

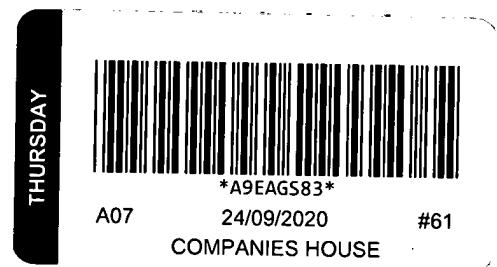
ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

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



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1. Foreword from Bishop Donald

The work of the Diocese as described in this report could be thought to be routine, humdrum, and perhaps even a little flat. Far from it. What is described here is basically the back-office function that enables over 350 parishes, over 100 schools, nearly 200 licensed clergy and 100 active retired clergy, and a number of chaplaincies and projects to share a common purpose and to keep going.

My role as the overall leader of all this is a huge privilege, quite costly, and deeply joyful. What we read here is about committees, money, staff, governance and processes. What I see as I get about in the Diocese is God at work in people's lives, churches blessing their communities.

I am so grateful for all who enable this to happen.

With best wishes

Donald

Covid-19

The following report provides an analysis of our activities in 2019 as required by law and highlights our plans for 2020 and future years. The measures introduced in 2020 to fight the Covid-19 pandemic will have a major impact on our ability to deliver on these plans and on our financial position. Until what is termed, "the new normal" becomes clear it will not be possible to forecast outcomes with any certainty. The DBF will continue to monitor the effect of the closure of churches on its income, particularly the receipt of parish share. We are satisfied that for 2020 we have the resources which will enable us to continue to support the mission of the Peterborough Diocese as described in this report.

2. Executive Summary

Our commitment to Bishop Donald's Vision for Growth has continued during 2019 although we do so in challenging times financially. We will continue to strive to renew and reshape our mission and ministry to deliver a long term and sustainable future for the diocese, despite the challenges we face.

Described by the Bishop as the 'back office' of the diocesan finances, in 2019 the DBF dealt with income and expenditure each amounting to some £10m, and resulting in a net deficit of £58k (before investment gains and revaluations) – 2018 deficit £376k.

This deficit was some £600k less than budgeted and less than forecast to Diocesan Synod in the autumn – thanks to a strong Parish Share performance in the last quarter and reflecting reduced Ministry costs.

As in all recent years, the DBF's cash need was greater than the accounting deficit, because of contributions to pay down the balance sheet liability for past service clergy pensions. Our cash need before capital items was some £400k, down from £648k in 2018. The DBF has met this need from sale proceeds on adjusting the portfolio of clergy houses, in accordance with the policy approved by Diocesan Synod to use balance sheet strength to finance expenditure appropriate to the Bishop's Vision.

We have started 2020 facing the challenge of Covid-19, the biggest threat seen nationally and globally for generations. We pray for our parishes and communities who feel the impact of the virus. We pray also for our clergy, officers, staff and volunteers who have responded admirably to a changed working environment. It is still too early to say when we will return to business as usual, but when we do, we are committed to using this experience to learn. We will consider what we need to look like in the future, and what investment we need to make to enable us to deliver an exceptional service to our parishes in a more efficient and effective way.

Meanwhile, Safeguarding remains a top priority for the diocese; our investment in outstanding safeguarding professionals ensures that 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 continue to adhere to National Safeguarding policies and procedures in order to maintain that confidence. We have successfully completed the Past Case Review 2 process and an initial independent review summary report has judged us as an example of Safeguarding Best Practice.

To help us to become more efficient and effective in what we do we recognise the need to transform our working practices and are working towards investing in a new IT Service delivery model in order to help us achieve efficiency savings into the future.

We have been allocated funding from the National Church Low Income Communities Fund for the next three years, which allows us to provide additional support to those parishes assessed as most needy in this category. We recognise the importance of evaluating the impact of this funding enabling us to evidence what benefits have been derived from it.

3. Introduction

The Directors of the Peterborough Diocesan Board of Finance present their Annual report and Accounts for the year ended 31 December 2019. The names of the directors serving during this period from 1 January 2019, to the date of this report can be found in section 9.

The Report from the Directors takes the following form:

- A Foreword from Bishop Donald
- Executive Summary
- Introduction
- Strategic Report (including Aims, Objectives and Achievements)
- Structure and Governance
- Financial Performance

4. Strategic Report

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. At a strategic level, the DBF is responsible for the financing of any recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishops vision for growth.

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 finance any strategic recommendations proposed by the Bishops Management Group and agreed by Diocesan Synod for the furtherance of the Bishops vision for growth.
- to manage, or arrange the management of, investments, including glebe assets, owned by the DBF;
- To be financially responsible for the care of closed churches in the 'alternative use seeking period'.
- 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.

4.1. Strategic Aims

The overarching strategic aim continues to be achieving growth in all areas of mission in the church in the Peterborough diocese. Through regular communication with ordained and lay ministers, the strategic aim remains at the forefront of our work. Designing and delivering an efficient and effective administrative support function in support of our clergy and officers is a key responsibility to enable this.

There have been challenges to the underpinning principle that growth will follow on from increasing the provision of ordained stipendiary ministry; not least, the challenging financial position we continue to experience. The DBF has recognised the pressing need to review expenditure, and the support offered to parishes in an attempt to ensure we operate in a financially sustainable way. This work will continue into 2020.

More widely, the findings of the IICSA¹ investigation, concluded and reported on this year reinforces the importance of continued investment in our safeguarding resources to ensure, in the Peterborough Diocese, people can feel safe and secure as they live work and worship in the Diocese.

We remain committed to these aims, and will work towards them against the backdrop of the Covid-19 virus and its impact on us. We commit to using the opportunities and experience we have gained as we have continued to work whilst in lock down, to consider what we might look like going forward.

¹ Independent Investigation into Child Sexual Abuse.

4.2. Objectives for 2020 onwards

To use the learning arising out of our response to the Covid-19 pandemic as an opportunity to pause, reflect and re design, how we work. To ensure we offer the best service to our parishes and communities in the most efficient and effective way.

To ensure our safeguarding function remains fit for purpose by following National Safeguarding developments and ensuring safeguarding is at the heart of everything we do; enabling the public to be confident that the Peterborough diocese is a safe place of worship and work.

To ensure current clergy numbers are affordable, and those clergy in post receive continuous professional development to help them deliver growth in the Christian Church in this diocese; allowing the foundations to emerge for further increases in clergy numbers in future years.

To continue to put stewardship at the heart of our professional development for clergy and lay ministers; equipping them to put stewardship at the heart of their ministry. Ensure our central resources support parishes and clergy to drive growth in giving.

To use technology to implement transformational change to reduce bureaucracy and improve efficiencies; prompting a culture of doing things differently to achieve more with fewer resources.

To ensure the resources in our Children and Youth and Mission and Development Teams focus on missional opportunities in the Peterborough diocese, including opportunities provided by the population growth planned in the future.

To improve our environmental credentials through the 'Stewards of God's Earth' campaign and work towards Eco Diocese status.

4.3. Activities and Achievements in 2019 and a look to 2020

The senior managers responsible for each area of service delivery write the following sections. By necessity, each voice speaking comes from the operational perspective of growing mission in the Diocese.

4.3.1. Diocesan Safeguarding

Creating a safe, secure environment in which people can worship, work and visit is our priority. In support of the Bishop's Vision for Growth, the Safeguarding team provide the advice, guidance and ongoing support to Parishes, the Diocesan Board of Finance Staff Officers and Clergy, The Bishops Office Staff, Officers and Clergy and the Cathedral. By embedding safeguarding through our training delivery and responding to disclosures and

concerns we reassure communities that we take safeguarding seriously and our Diocese is a place where people can feel safe and welcome.

Today, the Safeguarding team is led by Beverley Huff a retired senior police officer, with an established safeguarding background; Bev is assisted by Sam Jackson, a retired police officer specialising in the safeguarding of vulnerable people. We have dedicated administrative support, and, in recent years, have recruited a cohort of 22 volunteers to assist with the important task of delivering safeguarding training across the Diocese.

We receive many requests for Information and Advice, which relate solely to work concerning specific issues that do not involve concerns about a particular child or adult. There has been a significant increase in such referrals since 2014, albeit the rate of increase in 2019 compared to 2018 has reduced.

Casework relates to the direct safeguarding work conducted over time and focussed on a named child or adult. We undertake this with our Parish Churches and the Cathedral in relation to children, young people, adults with care and support needs (vulnerable adults), survivors of abuse, and those who pose a risk to others in our churches. Again casework has increased, although at a slower pace than in previous years.

The increase in the workload presents us with challenges, which we continually seek to overcome. The recruitment of volunteer trainers was an innovative way of overcoming one such challenge. Staff welfare in the safeguarding team remains a priority for the DBF. However, we celebrate the growing awareness of safeguarding in the Diocese. The investment the DBF have made in resources has led to a growing confidence in those resources, which drives workloads.

During 2019, The PDBF conducted a 'Past Case Review 2' as commissioned by the Archbishops' Council. The closing report completed by the lead independent reviewer in this process concluded: *"This was an excellent review; I would recommend Peterborough as an example to other Dioceses of Good Practice;"*

We recognise the importance of good quality training to equip our clergy, officers and staff to respond appropriately to safeguarding issues. We follow the National Safeguarding Team Training Strategy, and whilst this does add a significant demand on our resources, we are blessed to have a capable team of volunteers to assist with this.

Safer Church Policies and Practice Guidance underpins our work and is available on our website. The Diocesan Safeguarding Advisory Panel is the main governance body

overseeing our work, Chaired by a serving senior police officer with safeguarding experience and with a membership which includes social work professionals.

