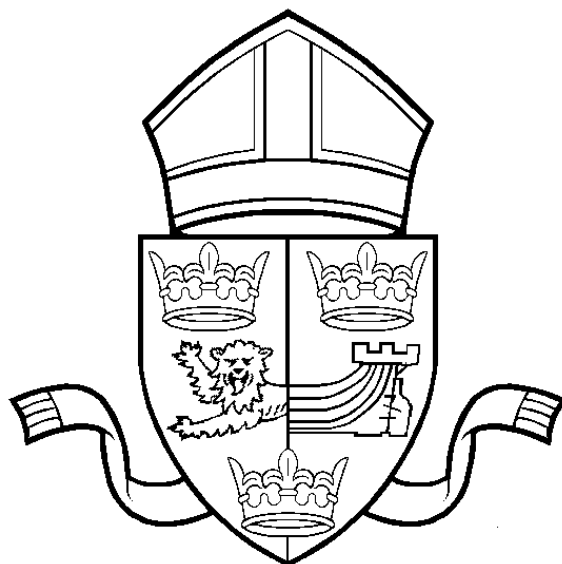


The St Edmundsbury and Ipswich Diocesan Board of Finance



2008 Report and Financial Statements

Company Limited by Guarantee
Registration No 143034

Charity Registration No 248919

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

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PRESIDENTS STATEMENT

I am very pleased to write this introduction to the Financial Statements that have been prepared on behalf of the St Edmundsbury and Ipswich Diocesan Board of Finance. The Diocesan Board of Finance acts on behalf of the Diocesan Synod and the parishes of the diocese and carries responsibility for raising the funds that develop and maintain our mission and ministry. So whilst the figures that follow are of course Financial Statements, they are in fact a reflection of the many ways in which the church is reaching out and engaging with people in a huge variety of situations. In other words, there is insight here into far more than just finance.

Raising the resources and finance necessary for the mission of the church is not an easy task. I am enormously grateful for those who are prepared to take on that role as inevitably it is not always a popular task. Tributes should be paid to the quite extraordinary achievement of Boards of Finance in the Church of England over the last forty years. In that time we have changed from being a church dependent on historic assets into one that is now much more self sufficient. That has meant raising larger sums of money which can seem burdensome. Without people prepared to shoulder this burden, we as a church would be unable to continue our Christian work and mission.

Over the last year the Board of Finance Chair, Jane Morelli has worked with the members and staff to try and increase the parish share that is actually paid. I am very grateful for all the work that she has done. It is very important that parishioners understand the bigger picture of the diocese as a whole. Many people will contribute towards the ministry in their own parish, but we also have to learn to be willing to support the mission of the church in the other parishes of the diocese as well. There is a real desire for the church to reach out in more mission initiatives, but we will not be able to do that without achieving a level of income that gets us beyond merely maintaining the status quo.

In order to help the whole process of efficiency, accountability and involvement, I have asked that we look at our current committee structure with a view to simplification and rationalisation. One area in particular I am keen for us to consider is the possibility of bringing the Bishop's Council with their policy work and the Board of Finance with their funding work together. The new Diocese, Mission and Pastoral Measure requires that we must make some change anyway and therefore we have an excellent opportunity to look again at how best we can ensure good governance with openness and accountability.

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We are making good progress in our review of the structures of the diocese – the archdeaonries, deaneries, benefices and parishes – we will soon need to consider how these structures can be resourced into the future. We also need to consider the ministry that we need for the future and how that ministry is trained and supported. All of this demands resources and people need to know how the money they give is going to be used.

In order to make all of this clearer and to have as many people as possible informed and involved, I have asked for a series of events to be set up across the diocese. These represent an opportunity to come and see what our money is being spent on, to listen to ideas and to talk to the Diocesan Staff about how we can ensure a sustainable and flourishing future for our church. These Financial Statements paint a picture of our work across Suffolk. I believe they present an encouraging picture and confirm to us that despite the financial difficulties that affect us all, we are well equipped for the challenges and opportunities that lie ahead. Far from being fearful we ought to be excited about this future that God is calling us into.

The Right Revd Nigel Stock
Bishop of St Edmundsbury & Ipswich

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THE TRUSTEES' AND DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The trustees, who are also directors for the purposes of company law, present their combined trustees' report and directors' report, together with the audited financial statements, for the year ended 31 December 2008.

This report refers to the Diocese of St Edmundsbury & Ipswich except for parts of section 2 and is set out as follows:

1. Reference and administrative details of the Diocese of St Edmundsbury & Ipswich
2. Structure, governance and management
3. Objectives and activities
4. Achievements and performance
5. Financial review
6. Future developments
7. Funds held as custodian trustee for others
8. Auditors

1. REFERENCE AND ADMINISTRATIVE DETAILS OF THE DIOCESE OF ST EDMUNDSBURY & IPSWICH

These are set out on page 22 and 23.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

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

Each diocese in England is made up of parishes. Each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today they and their bishop are responsible for the 'cure of souls' in their parish.

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

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

The three National Church Institutions (NCI)

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

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

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

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

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

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

The Cathedral

The cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commissioners registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, Abbey House, Angel Hill, Bury St Edmunds IP33 1LS.

The information about General Synod, the Church Commissioners, the Archbishops' Council and Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements, excepting only that money flows both to and from the Board, the cathedral and the NCIs.

The Diocese

The Diocese of St Edmundsbury & Ipswich was created in 1914 and broadly took its present form in 1924.

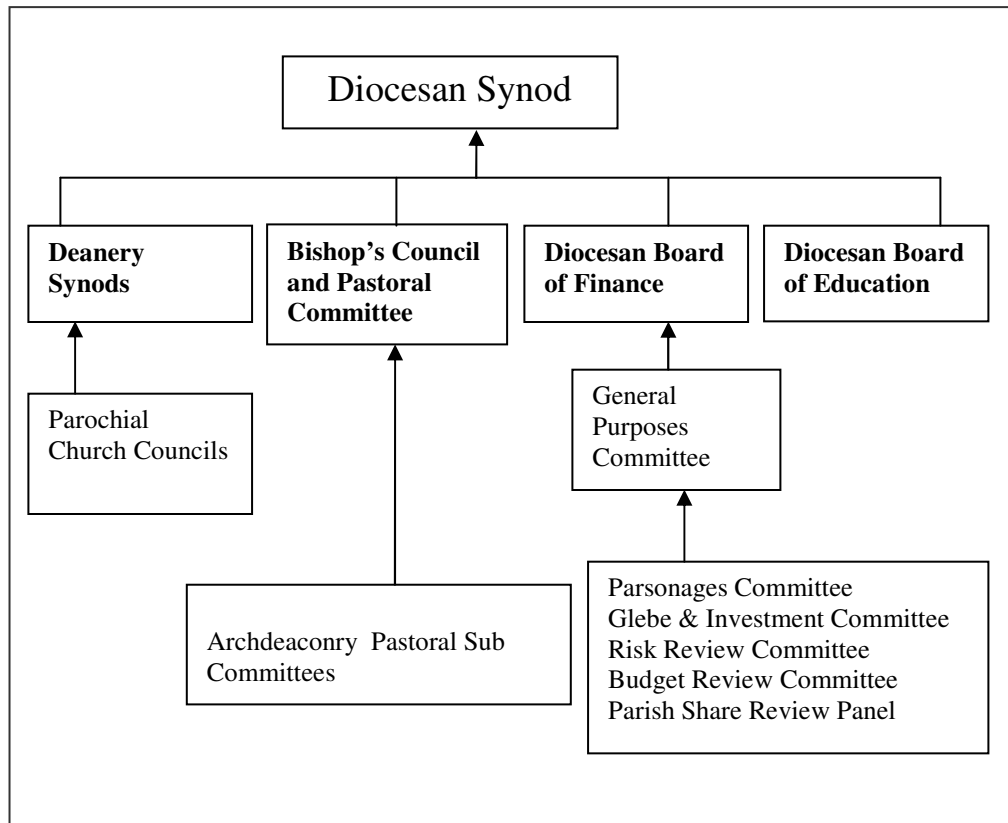
The diocese is arranged as three archdeaconries, Ipswich covering the South Eastern part with 7 deaneries, Suffolk the North Eastern part with 6 deaneries and Sudbury the Western part with 6 deaneries. In total there are some 468 parishes. During 2008 the three archdeaconries were overseen by two archdeacons, one for Suffolk and one for Sudbury, with the Ipswich deaneries being shared between them.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

