

**The Bristol Diocesan Board of Finance Limited**

# **Financial Statements**

**for the year ended 31 December 2008**

Registered Office:

Diocesan Church House, 23 Great George Street, Bristol BS1 5QZ

Company number 156243 | Charity number 248502

**The Bristol Diocesan Board of Finance Limited**  
**Financial Statements 2008**  
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Diocesan Secretary  
and Company Secretary

Mrs L E Farrall  
Diocesan Church House,  
23 Great George Street, Bristol, BS1 5QZ.

Auditors

Mazars LLP  
Clifton Down House, Beaufort Buildings,  
Clifton Down, Clifton, Bristol, BS8 4AN.

Solicitors

Harris & Harris  
14 Market Place, Wells, Somerset, BA5 2RE.

Bankers

National Westminster Bank plc  
40 Queen's Road, Clifton, Bristol, BS8 1RF.

Insurers

Ecclesiastical Insurance Group  
Montpellier House, Montpellier, Gloucester GL1 1LF.

Investment Advisers

CCLA Investment Management Limited  
80 Cheapside, London, EC2V 6DZ.

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The Financial Statements have been prepared in accordance with statutory requirements prevailing at 31 December 2008, with the requirements of the Charity's governing document, its Memorandum and Articles of Association, and with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005). Where possible, the guidance issued in the Diocesan Annual Report and Financial Statements Guide by the Diocesan Secretaries' Liaison Group has been followed.

**Constitution**

The Bristol Diocesan Board of Finance Limited (the DBF) is a company limited by guarantee registered under the Companies Act, number 156243. It is also a registered charity, number 248502.

The principal office and registered office of the charity is Diocesan Church House, 23 Great George Street, Bristol, BS1 5QZ.

**Directors and Trustees**

The Directors of the Board of Finance are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Directors. This report constitutes the Trustees' report for charity law purposes and the Directors' report for Companies Act purposes.

The names of all those who were Directors on the date the report was approved are given on page 10, as are the names of any who served as Directors during the financial year.

The name of the Diocesan Secretary (Chief Administrative Officer), to whom day to day management of the charity has been delegated, and the names and addresses of professional advisers are to be found on page 2.

**Structure, Governance and Management**

The DBF is governed by its Memorandum and Articles of Association, but also has to work in accordance with the requirements of the Synodical Government Measure 1969, which is regularly updated by means of its Schedule 3 'Church Representation Rules'.

The Articles provide that the members of the Standing Committee (Bishop's Council) shall be the Directors. The Bishop's Council and Standing Committee are elected triennially by the houses of clergy and laity of the Diocesan Synod, in accordance with Church Representation Rules. Certain officers of the Diocese are *ex officio* members of the Bishop's Council and Standing Committee. The Chairman and Vice-Chairman of the Board are elected at the General Meeting next following the election of members. All members of the Diocesan Synod are entitled to be members of the company.

The first meeting of the Board of Directors following its election is in the form of an induction and training session to ensure that the Directors fully understand the responsibilities of Charity Trustees and Company Directors; a session was last held in January 2007, at the first meeting of the newly constituted Board.

The Bishop's Council and Directors meet five times a year. All business between Directors' meetings is dealt with by the Finance Committee, which meets eight times a year. On behalf of the Directors, the Committee deals with such matters as the annual accounts, the collection of Parish Share and the management of the DBF's corporate property and investments. It also makes suggestions to the Bishop's Council about the appropriate level of stipends for the clergy and it deals, usually through the Chairman and the Remuneration Committee, with staff remuneration and conditions of service.

The DBF, although a fully independent charity, is one of 44 diocese in the Church of England, which itself is governed under the Synodical Government Measure 1969 by General Synod and Archbishops' Council.

The Directors are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the DBF.

The Directors believe that, by promoting the work of the Church of England in the Diocese of Bristol, the DBF helps to promote the whole mission of the Church (pastoral, evangelistic, social and

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ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers;  
and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The Directors believe that this report, taken as a whole, provides evidence that the DBF's work in 2008 furthered its charitable purposes for the public benefit.

### **Objectives and Activities**

The primary objective of the DBF is to promote and assist the work and purposes of the Church of England in the Diocese of Bristol.

The Diocese continues to be committed to a purpose of '**Creating Communities of Wholeness with Christ at the Centre**', and is still developing its strategy to support its communities in reaching that purpose. The primary thrust is the Diocesan Growth Programme which identifies four components of growth for its communities:

- Partnership** – working with those who share our aspirations, both within and beyond the church;
- Influence** – speaking and living prophetically in our culture;
- Numbers** – bringing others into relationship with Christ and His people;
- Commitment** – loving God and others more.

We continue to work with parishes as they develop their own Growth plans, but are beginning to look forward to the proposals being developed for the 2010-2015 Strategic Plan which it is hoped will be approved early in 2009. In September 2008 an Outline Strategy was proposed to Bishop's Council for approval, in order that the Strategy & Policy Group might conduct wider consultation and work on detailed proposals.

This Outline Strategy was approved, along with a request that an assessment be carried out of the ability of the central structures of the Diocese to support the delivery of the Strategy. This work was carried out by Pearce Mayfield and consisted first of a "Scoping Report" that was presented to Bishop's Council by Patrick Mayfield in November 2008. This led to a Limited Objective Maturity Assessment being carried out, conducted by Stewart Rapley in the early part of 2009. To create his assessment, Stewart conducted 14 individual or group interviews and presented a "Review of Strategy Support" to the Bishop's Council in February 2009. The review was endorsed unanimously and the Strategy & Policy Group was asked to incorporate it into their detailed proposals.

The Board was aware that in future years there would be several further new housing areas (NHAs) developed, and submitted, alongside other diocese, a proposal on development of ministry and growth of community in these areas. The proposal was successful in attracting a £500,000 grant over 3 years from the Church Commissioners to assist with this work. It is intended that as soon as development in these areas is re-activated, we will have in place a project to work through schools to create community with Christ at the centre.

### **Achievements and Performance**

In 2008 139 of the 181 share collection units gave in full the amount requested of them, for which many thanks are due. The remaining 42 did not, including 6 whose giving was less than 50% of the amount requested and a further 22 whose giving was less than 75%. £5.3 million was collected of the £5.8 million asked, giving a shortfall of £425,000. That equates to 92.3%, an improvement on the 91.4% given in 2007, but short of earlier years, where close to 94% had been given. The Finance Committee is working closely with those 42 parishes to identify the problems and, with the aid of the Bishop's Giving Advisers, to achieve a better collection rate in years to come.

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This continued trend of shortfall has occasioned a Share Review, the results of which, following Deanery consultation, are part of the 2010-2015 Strategy, and will hopefully be approved by Diocesan Synod in May 2009. The essence of this, if approved, is to move to a system based on (realistic and generous) parish offers towards the costs of ministry.

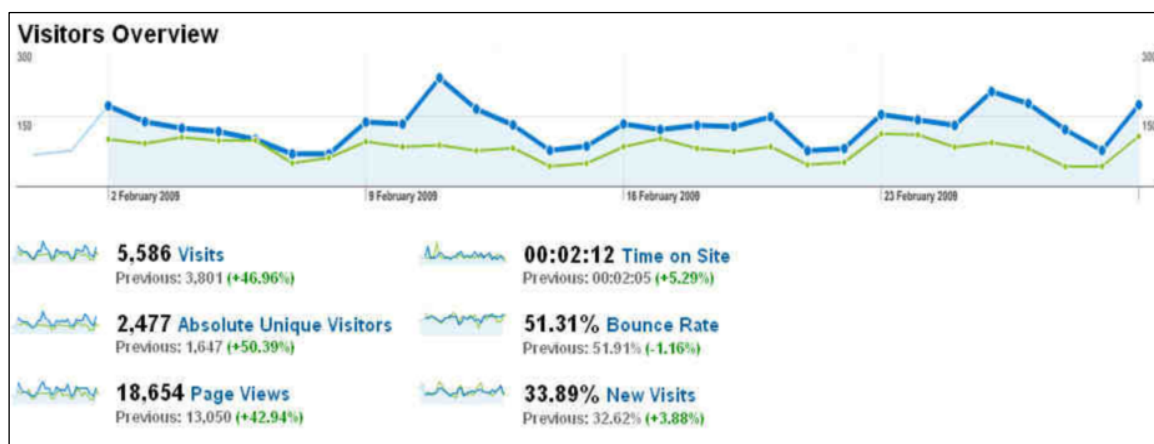
This was designed to:

- reduce disincentives to growth;
- make the costs of ministry more transparent;
- bring about better resource allocation;
- move away from complicated formulae;
- and
- shift the culture from central tax to local gift.

A successful conference was held in Swanwick for both clergy and laity where 210 people shared, prayed and worked together and came back to Bristol further equipped for the delivery of mission and ministry in our Diocese. Following on from this two half-day conferences entitled 'Equipped to Grow' have been planned for the early part of 2009.

A successful half-time HR appointment in Church House is allowing Bishops and Archdeacons to look forward with confidence to the introduction of Clergy Terms of Service legislation, expected to be implemented in 2010/11, and to be bringing in better working practices for both clerical and lay personnel at all levels.