2020 will see us continuing our work to ensure we remain a safe place to worship, live and work. We are excited to be one of six pilot areas developing work with children and young people to ensure they have a voice on safeguarding in the Church setting. We look forward to seeing the real difference this makes to young people in our Diocese. In 2020 we are looking for funding to mirror this work with vulnerable adults, who attend our churches. This helps to ensure that our churches remain at the forefront of the community and are as safe as they can be.

4.3.2. 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. We operate under the strapline: ***“Calling, Shaping, Serving...in Jesus’ name.”*** For the bulk of 2019/20, the team has consisted of:

Revd Canon Steve Benoy	Diocesan Director of Ordinands and Team Leader	Full Time
Revd Dr Carys Walsh	Curate Training Officer	0.8
Mrs Fiona Exton	Team Administrator	0.2
Revd Dr Andrew Coleby	Lay Ministry Training Officer	Full Time
Mrs Lesley Anne Marriott	Team and Lay Ministry Course Administrator	Full Time
Revd Jenny Opperman (SSM)	Lay Vocations Officer (LVO)	0.5
Revd Jema Ball (SSM)	Young Vocations Officer (YVO)	0.2
1 day per week		

Each team member leads teams of lay and ordained volunteers who support us in our work, as tutors, advisers, reviewers, champions of ministry. This volunteer group numbers some 60 people at the last count. Our 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. The diocese has invested since 2012 in growing the number of clergy and lay ministers in training to serve our planned growth. We recently invited 90 clergy and 180 lay ministers who have been trained in the last 10 years, to an event to celebrate their ministry.

The core team has seen some change from last year. Jema has moved to a post in another diocese, and we are looking to replace her with one of our younger curates as YVO after Easter 2020 as this person moves on to a new post in the diocese. We have repositioned Jenny's role to cover just the Oakham Archdeaconry, so from early 2020 Revd Chris Peck has joined as Northampton Archdeaconry LVO, on an SSM basis, having retired from parochial ministry. He is a former Director of Training in the diocese and so ideally suited for this. We have also placed a fresh emphasis upon vocations from BAME communities, with Rev Jun Kim providing a connection to national initiatives here and Precious Luke (a Reader with Emmanuel Weston Favell) assuming the role of BAME vocations Champion. Numbers entering training for ordained and lay ministries are holding up at around 10 a year for the former and 15 a year for the latter. We want to increase the variety of people coming forward to train, especially from BAME communities for ordination, and younger candidates for lay ministry. Increased team capacity will help us with this, whilst not placing additional burden on the diocesan budget.

In 2020 we will change the template by which we assess candidates for ordination, and the methods of national assessment to align ourselves with the national church revised framework for discerning vocations to ordained ministry. These will be effective from autumn 2020. A widespread retraining program will be necessary, and in time, we should expect this to flow into the qualities we seek in those offering for lay ministry. Having urged us to increase our ordinand numbers by 50%, we will need to wait and see whether new methods aid this, or whether a short-term dip in numbers is the outcome as new processes bed down. We have for the past six years aimed for 8 stipendiary deacons to be ordained each summer, and on average have achieved this, up from an average of 5 in the previous dozen years or so. From next summer, we plan for an average of 6 stipendiary deacons to be ordained, as contribution to reducing diocesan budgetary commitments. We will still seek to promote ordained ministry widely, but need to be willing to release some ordinands for curacies in other dioceses.

4.3.3. Mission and Development

The Mission and Development team exists to prayerfully promote and mission and evangelism across the diocese; to facilitate growth in parishes of mission activity, and in the number of people on a faith journey. Making the Bishops Vision for Growth a reality underpins the work of this team.

We understand that mission is primarily done by and within parishes. The Mission Team are there to support that, not to replace it. Our aim is for every parish to be alive and effective

through evangelism, witness, accessible and inclusive buildings, community service, and worship.

There are challenges driven by the financial position and the national decline in church membership. We have seen a reduction in staff in recent years; thus, innovation and outward thinking have driven much activity since a new Director joined the team in May 2019.

We have reflected on how to achieve our mission in difficult times recognising we must achieve the best outcome for parishes with the limited resources we have. As a result, we have identified the following overarching aims to encourage growth in all parishes in the diocese:

- We will provide resources, support and training to equip and inspire mission and evangelism in the parishes across the diocese.
- We will support the skills and resilience of parish clergy through training and Ministerial Development Reviews (MDR's).

A number of activities support our mission, with Leading your Church into Growth (LyCiG) at the forefront. Bespoke leadership courses, new incumbency training, clergy MDR's, parish vision days and a wealth of other training resources underpin our offering to help parishes to grow.

We were delighted to host the Bishop's Bible Day in February 2020 at the Cathedral. The theme was 'The Bible and Prayer' and aimed at those who use the Bible in their ministry (in church, in school, at work, in the community or at home). A well-attended event drawing much positive feedback. *"It was a wonderful teaching day both informative and challenging as well as faith building."*

Some of our work this year has been grant funded through necessity; a major challenge for 2020 is maintaining our service against shrinking budgets. The impact of Covid-19 has demonstrated our appetite for making things happen through technology. We continue to connect with our parishes, and offer support even at a time when face-to-face communication in person is not possible.

Prioritising Mission will help us to see vibrant Christian communities emerge, which reflect the demographic of our diocese. Covid-19 has forced us to move Christian worship on line where we can. We hope to build on opportunities this presents in order to address the lack

of balance in the age demographic of our church family in the future. We work closely with our Gen2 Team colleagues to encourage more children and young people to join the church.

In 2020, we will continue to deliver on our priorities. To complement and support those we will identify through research, opportunities to pursue in a rapidly changing context. Whether this is through church planting, a Lay LyCiG offering, or any other opportunity, which will help the church thrive and grow in this diocese. We will keep up to date on national developments in mission and evangelism and pursue any national funding streams to help us achieve our aims. We know this will be difficult, and Covid-19 provides us with additional challenges. We are ready to meet those challenges in 2020 and seek the best way to overcome them.

4.3.4. Children and Youth – The Generation 2 Generation Team

The Gen2 Team and the Gen2 Project (Strategic Development Funding) are driving a culture change across the diocese to enable all of us to prioritise ministry with children and young people in whatever we do. We want every parish and deanery and every decision-making body to consider how what they do can lead to more children and young people growing as disciples of Jesus. Based on the premise that the Bishop's vision for growth will be achieved if we invest in children, young people and families.

We continued to develop the Gen2 Project with funding from the Strategic Development Fund. Two more trainees started degree courses bringing our total of trainees to 4. Our Project Manager has worked hard to establish policies and procedures to ensure we comply with the requirements of the Strategic investment board. We are learning a new way of managing our work, recording activities and outcomes, developing theories of change etc. This has not been easy but it means we are intentional about what we do and clear about how what we are doing will produce the results we need. We have faced challenges around getting deaneries to adopt the vision and particularly to commit to the funding model when central funding tapers off. We are working more intensely with those deaneries to create funding plans.

We launched a new network of 'Children and Youth Champions' at our Gen2 conference in June. The champions are local people who are passionate about children and youth ministry, available to support parishes and extend the support we can offer. The Champions currently gather in twelve local 'hubs', forming a rich and extensive network of support. In each hub a mixture of paid and volunteer children and/or youth, workers gather to share

ideas, support one another and organise local events. We hope to grow this network and make our support for them a key part of our work.

The team has developed our training for clergy including a new programme for curates; 19 volunteers completed the Children's Ministry Certificate and we advanced our partnership with the Souster Trust to offer a high-quality youth ministry training programme with national speakers.

We were selected to be a 'Trailblazer' for the Growing Faith Adventure that will help us to develop our partnerships with schools and the Diocesan Board of Education and enable us to explore new ways of growing faith at home, school and church. The impact should be felt across the diocese but 5 parishes are specifically piloting fresh approaches. This will be a major focus for our work in 2020.

We began a new partnership with eVolve to deliver the training for the Xpect Youth ministry apprenticeship and we had 7 young adults on Xpect and Echo serving churches. It is becoming harder to recruit to the schemes and parishes are struggling to find the relatively small cost to them meaning we have fewer placement opportunities. We reviewed and then, in the autumn, relaunched the Inspire Young Leader's training with a new focus a year of in-depth training. We have been disappointed with the low response to this programme and will be reviewing how we enable parishes to catch the vision and invest in young leaders.

As the year ended, one of our youth missionaries announced they would be leaving their post as Northampton Archdeaconry Children and Youth Missioner. Replacing the role in times of financial uncertainty is challenging, however the work of Children and Youth missionaries across both Archdeaconries is invaluable. We have again seen more requests for help, new groups starting and more parishes working hard to include children and young people in the life of the church. It will be a challenge to sustain the work without this post.

The Gen2 team is seeing growth in our churches; the challenge is often in changing the perception of what ministry with children and young people means and giving people the confidence and skills to make a start. We hear many stories of new groups and activities and of many lives changed; we have much to celebrate!