A parish or group of parishes form a benefice, served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house, managed and maintained by the Board, for carrying out spiritual and pastoral duties.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Governance



Committee and Organisational Structures

This simple diagram identifies the main governing body, the Diocesan Synod, highlights its connection to the parishes and also labels the statutory boards and committees under which governance is delivered. There are many other committees, groups, reference groups and working groups some of which are set up under ecclesiastical legislation e.g. The Diocesan Advisory Committee. Reporting is to the Bishop's Council as the Standing Committee of the Synod and financial support is structured by the trustees and directors for the Board of Finance.

Diocesan Synod

The statutory governing body in the Diocese is the Diocesan Synod, which is an elected body with representation from all parts of the diocese and is directed by Standing Orders and the Church Representation Rules. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, up to five persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod usually meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council. Its role is to:

- Consider matters affecting the Church of England in the diocese
- Act as a forum for debate of Christian opinion on matters of religious or public interest
- Advise the bishop where requested

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- Deal with matters referred by General Synod
- Approve and provide the arrangements for the financing of the diocese

Deanery Synod

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

- Respond to requests from General Synod
- Give effect to the decisions made by Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- Act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate and elect members of the deanery to the Diocesan Synod and to General Synod.

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently excepted from registration with the Charity Commission, subject to the Charities Act 2006 under which those above £100,000 gross income for the year will be required to register from February 2009. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

The Bishop's Council

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

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

The Diocesan Board of Finance

There are many areas of work funded by the Board of Finance for the support of the parishes and people of the Diocese all within a framework of mission and including:

- Stipendiary Ministry
- Diocesan Ministry Course – providing training for local ministry teams
- Lay Education & Training – provision of courses for lay people
- Provision, maintenance and repair of parsonage houses and other buildings for use in connection with the Board's objectives
- Payments to the General Synod's central organisation
- Youth and Children's Work – providing expertise, training and support

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

- Board of Education – providing advice and support to Church of England Aided and Controlled schools
- Parish Resourcing – providing advice and support to help raise the level of giving in the parishes
- Administration of the central activities of the diocese, including glebe estate management, seeking uses for redundant churches, pastoral reorganisation and the Diocesan Advisory Committee

The General Purposes Committee

This committee is comprised of the directors and trustees of the Diocesan Board of Finance. Diocesan Synod has delegated the following functions to the General Purposes Committee:

- Management of the funds and property of the Diocese
- Preparation of annual estimates of expenditure
- Advising on action needed to raise the income necessary to finance expenditure
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it
- Carrying out any other functions delegated by Diocesan Synod

The Board of Trustees has delegated responsibility for their day to day management of the company to the Diocesan Secretary and Chief Executive Officer who is supported by a small team working out of the Diocesan Office.

Other Major Operating Committees of the Diocesan Board of Finance

- The Parsonages Committee - manages the housing of the clergy and deals with the maintenance of glebe houses
- The Glebe and Investment Committee – drafts, monitors and reviews policy in respect of investments, estate management and deals with day to day matters of glebe land and property management
- The Risk Review Committee
- The Budget Review Committee
- The Parish Share Review Panel

Other Diocesan Committees with which the Board of Finance works

- The Bishop's Council – works with the Bishop in preparing the agendas for the Diocesan Synod which then sets policies for the diocese
- The Diocesan Advisory Committee – a statutory body which advises the chancellor and the Archdeacons before a faculty is granted
- The Diocesan Pastoral Committee – advises the Bishop on the re-organisation of parishes and benefices. Its work is mainly delegated to the Archdeaconry Pastoral Sub-committees. The Diocesan Pastoral Committee was incorporated into the Bishop's Council during 2003
- The Board of Education – supporting Church Schools

The Diocesan Board of Education

The Diocesan Board of Education is a statutory body which provides advice, guidance and resources for Church schools and others in the diocese.

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Management - Trustees

Appointment of Trustees

The Directors (who also act as trustees for the charitable activities of the Company) are elected by the members of the company as follows:

Ex Officio: The Bishop of the Diocese, the Archdeacons of the Diocese, the Chairman of the Board, the Vice Chairman of the Board, the elected Chairman of the Parsonages Committee or his appointed representative, the elected Chairman of the Glebe & Investment Committee or his appointed representative, the Chairman respectively of the Houses of Clergy and Laity of the Diocesan Synod for the time being.

Elected: Two persons, one clergy and one lay, elected annually by the Board at the Annual General Meeting of the Board in each calendar year. The Directors for the time being may appoint a replacement (clergy or lay as appropriate) to fill any casual vacancy arising among such persons. Such replacement or replacements shall hold office until the next Annual General Meeting of the Board.

Induction and Training of Trustees

In recognition of the increasing complexity and responsibilities of trusteeship an induction pack for trustees is being developed for use as an introductory educational tool and an ongoing resource. In 2009 further work is being undertaken to develop a course of regular and ongoing updates for all trustees and it is expected that these new resources and processes will be introduced during 2010 following the elections at the start of a new triennium.

Delegation of Day to Day Management Matters

Because of the scale of the charity's work, the trustees have necessarily delegated the day to day management matters of the charity to the Diocesan Secretary who is Secretary of the Diocesan Synod and the Chief Executive of the Board.

Deployment of Clergy and Direction of Mission and Ministry

The deployment of parochial clergy and matters relating to the direction of mission and ministry in the diocese are managed through the Bishop's Staff meetings. These are regular meetings comprised of the Diocesan and Suffragan Bishops, the Dean, the Archdeacons, the Diocesan Secretary, The Bishop's Policy and Liaison Officer and the Bishop's Chaplain. Other Officers and advisors are invited to attend either on an ad hoc or regular basis as needs arise.