The appointment, as reported last year, of a New Media Officer has now resulted in the dissemination of new light-hearted but informative brochures relating to the finances of the Diocese, and it is hoped that these are bringing a new awareness at pew level. It is hoped that these will continue, and with the use of these, and a far wider use of the web-site, as can be seen below, the internal and external communication around the diocese is improving.



The graph shows the growth in use of our web-site. Visits are up by around 47%, people are spending more time on the site and are being drawn in larger numbers. New on-line developments have had mixed results. We've added a Wiki, a Forum, and sub-branded websites for DBE and Uganda Links. Statistically the Uganda Links and Forum have been more successful than the other two, but further work will, we hope, bring better ownership to all. We are hoping to build a network of websites for deaneries to own.

The re-branding of the Diocese has been approved this year and has taken effect from the beginning of 2009. A memory stick, as part of this, provides a good tool for parishes and deaneries and it is hoped that the development of online forms will move us further forward to ease of data-gathering.

As a Diocese we continue to fully participate in National activities, and don't see ourselves working in isolation. This has led to membership of a variety of national bodies, and to questions being raised at all levels of national life about how Bristol can contribute to the strategic planning at national as well as diocesan levels.

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**Review of 2008**

The Statement of Financial Activities ('SOFA') on page 12 summarises the movements on the various diocesan funds during the year. Incoming resources totalled £8,291,000 (2007 - £7,521,000) of which £5,339,000 was paid in Parish Share (2007 - £5,154,000). Resources expended totalled £8,852,000 (2007 - £7,951,000), giving a net deficit before investment capital movements of £561,000 (2007 - deficit £430,000).

The Diocese has not been immune from the turbulence in the financial markets, resulting in losses on the revaluation of its investments, which have been in part mitigated by realised gains on the sale of (mainly) properties no longer required. The total of these realised and unrealised movements showed a net loss of £2,423,000 (2007 - gain £1,998,000), giving a total net deficit for the year of £2,984,000 (2007 - gain £1,568,000).

The movement on the DBF's defined benefit pension scheme is also reported in the SOFA. The scheme was closed to new members in 1993, and the disclosure relates solely to the closed scheme. Remaining employees are in a defined contribution scheme, with no residual cost or risk to the DBF. The annual review of the benefit scheme shows a surplus of £71,000 (2007 - £53,000) in respect of existing and past employees with preserved benefits, and a further £32,000 (2007 - £33,000) positive adjustment to the overall deficit on the fund. Full details are shown in note 30. Payments into the scheme include a contribution to make up the deficit over future years.

After adjustment for the movement in the pension scheme deficit, there was a total net deficit for the year of £2,913,000 (2007 - gain £1,621,000).

Most of the DBF's activities are reflected in the undesignated general fund shown in the first column of the SOFA and these are subject to detailed budgeting. Diocesan Synod approved a break-even budget for 2008. **Actual results show a deficit of £106,000** (2007 - deficit £548,000).

Significant factors leading to the deficit have been:

- £425,000 shortfall in Share receipts, as noted earlier in this report. This was reflected in a collection rate of 92.3%, compared with 91.4% in 2007; in cash terms, the amount collected was £185,000 more than 2007. The Directors continue to be encouraged that there is a significant majority of parishes who give in full the Share requested of them, but the financial impact of those who do not is significant, and has led to the review of the means by which we ask parishes to give towards the total cost of ministry in the Diocese.
- £107,000 overspend against budget by Housing & Glebe, principally the cost of repairing the stock of houses that are occupied by clergy and others working in parishes and more widely in the Diocese. The overspend was managed throughout the year, with regular reports to the Housing & Glebe and Finance Committees. (A further £176,000 was spent from Diocesan Stipends Fund Capital, relating to improvement work to houses, principally on the replacement of windows, kitchens and bathrooms.)
- £51,000 overspend on supporting married candidates proceeding towards ordination; this overspend will be adjusted through a pooling system, whereby the total cost through all diocese is evened out, with refunds being received in later years.

The over-spends and shortfall in Share receipts have been offset by:

- £274,000 savings in expenditure on clergy and parochial staff, resulting from vacancies;
- £27,000 net savings made across all other expenditure heads;
- £70,000 additional income raised through letting vacant parochial housing;
- £33,000 additional income, grants from National Church;
- £73,000 more non share income than budgeted comprising some additional grants and more income from investments and glebe.

Some of the DBF's activities cannot be budgeted in the conventional way. Movements on other funds are also set out in the SOFA.

There was a net surplus before investment losses on designated funds of £153,000. This comprised mainly investment income and the Diocese's share of the funds made available by the Church

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Commissioners under the Parish Ministry and Mission Scheme. There was a net deficit before investment losses on restricted and endowment funds of £640,000. The income arose primarily from investments, together with further grants received from the Department for Children, Schools and Families towards work on school buildings. Resources expended included grants from the Bristol Diocesan Clergy Charities and payments from the Educational Foundations in support of Church of England voluntary aided schools in the Diocese, as well as the £176,000 spent on housing, noted earlier in this report. Additionally this year there was the grant of £400,000 to SBCCT, further details of which are given at note 18 (b).

As also noted earlier, investments in the CBF's Funds suffered significant decreases in their capital values. These decreases are reflected in the unrealised loss on the revaluation of assets of £3,056,000, as shown in the SOFA, in the Statement of Total Recognised Gains and Losses on page 12 and in note 24. The Finance Committee has recently undertaken a review of the spread of its investments and, with due regard to the present situation, will be making some minor changes. Because the majority of investments are held as permanent endowments for the long-term, the Directors' investment advisers continue to recommend no material change to the current investment strategy.

### **The future**

*Releasing the energy*, the Diocese of Bristol's Strategy for 2010-2015, has been formed and developed by the Diocesan Strategy & Policy Group on behalf of the Bishop's Council.

In developing this Strategy, the Strategy & Policy Group consistently sought to confront the reality of the situation facing the Diocese so that the Strategy might be robust in supporting the local faith communities in the Diocese in their ministry and mission in the circumstances they will face over the next five years. This process has involved a great deal of prayer, soul-searching and asking of tough questions. It has also required the group forming the Strategy to be open to a considerable and rapid rate of change. The Group considered the following issues as part of this:

- the theology of ministry;
- the tradition and ecclesiology of the Church of England;
- the sociological context in which the Church of England, the Diocese of Bristol and the local communities that make it up find themselves during the early 21st Century;
- current thinking on missiology;
- the cultural and organisational dynamics of the Church;
- the ongoing progress of the 2005-2010 Strategy;
- trends in churchgoing and giving;
- trends in vocations in the Diocese;
- changes in legislation in the Church of England;
- changes in costs and alternative sources of income.

It is hoped that the Strategy will be adopted by Diocesan Synod in May 2009, which will allow a Strategy Delivery Team to take the process forward with energy and enthusiasm.

### **Investment policy**

The DBF has power to invest funds not immediately required for operational purposes in such concerns, securities or properties as it thinks fit. The Directors have resolved to invest such funds within the CBF Church of England equity and property funds, managed by CCLA Investment Management Limited, who also operate the ethical policy of the national church institutions. Investments are placed to avoid speculation and to achieve income and long-term capital growth. The Finance Committee monitors investment performance through quarterly reports from the Investment Advisers.

### **Funds held by the DBF as trustee**

In February 1998 the Charity Commissioners issued a scheme making the DBF the sole Trustee of the charity known as the Bristol Diocesan Clergy Charities. The accounts of this charity have been aggregated into these financial statements as they are administered by the DBF and held for specific purposes which are within the general purposes of the DBF.

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By virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, and certain Charity Commissioners schemes, the DBF is the Diocesan authority over certain assets held on permanent trusts. These assets have not been aggregated in these financial statements, since the DBF does not control them. Separate financial statements have been prepared to account for the DBF's stewardship of these assets, and full trust accounts for each trust are the responsibility of the managing trustees in each case. Copies of the separate financial statements are available from the Secretary at the Registered Office of the DBF.

**Connected charity**

The Foundation of Saint Matthias (registered charity number 311696) is administered from the DBF's registered office by its Clerk to the Trustees, who is an employee of the DBF. The Foundation paid a fee for these services of £18,000 in 2008 (2007 - £19,000). The Foundation made a grant to the DBF in 2008 of £41,000 towards the work of the Adviser to schools and the Education Resource Centre in the Diocese (2007 - £41,000). A further grant of £5,000 (2007 - £5,000) was made to the DBF to fund the work of a Further Education Development Officer.

**Risk management**

The Directors, through an Audit Committee, which meets twice a year, have continued the process of examining the major strategic and operational risks which the DBF faces and monitor a register of the significant risks, assessing the probability of occurrence and the steps required to manage the risk. Regular reports will continue to be produced so that the necessary steps can be taken to reduce these risks.

**Reserves**

The DBF's reserves policy is to maintain a level of cash and liquid assets equivalent to 3 months of general fund expenditure. This would mean a reserve of £1,825,000, which has not been achieved. The free reserves, as defined, stand at negative £1,683,000 (2007 – negative £954,000). The Clergy Stipends Reserve Fund (a designated fund) can be used to provide the reserve needed for the payment of clergy stipends out of general funds; the Fund stands at £966,000 so is almost sufficient to meet the 3 months requirement of £983,000, leaving a further £2,542,000 to be found. A review of all funds, to ensure that their purpose is still appropriate to the changing needs of the Diocese, has been started and will be completed in 2009.

