2018 £61,386 2017 £66,639)		
32,209.57 shares in the Central Board of Finance Property Fund	49,490	49,490
(Market Value: 2018 £45,045 2017 £43,799)		
Skandia Multifund - Syresham PCC	409,775	409,775
(Market Value: 2018 £613,339 2017 £679,032)		
16180 Units M & G Charifund	40,343	40,343
(Market Value: 2018 £97,831 2017 £112,852)		
COIF Investments	98,786	98,786
(Market Value: 2018 £239,922 2017 £244,082)		
	£ 2,325,217	£ 2,357,552

3 PROPERTY ASSETS

The Board is custodian trustee of various properties vested in it under the Incumbent and Churchwardens (Trusts) Measure 1964 and the Parochial Church Council (Powers) Measure 1956 which are not included in the Balance Sheet.