Trustees' Responsibilities

The trustees (who also act as directors for company law purposes) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and the group and of the net incoming or outgoing resources of the group for that period. In preparing those financial statements, the trustees are required to:

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

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

The Trustees have responsibility for the maintenance and integrity of the corporate and financial information on the website; and are aware that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions;

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that 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 it has been communicated to the auditor.

Related Parties

General Synod, Church Commissioners and Archbishops' Council

The St Edmundsbury and Ipswich Diocesan Board of Finance has to comply with Measures passed by the General Synod of the Church of England and is requested to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners. Some of the directors have membership of or attend meetings of National Church Institutions and are engaged in their decision making processes.

Parochial Church Councils (PCCs)

The Diocesan Board of Finance is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the Board of Finance and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods and through membership of these and other diocesan committees and groups.

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Subsidiary undertaking

The Diocesan Board of Finance owns 100% of £1 ordinary share capital of Churchgates 2000 Limited, a subsidiary undertaking. The principle activity of Churchgates 2000 Limited is investments.

The loss for Churchgates 2000 Limited for the year was £717,555 (2007 loss £198,490). Letting of the St Nicholas Centre for events provides a positive contribution to the running costs of the centre which is the home of the Diocesan Synod and many of the diocesan board and committee gatherings. There are however, insufficient profits generated in the company to finance the interest bearing loan from the charity, by which Churchgates 2000 Limited is funded, resulting in the reported losses. These losses are matched by interest received in the charitable holding company.

Churchgates 2000 Limited was set up using loans from the charity. Following changes in the tax and economic environments, it has become apparent that this structure is no longer the most appropriate one, and professional advice is being sought on the best way to restructure the company.

Details of related parties' transactions are disclosed in note 34 to the financial statements.

Pension Schemes

St Edmundsbury and Ipswich Diocesan Board of Finance participates in the Church of England Defined Benefits Scheme (DBS) part of the Church Workers Pension Fund. This is a pension fund for the benefit of all employees of the participating employers, and the St Edmundsbury and Ipswich Diocesan Board of Finance is unable to separately identify its share of underlying assets and liabilities.

During 2008 a deficit on the staff pension scheme was identified and advised to the Trustees by the Pensions Board. To clear the deficit the Board has to find additional contributions of £31,376 pa for a period of five years. The full five year liability of £156,880 has been recognised under support costs in 2008, since the liability has arisen in respect of past service.

St Edmundsbury and Ipswich Diocesan Board of Finance also participates in the Church of England Funded Pension Scheme in respect of stipended clergy in the diocese. This is a pension fund for all stipended clergy the Church of England. The St Edmundsbury and Ipswich Diocesan Board of Finance is unable to separately identify its share of underlying assets and liabilities.

Further details are contained in note 25 to the financial statements.

Risk Management

The Board of Finance and Directors of the Charity have reviewed the major risks which they have identified as facing the charity, and put procedures in place to minimise the effects of those risks or reduce the chance of them occurring. This is an ongoing process which encompasses any new or additional activities the Board engages in. The Board has appointed a Risk Review Committee, which prepares the major risk register and reviews the systems that are in place to mitigate those risks.

The most significant and major financial risk facing the charity remains the shortfall in donations from parishes to the Parish Share as this is the main contribution received to fund the work of the Board. While there are contingency plans for funding these shortfalls in the short

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to medium term, work continues on an affordable plan for the delivery of the charities main objectives in the long term.

The trading subsidiary activities of Churchgates 2000 Limited are fully supported by the holding company which would otherwise have operated it directly. The major financial risk faced by the subsidiary is loss of rental income through loss of tenants.

3. OBJECTIVES AND ACTIVITIES

Objectives

The objects of the Board of Finance are to promote and assist the work and purposes of the Church of England in the Diocese of St Edmundsbury and Ipswich in compliance with the directions of the Diocesan Synod and as described more fully in the Memorandum and Articles of Association for the advancement of the Christian Faith in the Diocese of St Edmundsbury and Ipswich and elsewhere.

Activities

This diocese seeks to provide for the cure of souls in all the parishes in the diocese, through the provision of parochial clergy in each benefice. As well as providing for the stipend and housing of each parish priest, the diocese also provides for their ongoing support, review and training. As part of the parochial ministry provision, the diocese supports non stipendiary parochial ministry and parish administration through the provision of training and advice.

Parochial ministry is about enabling the teachings of Christ to be accessible to all people living within the diocese. In addition to encouraging people to live good law-abiding lives, people are encouraged to seek to improve themselves spirituality, mentally and physically. Practising Christians are also called upon to look after their neighbours and support and improve their communities. The activities undertaken in these respects are reported in the individual accounts of the separate parishes and do not form part of these accounts or reports, but without the work of the Diocesan Board of Finance in supporting the parishes, the benefits of parochial ministry would not be available to everyone in the diocese and Ministry would only be available to those who were able to pay for it.

Other work undertaken by the charity includes providing resources and advice to parishes, ensuring the church has a voice in local government initiatives and policies, supporting Christian initiatives for children and young people and supporting the work of Church Schools, providing chaplains for groups who would otherwise be excluded or disadvantaged, and supporting the work of the National Church.

Statutory activities

St Edmundsbury and Ipswich Diocesan Board of Finance has responsibility for the management of glebe property and investments, to generate income to support the cost of stipends. It is the Diocesan Authority for the parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.

The trustees are custodian trustees in relation to PCC property.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 10 to the financial statements). Grants are paid

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to other connected charities and to other charitable projects which appear to the Board to support the furtherance of St Edmundsbury and Ipswich Diocesan Board of Finance’s objects. (See note 15 to the financial statements).

4. ACHIEVEMENTS AND PERFORMANCE

Achievements

Charitable activities

The Board enabled the provision of 120 clergy for benefice posts in 2008, and a further 15 ordinands.

	2008 Actual Full Time Equivalents	2008 Budget Full Time Equivalents	2008 Benefice Posts Full Time Equivalents
Stipendiary parochial clergy	117	123	
House for Duty parochial clergy	2	-	
Lay workers in lieu	1	-	
	120	123	133 (143 posts)
Curates	15	14	

The Board has neither budgeted for, nor achieved, the provision of parochial clergy for all benefice posts. The ongoing shortage of priests is the primary cause of the high vacancy rate, however given sufficient applicants the Board would be faced with the need to substantially increase income, against an already existing significant funding shortfall.

The Board also provided funding for a Lay Training Adviser for parishes, a Parish Resources Adviser and the work of the Diocesan Advisory Committee for the Care of Churches as required under ecclesiastical measure and assists parishes in planning and obtaining permissions (faculties) for works to improve and maintain church buildings. Youth and children officers are also resourced by the Board, running diocesan wide projects, and supporting deanery and parochial initiatives and the Board also supports the work of a Community Affairs Advisor and many others as detailed in the agreed diocesan budgets.