The change in the negative position of free reserves between 2007 and 2008 is significantly due to a short-term policy decision to retain properties that would otherwise have been sold. They have, however, been retained pending a recovery in the housing market and are currently rented out on assured shorthold tenancies, actually providing a better return than would be achieved by investing in short-term cash deposits.

The DBF has a number of other endowment and restricted funds which are represented by investments and fixed assets. The purpose of these funds is detailed in notes 17 & 18 of the financial statements.

**Grant making policy**

The DBF made a grant of £244,000 (2007 - £241,000) to the Archbishops' Council of the Church of England in 2008 as a contribution towards the costs of supporting the national church institutions, grants and contributions to other organisations and mission agencies' pension contributions; details of the amounts paid are shown in note 4. Grants have been made from the Growth Fund, to parishes undertaking new mission initiatives. Bristol Diocesan Clergy Charities makes grants to diocesan clergy and their dependants who are in conditions of need, hardship or distress; to advance the education of children of diocesan clergy; and to assist with the holiday expenses of clergy. Other grants made from time to time by the DBF are approved by the Directors in each year's budget.

**Directors**

None of the Directors have received any emoluments from the DBF in their capacity as Directors for services to the Board. However, included in clergy stipends are the emoluments and expense reimbursements of certain Directors who have been paid in respect of their duties as clergy. Note 15 to the accounts details transactions with the Directors during the year.

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As in previous years, the DBF has maintained insurance cover against losses arising from claims against it for wrongful acts committed by its Directors and officers.

**Statement of Directors' responsibilities**

Company law requires the Directors to prepare for each financial year accounts which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Directors are required to:-

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to Auditor**

(a) so far as the Directors are aware, there is no relevant audit information of which the charitable company's Auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's Auditors are aware of that information.

**Charitable contributions**

Charitable contributions have been paid as normal expenditure in the pursuance of the DBF's objects. No political contributions have been made.

**Taxation status**

The DBF is a registered charity and, as such, is able to claim certain exemptions from Corporation Tax. No provision for tax is considered necessary.

**Auditors**

A resolution to reappoint Mazars LLP as Auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

This report was approved by the Directors of the Bristol Diocesan Board of Finance Limited on 31 March 2009 and signed on their behalf by

**David Froude**  
Chairman

## **The Bristol Diocesan Board Of Finance Limited**

### **Directors 2008**

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The following served as Directors and Trustees from 1 January 2008 to the date this report was approved (unless shown otherwise):

*President:* The Rt Rev M A Hill, Bishop of Bristol \*

*Chairman:* Mr D C Froude \*

*Vice Chairman:* Mr C W Smith \*

The Rev V Abbot

The Rev Canon P R Bailey \*

Mrs F Brealey

The Rev Canon R J Burles \*

Mrs G M Coniam

Mr A Crofts \*

The Rev Canon C A Froude

Mrs M Greening

The Very Rev R W Grimley, Dean of Bristol

The Rev D Harrex \*

The Rev J Hasler

The Ven A F Hawker, Archdeacon of Malmesbury \*

Mr I J Henderson

The Rev Canon M Johnson

The Ven T E McClure, Archdeacon of Bristol \*

Mr N Orman \*

Mr K J Petrie

Mr R D J Pool

The Rt Rev L S Rayfield, Bishop of Swindon \*

Mr P Robottom

Professor G M Stirrat

Mr D H Thornley

Mr R Willerton

The Rev J Wilson

\* Members of Finance Committee

## **Independent Auditors' Report to the Members of The Bristol Diocesan Board of Finance Limited**

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We have audited the financial statements for the year ended 31 December 2008, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the Directors, who also act as trustees for the charitable activities of the Bristol Diocesan Board of Finance Limited are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the charity is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of state of the charitable company's affairs as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;

and

- the information given in the Directors' Report is consistent with the financial statements.

Mazars LLP  
Chartered Accountants  
and Registered Auditors

Clifton Down House  
Beaufort Buildings  
Clifton  
Bristol BS8 4AN

1 April 2009

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**Statement of Financial Activities**  
**for the year ended 31 December 2008**

	Note	Unrestricted Undesignated Funds £,000	Designated Funds £,000	Restricted Funds £,000	Endowment Funds £,000	2008 Total Funds £,000	2007 Total Funds Restated £,000
<b>Incoming resources</b>							
<b>Incoming resources from generated funds:</b>							
Voluntary income							
Parish Share		5,339	-	-	-	5,339	5,154
National Church institutions		173	92	-	-	265	121
Other donations and grants	3	756	2	469	-	1,227	938
Activities for generating funds							
Parsonage rental income		142	-	-	-	142	96
Investment income		258	157	471	70	956	859
<b>Incoming resources from charitable activities:</b>							
Local fee income		353	-	-	-	353	348
Grants and Course fees		9	-	-	-	9	5
<b>Total incoming resources</b>		<b>7,030</b>	<b>251</b>	<b>940</b>	<b>70</b>	<b>8,291</b>	<b>7,521</b>
<b>Resources expended</b>							
<b>Cost of generating funds</b>							
Cost of generating voluntary income		47	8	25	-	80	65
<b>Charitable activities</b>							
Contributions to National Church	4	244	-	-	-	244	241
Other grants	5	11	31	451	-	493	41
Ministry and mission							
Ministry in parishes	6	5,079	131	44	176	5,430	5,371
Support & Training	7	720	-	10	-	730	692
Industrial & Social Responsibility	8	322	-	-	-	322	270
Board Of Education	9	267	3	593	-	863	559
Higher Education	10	53	-	-	-	53	89
Other direct activity	11	262	12	53	-	327	313
Indirect activity and support	12	184	9	6	-	199	192
<b>Governance costs</b>	13	<b>111</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>111</b>	<b>118</b>
<b>Total resources expended</b>		<b>7,300</b>	<b>194</b>	<b>1,182</b>	<b>176</b>	<b>8,852</b>	<b>7,951</b>
Net (outgoing) / incoming resources before transfers		(270)	57	(242)	(106)	(561)	(430)
Transfers between funds		196	96	(292)	-	-	-
<b>Net (outgoing) / incoming resources before revaluations and disposals of investment assets</b>		<b>(74)</b>	<b>153</b>	<b>(534)</b>	<b>(106)</b>	<b>(561)</b>	<b>(430)</b>
Impairment losses on fixed assets		-	-	-	(183)	(183)	-
Gains / (losses) on revaluations and disposals of investment assets		(38)	(682)	43	(1,563)	(2,240)	1,998
Actuarial gains on defined benefit pension scheme	30	71	-	-	-	71	53
<b>Net movement in funds</b>		<b>(41)</b>	<b>(529)</b>	<b>(491)</b>	<b>(1,852)</b>	<b>(2,913)</b>	<b>1,621</b>
<b>Funds brought forward</b>		<b>4,376</b>	<b>6,582</b>	<b>3,324</b>	<b>31,646</b>	<b>45,928</b>	<b>44,307</b>
<b>Funds carried forward at 31 December 2008</b>		<b>4,335</b>	<b>6,053</b>	<b>2,833</b>	<b>29,794</b>	<b>43,015</b>	<b>45,928</b>
		Note 19	Note 19	Note 18	Note 17		

The notes on pages 16 to 31 form part of these financial statements.

**The Bristol Diocesan Board of Finance Limited**  
**Summary Income and Expenditure Account**  
**for the year ended 31 December 2008**

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
Gross income from continuing operations	8,221	7,463
Total expenditure on continuing operations	(8,676)	(7,944)
Net income for the year before transfers and investment asset disposals	(455)	(481)
Profit on disposal of investment assets	815	1,852
Net income for the year	<u>360</u>	<u>1,371</u>

**Supplementary information**

Total income comprises £7,281,000 for unrestricted funds, £940,000 for restricted funds and £Nil for endowed funds. A detailed analysis of income by source is provided in the statement of financial activities. Detailed analyses of expenditure are provided in the statement of financial activities on page 12, and notes 4 to 13 to the accounts.

Net income before investment asset disposals for the year of (£455,000) comprises £79,000 net income of unrestricted funds and (£534,000) net income of restricted funds, as shown in the statement of financial activities, and £Nil net gains on disposals of endowment fund fixed assets.

The summary income and expenditure account is derived from the statement of financial activities on page 12, which, together with the notes to the accounts on pages 16 to 31, provides full information on the movements during the year on all the funds.