4.3.5. Diocesan Board of Education

Despite working with two local authorities where overall educational performance falls significantly below national average standards, one of which is going through an acute

period of turbulence as it re-organises itself into two new unitary authorities, Despite receiving a very small proportion of the overall diocesan annual budget to support the 20,740 4-18 year olds who attend our Church of England maintained schools, we managed to serve our schools very well and to uphold the reputation of the Diocese. We have helped our schools achieve above national average levels of performance and significantly above the average for LA schools, in Ofsted terms. In addition, some of our Church of England schools in the maintained sector won national and regional awards in 2019 – national primary school of the year (TES) – Grendon CE Primary School, Northamptonshire primary school of the year (Northampton Chronicle) – Rothersthorpe CE Primary School and East Anglia's state school of the year (Sunday Times) – The King's (The Cathedral) School. Many Church of England schools in our Diocese also received letters of commendation for excellent SATs, GCSE and A Level results, from the Government Minister of State for Schools, Rt Hon Nick Gibb. Most pleasingly, 100% of our schools which have been inspected under the new SIAMS (Statutory Inspection of Anglican and Methodist Schools) schedule have received 'Good' or 'Excellent' grades, in comparison with a Midlands diocese average of 90%.

95% of schools in our Diocese have voluntarily signed up to the Service Level Agreement offered by the Diocesan Board of Education and delivered by the DBE Education Team. This resulted in 1091 school staff and governors attending our various training courses, and hundreds of consultancy support visits to schools undertaken by our team of Diocesan Schools Consultants, providing advice, guidance and pastoral support for our head teachers, over the course of 2019. In addition to termly DSC visits, the Directorate frequently visit CE school head teachers to provide bespoke support and challenge, and are warmly received. We also deal with a high volume of emails and phone calls, from our offices in Bouverie Court, responding to many and various problems which head teachers, chairs of governors and CEOs refer to us, for our advice and guidance.

Of the 103 church schools in the diocese, 61 are now academies, in comparison with 56 academies in the previous year. We continue to make a strong contribution to the governance of all our stand-alone academy trusts – King's, Bishop Stopford, William Law, Hartwell, St Mary's and Weston Favell, and to all the multi-academy trusts in which we are closely involved – Evolve Church Academies Trust, Learning for Life Education Trust, The Rutland Learning Trust, Pathfinder Schools, Nene Education Trust, Guilsborough Multi-Academy Trust, the David Ross Education Trust, Innovate Multi-Academy Trust and Peterborough Diocese Education Trust (PDET). Our diocesan MAT (PDET) now has 31

academies and is the 18th largest MAT (in relation to the number of academies) in the country.

In 2019, we made use of 100% of the DfE funding available for capital projects in our voluntary aided schools, which included a school hall adaptation, a boiler replacement, a new school roof, security fencing and the addition of a new classroom; expenditure totalling £528,000. In addition, there have been virtually no snagging problems with our latest new school building – a £5,000,000 project at Monksmoor Park, due to careful oversight of the building programme, and the new school is oversubscribed. We also made some sound investment decisions and significantly increased our Service Level Agreement income, but we needed to draw on £56,000 from our reserves to enable us to fund the size of staff team we need in order to effectively support our 103 Church of England maintained schools, which is not a sustainable long-term solution for discharging our duties under the DBE Measure and must necessarily be a matter for review in 2020.

The work of the Board is supported by monthly meetings of the Board's Executive Committee and regular meetings of its other Committees: Schools' Standards and Effectiveness, Strategy and Leadership, and Resource Management. Of these other Committees, Schools' Standards and Effectiveness now meets the most frequently, in order to encompass an extensive annual programme of developmental school performance reviews with multi-academy trust leaders, from the 8 MATs in which we have Church of England schools. Officers also meet frequently with LA officers to review the performance of Church schools supported by LAs, and to help shape and contribute to LA school improvement strategies, as well as serving as co-opted members of the LA education committees.

The DBE is indebted to the very many volunteers who serve as Board Members, Foundation Governors, Directors and Members of academy trusts and as Bishop's Visitors and Bishop's School Supporters, and to the support so many clergy give to our schools and academies. As we move forward, we will need to continue to improve the quality and quantity of our diocesan schools, and play a full part in helping to equip our parish churches to embrace the families in our church school communities, in order to effectively support our Bishop's plan for growth and the flourishing of the Diocese as a whole.

4.3.6. Stewardship

As a Stewardship team, we are very aware that churches rely on us, to help them to increase their income, to pay Parish share, to increase and facilitate mission and ministry

in their individual contexts and to encourage growth in their churches. This echoes much of what Bishop Donald set out as his 'growth agenda' some years ago. Without regular increases in income, all of this activity becomes harder and the easiest thing for Parishes to do is stop paying all of their Parish share commitment. This ultimately then affects how the Diocese supports Parishes, not least in the level of ministry each Parish will receive or can afford.

It is also a vital part of our roles to teach and encourage giving in the context of discipleship; how we live as Christians and how we try to become more like Jesus.

Pete Squires was employed as the Giving Officer in June 2018, specifically to look at the viability of the Parish Giving Scheme (PGS) and manage the changeover. The DBF accepted the need to make this change and so the Diocese began the process of changing its planned giving arrangements to the Parish Giving Scheme in 2019. The single most important factor in this change was that PGS offers the facility for the giver to tick a box and automatically increase their giving each year. Currently 45.2% of givers subscribing to PGS have ticked the box to auto inflate their gifts. This will have a significant impact in years to come.

We ran 12 Deanery workshops and have had two Diocesan launch events. Since then we have registered 125 Parishes to the new scheme; 72 of these Parishes are now live and giving through the PGS scheme. We continue to roll it out across the Diocese. We have just under a year to get all those who give through the existing diocesan scheme swapped over onto the new scheme. We could not have done this without the hard work of Treasurers, Churchwardens, PCC's and individuals who have embraced the change and have made it happen.

We still have work to do! A further 75 parishes need to register and work with their givers to move the giving over. In addition, around 150 other Parishes who have never used the Diocesan giving scheme can also choose to join PGS. We also continue our regular work of providing stewardship campaigns for Parishes, speaking at PCC meetings and preaching around the Diocese on Sundays.

Originally, we set out a specific time for each deanery to engage with the changes required but due to the fact the process has proven to be simple, we are now encouraging parishes to register by June 2020 and begin the changeover process. You can run it alongside the existing scheme. This allows the chance to try it and drip feed in over time. Some Parishes have done that, others have chosen to do it all at the same time.

The deadline to move over to PGS remains December 31st 2020 and will come around quickly. We are grateful for Pete's planning and management of the process. We are ahead of the schedule that we are working to and early indications and reactions from Parishes have all been very positive. We look forward to building on this success in 2020.

4.3.7. Diocesan Advisory Committee for the Care of Churches

The DAC continues 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 were involved in a variety of events and site visits for parishes, churchwardens and clergy during 2019. The Historic Churches Support Officer (HCSO) has continued his work with individual parishes with a particular focus on those with churches already on, or considered for inclusion on the Heritage at Risk Register. This is to assist with seeking sustainable solutions and offer advice in relation to grant funding. Following the departure of the Assistant Secretary to pastures new a new Assistant Secretary, joined us in July 2019.

The workload associated with the theft of lead from 33 churches (38 incidents) in 2018 continued in 2019. We are thankful incidents of lead theft were lower this year, with 9 churches affected in 11 incidents. Nonetheless, this remains a risk, so we continue to issue notifications to parishes to highlight this unwanted activity. We also assist in ensuring that parishes remain alert to the risk and encourage them to consider preventative measures including roof alarms. Where a loss has occurred, we provide support and guidance as to grants and necessary permissions for replacement of the roof coverings to parishes who are working to remedy losses.

Throughout the year, we undertook parish visits to discuss projects and issues relating to the buildings. This included informal visits by the DAC Secretary and HCSO, DAC visits, and multi-party visits including representatives from the consultee bodies and amenity societies (e.g. Historic England and The Church Buildings Council). Where parishes identify a need to make internal changes to the building, parish visits help the DAC and other consultees to look at the options in context. We help and encourage the parish to work towards holistic solutions, which will fulfil the need in a way appropriate for the building as a heritage asset. In addition, we help to identify opportunities for community engagement and funding avenues. Everything that the DAC does is in the context of the mission of the church and is enshrined in statute. This ensures we always have due regard to the role of a church as a local centre of worship and mission.

In 2019, the DAC recommended 10 reordering projects. A number of others at earlier stages in the statutory process came to the DAC as part of their progression. This continuing work of the DAC all links to the Bishop's Vision for Growth. It helps to encourage the development of church buildings to be fit for current mission strategies and growth; support broader engagement by the parish with the wider community and seek bespoke solutions according to the demonstrated needs of the parish.

The full DAC met 8 times during the year to consider proposals from parishes and other DAC related matters with an average of 46 items considered at each meeting. Proposals seeking advice were presented to the Committee on 275 occasions. New proposals accounted for 38% of these referrals and returning matters for 62%. 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 103 matters. In addition, in the course of the year, 77 of the List B permissions introduced under the Faculty Jurisdiction Rules 2015 were issued.

New faculty rules were formalised and passed by General Synod in 2019. These see a variation in the number of List A and B items as well as a slight change in the way a Faculty case is processed. We are also moving towards implementing a new on line faculty process. Both new challenges for the team in 2020.

5. Peterborough Diocesan Board of Finance

The DBF is a company limited by guarantee with company number 186179, and a registered charity with charity number; 250569. Its registered office is The Diocesan Office, The Palace, Peterborough PE1 1YB. The DBF is selectively registered for VAT, with registration number; 737 9263 95. It does not pay corporation tax. Details of the principal officers and agents of the DBF are in section 9.

A small team of staff based in offices in Peterborough and Northampton handle 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 maintain a register of people with significant control and have determined that the sole entry on the register is the Bishop of Peterborough.