Income

The Board is tasked by Diocesan Synod with funding the charitable work of the company. The principal source of this funding is by donation from the parishes and benefices of the diocese. A great deal of time and effort has been put into the allocation method and 2008 was the second year of implementation. With no allowance for any shortfall it is important that a high collection rate is achieved. For 2008 93.5% was achieved, compared to 93.4% in 2007. This resulted in a cash shortfall of £413,000 (2007 £408,000). The Board can absorb these losses in the short to medium term, but only as an interim measure pending the development of a deliverable policy for future ministry and mission.

Parish share receipts

	2008 £000	2007 £000
Parish share requested	6,311	6,139
Parish share received	5,898	5,731
Percentage received as a total of share requested	93.46%	93.35%

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Investments

The Diocesan Board of Finance holds investments as permitted in its memorandum and articles section 3(d), to generate income now and in the future, to help ensure the continuity of its work towards its charitable objectives for both current and future beneficiaries. The majority of the investment funds of the Board of Finance are held in the Diocesan Stipends Capital Fund. The investment of these monies is governed by the Diocesan Stipends Fund Measure 1953 as amended by the Endowments and Glebe Measure 1976, the National Institutions Measure 1998, the Trustee Act 2000 and the Miscellaneous Provisions Measure 1992. Investments are at the discretion of the Directors. However, they draw upon the Trustee Act 2000 to ensure best practice and compatibility across all the Board's investment decisions and operate within the Board's agreed investment policies. The Board has adopted in its investment policy the Statement of Ethical Investment Policy produced by the Church of England's Ethical Advisory Group. This policy is also supported and participated in by CCLA, where the majority of funds are invested. This policy seeks to invest in companies that can demonstrate responsible employment and best corporate governance practices, are conscientious with regard to environmental performance and human rights, and act with sensitivity to the communities in which they operate.

Investments comprise some 8% by value of the balance sheet. The investment holdings are shown in the table below. Despite the 23.5% drop in valuation, income has increased by over 18%.

	Valuation 2008 £000	Valuation 2007 £000	Net income 2008 £000	Net income 2007 £000
CBF Investment Fund	4,482	6,013	209	198
CBF Property Fund	1,036	1,357	82	57
Glebe Land	903	1,034	37	24
Other	42	49	2	-
Total	6,463	8,453	330	279

Quoted investments

Quoted investments held at 31 December 2008 were valued at £5,560m (2007 £7.419m). The major quoted investment holdings are shown below. The composite index used to assess the performance of the investments is structured to reflect the structure of the fund and its long-term objectives. Both the Investment Fund and the Property Fund returned performances above the comparative indices, although both reflected the global fall in share and property values. The investments are reviewed annually by the investment advisers and quarterly reports are provided and inspected by the Glebe and Investment Committee members.

	2008 £000	Total Return %
CBF Investment Funds	4,482	-21.9
Composite: FTSE All-Share 60%, FTSE World ex UK 20%, IPD All Properties 10% & FTSE UK Government All Stocks 10%.		-22.8
CBF Property Fund	1,036	-19.6
HSBC/AREF/IPD Balanced Property Unit Trust Index		-28.0

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During the year no surplus funds were identified for long term investment, although properties were disposed of resulting in an increased level of deposit holdings and interest received.

Land

Investment in glebe land was valued in the financial statements at £903,000 as at 31 December 2008 (2007 £1,034,000). The net rent received for 2008 was £37,000 (2007 £24,000). Property is managed by the Diocesan Surveyor, Christopher Clarke FRICS of Messrs Clarke and Simpson, Chartered Surveyors, as professional managing agents. They report on a regular basis to the Glebe and Investment Committee which provides oversight and set policies. All parcels of land are kept under regular review to ensure the most appropriate action can be taken to maximise the Board's return in respect of each piece.

Churchgates 2000 Limited

Churchgates 2000 Limited is the 100% owned subsidiary of the Board of Finance. Of the two properties owned by Churchgates 2000 Limited, one comprises the diocesan office and the St Nicholas Centre – primarily a diocesan meeting space and home for Synod, the other – 11 St Nicholas Street, is held purely for investment purposes. As with other investments the primary aim is to ensure long term income. The property is subject to a long term lease, currently returning £60,000 pa. In addition to the rental income and despite the current adverse market conditions, it is expected that the property will be disposed of at a profit at an appropriate point in a future business cycle. The property is held as a long term investment.

	2008	2007
	£000	£000
11 St Nicholas Street – valuation at 31 December	800	1,200
Income	60	60

5. FINANCIAL REVIEW

Group

Overall financial position

The net deficit for the year before revaluations and investment disposals was £1.69m (2007 £0.86m), and after revaluations and investment disposals there was a deficit of £8.26m (2007 surplus £4.046m), which was absorbed by reserves.

The deficit of £8.26m includes reductions in property values of £5.87m (2007 increase of £4.6m) and reductions in investment values of £1.85m (2007 increase of £0.19m). To put these falls in value into context, both these classes of assets are held for our long term use, the property for housing ministers, and the investments for long term income growth. When the current economic climate improves, the falls in value will start to reverse. Where we do have to sell a property at a time when values are low e.g. as curate posts move within the diocese, then we are also looking to buy a property at those lower values, so the changes do not affect us unduly. The overall value of the Boards net assets after the reduction in value over the last year is £79.7m, still over £1.6m more than 2005.

When property values fall below their purchase price, this portion of the revaluation is charged against the charitable activity for which the asset is used. Several benefice and glebe properties purchased in recent years are now valued below cost and for ministers housing that fall is

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

shown as a cost against ministry and mission, a total of £457,000. For the diocesan office and conference centre the fall is included in 'other resources expended', in the endowment fund column as these assets form part of the glebe portfolio. When property values increase in the future, the cost will be reversed out, reducing costs shown under the headings mentioned above.

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2008 £000	Total 2007 £000
Net (outgoing) resources	(95)	(73)	(1,518)	(1,686)	(860)
Transfers (note 18):					
Property	322	667	(989)	-	-
Interfund transactions	(134)	76	58	-	-
Churchgates loan & liabilities	168	(1,723)	1,555	-	-
Asset revaluations and investment disposals.	(629)	(35)	(5,914)	(6,578)	4,906
Net movement in funds	(368)	(1,088)	(6,808)	(8,264)	4,046

Income

Total Income for the year was up by £544,000 compared to 2007, at £8,078,000 (2007 £7,534,000). The additional funds received included: donations to the Parish Share up by £167,000, additional stipends support from the Church Commissioners £137,000 (this will be less in 2009), £132,000 more investment income and a £123,000 increased profit on disposal of assets.

Expenditure

Expenditure was up by £1,370,000, however this included £1,079,000 of property write downs, and a £367,000 greater deficit on property disposals than in 2007, leaving a fall in non property expenditure of £76,000 from 2007. There is no one particular area where spending is significantly less than 2007.

The net reduction in funds after property and investment transactions and revaluations was £8.26 million, reducing the net assets from £87.97m to £79.71m.