**Statement of Total Recognised Gains and Losses**  
**for the year ended 31 December 2008**

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
Surplus for the financial year	360	1,371
Unrealised (losses) / gains on revaluation of assets	(1,423)	112
Actuarial gains on defined benefit pension scheme	71	53
Total recognised (losses) / gains relating to the year	<u>(992)</u>	<u>1,536</u>

**The Bristol Diocesan Board of Finance Limited**  
**Balance Sheet**  
**as at 31 December 2008**

	Note	£,000	2008 £,000	£,000	2007 £,000 Restated
<b>Fixed assets</b>					
Tangible assets					
Land & buildings	21		27,226		25,809
Refurbishment costs	22		17		33
Office equipment	23		26		32
Investments	24		10,226		13,368
			<u>37,495</u>		<u>39,242</u>
<b>Current assets</b>					
Loans: amounts falling due					
after more than one year	25	348		381	
Loans: amounts falling					
due within one year	25	23		34	
Debtors and prepayments	26	874		505	
Cash at bank and in hand	27	6,926		8,667	
		<u>8,171</u>		<u>9,587</u>	
Less creditors: amounts falling					
due within one year	28	(1,730)		(1,837)	
<b>Net current assets</b>			<u>6,441</u>	<u>—</u>	<u>7,750</u>
<b>Total assets less current liabilities</b>			<u>43,936</u>		<u>46,992</u>
Creditors: amounts falling due					
after more than one year	28		(892)		(932)
<b>Net assets excluding pension liability</b>			<u>43,044</u>		<u>46,060</u>
Defined benefit pension scheme liability	30		(29)		(132)
<b>Net assets including pension liability</b>	20		<u>43,015</u>		<u>45,928</u>
<b>Fund balances</b>					
<b>Endowment funds</b>					
Endowment funds revaluation reserve	17	12,494		13,005	
		<u>17,300</u>		<u>18,641</u>	
			29,794		31,646
<b>Restricted funds</b>					
Restricted funds revaluation reserve	18	2,621		2,639	
		<u>212</u>		<u>685</u>	
			2,833		3,324
<b>Unrestricted funds</b>					
Revaluation reserve	19	7,944		7,764	
		<u>2,473</u>		<u>3,326</u>	
Unrestricted funds excluding pension liability		<u>10,417</u>		<u>11,090</u>	
Pension reserve	30	(29)		(132)	
		<u>10,388</u>		<u>10,958</u>	
<b>Total funds</b>			<u>43,015</u>		<u>45,928</u>

These accounts were approved by the Directors of the Bristol Diocesan Board of Finance Limited on 31 March 2009 and signed on their behalf by

**David Froude**  
Chairman

*The statement of financial activities is on page 12. The income and expenditure account is on page 13.  
The cash flow statement is on page 15. The notes on pages 16 to 31 form part of these financial statements.*

**The Bristol Diocesan Board of Finance Limited**  
**Cash Flow Statement**  
**for the year ended 31 December 2008**

	£,000	2008 £,000	£,000	2007 £,000 <i>Restated</i>
<b>Reconciliation of net incoming resources before transfers to net cash outflow from operating activities</b>				
Net incoming resources before transfers		(487)		(514)
Add depreciation charges		43		44
Less investment income		(886)		(801)
(Less) / add (increase) / decrease in debtors		(369)		77
Add / (less) decrease / (increase) in loans made by DBF		44		(17)
(Less) / add increase / (decrease) in creditors		(107)		411
Add interest expenditure		38		36
		<u>          </u>		<u>          </u>
<i>Net cash outflow from operating activities</i>		(1,724)		(764)
		<u>          </u>		<u>          </u>
<b>Cash flow statement</b>				
<i>Cashflow from operating activities</i>		(1,724)		(764)
<i>Returns on investments and servicing of finance</i>				
Interest and dividends received	886		801	
Interest paid	(38)		(36)	
Endowment interest capitalised	70		58	
	<u>          </u>	918	<u>          </u>	823
<i>Capital expenditure and financial investment</i>				
Payments to acquire investments	0		(7)	
Payments to acquire tangible fixed assets	(1,843)		(1,668)	
Receipts from sales of investments	86		0	
Receipts from sales of tangible fixed assets	1,038		2,405	
Cash flows attributable to endowments	(176)		(7)	
	<u>          </u>	(895)	<u>          </u>	723
<i>Financing</i>				
Loans repaid by the DBF	(40)		0	
Cash (outflow) / inflow from endowment assets	(106)		51	
New endowments	106		(51)	
	<u>          </u>	(40)	<u>          </u>	0
<i>(Decrease) / Increase in cash</i>		(1,741)		782
		<u>          </u>		<u>          </u>
<b>Reconciliation of net cash flow to movement in net cash funds</b>				
(Decrease) / Increase in cash		(1,741)		782
Net cash funds at 1 January		8,667		7,885
		<u>          </u>		<u>          </u>
<i>Net cash funds at 31 December</i>		6,926		8,667
		<u>          </u>		<u>          </u>

*The statement of financial activities is on page 12. The income and expenditure account is on page 13. The balance sheet is on page 14. The notes on pages 16 to 31 form part of these financial statements.*

# **The Bristol Diocesan Board of Finance Limited**

## **Notes to the Accounts**

**for the year ended 31 December 2008**

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### **1 – Accounting policies**

The Directors consider that adoption of the profit and loss account formats prescribed by the Companies Act 1985 would not enable the financial statements to show a true and fair view, and have therefore adopted consistently an income and expenditure account format which departs from those prescribed. The financial statements have been prepared in accordance with the historical cost convention, modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) and applicable Accounting Standards. The principal accounting policies are set out below.

#### **Incoming resources**

The principal source of income of the DBF is Parish Share, and amounts undertaken to be paid by parishes for the year, but not received by the year-end, are only accrued if received prior to 31 January 2009. The amounts shown in the accounts in respect of interest and dividends represent the income received in the year and no account has been taken of accrued interest. Income from grants and donations is recognised on receipt, except where it relates specifically to expenditure to be incurred at a future date, in which case the income is deferred in the balance sheet.

#### **Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Premises and other overheads have been allocated on the basis of the head count. Costs of generating funds are those incurred in glebe management, the management of non-glebe investments and costs associated with collecting Parish Share. Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure where the conditions attaching are fulfilled. Governance costs are those costs associated with the management of the charity and include the costs of Bishop's Council and Diocesan Synod meetings, together with a proportion of the costs of those members of staff concerned with the arrangement for those meetings.

#### **Land and buildings**

Land and buildings are carried as fixed assets of the DBF, and no depreciation provision is made for the buildings element thereof, since they are subject to a five-year cycle of survey and consequent repairs are charged to the income and expenditure account. As a result the properties maintain residual values at least equal to their book values. This, together with the length of the estimated remaining useful life, means that any depreciation charge in the year and accumulated depreciation is rendered immaterial. In accordance with the requirements of FRS 15, an impairment review is carried out at the end of each accounting period and any permanent diminution in value provided for.

Residential properties have been valued using the mid-point of the applicable council tax band, adjusted to 1 January 1993 by an appropriate index, or cost where known. Glebe land has been valued using an appropriate value per acre on a tenanted basis. Redundant churches have been valued at £1,000, reflecting the uncertainty of whether they will be sold by the DBF, or be transferred to the Redundant Churches Fund. Other property has been valued using the annual rent as a basis, or recent professional valuations. Benefice houses, although not strictly vested in the DBF, are accounted for as DBF properties since the DBF is responsible for their provision and maintenance and ultimately benefits from the sale proceeds if they become surplus to requirements.

#### **Refurbishment costs and office equipment**

Refurbishment costs are capitalised and depreciated over ten years using the straight-line method. Office equipment and furniture is capitalised and depreciated over three years using the straight-line method. Grants made for capital expenditure on church and other buildings not in the DBF's ownership are written off in the year the grant is made.

#### **Investments**

Investments are shown at their market value on the date of the balance sheet. Investments held by the DBF as custodian trustee are not included in these accounts.

#### **Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the DBF and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which have been raised by the DBF for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements. Permanent endowment funds are a particular type of restricted fund which must be held permanently and the capital of the fund maintained. Expendable endowment funds are similar to permanent endowments except that there is power of discretion to convert endowed funds into income to be expended.

#### **Church Commissioners permanent loans in collection**

Certain capital expenditure on parsonage and team vicarage properties has been financed by loans from the Church Commissioners at 5% p.a. repayable over periods of up to 25 years. These loans are legally the responsibility of the benefice concerned, and guaranteed by the DBF. In practice, all the repayments of these loans are met by the DBF, and hence they have been included as a liability of the DBF.

**The Bristol Diocesan Board of Finance Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2008**

**Pension costs**

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees concerned. Any excess or deficiency of the assets over the actuarial value of the liabilities of the DBF Staff Pension Scheme is allocated over the average remaining service lives of the current employees.

**Operating leases**

Rentals under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

**Small values**

Values which are £Nil are shown as - ; those below £500 are shown as 0.