Certain DBF Committee functions are described below. In addition matters requiring senior management attention are dealt with by the Bishop's Management Group ('BMG') for pastoral issues relating to clergy, officers and staff, and by the Bishop's Leadership Team ('BLT') for operational matters relating to achieving the Bishop's Vision (see 9.3). Remuneration for clergy members of senior management accords with levels set by the Church of England Central Stipends Authority; A staffing sub-committee of the DBF Finance and Administration Committee (see below) reviews lay staff salaries and any annual increases are in line with the increase in clergy stipends.

These management teams sit in addition to Diocesan Synod, Bishops Council and the Board of Finance and its various committees.

5.1. 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.

5.2. 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. Gerard Hoare, Chair, has stepped down and we are grateful for the expertise and commitment he has brought to the role. We are delighted to welcome Mr William Craven as the new Chair, taking forward the work of the Glebe and Trust Committee in 2020 with effect from 23rd January 2020.

A joint meeting of the Finance and Administration and Glebe and Trust Committees seek to help define an investment policy for the Board's assets. Acting as the Investment Steering Group.

5.3. Houses Committee

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

5.4. Audit Committee

The committee scrutinises the financial reporting of the DBF and reviews governance procedures and documentation.

5.5. 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.

5.6. 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 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.

5.7. Charitable donations

Charitable donations are made as part of normal expenditure in the exercise of the Board's objectives. No political contributions are made.

5.8. 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 or out-of-pocket expenses.

5.9. Related Organisations

Within the ministry of the Church of England in the diocese of Peterborough, the DBF plays an important role in co-operation with other people and charities that 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 clergy (other than bishops and cathedral clergy), provide 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 9.2 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 reimburse 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.

5.10. Other related organisations:

- 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 diocesan 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 organisations is given in note 6 to the financial statements.

6. Financial Review

As set out on page 5, the 2019 financial result (before investment gains and revaluations) was a deficit of £58k. In arriving at this, the main source of income continues to be Parish Share. In 2019 we received in a total of £7,237,304 (2018 – £7,073,130) against a requested figure of £8,323,996 (2018 – £7,967,353). This was an increase of £164,174 or 2.32% against an increase in the request of 3.5%. The total constituted 86.95% (2018 – 88.78 %) of the share requested.

Whilst Parish Share receipts for 2019 were lower than expected, we appreciate the efforts parishes make to meet their obligation. We have seen, in cash terms, an increase of 2.32%, and we celebrate the hard work and success our parishes have achieved leading to this increase. Thanks are due to all concerned in continuing to respond to the need to resource our Kingdom journey.

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 a greater number of parishes are finding it extremely difficult to meet rising parish share requests. Many are using reserves to meet the increases, and more parishes are not paying in full.

During 2019 the Balance Sheet value decreased by £4,872,890 to £140,767,889 (2018 - £145,640,779) this is due to a reduction in the value of approximately £9 million in the housing stock occupied by clergy. This has occurred due to re-appraising the values of a number of high value clergy houses. The difference is mainly due to the £2.9 million increase in the value of our unlisted investments during 2019 as a result of a buoyant stock market, along with changes to the pension liabilities amounting to approximately £1,800,000 and other smaller changes.

The Church of England pensions board moved to an asset led methodology in the triennial review (a change from the previous 'gift plus' methodology); resulting in an improvement in the total funding position by approximately £100m to a deficit of £50m. This has allowed the repayment programme to reduce by 3 years from 2025 to 2022. The PDBF proportion of this improvement resulted in the additional reduction of the pension liability of £1,444,000.

Whilst this one off change has materially improved the PDBF balance sheet, in the short term it only has an impact for accounting purposes. It does not affect the payments that the DBF has to make and therefore the cost of providing ministry in the parishes.

Over the last 7 years (2013 to 2019 inclusive), the DBF has used the strength of its balance sheet to fund the Budget for Growth by approximately £6.1 million pounds. This strategy has resulted in a cash shortfall which has been financed by the sale of assets. A situation which cannot be sustained in the long term. Covid-19 has provided us all with challenges for 2020, and it is difficult to predict what lasting impact our response to the pandemic will have.

Whilst the Board continues to support the budget approved by Synod for 2020, the pandemic has forced us to change our working practices temporarily. We are committed to ensuring we use this experience to drive forward transformational change to make cost savings. Achieving a balanced budget remains the strategic aim of the Board without damaging the excellent work done over the period to achieve sustainable growth of the church.

6.1. Investment Policy

The Diocesan Investment Policy was adopted by the Board at its meeting in November 2018. This policy requires that the investments made should produce as much income as reasonably possible while maintaining the real value of the asset base. The Board has also decided that a Total Returns policy in respect of its permanent endowment is not appropriate. This policy also requires that the value of the total investment portfolio should be split approximately equally between financial assets and glebe. In pursuance of this policy, disposals of glebe amounting to (net) £1.7m were made in the course of the year, the proceeds being invested in M & G Charifund.

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.

The Finance and Administration Committee and the Glebe and Trust Committee meets 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.

6.2. Principal risks and Uncertainties

The trustees are responsible for the identification, mitigation and/or management of risk. To achieve this the DBF has a register of all the risks identified, supported by the appropriate policy. The risk register is subject to annual review by the Trustees and responsibility for delivery of the mitigation activities delegated to the Diocesan Secretary.

The Covid-19 pandemic and associated lock down has exposed us to a greater level of financial and pastoral risk as well as some opportunities. The closure of churches during lock down will affect parish finances and thus parish share receipts and fees. This will affect our ability to maintain an adequate level of income from this source in 2020 and potentially for future years. At the time of writing, the scale of risk and opportunity are not yet fully understood. We anticipate the risk register discussed below will change to reflect the new operating environment in the coming months.

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

6.2.1. 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 Director of Mission is explicitly linked to the vision for growth.
- The training and ongoing professional development of ordained stipendiary clergy explicitly links to the vision for growth.
- The role out of the 'Leading your church into growth' (LyCiG) training to parishes, with some financial assistance, is explicitly linked to the vision for growth.

6.2.2. Financial Reserves and Cash Flow

A failure to maximise income from parish share, investments and other income sources affects the vision for growth.

- Routine monitoring of Income v Expenditure
- The Investment Steering Group and associated policy designed to maximise investment income.
- The importance of paying parish share in full is emphasised routinely; the application of the Low Income Communities Funding is designed to assist poorer parishes with their share obligation.
- The role out of the Parish Giving Scheme is continuing with c20% of parishes now using the scheme and a firm plan to recruit more over the coming months.

6.2.3. An unforeseen incident adversely affects the reputation of the diocese.

This could be either in the safeguarding or data security (IT) environment.

Safeguarding;

- The DBF invests in highly skilled and well-trained safeguarding professionals in advisor roles.
- We align our policies to the National Church guidance.
- All parishes are required to implement and endorse the diocesan safeguarding policy.
- The DBF provides compulsory safeguarding training for all staff.

Information Technology;

- The DBF has recognised the need for a complete overhaul of our IT provision.
- Lead by the Audit Committee, an Independent Strategic Review has been undertaken.

- A new IT delivery model is being explored which puts data security and cyber essentials accreditation at its core; in addition to providing opportunities for efficiency savings.
- Full implementation expected by the end of 2020 underpinned by clear governance and accountability measures.

6.2.4. Changing demographic profile.

An aging participating population without any rebalancing is detrimental to the future of the church in the diocese.

- The team goals for the Mission Team include “researching ways to encourage growth and mission piloting ‘Church in Schools’ to encourage young people to come to the church.
- A Diocesan Board of Education objective for 2020 aims to work in collaboration with the Directors of Ordinands, Children and Youth and Mission to take forward ‘Growing Faith’ initiatives to benefit children, young people and families.²
- The Generation to Generation Strategic Development Funded project is focussed on children and youth and increasing their participation in the Church.

6.3. 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 - £1,567,257 (2018 - £1,678,890). At year-end 2019, the general fund stood at approximately 3.4 months of annual expenditure including schools' capital work.

7. Structure and Governance 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.

7.1. Three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are 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 church commissioners meet the costs of episcopal administration through the Diocesan and suffragan bishops.

The Church of England Pensions Board was established by the Church Assembly in 1926 to administer the pension scheme for the clergy. Subsequently 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 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.

7.2. The Diocese of Peterborough

The Diocese of Peterborough was created in 1541, following the dissolution of the Benedictine Abbey of Peterborough under Henry VIII. The diocese assumed roughly its present dimensions in 1927 with a total area of 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 917,000³.

The diocese comprises 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 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 are available from: The Cathedral Office, Minster Precincts, Peterborough PE1 1XS.

The Diocesan Synod is the statutory governing body of the diocese. It 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:

³ Mid Term Estimates 2017

- 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.

Each deanery has a Deanery Synod. 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, 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, this includes taking forwards for approval by Synod, recommendations made by the Bishops Management Group.
- 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.

A Parochial Church Council (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 comprises 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 near future. If not required to register, PCCs are 'excepted' charities. Financial statements of an individual PCC are available 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. We do not aggregate these assets in the financial statements, as the DBF does not control them, and 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 we hold properties as custodian trustee, the deeds are held in safe custody by the DBF's solicitors, Hunt & Coombs.

Parishes, Benefices, Deaneries and Archdeaconries are the remaining geographic units. 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.

8. Statement of Directors' Responsibilities

8.1. Directors' Responsibilities

Under the general company law, the DBF is required to prepare financial statements for each financial year. These must 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.

8.2. 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.