Balance Sheet

The balance sheet reflects the fall in fixed asset and investment values, dropping from £87.97m in 2007 to £79.71m in 2008. This is however expected to be a medium term fall, which will reverse as the economic outlook improves.

There was a net cash inflow in the year, with cash and short term deposits increasing by £700,000 (2007 £583,000). Operating activities including investment income cost the group £602,000 (2007 £916,000), but property sales and purchases generated net cash income of £1,302,000 (2007 1,499,000). The group ended the year with £5,448,000 of cash and deposit funds. So despite the reported deficit before revaluations of £1,686,000 (2007 deficit £860,000), the group continues to accumulate cash through property transactions. The operations of the group are under constant review to ensure operational and financial sustainability in the long term and thereby reduce the reliance on property transactions, but in the interim the cash holdings are sufficient to fund current operations in the short to medium term.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Unrestricted Funds

These encompass the unrestricted funds of the Board of Finance.

	2008	2007
	£000	£000
Total incoming resources	7,654	7,111
Total resources expended	7,749	7,861
Net outgoing resources before transfers	(95)	(750)
Transfers	356	847
Net incoming resources before revaluations	261	97
Revaluations & investment disposals	(629)	189
Net movement in funds	(368)	286

Incoming resources were £543,000 more in 2008 than 2007. This was due to an increase in parish donations, up by £167,000, additional stipends support from the Church Commissioners of £137,000, £103,000 more investment income (principally interest) and an £185,000 profit on disposal of assets.

Expenditure was down by £112,000 in 2008 compared to 2007. Ministry and mission spending was £122,000 lower. There are many different operations covered by ministry and mission and their breakdown is shown in note 11 to the accounts. No one area within ministry and mission contributed in an over-riding way to the fall in expenditure.

With greater income and less expenditure, there was a £655,000 improvement in the net outflow of resources before transfers to a deficit of £95,000 (2007 £750,000).

Transfers comprise the change in ownership of Middleton rectory (previously benefice), an incoming amount of £314,000, net liabilities of Churchgates 2000 Limited of £168,000 transferred to the Stipends Capital Fund, income and expenditure to and from other funds (to avoid showing grossed up income and expenditure in the statutory accounts) – outgoing total £39,000, and reversing support costs allocated to other funds on consolidation of £87,000.

After allowing for the revaluations on fixed assets and investments – a deficit of £629,000, there was a net deficit movement in funds of £368,000.

The trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have on an ongoing basis. Reserves are needed to ensure the substantial running costs of the Diocese are met on a timely and regular basis and to cover unforeseen or unplanned events. The Board of Finance is primarily reliant on donations from parishes for income. These donations are not all received in regular equal instalments across the year, with some parishes paying in arrears. This fact, coupled with the risk of external economic factors on the communities' ability to pay in any one year, means that the Board considers it prudent to retain sufficient funds in liquid form to meet at least six weeks' worth of budgeted costs - £875,000. At 31st December 2008 the Board held net current assets of £1,912,000 (2007 £1,507,000) including cash and deposits of £1,448,000 (2007 £1,238,000). Although these funds are in excess of the £875k needed, with income expected to fall significantly short of target, the additional funds are not considered excessive.

The trustees consider that there are sufficient reserves held at the year end to allow the charity to manage in the short to medium term, any interruption arising from the economic downturn affecting the charities income. Despite the continuing funding shortfalls, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

existence for the foreseeable future and have accordingly prepared the financial statements on the going concern basis.

Appendix I to the accounts details the budget out-turn for the unrestricted fund before the netting off of income and expenditure relating to other funds and Churchgates 2000 Limited.

Restricted Funds

Restricted Funds are made up of a number of funds with different restrictions. The principle funds are the Diocesan Pastoral Account, the Schools Income Fund and a collection of trusts for which the Board is not just custodian trustee, but is also responsible for managing the investments and in some cases directing the income.

	2008	2007
	£000	£000
Total incoming resources	408	344
Total resources expended	481	493
Net outgoing resources before transfers	(73)	(149)
Transfers	(980)	(418)
Net outgoing resources before revaluations	(1,053)	(567)
Revaluations & investment disposals	(35)	3
Net movement in funds	(1,088)	(564)

Incoming resources were up by £64,000 to £408,000. £34,000 of this was due to the increased income from investments. Donations were also significantly increased due to the receipt of a £44,000 grant from Keswick Hall Charities to support the work of the education officer.

Overall there was little change in the total of restricted spending, although Pastoral Account spending was lower (see Appendix II), and Educational spending increased, reflecting the increased staff costs for which the above grant was received.

Other than interfund recharges for support costs of £76,000, the main transfers were the £1,723,000 from the Pastoral Account to the Diocesan Stipends Fund, and the £667,000 received in respect of property sales, purchases and improvements, again mainly from and to the Diocesan Pastoral Account in respect of benefice properties.

With only limited investments in restricted funds, the deficit on revaluation amounted to only £35,000, and there was a total net deficit on the fund for the year of £1,088,000. Of this £1,215,000 was absorbed by the Pastoral Account, principally due to the Churchgates 2000 Limited debtor transfer. The other restricted funds all saw their accumulated funds increase as shown below.

	Diocesan	Schools	Trusts	Total
	Pastoral	Income	Income	2008
	Account	Fund	Fund	£000
	£000	£000	£000	£000
Net movement in funds	(1,215)	89	38	(1,088)
Funds at 1 st January 2008	1,807	1,285	810	3,902
Funds at 31 st December 2008	592	1,374	848	2,814

Reserves

The level of the Diocesan Pastoral Fund fluctuates depending on the disposal of benefice properties, which have not been transferred to other funds under pastoral schemes. Funds from

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

this account are primarily used for parsonage building and improvement. Due to the nature of this fund the trustees have not established a level of reserves that ought to be maintained. At 31 December 2008 free reserves (net of long term debtors) were £348,000 (group and company), (2007 deficit £59,300).

The Schools Fund budgets and reserves are set on a rolling three year basis during which time the level of reserves will vary. A large variation of cash flow means that the level of reserves required also shows large fluctuations.

Income generated from trusts and received for specific projects is spent on those projects or purposes as soon as required. Where there is no requirement of future funding above the levels of future income all reserves are spent where there is the opportunity to do so.

Endowments

	2008 £000	2007 £000
Total incoming resources	16	79
Total resources expended	1,534	40
Net outgoing resources before transfers	(1,518)	39
Transfers	624	(429)
Net outgoing resources before revaluations	(894)	(390)
Revaluations & investment disposals	(5,914)	4,714
Net movement in funds	(6,808)	4,324

The incoming resources fell from £79,000 to £16,000 as there were no profits on asset disposals for the year, in 2007 these totalled £62,000.

Expenditure rose significantly from £40,000 to £1,534,000. £1,027,000 was due to the write off of property costs, as valuations dropped below cost. £448,000 was the total of losses on the disposal of properties and the remainder was allocated support costs. When these properties recover their values, if they are still owned by the Board, the cost falls will be reversed out. The effect of the large increase in costs, results in a change from net incoming resources in 2007 of £39,000, to net outgoing resources in 2008 of £1,518,000.

