

The Chelmsford Diocesan Board of Finance

Summarised Financial Statements for the year ended 31 December 2017

The Chelmsford Diocesan Board of Finance (CDBF) has prepared statutory financial consolidated statements which have been externally audited and the audit report was unqualified. The trustees' annual report and financial statements were approved on 30 April 2018 by the Finance Committee, who are the trustees of the charity. These statements will be submitted to the Charity Commission and Companies House in due course and copies can be obtained from the diocesan office or the diocesan and charity commission websites.

The following consolidated Statement of Financial Activities (SOFA) and Balance Sheet and comments are extracts from the full statutory financial statements.

The SOFA and Balance Sheet (see pages 22 & 24/25 respectively of the full statements) together show a financial summary for the year ended 31 December 2017 for the CDBF and its subsidiaries.

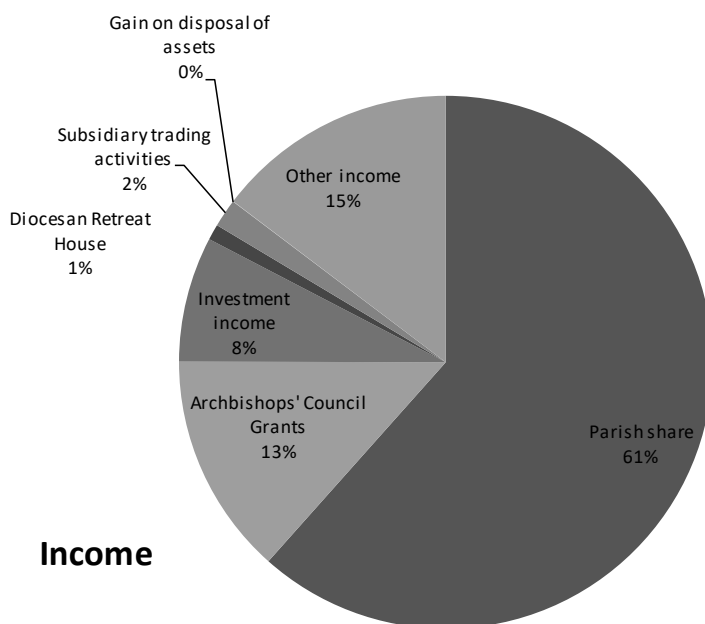
General fund

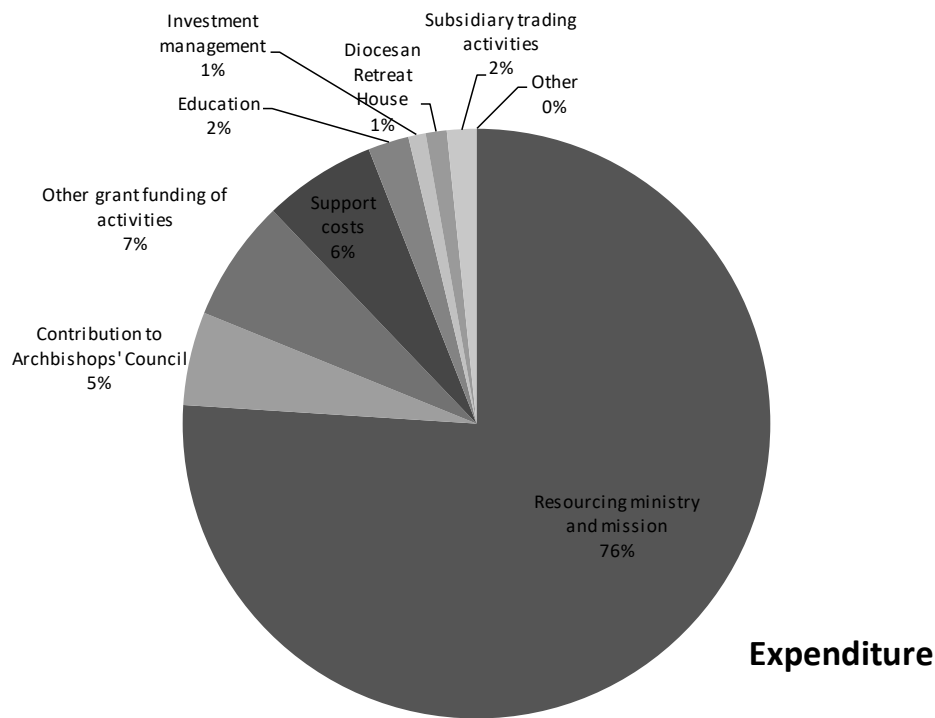
Against a balanced budget, the CDBF recorded a deficit of £103k for the year on its general fund before gains on revaluations of fixed assets of £84k. Shortfalls on voluntary giving from parishes through the Share scheme of £920k (see below) were offset by underspend on clergy stipends due to a higher than planned vacancy rate and other one-off income streams.