**2 – Movement in funds for the year**

The net income for the year is stated after charging:-

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b> <i>Restated</i>
Auditor's remuneration	14	14
Depreciation	43	44
Operating lease charges - plant and equipment	2	2
Interest payable on loans wholly repayable:		
within five years	-	-
not within five years	38	36
	<u>          </u>	<u>          </u>

	Unrestricted Funds £,000	Designated Funds £,000	Restricted Funds £,000	Permanent Endowment Funds £,000	<b>2008</b> <b>Total</b> <b>£,000</b>	<b>2007</b> <b>Total</b> <b>£,000</b>
<b>Incoming Resources</b>						
<b>3 – Other Donations and Grants</b>						
For Ministry	362	-	3	-	<b>365</b>	350
For Housing	116	-	-	-	<b>116</b>	110
For Support & Training	6	-	-	-	<b>6</b>	4
For ISR	72	-	-	-	<b>72</b>	68
For Education	133	2	398	-	<b>533</b>	260
For other purposes	67	-	68	-	<b>135</b>	146
	<u>756</u>	<u>2</u>	<u>469</u>	<u>-</u>	<u><b>1,227</b></u>	<u>938</u>
<b>Resources Expended</b>						
<b>4 – Contributions to National Church</b>						
National Church responsibilities	161	-	-	-	<b>161</b>	158
Grants and provisions	25	-	-	-	<b>25</b>	24
Mission Agency pensions	13	-	-	-	<b>13</b>	12
Retired clergy housing (CHARM)	45	-	-	-	<b>45</b>	47
	<u>244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>244</b></u>	<u>241</u>
<b>5 – Other grants</b>						
Clergy Society	-	-	51	-	<b>51</b>	34
Other	11	31	400	-	<b>442</b>	7
	<u>11</u>	<u>31</u>	<u>451</u>	<u>-</u>	<u><b>493</b></u>	<u>41</u>

**The Bristol Diocesan Board of Finance Limited**

**Notes to the Accounts**

**for the year ended 31 December 2008**

	Unrestricted Funds £,000	Designated Funds £,000	Restricted Funds £,000	Permanent Endowment Funds £,000	2008 Total £,000	2007 Total £,000
<b>6 – Ministry in Parishes</b>						
Staff costs – stipends & salaries	3,690	78	8	-	3,776	3,645
Housing costs	966	-	-	176	1,142	1,155
Removal & resettlement grants	68	-	-	-	68	81
Direct support costs	154	46	36	-	236	310
Indirect support costs	201	7	-	-	208	180
	<u>5,079</u>	<u>131</u>	<u>44</u>	<u>176</u>	<u>5,430</u>	<u>5,371</u>
<b>7 – Support &amp; training</b>						
Staff costs – stipends & salaries	259	-	-	-	259	248
Housing costs, inc removal etc	38	-	-	-	38	17
Direct costs	275	-	10	-	285	299
Direct support costs	137	-	-	-	137	117
Indirect support costs	11	-	-	-	11	11
	<u>720</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>730</u>	<u>692</u>
<b>8 – Industrial &amp; Social Responsibility</b>						
Staff costs – stipends & salaries	266	-	-	-	266	218
Housing costs, inc removal etc	12	-	-	-	12	5
Direct support costs	44	-	-	-	44	47
	<u>322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322</u>	<u>270</u>
<b>9 – Board of Education</b>						
Staff costs – stipends & salaries	204	-	-	-	204	172
Direct costs	22	3	540	-	565	322
Direct support costs	41	-	53	-	94	65
	<u>267</u>	<u>3</u>	<u>593</u>	<u>-</u>	<u>863</u>	<u>559</u>
<b>10 – Higher education</b>						
Staff costs – stipends & salaries	34	-	-	-	34	58
Housing costs, inc removal etc	13	-	-	-	13	23
Direct support costs	6	-	-	-	6	8
	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>89</u>
<b>11 – Other direct activity</b>						
<i>Includes non-Governance Committees, Advisory, Pastoral, Redundant Churches, etc, and Communications.</i>						
Staff costs – stipends & salaries	113	-	46	-	159	157
Housing costs, inc removal etc	6	-	-	-	6	-
Direct costs	48	12	7	-	67	63
Indirect support costs	95	-	-	-	95	93
	<u>262</u>	<u>12</u>	<u>53</u>	<u>-</u>	<u>327</u>	<u>313</u>
<b>12 – Indirect activity</b>						
<i>Comprises costs of staff and overheads in Church House, insofar as they represent direct support for parishes and other aspects of the work of the Diocese.</i>						
Staff costs – stipends & salaries	115	-	-	-	115	139
Direct costs	21	-	-	-	21	11
Indirect support costs	48	9	6	-	63	42
	<u>184</u>	<u>9</u>	<u>6</u>	<u>-</u>	<u>199</u>	<u>192</u>
<b>13 – Governance</b>						
Chancellor & Registrar	33	-	-	-	33	32
Auditors & other Professional Fees	18	-	-	-	18	14
Governance meetings & insurance	15	-	-	-	15	14
Support costs	45	-	0	-	45	58
	<u>111</u>	<u>-</u>	<u>0</u>	<u>-</u>	<u>111</u>	<u>118</u>

**The Bristol Diocesan Board of Finance Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2008**

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**14 – Employee details**

	<b>2008</b>	<b>2007</b>
Average staff numbers based on full time equivalents:		
Generating funds	1.0	1.0
Ministry & Mission		
Ministry in parishes	11.8	10.8
Support & Training	4.2	3.5
Industrial & Social Responsibility	4.8	4.9
Board Of Education	6.3	6.1
Higher Education	0.4	0.5
Other direct activity	4.7	4.2
Indirect activity and support	5.3	5.3
Governance	1.4	1.4
	<u>39.9</u>	<u>37.7</u>

The employment costs of all the above:-

	<b>2008</b>	<b>2007</b>
	<b>£,000</b>	<b>£,000</b>
Aggregate gross salaries	1,160	1,029
Employer's national insurance contributions	110	97
Employer's pension contributions	158	143
	<u>£1,428</u>	<u>£1,269</u>

No employee received more than £60,000 pa during the year under review (2007– none).

Average number of clergy and licensed lay workers paid through the Church Commissioners payroll but whose stipends were funded by the DBF (excluding two bishops and three cathedral clergy):	127	127
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**15 – Directors and connected persons**

None of the Directors have received any emoluments from the DBF in respect of services performed as a Director (2007 £Nil). The Bishops, 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 DBF or Church Commissioners by virtue of their office, £37,000 to £57,000 per person (£36,000 to £56,000 in 2007).

From time to time some of the directors may be related to clergy or lay staff working in the Diocese and in receipt of a stipend and housing or salary.

Travelling and other out of pocket expenses totalling £15,404 (2007 - £16,491) were paid to 14 (2007 - 12) of the Directors during the year, in respect of General Synod duties, duties as Archdeacon or Area Dean, and other duties as Directors. One Director was provided with a DBF car for use on duties as an Archdeacon - the cost of providing the car in 2008 amounted to £2,388 (2007 – £2,400). Three grants totalling £1,932 (2007 – 4 grants, £523) for clergy in-service training were paid to Directors during 2008: these grants were paid to the individuals as clergy of the Diocese as part of the normal policy of the DBF.

A professional indemnity insurance has been effected to protect the Trustees at a cost of £6,103 (2007 - £5,512).

**16 – Connected charities**

The Foundation of Saint Matthias (registered charity number 311696) is administered from the DBF's registered office by its Clerk to the Trustees, who is an employee of the DBF. The Foundation paid a fee for these services of £18,000 in 2008 (2007 - £19,000). The Foundation made a grant to the DBF in 2008 of £41,000 towards the work of the Adviser to schools and the resource centre in the Diocese (2007 - £41,000). A further grant of £5,000 (2007 - £5,000) was made to the DBF to fund the work of a Further Education Development Officer.

In February 1998 the Charity Commissioners issued a scheme making the DBF Trustee of the charity known as the Bristol Diocesan Clergy Charities, number 3127160. The accounts of the Bristol Diocesan Clergy Charities have been aggregated into these financial statements.

By virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, and certain Charity Commissioners' schemes the DBF is the Diocesan authority over certain assets held on permanent trusts, where the managing trustees are parochial church councils or others. These assets have not been consolidated in these financial statements, since the DBF does not control them. Separate financial statements have been prepared to account for the DBF's stewardship of these assets, and full trust accounts for each trust are the responsibility of the managing trustees in each case. Copies of the separate financial statements are available from the Secretary at the Registered Office of the DBF.

**The Bristol Diocesan Board of Finance Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2008**

**17 – Endowment funds**

The endowment funds are established under a variety of trust deeds and documents to be retained for the benefit of the charity as capital funds. 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.

	At 1 January 2008 £,000	Incoming Resources £,000	Resources Expended £,000	Gains, losses and transfers £,000	At 31 December 2008 £,000
<b>Expendable Endowment</b>					
Diocesan Stipends Fund Capital	9,892	-	(176)	(1,170)	8,546
Parsonage Building Fund	19,119	70	-	42	19,231
	<b>29,011</b>	<b>70</b>	<b>(176)</b>	<b>(1,128)</b>	<b>27,777</b>
<b>Permanent Endowment</b>					
Clergy Pensions Trust	14	-	-	(3)	11
Diocesan Mission Trust	169	-	-	(43)	126
Diocesan Education Committee Trust	12	-	-	(3)	9
Diocesan Church House endowment	191	-	-	(49)	142
Parsonages Fund	171	-	-	(44)	127
17 Oakfield Road, Clifton Trust	215	-	-	-	215
Schools Maintenance Fund capital	251	-	-	(64)	187
Younghusband legacy	148	-	-	(38)	110
Gummer legacy	86	-	-	(22)	64
Sir Francis Cowlin Trust	1,137	-	-	(290)	847
Bristol Diocese Clergy Holiday Trust	241	-	-	(62)	179
	<b>2,635</b>	<b>-</b>	<b>-</b>	<b>(618)</b>	<b>2,017</b>
	<b>31,646</b>	<b>70</b>	<b>(176)</b>	<b>(1,746)</b>	<b>29,794</b>

(a) **Diocesan Stipends Fund capital**

This fund represents the value of glebe property and investments at the balance sheet date. The account is governed by the Diocesan Stipends Fund Measure 1953 as amended by the Endowments and Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure 1992. It represents the accumulated sale proceeds of glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The main function of the fund is to produce income for stipends, but it may also be used for other purposes including: acquiring glebe property, developing and protecting glebe amenities, discharging loans and levies on glebe, improving parsonage houses and discharging any loans made by the Church Commissioners under the Endowments and Glebe Measure 1976. The funds may be invested in any investments fund or deposit fund constituted under the Church Funds Investment Measure 1958 or in any investments in which the trustees may invest under the general power of investment in section 3 of the Trustee Act 2000.