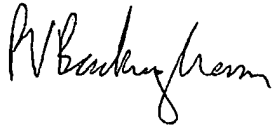
The Trustees Annual Report, which includes the Strategic Report, was approved by the board on:

25th June 2020

And signed on its behalf by:

Dr Paul Buckingham

Chair



The Ven Gordon Steele

Archdeacon of Oakham

Vice Chair



Andrew Roberts

Secretary and Treasurer



9. Administrative Details

9.1. Officers and Agents

For the year ended 31 December 2019

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 J 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 and Coombs 35 Thorpe Road Peterborough PE3 6AG
Solicitors to the Board of Education	Stone King Boundary House 91 Charterhouse Street London

	EC1M 6HR
Diocesan Registrar	Ms A Spriggs Hunt and Coombs 35 Thorpe Road Peterborough PE3 6AG
Diocesan Chancellor	Mr D M Pittaway QC c/o Diocesan Registrar
Deputy Diocesan 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 until 23/01/2020 Mr William Craven from 23/01/2020 Secretary: Property Officer c/o The Diocesan Office
Houses Committee	Mr B Purser Secretary: Property Officer c/o The Diocesan Office
Audit Committee	Chair: Mrs 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 Director: Peter Cantley c/o The Diocesan Office

9.2. List of Directors

For the year ended 31 December 2019

President	Rt Revd Donald 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
Co- opted	Ms H Daniels (A) Mr G J Hoare (GT) Mr R Purser (H) Mr P McKay

Elected by the House of Clergy of the Diocesan Synod (2019 – 2021)

<u>Archdeaconry of Northampton</u>	<u>Archdeaconry of Oakham</u>
Revd K Hutchins (also Wellingborough)(A) Revd Canon B Hollins	Revd J E Baxter (GT) Revd M W Lucas Revd G H Rogers Revd D Walsh (also Kettering Deanery)

Elected by the Houses of Laity of the Deanery Synods (2018 – 2020)

<u>Archdeaconry of Northampton</u>	<u>Archdeaconry of Oakham</u>
Mrs I Burbidge (Brackley) Mr N Robertson (Brixworth) Mr R Baker (Daventry) Mr N Critchlow (Greater Northampton) (FA) Revd Katrina Hutchins (Wellingborough)	Mr J Hindle (Corby) Mr A K Owst (Higham) Revd David Walsh (Kettering) Mr A C Hawkins (Oundle) Mr J Orme (Rutland)

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

A = Audit

GT = Glebe and Trust

FA = Finance and Administration

H = Houses

9.3. Key Management Team

Rt Revd D S Allister (Bishop of Peterborough)
Ven R.J Ormston (Archdeacon of Northampton)
Ven G.J Steele (Archdeacon of Oakham)
Mr A Roberts (Diocesan Secretary)
Mr P Cantley (Director of Education)
Mr P White (Director of Children and Youth)
Revd C Nobbs (Director of Mission and Development)
Revd Canon S Benoy (Director of Ordinands)

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

10.1. Opinion

We have audited the financial statements of Peterborough Diocesan Board of Finance for the year ended 31 December 2019, 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 2019 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.

10.2. 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.

10.3. Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out in paragraph 8.1, 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.

10.4. 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.

10.5. 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.

10.6. 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.

10.7. 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.

10.8. 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.

Steve Harper

27 July 2020

Steven Harper (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place, London, EC4R 1AG

11. Statement of Financial Activities for the year ended 31 December 2019

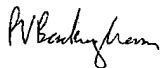
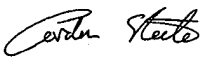
	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Income and endowments from						
Donations						
Parish Share and other voluntary income						
Ministry and mission	3	7,403,817	101,973	-	7,505,790	7,254,559
Charitable activities						
Ministry and mission	3	328,761	-	-	328,761	373,973
Education	14	116,908	-	30,290	147,198	121,507
Investments						
Investment income	9	33,076	1,566,032	-	1,599,108	1,408,984
Other income		170,518	194,941	-	365,459	273,553
Total		<u>8,053,080</u>	<u>1,862,946</u>	<u>30,290</u>	<u>9,946,316</u>	<u>9,432,576</u>
Expenditure on						
Raising Funds						
Investment management costs		158,115	-	-	158,115	159,850
Charitable activities						
Ministry and mission	3	7,235,727	2,208,391	-	9,444,118	9,361,544
Education	14	373,890	-	28,476	402,366	287,052
Total		<u>7,767,732</u>	<u>2,208,391</u>	<u>28,476</u>	<u>10,004,599</u>	<u>9,808,446</u>
Net income/(expenditure) before investment gains		285,348	(345,445)	1,814	(58,283)	(375,870)
Net gains on investments	17	60,256	77,758	2,616,497	2,754,511	(92,978)
Net income/(expenditure)		345,604	(267,687)	2,618,311	2,696,228	(468,848)
Transfers between Funds	26	(253,756)	1,564,208	(1,310,452)	-	-
Other recognised gains/(losses)						
Gains/(losses) on revaluations and disposals of fixed assets	16	-	204,790	(9,217,908)	(9,013,118)	3,037,676
Actuarial gains on pension schemes	30	-	-	1,444,000	1,444,000	280,000
Net movement in funds		<u>91,848</u>	<u>1,501,311</u>	<u>(6,466,049)</u>	<u>(4,872,890)</u>	<u>2,848,828</u>
Reconciliation of funds						
Total funds brought 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>
Total funds carried forward		<u>3,726,233</u>	<u>11,332,748</u>	<u>125,708,908</u>	<u>140,767,889</u>	<u>145,640,779</u>

For detailed fund by fund comparisons a copy of the 2018 Statement of Financial Activities has been included in note 33.

12. Income and Expenditure Account for the year ended 31 December 2019

	2019	2018
	£	£
Total income from continuing operations	9,916,026	9,429,838
Gains/(losses) on investments	<u>138,014</u>	<u>(13,072)</u>
Total Income	10,054,040	9,416,766
Total expenditure from continuing operations	<u>(9,976,123)</u>	<u>(9,807,555)</u>
Net Income / (expenditure) for the year before transfers and investment asset disposals	77,917	(390,789)
Net income for the year	<u><u>£ 77,917</u></u>	<u><u>£ (390,789)</u></u>
<p>Total income comprises £8,053,050 (2018: £7,949,215) for unrestricted funds and £1,862,946 (2018: £1,480,623) for restricted funds. Detailed analysis of Income and Expenditure is provided in the Statement of Financial Activities and Notes 5 to 15.</p> <p>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.</p>		

13. Balance Sheet for the year ended 31 December 2019.
Company Number: 186179

	Note	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	16	70,640,598		81,306,278	
Investments	17	<u>61,829,341</u>		<u>56,980,420</u>	
			132,469,939		138,286,698
CURRENT ASSETS					
Debtors -					
amounts falling due within one year	18	1,188,780		1,189,208	
amounts falling due after more than one year	19	111,716		117,277	
Cash at bank and on deposit	20	<u>8,643,687</u>		<u>9,551,260</u>	
		9,944,183		10,857,745	
Less: Creditors - amounts falling due within one year	21	<u>(959,098)</u>		<u>(802,929)</u>	
NET CURRENT ASSETS			<u>8,985,085</u>		<u>10,054,816</u>
TOTAL ASSETS					
Less CURRENT LIABILITIES			141,455,024		148,341,514
Less: Creditors - amounts falling due after more than one year	22		<u>(687,135)</u>		<u>(2,700,735)</u>
NET ASSETS			<u>140,767,889</u>		<u>145,640,779</u>
FUNDS					
Endowment funds (exc. pension liability)	23		126,566,908		134,822,957
Clergy Pension Liability	22 & 30		(858,000)		(2,648,000)
Restricted funds	24		11,332,748		9,831,437
Unrestricted income funds					
General funds	24		2,843,220		2,809,549
Designated funds	25		<u>883,013</u>		<u>824,836</u>
TOTAL FUNDS			<u>140,767,889</u>		<u>145,640,779</u>
Approved by the Board and authorised for issue on					
and signed on its behalf by					
					
Dr P Buckingham Chairman		Ven. G J Steele Vice-chairman			

14. Statement of cash flows for the year ended 31 December 2019

	2019		2018	
	£	£	£	£
Net Cash used in Operating Activities		(2,085,306)		(1,868,471)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,599,108		1,408,984	
Proceeds from the sale of:				
Tangible fixed assets	1,673,035		322,926	
Investment assets	1,655,590		115,425	
Purchase of:				
Tangible fixed assets	-		-	
Fixed asset investments	<u>(3,750,000)</u>		<u>(1,000,000)</u>	
Net cash provided by investing activities		1,177,733		847,335
Cash flows from financing activities				
Movement in loans	<u>-</u>		<u>-</u>	
Net cash used in financing activities		-		-
Change in cash and cash equivalents in the reporting period		<u>(907,573)</u>		<u>(1,021,136)</u>
Cash and cash equivalents at 1 January		9,551,260		10,572,396
Cash and cash equivalents at 31 December		<u>8,643,687</u>		<u>9,551,260</u>
Reconciliation of net movements in funds to net cash flow movement from operating activities				
Net income/(expenditure) for the year ended 31 December		(58,283)		(375,870)
Adjustments for:				
Depreciation charges		6,888		11,726
Profit on the sale of fixed assets		(27,361)		-
Dividends, interest and rent from investments		(1,599,108)		(1,408,984)
FRS102 pension schemes adjustment		(1,802,000)		(553,000)
Adjustments for actuarial gains on pension schemes		1,444,000		280,000
Decrease in debtors		5,989		191,848
Increase/(decrease) in creditors		(55,431)		(14,191)
Net cash used in operating activities		<u>(2,085,306)</u>		<u>(1,868,471)</u>

Notes to the Cash flow Statements For the year ended 31 December 2019

ANALYSIS OF CHANGES IN NET FUNDS	2019	2018	Cashflow
	£	£	£
Cash at Bank and In Hand	2,187,424	2,400,880	(213,456)
Overdraft with Church Commissioners	-	-	-
Cash on Deposit with the Central Board of Finance of the Church of England and the Church Commissioners	6,456,263	7,150,380	(694,117)
	<u>8,643,687</u>	<u>9,551,260</u>	<u>(907,573)</u>
Debt due after 1 year - Loans	(140,135)	(140,135)	-
	<u>8,503,552</u>	<u>9,411,125</u>	<u>(907,573)</u>

Notes to the 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 31 Members as at 31 December 2019. 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 (Second Edition, effective 1 January 2019), 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). There are no material uncertainties relating to going concern and therefore it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In 2020 the COVID pandemic has had a negative effect on income however the trustees are satisfied that the PDBF has sufficient liquid disposable reserves to maintain its level of operations.