Transfers comprise £675,000 out in respect of property sales, purchases and improvements, £314,000 out in respect of the transfer of Middleton rectory to unrestricted funds for disposal, and £1,723,000 transferred into the Stipends Fund from the Pastoral Account in respect of the Churchgates 2000 Limited loan. Net liabilities of Churchgates 2000 Ltd of £168,000 have been transferred in to the Stipends Capital Fund from the unrestricted fund, being £148,000 in respect of the loss before revaluations for the year and £20,000 brought forward net liabilities. The remainder of the transfer is the reallocation of the support costs.

This fund has been hit particularly hard by the fall in property and investment values, turning a £4.71m uplift in funds in 2007 into a £6.8m fall in funds in 2008. Both the fixed assets and the investment assets are however held for the longer term, and the investments have produced more income than expected in 2008.

Overall assets for endowments fell from £76.76m to £69.95m. Within these assets are cash funds of £2.1m. These funds are needed to acquire curates properties in different parishes, although further cash will be released when surplus properties are sold.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Churchgates 2000 Limited

Churchgates 2000 Limited is the wholly owned trading subsidiary of the charity. It is funded entirely by loans from the parent company. These loans are all made from the Stipends Capital Fund (Appendix III). All income generated from the Stipends Capital Fund is received into the unrestricted fund, this includes the income from Churchgates 2000 Limited.

	St Nicholas Centre £000	Sanctuary Café £000	Rental Properties £000	Total 2008 £000
Gross profit/(loss)	39	(18)	140	161
Direct overheads	13	22	-	35
Contribution to indirect overheads	26	(40)	140	126
Indirect overheads & depreciation				99
Profit before interest & falls in property costs				27
Fall in property value below cost				(570)
Interest due to the charity				(175)
Loss for the year				(718)

In 2008 the subsidiary generated a gross profit of £161,000 (2007 £172,000) from a turnover of £335,000 (2007 £319,000). After direct overheads of £35,000, there was a net contribution of £126,000 towards indirect costs. Indirect costs are incurred regardless of whether the properties are used to generate income. In 2008 these indirect costs totalled £99,000 and were made up of £24,000 depreciation, £37,000 staff costs (recharged accounts and administrative staff), with the remaining £38,000 comprising repairs, insurance, cleaning, rates, audit and power. The profit after both direct and indirect overheads was £27,000 (2007 loss £13,000).

The reported loss in the subsidiaries accounts for the year is £718,000 (2007 £198,490). This is due to a fall below cost on property revaluations of £570,000 and also due to the interest charge between the charity and the subsidiary of £175,418 (2007 £185,566). This latter charge arises due to the funding structure of the subsidiary being entirely by loans. An alternative funding structure using ordinary share capital, a method recommended by the Charity Commission is currently being explored by the directors' of both the subsidiary and the charity. If the subsidiary was fully funded by share capital, the exact amount of profits generated each year would be gift aided to the charity avoiding the build up of losses in the subsidiary, or debts in the charity.

In addition to the review of the subsidiaries' funding structure, the operating structure is under review to improve profitability.

The balance sheet shows net liabilities at 31 December 2008 of £1.3m (2007 liabilities £20,000). £1.13m of this fall in value is a result of the revaluation of properties at the year end. These properties are included in the balance sheet at net realisable value ie market value. The charity directors are of the opinion however, that the value in use of the St Nicholas Centre and office complex is considerably greater than its market value as shown in the accounts. The charity directors do not therefore propose to make any provision against the loans by which the subsidiary is currently funded. With share capital funding from the outset the balance sheet would be showing net assets. The matter is being addressed as detailed above.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

6. FUTURE DEVELOPMENTS

To be led by finance would see a spiral of decline for parochial clergy as benefices merge into ever larger entities and the surplus vicarages are disposed of to fund the parish share shortfalls. Until now the fall in the number of benefices in this diocese has been a reflection of the shortage in the availability of applicants for benefice posts and a response to new ways of delivering ministry evidenced over the last thirty years or so. The pressure to reduce benefice posts due to a lack of funds is only of fairly recent duration, following the steep reduction in support from the Church Commissioners for stipends, and the transfer of clergy pension liabilities to dioceses. The resultant large increases in parish share has contributed to recent funding shortfalls, but the funds raised from the disposal of surplus properties means that these shortfalls can be absorbed in the short to medium term giving the organisation time to plan for a sustainable future, and to work out how parochial ministry can be maintained and indeed grown. It is expected that the Church across the diocese will be looking to ensure that there continues to be Ministry in every community.

The shape of the deaneries and parochial ministry of the diocese has already been extensively reviewed in 2008. 2009 will see an opportunity for all of us to engage in developing the way forward for the provision of ministry to those deaneries and parishes. Three events are being set up in 2009, to enable those interested in the work and future of the Church to engage with, and learn about, the work currently undertaken in the diocese by the Church. There will be opportunities to talk to diocesan staff, to listen and discuss ways forward with the Diocesan Bishop, his senior staff and officers.

It is against these future Mission plans for parishes across the diocese that the shape of Ministry and therefore the Cost and Resources needed for a sustainable future will be formulated.

7. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

The Board is custodian trustee for trust investment assets with a market value of £2.78m at 31 December 2008 (2007 £3.29m). The investments are held on behalf of Parochial Church Councils and Vicars and Churchwardens, for trusts which benefit the parishes and so fall within the objects of the charity. Each parochial church council is a separate charity. The assets are held separately from those of the Board.

8. AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP as auditors to the company and to authorise the Trustees to fix their remuneration will be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by Mr George Woodward (Vice Chairman) on 21st April 2009.

Diocese of St Edmundsbury and Ipswich
St Nicholas Centre
4 Cutler Street, Ipswich. IP1 1UQ

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

REFERENCE AND ADMINISTRATIVE DETAILS OF THE DIOCESE OF ST EDMUNDSBURY & IPSWICH

The name of the charity is the St Edmundsbury and Ipswich Diocesan Board of Finance and its registered office is the Diocesan Office, St Nicholas Centre, 4 Cutler Street, Ipswich IP1 1UQ.

The charitable company is limited by guarantee and registered under the Companies Act 1985 Company No 143034. It is governed by the Memorandum and Articles of Association and set up under the provisions of the Diocesan Boards of Finance Measure 1924. It is a Registered Charity, Charity No 248919 and it is subject to both Company Law and Charity Law.

In accordance with the Companies Act 1985 and the Statement of Recommended Practice : Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and as at the date of signing were as follows:

President: The Rt Revd Nigel Stock, Lord Bishop of St Edmundsbury and Ipswich

Chairman (Acting until 01.02.2008): The Ven Geoffrey W Arrand, BD, AKD

Chairman: Mrs J M Morelli (Appointed 01.02.2008), (Resigned 15.12.2008).