(b) **Parsonage Building Fund**

Parsonage building funds represent resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient houses for the pastoral structure of the Diocese, and receives the sale proceeds of benefice houses surplus to requirements into its pastoral reserve.

(c) **Permanent endowments**

<b>Fund</b>	<b>Income purpose</b>
Clergy Pensions Trust	To defray the cost of clergy pensions
Diocesan Mission Trust	Towards social responsibility work in the Diocese
Diocesan Education Committee Trust	Towards the work of the Board of Education
Diocesan Church House endowment	Towards the maintenance of Diocesan Church House
Parsonages Fund	Towards the maintenance of parsonage houses in the Diocese
17 Oakfield Road, Clifton Trust	Towards the augmentation of stipends and general ecclesiastical purposes in the parish of Christ Church, Clifton
Schools Maintenance Fund capital	Maintenance of Church of England voluntary aided schools in the Diocese
Younghusband legacy	Towards the augmentation of stipends
Gummer legacy	Towards the augmentation of stipends
Sir Francis Cowlin Trust	For the general purposes of the Bristol Diocesan Board of Finance
Bristol Diocese Clergy Holiday Trust	To assist with the holiday expenses of clergy

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**18 – Restricted funds**

Restricted funds consist of trust and other funds which the DBF may use only for specific purposes imposed by the settlor, donor or legislation.

	At 1 January 2008 £,000	Incoming Resources £,000	Resources Expended £,000	Gains, losses and transfers £,000	At 31 December 2008 £,000
Diocesan Stipends Fund Income	-	318	(26)	(292)	-
Withywood Church Hall Reserve	0	-	(400)	400	-
Meridian Hall Reserve	128	-	-	-	128
Urban Fund Reserve	7	-	-	-	7
Parsonage Major Works Reserve	60	-	-	-	60
Educational Foundations Capital	716	394	(539)	(112)	459
Educational Foundations Income	1,576	110	(53)	(131)	1,502
Schools Maintenance Income Funds	260	21	-	(11)	270
Clergy Society Capital Funds	199	-	-	(46)	153
Clergy Society Accumulated Income	252	20	(82)	(57)	133
Clergy Society Holiday Trust Income	18	6	(3)	-	21
Leadership Training	27	1	(10)	-	18
Uganda	22	1	(6)	-	17
Theatre Arts	6	39	(32)	-	13
Church Commissioners IT	7	7	(6)	-	8
St Michael on the Mount Without	29	2	-	-	31
Temple Trust for SMR Chaplain	4	18	(15)	-	7
Crossnet Network Church	13	3	(10)	-	6
	3,324	940	(1,182)	(249)	2,833

(a) **Diocesan Stipends Fund Income**

Subject to any charges imposed by scheme or order the fund shall be applied to: provide or augment stipends of incumbents, assistant curates and others engaged in the cure of souls in the Diocese; meet expenses incurred in repairing and maintaining parsonage houses; pay class 1 National Insurance contributions in respect of ministers not employed under a contract of service; defray sequestrators' expenses.

(b) **Withywood Church Hall Reserve**

This was a small reserve, representing a notional value for a piece of land, with no access, the site of the former church hall, demolished in 1998. The piece of land has now been sold and the proceeds given by way of grant to the South Bristol Church & Community Trust, to assist with the cost of a new church and community building.

(c) **Meridian Hall Reserve**

This reserve represents the properties known collectively as Meridian Hall which are held on trust for use as a hostel for overseas students.

(d) **Urban Fund Reserve**

This reserve was originally created by the receipt of donations for funding projects in urban areas of the Diocese, such as the projects originally supported by the Bishop of Bristol's Urban Fund and was augmented in 1995 by a donation of the residual funds of the Bishop of Bristol's Urban Fund. The reserve is held as cash on deposit.

(e) **Parsonage Major Works Reserve**

The creation of this reserve was authorised in 1993 and effected in 1995 by transfer of £280,000 from the Diocesan Stipends Fund capital reserve, in order to provide for improvement of certain parsonages to standards near to those recommended by the Church Commissioners. In 1997 the balance of the unrestricted fund set up for the same purpose was added to this restricted fund, and all expenditure on parsonage major improvements charged to the restricted fund. The reserve is represented by funds held on deposit.

(f) **Educational Foundations Capital Funds**

These funds result from the sale of redundant Church of England voluntary aided school property as directed by a Scheme under section 86(1) of the Education Act 1944, and subsequent orders made under section 2 of the Education Act 1973. They may be used for the provision, improvement or enlargement of Church of England voluntary aided schools in the Diocese of Bristol, and in the payment of any expenses incurred in the administration of the various foundations.

(g) **Educational Foundations Income Funds**

These funds result from accumulations of income arising from Educational Foundations capital funds. They may be used for the same purposes as the capital funds above.

**The Bristol Diocesan Board of Finance Limited**  
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(h) **Schools Maintenance Income Funds**

These funds result from accumulations of income arising from the permanent endowment designated for maintenance of Church of England voluntary aided schools in the Diocese.

(i) **Clergy Society Capital Funds**

These funds form the capital of the Bristol (Diocesan) Clergy Society and the Bristol Diocesan Sustentation Trust, both of which funds are part of the Bristol Diocesan Clergy Charities. They may be used for relieving diocesan clergy and their dependants who are in conditions of need, hardship or distress; and in advancing the education of children of diocesan clergy.

(j) **Clergy Society Accumulated Income Funds**

These funds result from accumulations of income arising from the Clergy Society capital funds. They may be used for the same purposes as the capital funds above.

(k) **Clergy Society Holiday Trust Accumulated Income Funds**

This trust originates in a gift of the late Horace Gummer in 1923, and its object is to assist with the holiday expenses of clergy, with preference being given to diocesan clergy; and, if the income cannot be applied as above, to relieve diocesan clergy and their dependants who are in conditions of need, hardship or distress.

(l) **Leadership Training & Uganda Funds**

These funds have been made possible through the generosity of an anonymous donor. They are being spent, in accordance with the donor's wishes, on training for leadership and supporting the Diocese in Uganda.

(m) **Theatre Arts**

Funds have been received from the Temple Ecclesiastical Trust to enable a new project, which aims to bring people to an understanding of the Christian faith, through theatre arts.

(n) **Church Commissioners IT**

Responsibility for the IT equipment in use in the Bishops' office has been passed to the Diocese, with effect from 1 January 2007. An annual grant is received from the Church Commissioners to fund this equipment, both purchase and maintenance.

(o) **St Michael on the Mount Without**

The church of St Michael was declared redundant a number of years ago. Recently funds under the control of the vicar and churchwardens have been distributed, with the present sum being received by the Diocese, which has taken responsibility for the church. The funds will be used to maintain the building.

(p) **Temple Trust for SMR Chaplain**

The school of St Mary Redcliffe has recruited a chaplain, who also works in the parish of Redcliffe. The funding for the school portion of total costs is being met by the Temple Ecclesiastical Trust.

(q) **Crossnet Network Church**

The Church was established in 2004. It meets in a non-church setting and draws its members from a wide area. The Church's finances are separately maintained; however at present the Church has no formal status and it is therefore aggregated into these accounts. Another church, Foundation, was established in 2008, but as yet has no finances to aggregate.

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**19 – Unrestricted funds**

Unrestricted funds are those funds which the DBF may use for its general purposes without any external restriction. Some of these funds have been set aside by the DBF for purposes which the DBF itself has designated; such designations may be changed from time to time according to DBF resolutions.