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 30). 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 scheme deficits relating to past service are charged to the Clergy Pension Liability 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 £479,948 (2018: £558,931) 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 from the second full year after their purchase. In addition, from 2019 onwards, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

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 2019 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 2019 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 31.

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 - "Accounting and Reporting by Charities" (Second Edition, effective 1 January 2019), 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 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:

- 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 from the second full year after their purchase. In addition, from 2019 onwards, a selection of properties are reviewed each year by the Diocesan Property Officer based on recent sales of similar properties in order to assess the appropriateness of the valuation derived from the above method. Where other factors are identified to indicate a material change in the valuation, the carrying value of the properties concerned is revised accordingly. The revised value will then be utilised as the new base point for ongoing revaluations in future years.

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 30 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.

Trustees Annual Report 2019 June 2020

3 INCOME AND EXPENDITURE					
	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £
Income					
Generated funds					
Parish share	7	7,271,110	-	-	7,271,110
Grants, donations and legacies	8	130,799	8,147	-	138,946
Church Commissioners		1,908	93,826	-	95,734
Total Generated Funds		7,403,817	101,973	-	7,505,790
Charitable activities					
Fees and Chaplaincy income		328,761	-	-	328,761
		7,732,578	101,973	-	7,834,551
Expenditure					
Charitable activities					
National Church		349,573	-	-	349,573
Grants and donations	13	73,743	33,104	-	106,847
Clergy Stipends and staff costs	10	4,186,837	1,169,117	-	5,355,954
Clergy Housing	11	886,338	294,361	-	1,180,699
Improvements to Clergy Housing	11	-	377,710	-	377,710
Clergy Training	12	695,012	235,564	-	930,576
Diocesan Support for Parish Mission	15	1,044,224	97,080	-	1,141,304
		7,235,727	2,206,936	-	9,442,663
<p>Included in the above expenditure is support costs of £502,230 (2018: £ 602,531) which have been apportioned on the basis of estimated usage of central resources at the Diocesan Office and Bouverie Court. Governance costs of £31,695 (2018: £28,736) have also been apportioned over the Diocesan Support for Parish Mission.</p>					
2018 Comparative					
	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

Trustees Annual Report 2019 June 2020

4 DEFICIT FOR THE FINANCIAL YEAR	2019 £	2018 £
The net deficit for the financial year is stated after charging:		
Auditors' Remuneration;		
in respect of Audit Services	18,120	17,400
in respect of Corporation Tax Compliance	1,600	1,560
Depreciation on Tangible Fixed Assets	6,888	11,726
Operating Lease Charges in the Year	31,000	31,000
Interest Charges		
On Church Commissioners' Value Linked Loans	9,941	8,430

5 EMPLOYEE/OFFICE-HOLDER DETAILS & RELATED TRANSACTIONS

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

	2019	2018
£70,000 - £79,999	1	0
£60,000 - £69,999	1	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 2019 they were:

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

Remuneration, pension and expenses for these employees amounted to £161,755 (2018: £158,826).

Staff Costs	Parochial Clergy	Diocesan Boards and Councils	Total 2019
	£	£	£
Stipendiary parochial clergy *	3,526,716	66,257	3,592,973
Salaries	-	1,228,288	1,228,288
Social Security Costs	285,875	120,907	406,782
Pension Costs	875,586	217,642	1,093,228
Pension deficit reduction payments	397,000	16,000	413,000
	<u>5,085,177</u>	<u>1,649,094</u>	<u>6,734,271</u>

2018 Comparative

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
Clergy 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>

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

	2019		2018	
	Full Time	Part Time	Full Time	Part Time
Stipendiary Parochial Ministers *	128	11	130	13
Parochial Youth Staff (SDF)	4	1	-	-
Diocesan Boards and Councils	20	10	18	10
Administration	10	4	10	4
Archdeacons	2	-	2	-
	<u>164</u>	<u>26</u>	<u>160</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. (2018: £Nil).

No trustee/director received travel expenses from the Board in the year in question in the course of services performed. (2018: £Nil).

If trustee/directors had claimed travel expenses to Board Meetings it is estimated that the cost would have been £2,500 (2018: £2,500).

Trustee Donations.

The Bishop of Peterborough donated £NIL (2018: £600) to the general costs of the DBF.

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5 EMPLOYEE/OFFICE-HOLDER DETAILS & RELATED TRANSACTIONS (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 £3,936 (2018: £3,059).

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 (2018: £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 £23,938 (2018: £22,168) excluding the salaries and on costs of their secretarial support.

Redundancy payments

During the year no redundancy payments were made (2018:£NIL).

6 RELATED PARTY TRANSACTIONS

	2019	2018
	£	£
The following identifies related parties and their transactions. (A description of these relationships is identified in the trustees report)		
Ecclesiastical Insurance Group	46,956	43,958
Church of England Pensions Board (Clergy and Lay)	1,444,876	1,530,844
Shared Churches Peterborough	20,283	19,660
Shared Churches Northampton	60	60
Peterborough Diocese Education Trust (PDET)	(12,500)	(18,333)
Peterborough Cathedral	(51,055)	(49,827)
	<u>1,448,620</u>	<u>1,526,362</u>

There were no outstanding balances with related parties at the end of the financial year 2019 and 2018. Figures in brackets denote income.

7 PARISH SHARE

	2019	2018
	£	£
Parochial Apportionments	8,323,996	7,967,353
Less: Amount Not Received	<u>(1,086,692)</u>	<u>(894,223)</u>
	7,237,304	7,073,130
Plus: Other Share received		
Amounts Received in Respect of Earlier Years	<u>33,806</u>	<u>40,604</u>
	<u>7,271,110</u>	<u>7,113,734</u>

8 GRANTS, DONATIONS AND LEGACIES

	2019	2018
	£	£
All Churches Trust (Ecclesiastical Insurance Group)	116,500	115,310
Forsters Charity	3,320	3,320
Institutional Collections and Donations	8,147	10,099
Mission Fund Donations	500	6,500
Other Donations	<u>10,479</u>	<u>2,987</u>
	<u>138,946</u>	<u>138,216</u>

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9 INVESTMENT INCOME	2019	2018
	£	£
(a) Income from Fixed Asset Investments		
(i) Unlisted Investments:		
Central Board of Finance of the Church of England		
Investment Fund Dividends	428,236	391,530
Fixed Interest Security Fund Dividends	4,611	2,773
M&G Charifund	293,054	177,070
	<u>725,901</u>	<u>571,373</u>
(ii) Investment Properties		
Glebe Land and Buildings Rents	494,831	487,547
Commercial Property Rents	59,551	67,101
	<u>554,382</u>	<u>554,648</u>
(iii) Fixed Asset Investments		
Rent from Clergy Houses when occupied by non-clergy tenants.	258,454	244,037
	<u>258,454</u>	<u>244,037</u>
(b) Other Income Receivable		
Central Board of Finance of the Church of England		
Deposit Fund Interest	45,790	29,806
Church Commissioners Interest	64	42
Bank Interest	14,517	8,924
Other Interest	-	154
	<u>60,371</u>	<u>38,926</u>
	<u>1,599,108</u>	<u>1,408,984</u>

10 CLERGY STIPENDS	2019	2018
	£	£
Parochial Stipends:		
Clergy of Incumbent Status	3,086,987	3,160,583
Assistant Staff	693,463	779,320
Archdeacons	71,850	70,190
Total Pension Contributions paid to Clergy Pension Fund (see note 30)	1,272,586	1,306,140
Less Clergy Pension Deficit reduction payments	(397,000)	(408,000)
Interest payable on Clergy Pension Deficit Liability	51,000	43,000
Remaining change to the Clergy Pension Deficit balance sheet liability		
National Insurance	285,875	297,398
Removal and First Appointment Grants	146,326	119,531
Sequestration Expenses	24,920	22,097
Other (including the expenses of Rural Deans and Archdeacons)	119,947	130,195
	<u>5,355,954</u>	<u>5,520,454</u>

11 CLERGY HOUSING	2019	2018
	£	£
Cost of Repairs to Clergy Houses (includes rental costs and housing allowance)	514,439	447,667
Maintenance of Empty Properties	33,150	25,468
Minor Improvements to Properties	377,710	314,183
Council Tax and Water Rates	454,008	451,353
Administration	141,270	127,585
Insurance Premiums	37,832	34,468
	<u>1,558,409</u>	<u>1,400,724</u>
<p>Minor improvements to housing occupied by the clergy totalling £377,710 (2018: £314,183) were funded from the DBF Pastoral Account and not through Parish Share.</p>		

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12 CLERGY TRAINING	2019	2018
	£	£
National Training Costs	338,626	234,723
Director of Ordinands (including stipend, pension and NI)	60,139	61,097
Ordination Candidates Support Costs	177,801	173,197
RME	224,211	113,325
Post Ordination Training	48,394	54,808
Continuing Ministerial Education	81,352	79,799
Clergy Conference	-	14,625
Liturgical Officer	53	53
	<u>930,576</u>	<u>731,627</u>

13 GRANTS AND DONATIONS	2019	2018
	£	£
Bishops' Discretionary Funds	6,000	5,852
Shared Churches Peterborough	20,284	19,660
Widows & Dependants	12,820	15,310
Mission Fund Grants	19,300	35,862
Family care Fund Grants	-	162,200
Other	-48,443	83,526
	<u>106,847</u>	<u>322,410</u>

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

14 EDUCATION (CHURCH SCHOOLS)	2019	2018
	£	£
Income		
Other	147,198	121,507
	<u>147,198</u>	<u>121,507</u>
Direct Expenditure		
Capital Works / Improvements (Sec 554)	28,476	891
Administration	339,756	256,037
Other (incl Travel)	34,134	30,124
	<u>402,366</u>	<u>287,052</u>
 The following church schools are supported by the Diocese:	Number	Number
Voluntary aided	15	13
Academy Schools	29	30
Academy Schools in Peterborough Diocesan Educational Trust (PDET) Multi Academy Trust	31	26
Independent	-	-
Voluntary controlled	28	34
Free Schools	-	-
	<u>103</u>	<u>103</u>

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 £842,942 (2018:£532,897) of receipts and payments does not appear in the SOFA as it is effectively "netted off".