At £920,000 (2016: £829,000) the net parish share shortfall was worse than the previous year. This was disappointing given the improvements that had been made over the previous three years. While in cash terms total Share receipts increased, the percentage of requested Share collected fell slightly to 94.05% (2016: 94.80%). It should be noted that over half the shortfall is attributable to just 19 parishes. Despite the worsening in the overall position, most parishes increased their giving through Share, including some which had been supported through the Turnaround project and some which returned to 100% achievement following several years of shortfall. The Trustees nonetheless consider the share shortfall unacceptably high and are considering further responses.

Around 61% (2016: 62%) of the income of the CDBF comes from Parish Share and 13% (2016: 14%) from National Church Ministry Support Funding.

The main types of income and expenditure for the year shown in the SOFA are represented as follows:





Review of the financial position

While the share shortfall remains unacceptably high, the CDBF has met all of its financial obligations to continue resourcing the diocese as required, including the provision, development and support of ministry, the provision and maintenance of houses for the clergy, National Church responsibilities and enriching and facilitating many other aspects of church life throughout Chelmsford Diocese.

On a group basis, income before other recognised gains and losses totalled £23.8m (2016: £23.9m) and expenditure amounted to £22.7m (2016: £22.3m).

The Consolidated Statement of Financial Activities (SOFA) for the year shows a net income of £1.1m (2016: £1.6m) before net gains and losses on the revaluation and sale of investments and fixed assets. The net gains totalled £16.0m (2016: £25.5m) and, after these adjustments, the net increase in all funds amounted to £17.1m (2016: £27.0m). Gains (or losses) are dependent on market volatility and the majority of the gains (£13.9m – 2016: £22.4m) are ascribed to Endowment Funds and are therefore not available to spend.

The value of properties held for the use of CDBF and the value of investment assets increased in 2017. The overall value of total funds increased by £17.1m to £292.9m (2016: increase £27.0m to £275.8m) although it must be remembered that included in this total are properties, mostly in use as clergy housing, valued at £258.9m (2016: £241.5m).

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees consider that an appropriate level of free general reserves is not less than 10 days of gross general fund expenditure, currently £0.6m. The Finance Executive is charged with reviewing this policy if the sum of free reserves in designated funds falls below 15 days gross general fund expenditure. This policy was last reviewed and agreed by the Trustees in July 2015. Free general reserves at the year-end amounted to £0.4m (2016: £0.9m) being the value of the General Fund excluding fixed assets and the pension scheme deficit. The Trustees previously recorded that free general reserves would fall if parish share shortfall did not materially improve. The Trustees continue to monitor the reserves position and have considered contingency measures to support general reserves in the event of further shortfall in 2018. Over the medium term, the Trustees wish to see an improvement in free general reserves.