	At 1 January 2008 £,000 <b>Restated</b>	Incoming Resources £,000	Resources Expended £,000	Gains, losses and transfers £,000	At 31 December 2008 £,000
<b>Purposes designated by the Bristol Diocesan Board of Finance</b>					
Dame Violet Wills Legacy	589	-	-	(150)	439
Clergy Stipends Reserve	1,248	-	-	(283)	965
Pastoral Reserve	2,333	119	(13)	(160)	2,279
Church House Maintenance	79	-	(9)	14	84
Church House Revaluation Reserve	200	-	-	-	200
Church Buildings Repair Loan Fund	100	-	-	-	100
Diocesan Car Loan Fund	60	-	-	-	60
New Church Building Reserve	1,058	37	(74)	(89)	932
Mission Fund	290	92	(63)	-	319
Sundry Other Specific Reserves	85	3	(3)	34	119
Property Repair Fund	275	-	-	48	323
Growth Fund	265	-	(32)	-	233
	<b>6,582</b>	<b>251</b>	<b>(194)</b>	<b>(586)</b>	<b>6,053</b>
<b>Undesignated Funds</b>					
H Gummer Gifts	64	-	-	(17)	47
H H Wills Bequest	293	-	-	(74)	219
Sir Nicholas Hall Trust	314	-	-	(80)	234
General Reserve	3,837	7,030	(7,332)	329	3,864
Pension reserve	(132)	-	32	71	(29)
	<b>4,376</b>	<b>7,030</b>	<b>(7,300)</b>	<b>229</b>	<b>4,335</b>
	<b>10,958</b>	<b>7,281</b>	<b>(7,494)</b>	<b>(357)</b>	<b>10,388</b>

(a) **Dame Violet Wills Legacy Fund**

This fund results from a general legacy to the DBF by the late Dame Violet Wills. The DBF has designated the fund's future use for children's and youth work, and the income arising from the capital sum is credited for use by the Board of Education. The funds are invested principally in the CBF Investment Fund.

(b) **Clergy Stipends Reserve**

The clergy stipends reserve results from the DBF's designation of past income accumulations and a bequest, and is invested in the CBF Investment Fund and the CBF deposit fund.

(c) **Pastoral Reserve**

The pastoral reserve results from past accumulations of general fund income, transfers and sales of property for the DBF's general use which the DBF has designated as a general building fund. It incorporates the Diocesan Pastoral Account which is governed by s 78 of the Pastoral Measure 1983.

(d) **Diocesan Church House Property Maintenance Reserve**

This reserve represents unspent annual allocations from general fund income designated for property maintenance of the Diocesan Offices at 23 Great George Street, Bristol.

(e) **New Church Building Reserve**

This reserve was originally created from the diocesan pastoral reserve to establish a fund from which new church buildings could be provided.

(f) **Mission Fund**

This reserve represents allocations received from the Church Commissioners since 2002 under the Parish Ministry and Mission scheme. This money will be allocated by the Board to parish mission initiatives.

(g) **Other Specific Reserves**

These are a small number of reserves for smaller projects, mostly set aside to take place in the following year; the largest balance is a little over £50,000.

**The Bristol Diocesan Board of Finance Limited**  
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(h) **Property Repair Fund**

This reserve contains a sum set aside by the Directors from the General Fund surplus in 2005, with further sums in 2006 and 2008, to provide money to allow housing to be brought up to a more modern standard outside the normal process of budgeting. A number of reserves from specific properties are also now consolidated into this more general reserve.

(i) **Growth Fund**

This reserve was also set aside from the General Fund surplus for 2005 and is being used to give grants to parishes, who wish to undertake new mission initiatives, but do not have sufficient funds to do so. Grants are being given towards the first years' employment costs of new positions, which can be shown to contribute to new mission initiatives within the parish.

(j) **General Reserve**

The general reserve represents accumulations from past general fund surpluses. The reserves policy for this fund is described in the Directors' report.

**The Bristol Diocesan Board of Finance Limited**  
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**20 – Analysis of net assets between funds**

	<b>Unrestricted funds £,000</b>	<b>Restricted funds £,000</b>	<b>Endowment funds £,000</b>	<b>Total £,000</b>
Fund balances at 31 December 2008 are represented by:				
Tangible fixed assets	6,644	144	20,481	27,269
Investment assets	2,889	948	6,389	10,226
Loans	242	129	-	371
Current assets	1,987	2,889	2,924	7,800
Current liabilities	(453)	(1,277)	-	(1,730)
Long-term liabilities	(892)	-	-	(892)
Pension reserve	(29)	-	-	(29)
Total net assets at 31 December 2008	<u>10,388</u>	<u>2,833</u>	<u>29,794</u>	<u>43,015</u>

**Unrealised gains included above:**

On tangible fixed assets	1,070	-	15,092	16,162
On investment assets	1,403	212	2,208	3,823
Total unrealised gains at 31 December 2008	<u>2,473</u>	<u>212</u>	<u>17,300</u>	<u>19,985</u>

**Reconciliation of movements in unrealised gains  
on investment assets**

Unrealised gains at 1 January 2008	2,256	685	4,024	6,965
Net (losses) / gains arising on revaluations in year	(853)	(473)	(1,816)	(3,142)
Unrealised gains at 31 December 2008	<u>1,403</u>	<u>212</u>	<u>2,208</u>	<u>3,823</u>

**21 – Land and buildings**

	<b>£,000</b>	<b>2008 £,000</b>	<b>£,000</b>	<b>2007 £,000</b>
<b>Endowment funds</b>				
Benefice houses				
As at 1 January	17,192		16,589	
Add acquisitions	623		698	
Less revaluations	(183)		-	
Less disposals	(128)		(95)	
As at 31 December	<u>17,504</u>		<u>17,192</u>	
Glebe properties				
As at 1 January	2,651		2,651	
Add acquisitions	326		-	
As at 31 December	<u>2,977</u>		<u>2,651</u>	
Total properties held for permanent funds		20,481		19,843
<b>Restricted funds</b>				
Other properties				
As at 1 January	144		144	
Less disposals	(0)		-	
As at 1 31 December	<u>144</u>		<u>144</u>	
Total properties held for restricted funds		144		144
<b>Unrestricted funds</b>				
As at 1 January	5,822		5,347	
Add acquisitions	874		934	
Less disposals	(95)		(459)	
As at 31 December	<u>6,601</u>		<u>5,822</u>	
Total land and buildings		<u>£27,226</u>		<u>£25,809</u>

## The Bristol Diocesan Board of Finance Limited

### Notes to the Accounts

#### for the year ended 31 December 2008

All of the properties in the balance sheet are freehold, with the exception of 12 St Paul's Road, Clifton, Bristol which is held on a long leasehold. Some properties have been purchased with the help of a value linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability thereby extinguished. The value of such properties included above amounts to £1,049,391 (2007 - £1,049,391). Of the total land and buildings at 31 December 2008 £11,112,407 is valued at cost (2007 - £9,519,332) and the remainder at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged to the income and expenditure account. The Directors consider that depreciation of the buildings element of these properties is therefore not appropriate.

#### 22 – Fixed assets – refurbishment costs

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
Cost as at 1 January and 31 December	168	168
Provision for depreciation as at 1 January	135	118
Depreciation charges in year	16	17
Provision for depreciation as at 31 December	151	135
Net book value as at 31 December	£17	£33

Refurbishment costs represent the major improvements carried out to Diocesan Church House during 1999. These are being written off over a period of ten years commencing from 2000.

#### 23 – Fixed assets – office equipment

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
Cost as at 1 January	208	194
Additions in the year	21	36
Disposals in the year	-	(22)
Cost as at 31 December	229	208
Provision for depreciation as at 1 January	176	171
Depreciation charges in year	27	27
Disposals in the year	-	(22)
Provision for depreciation as at 31 December	203	176
Net book value as at 31 December	£26	£32

#### 24 – Investments

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
<b>Valuation</b>		
At 1 January	12,380	12,233
Disposals in the year	(116)	-
Realised investment gains	30	-
Unrealised investment (losses) / gains	(3,056)	147
At 31 December	9,238	12,380
<b>Investment Properties</b>		
At 1 January	988	981
Additions in the year	-	7
Disposals in the year	-	-
At 31 December	988	988
<b>Total Fixed Asset Investments</b>	<b>£10,226</b>	<b>£13,368</b>

**The Bristol Diocesan Board of Finance Limited**  
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**Investments comprise**

	<b>£,000</b>	<b>2008 £,000</b>	<b>£,000</b>	<b>2007 £,000</b>
<b>Endowment funds</b>				
CBF Investment Fund shares	4,294		5,767	
CBF Property Fund shares	1,107		1,449	
	<u>          </u>	5,401	<u>          </u>	7,216
<b>Restricted funds</b>				
CBF Investment Fund shares	948		1,422	
Rent charge	0		0	
	<u>          </u>	948	<u>          </u>	1,422
<b>Unrestricted funds</b>				
CBF Investment Fund shares	2,520		3,384	
CBF Fixed Interest Securities Fund shares	369		358	
	<u>          </u>	2,889	<u>          </u>	3,742
<b>Total investments</b>		<u>£9,238</u>		<u>£12,380</u>

The historic cost of the investments held at 31 December 2008 was £5,669,000 (2007 - £5,755,000).

**Investment Properties comprise**

	<b>2008 £,000</b>	<b>2007 £,000</b>
Glebe		
Agricultural Land	562	562
Non-agricultural Land	37	37
Property	174	174
Other Property	215	215
	<u>          </u>	<u>          </u>
	£988	£988

The historical cost is not known, there were no additions in 2008 (£7,000 – 2007).