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15 DIOCESAN SUPPORT FOR PARISH MISSION	2019 £	2018 £
Bishop's Advisors and Support to Parishes	137,944	139,980
DAC, Legal, Stewardship Support to Parishes and Asset management	428,722	353,159
Bishop's Officers and Mission work in the Parishes	227,575	211,413
Adult, Lay and Clergy Training and Conferences	180,446	241,391
Social Responsibility (including overseas links)	3,712	2,106
SSMs, Readers, Pastoral Assistants, Parish Evangelists	6,342	7,394
Strategic Development Fund - "Generation to Generation Project"	97,080	29,655
Other Costs	59,483	60,415
	<u>1,141,304</u>	<u>1,045,513</u>

Included above are Governance costs of £21,698 (2018: £21,023)

16 TANGIBLE FIXED ASSETS	Freehold Land and Buildings £	Short Leasehold Improvements £	Motor Vehicles £	Office Equipment £	Total £
COST OR VALUATION					
At 1 January 2019	81,297,224	56,603	-	412,101	81,765,928
Additions	-	-	-	-	-
Disposals	(1,645,674)	-	-	(27,361)	(1,673,035)
Revaluation	(9,013,118)	-	-	-	(9,013,118)
At 31 December 2019	<u>70,638,432</u>	<u>56,603</u>	<u>-</u>	<u>384,740</u>	<u>71,079,775</u>
Depreciation					
At 1 January 2019	-	56,603	-	403,047	459,650
Charge for the year	-	-	-	6,888	6,888
Depreciation of Disposed Assets	-	-	-	(27,361)	(27,361)
At 31 December 2019	<u>-</u>	<u>56,603</u>	<u>-</u>	<u>382,574</u>	<u>439,177</u>
NET BOOK VALUE					
At 31 December 2019	<u>70,638,432</u>	<u>-</u>	<u>-</u>	<u>2,166</u>	<u>70,640,598</u>
At 31 December 2018	<u>81,297,224</u>	<u>-</u>	<u>-</u>	<u>9,054</u>	<u>81,306,278</u>

The historical cost of the buildings is £ 10,825,521 (2018: £10,855,521).

17 FIXED ASSET INVESTMENTS	Investments (Valuation) £	Investment Properties (Valuation) £	Total 2019 £	Total 2018
At 1 January 2019	14,828,935	42,151,485	56,980,420	56,188,823
Additions	3,750,000	-	3,750,000	1,000,000
Disposals	-	(1,655,590)	(1,655,590)	(115,425)
Unrealised Investment Gains/(Losses)	2,913,650	(159,139)	2,754,511	(92,978)
At 31 December 2019	<u>21,492,585</u>	<u>40,336,756</u>	<u>61,829,341</u>	<u>56,980,420</u>

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17 FIXED ASSET INVESTMENTS (Continued)				
	Investments	Investment	Total	Total
Fixed Asset Investments Comprise:	(Valuation)	Properties	2019	2018
	£	(Valuation)	£	£
Central Board of Finance of the Church of England				
Investment Fund	14,349,643	-	14,349,643	11,377,100
Fixed Interest Fund	41,353	-	41,353	40,448
M&G Charifund	7,101,589	-	7,101,589	3,411,387
Glebe Land and Buildings	-	38,936,756	38,936,756	40,751,485
Commercial Properties	-	1,400,000	1,400,000	1,400,000
At Valuation	21,492,585	40,336,756	61,829,341	56,980,420
Historical Cost (see below)	12,244,428	13,991,854	26,236,282	22,486,282
			2019	2018
			£	£
Investment Fund			5,955,457	5,205,457
Fixed Interest Fund			40,003	40,003
M&G Charifund			6,248,967	3,248,967
Commercial Properties/Glebe Land and Buildings*			13,291,554	13,291,554
Section 554 Investment Assets			700,301	700,301
			26,236,282	22,486,282

*The historical cost of most glebe land and buildings is not known.
The glebe land valuation conducted by Carter Jonas as at 31 December 2019.

The investment properties above are all within the UK.

18 DEBTORS - Amounts falling due within one year		
	2019	2018
	£	£
Parish Share Received after Year End	140,402	96,921
Parochial Loans	108,653	68,394
Other Debtors	939,725	1,023,893
	1,188,780	1,189,208
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.		

19 DEBTORS - Amounts falling due after more than one year		
	2019	2018
	£	£
Parochial Loans	111,716	117,277
Education Debtors	-	-
Other	-	-
	111,716	117,277

20 CASH AND CASH EQUIVALENTS		
	2019	2018
	£	£
Cash at Bank and in Hand (Current and Deposit Accounts)	2,187,424	2,400,880
Funds with the Central Board of Finance of the Church of England Deposit Fund and the Church Commissioners	6,456,263	7,150,380
	8,643,687	9,551,260

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21 CREDITORS - Amounts falling due within one year	2019	2018
	£	£
Taxation and Social Security Costs	20,047	20,610
Accruals and Deferred Income	365,659	367,020
Church Workers Pension liability	16,000	15,900
Clergy Pension Liability (see note 30)	375,000	163,500
Other Creditors	<u>182,392</u>	<u>235,899</u>
	<u>959,098</u>	<u>802,929</u>

22 CREDITORS - Amounts falling due after more than one year	2019	2018
	£	£
Church Commissioners:		
Value Linked Loans	140,135	140,135
Church Workers Pension liability	64,000	76,100
Clergy Pension liability (see note 30)	<u>483,000</u>	<u>2,484,500</u>
	<u>687,135</u>	<u>2,700,735</u>
Church Commissioners Value Linked Loans		
<p>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.</p>		

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 1.1.19	Incoming Endowments	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital Gains/(Losses)	Balance 31.12.19
	£	£	£	£	£
Houses Committee	1,040,643	-	-	194,654	1,235,297
Stipends Capital	280,784	-	-	52,521	333,305
Diocesan Stipends Capital Fund	55,536,859	-	-	2,169,242	57,706,101
Clergy Pension Liability	(2,648,000)	-	1,790,000	-	(858,000)
Church Major Works	95,921	-	-	17,942	113,863
	54,306,207	-	1,790,000	2,434,359	58,530,566

2018 Comparative

	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

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 1.1.19	Incoming Endowments	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital Gains/(Losses)	Balance 31.12.19
	£	£	£	£	£
Education Act 1996 (Section 554)	1,750,743	30,290	(81,614)	182,138	1,881,557
Clergy Houses	76,118,007	-	(1,603,314)	(9,217,908)	65,296,785
	<u>77,868,750</u>	<u>30,290</u>	<u>(1,684,928)</u>	<u>(9,035,770)</u>	<u>67,178,342</u>
2018 Comparative					
	Balance 1.1.18	Incoming Endowments	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital Gains/(Losses)	Balance 31.12.18
	£	£	£	£	£
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>
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	Income	Movement in Funds	Capital	Balance
	1.1.19		Expenditure/ Transfer to/from other Funds	Gains/(Losses)	31.12.19
	£	£	£	£	£
Stipends Capital	-	1,169,117	(1,169,117)	-	-
Houses Committee	5,179,218	294,361	(336,721)	204,790	5,341,648
Widows & Dependants	402,891	13,755	(12,820)	60,377	464,203
Ordination Candidates	102,526	11,353	(11,353)	17,381	119,907
Education Act 1996	131,929	50,286	-	-	182,215
Church Major Works	52,138	539	-	-	52,677
Resourcing Ministerial Education (RME)	(29,109)	194,941	(224,211)	-	(58,379)
Gen 2 Gen -SDF funding	-	93,826	(93,826)	-	-
Family Care Fund	200	-	-	-	200
Pastoral Account	3,991,644	34,768	1,203,865	-	5,230,277
	<u>9,831,437</u>	<u>1,862,946</u>	<u>(644,183)</u>	<u>282,548</u>	<u>11,332,748</u>
2018 Comparative					
	Balance	Income	Movement in Funds	Capital	Balance
	1.1.18		Expenditure/ Transfer to/from other Funds	Gains/(Losses)	31.12.18
	£	£	£	£	£
Stipends Capital	-	1,043,293	(1,043,293)	-	-
Houses Committee	5,002,435	279,081	(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>
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.					
Gen 2 Gen					
This relates to the Gen 2 Gen Childrens and Youth worker programme funded by The Church Commissioners Strategic Development Fund (SDF)					
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.					