Vice Chairman Lay: Mr George Woodward, MRICS

Vice Chairman Clergy: The Revd Canon Peter Townley, BA DPS (Theol) (Resigned 17.01.2008)

The Revd Christopher Wingfield, Chairman of the House of clergy

Mrs Barbara Rowe, Chairman of the House of Laity

Mr Guy McGregor (Parsonages Committee representative)

The Revd Canon Simon Pettitt (DBF Clergy representative) (Resigned 15.12.2008)

Mr Peter Markland (DBF Lay representative) (Resigned 18.09.2008)

The Ven David Brierley

Diocesan and Company Secretary and Chief Executive: Mr Nicholas P Edgell, MCIQB, FFB, MIOC, MiconstM, FIGS, MASI

Members of the Diocesan Board of Finance who served during the year were:

The Rt Revd Nigel Stock (President)

Mrs Jane Morelli (Chairman)

Mr George Woodward (Vice Chairman)

The Revd Canon Peter Townley (Vice Chairman)

Mr Tim Allen

The Ven Geoffrey Arrand

Mr John Barker

The Ven David Brierley

The Revd Ian Byrne

Mr John Chapman

Mr Laurence Clarke CBE

The Very Revd Neil Collings

Mr Roy Collins

Mr John Dangerfield

Mr Jeff Delves

The Hon Jill Ganzoni

Mr Koshy Jacob

Mr John Jordan

Mr James MacDonald

Mr Peter Markland

The Revd Adrian Mason

Mr Guy McGregor

The Revd Ian Morgan

Mr Alick Mulhall

The Revd Jonathan Olanczuk

The Revd Canon Simon Pettitt

Mr Tony Leigh Pollitt

The Revd Canon John Rankin

Mr Roger Rehahn

Mr J G Romana-Powling

Mrs Barbara Rowe

Mr David Sheppard

Mr Christopher Spicer

The Revd Michael Tillett

The Revd Canon Gregory Webb

Mr Howard Webb CBE

Mr Carl West-Meads

The Revd Chris Wingfield

The Right Revd Clive Young

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Company Advisers

Auditors: Baker Tilly UK Audit LLP, Abbotsgate House, Hollow Rd, Bury St Edmunds IP32 7FA

Bank: The Royal Bank of Scotland plc, 8-10 Princes Street, Ipswich, IP1 8QT

Diocesan Registrar: Mr James S Hall, MA, 20/32 Museum Street, Ipswich, IP1 1HZ

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

Investment Advisers: CCLA Investment Management Limited, 80 Cheapside, London, EC2V 6DZ

Surveyors: Messrs Clarke and Simpson, Chartered Surveyors, Well Close Square, Framlingham, IP13 9DU

Diocesan Administration Team

Diocesan Accountant: Katy Reade BSc(Hons), ACA

Deputy Diocesan Secretary: Nicola Andrews LLB

Assistant Diocesan Secretary: Gavin Stone BA(Hons), PGDip

Diocesan Advisory Committee and Pastoral Committee Secretary: James Halsall

Diocesan Director of Communications: Nick Clarke BA(Hons)

Policy and Liaison Officer: Revd Canon Graham Hedger BA

Parish Resources Adviser: Revd Canon Fr Jim Pendorf BA (Phil) magna cum laude, STB cum laude

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST EDMUNDSBURY AND
IPSWICH DIOCESAN BOARD OF FINANCE

We have audited the financial statements on pages 26 to 55.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the St Edmundsbury and Ipswich Diocesan Board of Finance for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Trustees' and Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Presidents Statement and the Trustees' and Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and 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 that 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.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Opinion

In our opinion

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

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

Abbotsgate House

Hollow Road

Bury St Edmunds

Suffolk

IP32 7FA

5th May 2009

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Consolidated Statement of Financial Activities for the Year Ended 31 December 2008

		Unrestricted Funds	Restricted Funds	Endowed Funds	Total Funds 2008	Total Funds 2007
	Note	£000	£000	£000	£000	£000
Incoming resources						
Incoming resources from generated funds:						
Voluntary income:						
Parish contributions	1	5,898	-	-	5,898	5,731
Archbishops' Council	2	286	-	-	286	171
Other	3	129	116	-	245	199
Activities for generating funds	4	310	-	-	310	320
Investment income	5	412	291	16	719	587
Incoming resources from charitable activities						
Statutory fees, chaplaincy and other income	6	434	1	-	435	464
Other incoming resources	7	185	-	-	185	62
Total incoming resources		7,654	408	16	8,078	7,534
Resources expended						
Costs of generating funds:						
Costs of activities for generating funds	8	355	-	-	355	356
Investment management costs	9	33	-	-	33	73
Charitable activities						
Contributions to Archbishops' Council	10	489	-	-	489	465
Resourcing ministry and mission (2008 includes exceptional items of £457,000)	11	6,507	329	487	7,323	7,001
Education	12	-	151	-	151	112
Governance costs	13	310	1	-	311	300
Other resources expended (2008 includes exceptional items of £622,000)	14	55	-	1,047	1,102	87
Total resources expended		7,749	481	1,534	9,764	8,394
Net (outgoing) resources before transfers		(95)	(73)	(1,518)	(1,686)	(860)
Gross transfers between funds	18	356	(980)	624	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		261	(1,053)	(894)	(1,686)	(860)
Other recognised gains and (losses) :						
(Losses)/Gains on revaluation of fixed assets for charity's own use	19	(259)	-	(4,534)	(4,793)	4,610
Gains on investment assets realised		-	-	61	61	103
(Losses)/Gains on investment assets unrealised		(370)	(35)	(1,441)	(1,846)	193
Net movement in funds		(368)	(1,088)	(6,808)	(8,264)	4,046
Reconciliation of funds:						
Total funds at 1 January 2008		7,309	3,902	76,762	87,973	83,927
Total funds at 31 December 2008		6,941	2,814	69,954	79,709	87,973

All incoming resources and resources expended derive from continuing activities.

The notes on pages 32 to 55 form part of these financial statements.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

**Consolidated Summary Income and Expenditure Account
Year Ended 31 December 2008**

	2008	2007
	£000	£000
	<hr/>	<hr/>
Total incoming resources	7,608	7,270
Resources expended	<hr/> (8,237)	<hr/> (8,313)
Operating deficit for the year	(629)	(1,043)
Interest receivable	<hr/> 269	<hr/> 185
Net expenditure before exceptional items	(360)	(858)
Net (deficit)/surplus on sale of fixed assets	(202)	84
Impairment losses	<hr/> (1,079)	<hr/> -
Net deficit for the year	<hr/> (1,641)	<hr/> (774)

Supplementary Information

Total income comprises £7,207,000 for unrestricted funds and £670,000 for restricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities.

Detailed analysis of expenditure is provided in the Statement of Financial Activities on page 26 and note 8 to 14 to the accounts.

The net deficit for the year of £1,641,000 comprises of £183,000 net expenditure of unrestricted funds, £44,000 net expenditure of restricted funds and £1,414,000 net expenditure of endowment funds.