**25 – Loans by the DBF**

	<b>2008 Due in one year £,000</b>	<b>2008 Due after one year £,000</b>	<b>2007 Due in one year £,000</b>	<b>2007 Due after one year £,000</b>
Parish buildings loans	4	7	5	11
Diocesan car loan scheme	3	6	1	3
Equity loans to parishes for staff housing	-	95	-	95
PCC St John w St Andrew Park	6	40	6	47
PCC All Hallows Easton	-	1	-	2
PCC Downend	-	-	2	-
PCC Penhill	10	70	20	80
Loans to CE VA school governors	-	99	-	113
Clergy Society loans	-	30	-	30
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	23	348	34	381
<b>Total loans made by the DBF</b>		<u>£371</u>		<u>£415</u>

**26 – Debtors**

	<b>2008 £,000</b>	<b>2007 £,000</b>
<i>All due within one year</i>		
Debtors for parish share	221	245
Other debtors and prepayments	653	260
	<u>          </u>	<u>          </u>
<b>Total debtors</b>	<u>£874</u>	<u>£505</u>

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**27 – Cash at bank and on deposit**

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
Diocesan Pastoral Account held by the Church Commissioners	(2)	2
Parsonage building funds at CBF	1,299	1,230
Diocesan Stipends Fund capital account at CBF	1,416	1,416
Central Board of Finance Deposit Funds	1,075	3,032
Educational Foundations deposit and cash	2,659	2,504
Bristol Diocesan Clergy Charities deposit and cash	50	25
Crossnet deposit and cash	2	13
Cash on hand and at bank	427	445
	<hr/>	<hr/>
Total cash at bank and on deposit	<b>£6,926</b>	<b>£8,667</b>
	<hr/> <hr/>	<hr/> <hr/>

**28 – Creditors**

	<b>2008</b> <b>Due in</b> <b>one year</b> <b>£,000</b>	<b>2008</b> <b>Due after</b> <b>one year</b> <b>£,000</b>	<b>2007</b> <b>Due in</b> <b>one year</b> <b>£,000</b> <b>Restated</b>	<b>2007</b> <b>Due after</b> <b>one year</b> <b>£,000</b>
<b>Loans</b>				
Church Commissioners' housing loans	-	-	0	0
Central Board of Finance loans	20	30	20	70
Loan from the Bishop of Bristol's Urban Fund	0	-	0	-
Church Commissioners' value linked loans	-	862	-	862
	<hr/>	<hr/>	<hr/>	<hr/>
	20	892	20	932
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other creditors and accruals</b>				
Taxation and Social Security	107	-	101	-
Creditors	1,460	-	1,495	-
Accruals	143	-	221	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,710	-	1,817	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total creditors	<b>£1,730</b>	<b>£892</b>	<b>£1,837</b>	<b>£932</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

- (a) The Church Commissioners' loans for capital works on certain parsonages and team vicarages are repayable over terms varying from 5 to 25 years in quarterly instalments, including interest at 5% per annum. Although the DBF bears the repayment of these instalments, the loans themselves are secured on the parsonage and team vicarage properties concerned, which do not belong to the DBF. In the unlikely event of the sale of any such properties the capital outstanding would be repaid from the sale proceeds, with no further liability on the DBF's part.
- (b) The Church Commissioners' loans for capital expenditure on clergy housing in parochial or diocesan ownership are of an equity nature. The appropriate equity share is repayable on the sale of the property concerned or when it ceases to be occupied by a member of the clergy or licensed lay worker, and 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 Prices Index.

**29 – Capital and financial commitments**

At 31 December 2008 the DBF had authorised capital expenditure not contracted for of £Nil (2007 - £569,000). Commitments under contract not yet completed, and not accrued in the accounts, amounted to £Nil (2007 - £Nil). The following commitments existed under operating leases during the year following the balance sheet date, analysed by the expiry date of the leases:-

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
Leases expiring in one to five years		
other operating leases	2	2

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**30 – Pension costs**

The DBF operates a non-contributory pension scheme providing benefits based on final pensionable pay which is now closed to new employees (a group personal pension plan is available to new employees). The assets of the scheme are held separately from those of the DBF, being wholly invested in a Deposit Administration Fund and deferred annuities with Ecclesiastical Life Limited. The scheme is funded by the payment of annual contributions by the employer determined following actuarial valuations as at 1 April each year. The agreed contribution rate changed from 29.0% of pensionable salaries to 36.1% on 1 January 2009, plus £36,000 pa in 2008, rising to £62,400 pa on 1 January 2009, to fund the deficit disclosed by the last valuation on 1 April 2008.

The accounting policy in respect of the scheme, which is different from the funding policy, is to provide for expected pension costs over the service lives of employees in the scheme such that the regular pension cost is a substantially level percentage of the current and expected future pensionable payroll in the light of current actuarial assumptions. The charge is determined by a qualified actuary on the basis of the most recent valuation as at 1 April 2008.

The pension charge for the scheme for the period amounted to £61,193 (2007 - £62,413). The pension charge for the scheme is lower than the DBF's total pension charge since the DBF also makes employer contributions to the group personal pension scheme which has replaced the final salary scheme.

The most recent actuarial valuation showed that the market value of the scheme's assets, including estimated future contributions, amounted to £661,000, representing 96% of estimated liabilities in respect of past and future service.

Under the method of valuing the liabilities, the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

**Additional disclosures required under FRS17**

The following figures and valuations are in respect of 31 December 2008 and have been provided by the scheme actuary.

**The main financial assumptions (pa) are as follows:**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
Discount rate	6.50%	5.75%	5.00%
Rate of increase in salaries	3.75%	4.25%	4.00%
Inflation assumption	2.75%	3.25%	3.00%
Pension increases – pre April 1997	3.00%	3.00%	3.00%
Pension increases – post April 1997	2.75%	3.25%	3.00%
Increases to deferred to pensions	2.75%	3.25%	3.00%

**The mortality assumptions are as follows:**

	<b>Years</b>	<b>Years</b>	<b>Years</b>
Life expectancy from age 60	31.2	31.2	n/a
Male currently aged 50	29.5	29.5	n/a
Male currently aged 60	31.5	31.5	n/a
Female currently aged 50	30.9	30.9	n/a
Female currently aged 60			

**The assets in the scheme and the expected rate of return were:**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Insurance policy	652	857	738
Deferred annuities	9	10	9
	<u>661</u>	<u>867</u>	<u>747</u>
Long term rate of return (pa)	6.00%	6.00%	6.00%

**The scheme's financial position, recognised in the Balance Sheet, was:**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Assets	661	867	747
Liabilities	(690)	(999)	(965)
	<u>(29)</u>	<u>(132)</u>	<u>(218)</u>

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**Analysis of amount recognised in Summary Income and Expenditure Account**

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
Current service cost	(24)	(26)
Past service cost	-	-
Interest (cost)	(50)	(49)
Expected return on assets	45	46
Gains / (losses) on settlements / curtailments	-	-
Total	<u>(29)</u>	<u>(29)</u>

**Amounts recognisable in  
Statement of Total Recognised Gains and Losses**

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>
Actuarial gains / (losses)	71	53

**Reconciliation of assets and defined benefits obligations**

	<b>£,000</b>
<b>Fair value of assets at the beginning of the period</b>	867
Expected return on assets	45
Employer contributions	61
Contributions by plan participants	-
Transfers in less benefits paid	(290)
Actuarial loss on assets	(22)
<b>Fair value of assets at the end of the period</b>	<u>661</u>

	<b>£,000</b>
<b>Defined benefit obligation at the beginning of the period</b>	999
Current service cost	24
Contributions by plan participants	-
Past service cost	-
Interest cost	50
Transfers in less benefits paid	(290)
Actuarial gain on liabilities	(93)
<b>Defined benefit obligation at the end of the period</b>	<u>690</u>

**History of prior year amounts**

	<b>2008</b> <b>£,000</b>	<b>2007</b> <b>£,000</b>	<b>2006</b> <b>£,000</b>	<b>2005</b> <b>£,000</b>	<b>2004</b> <b>£,000</b>
Assets	661	867	747	650	601
Liabilities	690	999	965	960	801
Deficit	(29)	(132)	(218)	(310)	(200)
Actual less expected return on assets	(22)	15	25	(7)	(19)
Percentage of assets	3%	2%	3%	1%	3%
Experience gains/(losses) arising on the liabilities	(41)	4	(2)	15	(22)
Percentage of liabilities	6%	<1%	<1%	2%	3%

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**Clergy pension scheme**

The Bristol DBF participates in the Church of England Funded Pensions Scheme and employs 134 members of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Bristol DBF is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31st December 2006. This revealed a shortfall of £141m, with assets of £468m and a funding target of £609m, assessed using the following assumptions:

- An investment strategy of: a nil allocation to gilts for the next 10 years, increasing linearly to reach 30% after 20 years; and the balance of the assets in equities;
  - Investment returns of 4.25% pa on gilts and 5.75% pa on equities;
  - RPI inflation of 3.1% pa (and pension increases consistent with this);
  - Increase in pensionable stipends 4.6% pa;
- and
- Post-retirement mortality in accordance with the PA00 tables, adjusted so that members are assumed to be two years younger than they actually are, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1% for males and 0.5% for females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the Bristol DBF to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the valuation, and some agreed changes to benefits, the Bristol DBF contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1<sup>st</sup> April 2008.