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25 UNRESTRICTED FUNDS					
	Balance 1.1.19	Income	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital (Losses)	Balance 31.12.19
	£	£	£	£	£
(a) Designated					
Church Major Works	650,965	15,071	-	60,256	726,292
Mission Fund	173,871	2,150	(19,300)	-	156,721
Partnership in World Mission	-	-	-	-	-
	824,836	17,221	(19,300)	60,256	883,013
2018 Comparatives					
	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
Partnership in World Mission	-	-	-	-	-
	843,099	22,504	(35,862)	(4,905)	824,836
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.					
Partnership in World Mission					
This reserve was set up to fund visits to Bungoma. The fund has been un-designated due to the ending of the link with the Diocese of Bungoma.					
	Balance 1.1.19	Income	Movement in Funds Expenditure/ Transfer to/from other Funds	Capital (Losses)	Balance 31.12.19
	£	£	£	£	£
(b) General Fund					
General Fund	2,901,549	8,035,859	(8,014,188)	-	2,923,220
Church Worker fund pension deficit	(92,000)	-	12,000	-	(80,000)
	2,809,549	8,035,859	(8,002,188)	-	2,843,220
2018 Comparative					
	Movement in Funds Balance 1.1.18	Income	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)
	3,077,499	7,926,711	(8,194,661)	-	2,809,549
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

2019 The main transfer between funds are;

- A £1,603,314 from Clergy Houses to the Pastoral Account. This represents the sale of parsonage property during the year.
- B £42,360 from the Houses restricted fund to the General Fund
- C £53,138 from the Education Restricted Fund to the General Fund. This represents the overspend of the PDBE's delegated budget.
- D £346,000 between the general fund and the clergy pension liability and represents the sums paid under the repayment schedule.
- E £3,254 from the General Fund to SDF project restricted fund. This relates to the 2018 surplus funding.

	Unrestricted	Designated	Restricted	Endowment
A Clergy Houses to Pastoral Account			1,603,314	(1,603,314)
B Houses restricted to general fund	42,360		(42,360)	
C Education restricted to General Fund	53,138			(53,138)
D Clergy Pension liability repayment	(346,000)			346,000
E SDF transfer	(3,254)		3,254	
	<u>(253,756)</u>	-	<u>1,564,208</u>	<u>(1,310,452)</u>

2018 The main transfer between funds are;

- A £322,926 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 £365,000 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	(365,000)	-	-	365,000
	<u>(383,226)</u>	-	<u>341,152</u>	<u>42,074</u>

27 ANALYSIS OF NET ASSETS BETWEEN FUNDS					
Fund Balances at 31 December 2019 are represented by:					
	General	Unrestricted Designated	Restricted Funds	Endowment Funds	2019 Total Funds
	£	£	£	£	£
Tangible Fixed Assets	2,166	-	5,341,648	65,296,784	70,640,598
Investments	-	382,389	529,065	60,917,888	61,829,341
Current Assets	3,629,287	500,624	5,462,035	352,236	9,944,183
Liabilities	(788,233)	-	-	(858,000)	(1,646,233)
Total Net Assets	2,843,220	883,013	11,332,748	125,708,908	140,767,889
Revaluation Reserve					
Investment Assets	-	212,071	400,933	34,980,062	35,593,066
Tangible Fixed Assets	-	-	3,058,515	56,754,396	59,812,911
	-	212,071	3,459,448	91,734,458	95,405,977
Reconciliation of Movements in Revaluations on Investment Assets (including property)					
Revaluations at 1 January 2019		151,815	3,073,826	101,710,197	104,935,838
Add: Revaluations arising during the year		60,256	282,548	(6,601,411)	(6,258,607)
Less: Revaluations eliminated on disposal		-	103,074	(3,374,328)	(3,271,254)
Revaluations at 31 December 2019		212,071	3,459,448	91,734,458	95,405,977
2018 Comparative					
	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

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28 CAPITAL AND OTHER COMMITMENTS	2019	2018
	£	£
(a) Expenditure on house repairs approved but not contracted for	24,335	20,590
(b) Contingent liability in respect of guarantee given	150,000	150,000
(c) Ordinands support grants	161,305	232,123
(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	2019	2018
	£	£
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	31,000
within two to five years.	69,750	100,750
	<u>100,750</u>	<u>131,750</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 DBS 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, (2019: £68,481, 2018: £ 63,671) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in SoFA, giving a total charge of £84,481 for 2019 (2018:75,671).

If following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, 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 FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below.

	2019	2018
Balance sheet liability at 1 January	92,000	-
Deficit contribution paid	(16,000)	(12,000)
Interest cost (recognised in SoFA)	2,000	-
Remaining change to the balance sheet liability*(recognised in SoFA)	2,000	104,000
Balance sheet liability at 31 December	80,000	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:

	December 2019	December 2018	December 2017
Discount rate	1.30%	2.10%	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 of the Church Workers Pension Fund is made of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined 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. Bonuses may be declared, depending upon the 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. This is because it is not possible to attribute the Pension builder Scheme's assets and liabilities to specific employers and that contribution 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. (2019: £99,036, 2018: £ 86,820)

A valuation of the scheme is carried out once every three years. The most recent 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. This 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 (2019:£932,987, 2018:£960,352), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £(460,013) for 2019 (2018:£723,352)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m, assessed using the following assumption revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

An average discount rate of 3.2% p.a.;

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

Increase in pensionable stipends 3.2% pa; and

Mortality in accordance with 95% of the S32NA_VL tables, with allowance made for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvement of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

%age of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contribution	11.90%	7.10%

As at 31 December 2018 and 31 December 2019 the deficit recovery contributions under the recovery plan in force were 11.9% of pensionable stipends until December 2025.

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

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 2018 and over 2019 is set out in the table below.

	2019	2018
Balance sheet liability as at 1 January	2,648,000	3,293,000
Deficit Contributions paid	(397,000)	(408,000)
Interest cost (recognised in the SOFA)	51,000	43,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(1,444,000)	(280,000)
Balance sheet liability as at 31 December	<u>858,000</u>	<u>2,648,000</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 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% pa

The legal structure of the scheme is such that if another Responsible Body fails, 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 £ 12,982,158 at 31 December 2019 (2018: £11,372,666) made up as follows:

	2019	2018	2019	2018
	Cost	Cost	Valuation	Valuation
	£	£	£	£
Land & Buildings	96,823	96,823	221,076	212,849
Miscellaneous Listed Investments				
Miscellaneous Unlisted Investments	593,783	597,325	1,405,806	1,203,781
Central Board of Finance				
Investment Fund shares	1,950,224	1,988,093	9,332,190	7,916,932
Fixed Interest Securities Fund shares	482,829	481,826	541,492	528,660
Equity Fund	49,490	49,490	75,417	61,386
Property Fund	49,490	49,490	43,863	45,045
Deposits	1,362,314	1,405,078	1,362,314	1,404,013
	<u>4,584,953</u>	<u>4,668,125</u>	<u>12,982,158</u>	<u>11,372,666</u>

32 POST BALANCE SHEET EVENT

COVID-19 has led to major changes in the way in which the church operates, with all church buildings being closed for a significant period of time. This will undoubtedly affect the income of Parochial Church Councils and therefore the level of parish share that will be paid in 2020. In addition it is clear that the Board's income from the dividends paid on its equity investments (£725,921 in 2019, see note 9 (a) (i)) will decline significantly in 2020 and may well not recover for some years. Whether the Board's rental income will be adversely affected to any significant extent remains to be seen.

The value of the Board's equity investments have recovered significantly from the mid-March low and as of the date of these accounts were worth approximately £19.5m (as against £21.5m at 31 December 2019, see note 17).

COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the balance sheet as at 31 December 2019.

Note 33: see page 39 for the current year Statement of financial Activities. Below are detailed the 2018 comparatives.

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £
Income and endowments from					
Donations					
Parish Share and other voluntary income					
Ministry and mission	3	7,244,460	10,099	-	7,254,559
Charitable activities					
Ministry and mission	3	373,973	-	-	373,973
Education	13 & 32	118,769	-	2,738	121,507
Investments					
Investment income	8	25,982	1,383,002	-	1,408,984
Other incoming resources		186,031	87,522	-	273,553
Total		<u>7,949,215</u>	<u>1,480,623</u>	<u>2,738</u>	<u>9,432,576</u>
Expenditure on					
Raising Funds					
Investment management costs		159,850	-	-	159,850
Charitable activities					
Ministry and mission	3	7,401,286	1,960,258	-	9,361,544
Education	13	286,161	-	891	287,052
Total		<u>7,847,297</u>	<u>1,960,258</u>	<u>891</u>	<u>9,808,446</u>
Net (expenditure)/income before investment gains		101,918	(479,635)	1,847	(375,870)
Net gains on Investments	17	<u>(4,905)</u>	<u>(8,167)</u>	<u>(79,906)</u>	<u>(92,978)</u>
Net (expenditure)/income		97,013	(487,802)	(78,059)	(468,848)
Transfers between Funds	26	<u>(383,226)</u>	<u>341,152</u>	<u>42,074</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
Actuarial gains on pension schemes		-	-	280,000	280,000
Net movement in funds		<u>(286,213)</u>	<u>30,133</u>	<u>3,104,908</u>	<u>2,848,828</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>
Total funds carried forward		<u>3,634,385</u>	<u>9,831,437</u>	<u>132,174,957</u>	<u>145,640,779</u>