Percy Lomax
Chair of Diocesan Board of Finance

The Chelmsford Diocesan Board of Finance

Consolidated Statement of Financial Activities (Summary of all funds)

Year ended 31 December 2017

	2017	2016
	£000	£000
Expenditure		
Resourcing ministry and mission	17,230	17,156
Contribution to Archbishops' Council	1,161	1,122
Other grant funding of activities	1,518	1,099
Support costs	1,405	1,316
Education	509	528
Investment management	217	239
Diocesan Retreat House	262	272
Subsidiary trading activities	367	557
Loss on disposal of assets	0	0
Total expenditure	22,669	22,289
Income		
Parish share	14,629	14,625
Archbishops' Council Grants	3,198	3,277
Investment income	1,807	1,864
Diocesan Retreat House	227	222
Subsidiary trading activities	406	459
Gain on disposal of assets	4	71
Other income	3,487	3,341
Total income	23,758	23,859
Net operating income	1,089	1,570
Net capital gains	15,985	25,459
Increase in net assets	17,074	27,029
Funds		
General	(19)	407
Subsidiary	318	(121)
Designated	4,448	2,399
Restricted	(142)	1,118
Endowments	12,469	23,226
Total funds movement in year	17,074	27,029

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Consolidated Balance Sheet

at 31 December 2017

	2017	2016
	£000	£000
Fixed assets		
Tangible assets	259,797	242,492
Investments	51,141	48,137
	<u>310,938</u>	<u>290,629</u>
Current assets	3,956	6,003
Creditors: amounts falling due within one year	<u>(5,615)</u>	<u>(5,520)</u>
Net current assets	<u>(1,659)</u>	<u>483</u>
Total assets less current liabilities	309,279	291,112
Creditors: amounts falling due after more than one year	(10,170)	(7,281)
Defined benefit pension scheme liability	(6,249)	(8,045)
Total net assets	292,860	275,786
Funds		
Unrestricted - general	3,208	3,227
- subsidiary company	(451)	(769)
- non-benefice houses	23,598	19,336
- other designated funds	2,075	1,889
	<u>28,430</u>	<u>23,683</u>
Restricted funds	7,976	8,118
Endowment funds:		
- Benefice houses	187,788	178,915
- Stipends fund	66,144	62,755
- other endowment funds	2,522	2,315
	<u>256,454</u>	<u>243,985</u>
Total funds	292,860	275,786

Houses Committee report 2017

The Houses Committee oversees the management of c429 houses. Highlights during 2017 included:

- Purchase of new Vicarages at Stratford Olympic Park and Beaulieu, Chelmsford
- Purchase of 7 new curates houses
- Completed 3 sales with others on the market
- Completion of 82 periodic surveys
- Completion of 18 improvement projects plus major refurbishments including internal reordering of five houses including a new vicarage for Holland-on-Sea
- Commenced a full programme of asbestos surveys across the estate supported by improved information for residents and contractors and remedial works where required
- Significant increase in the number of vacant properties let, leading to a marked increase in residential letting income to £449k, beating the budget.
- A new property database is being implemented
- The Guide for Residents was updated and reissued

A total of £1.8m was expended from the general fund on property maintenance and improvement.

Investment Committee report 2017

The Investment Committee oversees the management of the CDBF's investment assets including funds under management and glebe land and property. A total return of 10.83% was recorded on investment funds totalling £40.9m in 2017. The financial results for 2017 are reported fully in the Annual Report and Accounts. Highlights from 2017 included:

- Updating the Asset Investment and Management Policy including a target of a net £10m addition to investment capital over the next decade through development of glebe sites and sale of surplus parsonage property
- Two sites received planning permission and sales were agreed netting £2.7m
- A further rural exception scheme for affordable housing was sold for £0.12m
- One option agreement is in place and another (joint venture) in legals
- A planning application was submitted for another small development and engagement and feasibility work continues to be undertaken on other sites
- A former school site was sold with planning permission for £1.1m, the net proceeds of which benefit the Diocesan Board of Education's funds
- The transition to new investment managers, CCLA and Cazenove, was completed in February 2017
- A new lease was agreed on a commercial property, and various agricultural rents were reviewed