The summary income and expenditure account is derived from the Statement of Financial Activities on page 26 which, together with the notes to the financial statements on pages 32 to 55, provides full information on the movements during the year of the funds in the group.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 32 to 55 form part of these financial statements.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

**Consolidated Statement of Total Recognised Gains and Losses
Year Ended 31 December 2008**

	2008	2007
	£000	£000
Deficit for the financial year	(1,641)	(774)
Unrealised (loss) gain on revaluation of assets	(6,639)	4,803
Total recognised gains and losses relating to the year	<u>(8,280)</u>	<u>4,029</u>

Consolidated Note of Historical Cost Profit and Losses

	2008	2007
	£000	£000
Deficit for the financial year	(1,641)	(774)
Realisation of revaluation gains of previous years	4,154	3,477
Historic cost profit for the year	<u>2,513</u>	<u>2,703</u>

The notes on pages 32 to 55 form part of these financial statements

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Group and Charity Balance Sheet as at 31 December 2008

	Note	Group		Charity	
		2008 £000	2007 £000	2008 £000	2007 £000
Fixed assets					
Tangible assets	19	66,909	74,185	64,869	70,992
Investments	20	6,463	8,453	6,463	8,453
		<u>73,372</u>	<u>82,638</u>	<u>71,332</u>	<u>79,445</u>
Current assets					
Debtors : amounts due within one year	21	1,254	1,251	2,393	2,222
Debtors: amounts due after one year	21	130	142	2,408	2,420
Investments	22	4,641	3,012	4,641	3,012
Cash at bank and in hand		807	1,736	700	1,667
		<u>6,832</u>	<u>6,141</u>	<u>10,142</u>	<u>9,321</u>
Creditors: amounts falling due within one year	23	(370)	(806)	(342)	(773)
Net current assets		<u>6,462</u>	<u>5,335</u>	<u>9,800</u>	<u>8,548</u>
Total assets less current liabilities					
		<u>79,834</u>	<u>87,973</u>	<u>81,132</u>	<u>87,993</u>
Creditors: amounts falling due after more than one year – pension scheme creditor	23	(125)	-	(125)	-
Total net assets		<u><u>79,709</u></u>	<u><u>87,973</u></u>	<u><u>81,007</u></u>	<u><u>87,993</u></u>
Capital and reserves					
Unrestricted fund		4,861	4,226	4,861	4,598
Unrestricted fund revaluation reserve		2,080	3,083	2,080	2,731
	24	<u>6,941</u>	<u>7,309</u>	<u>6,941</u>	<u>7,329</u>
Restricted fund		2,792	3,048	2,792	3,048
Restricted fund revaluation reserve		22	854	22	854
	24	<u>2,814</u>	<u>3,902</u>	<u>2,814</u>	<u>3,902</u>
Endowment fund		22,603	19,773	23,341	19,773
Endowment fund revaluation reserve		47,351	56,989	47,911	56,989
	24	<u>69,954</u>	<u>76,762</u>	<u>71,252</u>	<u>76,762</u>
		<u><u>79,709</u></u>	<u><u>87,973</u></u>	<u><u>81,007</u></u>	<u><u>87,993</u></u>

Approved by the Board, authorised for issue on 21st April 2009 and signed on its behalf by the Venerable Geoffrey Arrand.

The notes on pages 32 to 55 form part of these financial statements

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

**Consolidated Cashflow Statement
Year Ended 31 December 2008**

	2008	2007
	£000	£000
	<hr/>	<hr/>
Reconciliation of net activity before transfers to net cash outflow from operating activities		
Net outgoing resources	(1,686)	(860)
Depreciation & impairment write downs	1,132	69
Loss on disposal of tangible fixed assets	263	19
Returns on investments	(578)	(588)
Increase/(decrease) in debtors	1	(279)
(Decease)/increase in creditors	(320)	135
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,188)	(1,504)
	<hr/>	<hr/>
Cashflow Statement		
Cashflow from operating activities	(1,188)	(1,504)
Returns on investments (note 1)	586	588
Capital expenditure and financial investment (note 1)	1,302	1,499
Management of liquid resources (note 1)	(1,629)	(1,219)
	<hr/>	<hr/>
Decrease in cash	(929)	(636)
	<hr/>	<hr/>
Reconciliation of net cash flow movement to net funds (note 2)		
Decrease in cash in the period	(929)	(636)
Cash outflow from increase in liquid resources	1,629	1,219
Net funds at 1 January	4,748	4,165
	<hr/>	<hr/>
Net funds at 31 December	5,448	4,748
	<hr/>	<hr/>

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Notes to the Cashflow Statement

Note 1. Gross cashflows

	2008	2007
	£000	£000
	<hr/>	<hr/>
Returns on investments		
Interest received	301	192
Investment income received	285	396
	<hr/>	<hr/>
	586	588
	<hr/>	<hr/>
Capital expenditure and financial investment		
Receipts from sales of tangible fixed assets	4,715	3,499
Payments to acquire tangible fixed assets	(3,498)	(2,153)
Payments to acquire investments	-	(9)
Receipts from sales of investments	85	162
	<hr/>	<hr/>
	1,302	1,499
	<hr/>	<hr/>
Management of liquid resources		
Increase in CBF deposits held as current asset investments	(1,629)	(1,219)
	<hr/>	<hr/>

Note 2. Analysis of changes in funds

	January	Cashflow	December
	2008		2008
	£000	£000	£000
	<hr/>	<hr/>	<hr/>
Cash at bank and in hand	1,736	(929)	807
Current asset investments	3,012	1,629	4,641
	<hr/>	<hr/>	<hr/>
	4,748	700	5,448
	<hr/>	<hr/>	<hr/>

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Statement of Accounting Policies For the Year Ended 31 December 2008

(a) Accounting convention

The accounts have been prepared under the historical cost convention modified for the revaluation of certain fixed assets, under the Charities Acts 1993 and 2006, Companies Act 1985, in accordance with applicable United Kingdom accounting standards and the SORP Accounting and Reporting by Charities (Revised 2005), except where stated below.

(b) Resources expended

Expenditure is recognised when a liability is incurred.

Costs of generating funds are those costs incurred in managing rented properties and investments, and those incurred in trading activities that raise funds, i.e Churchgates 2000 Limited.

Charitable activities include expenditure associated with parochial, support and sector ministry and other direct charitable grants and costs.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional, statutory and synodical requirements.

Support costs include central functions including running costs of the Diocesan Office and accounts function. They have been allocated to activity cost categories on a proportional cost basis.

(c) Fixed Assets

Property:

Benefice, glebe, corporate and other properties are included in the balance sheet at cost or valuation. Profit or loss on disposal is calculated in accordance with FRS 3. Fixed assets are accounted for in accordance with FRS 15 with the following departures as allowed for charities under that reporting standard:

Properties are valued using open market value instead of value in use. The Directors consider open market valuation is more understandable and therefore relevant to the users of the accounts.

Non depreciable land and depreciable buildings thereon are combined for the purposes of valuation. The Directors consider that no helpful information would be provided by separate valuation and obtaining the information would be costly.

No depreciation is provided on buildings in accordance with FRS 15 where the residual value of the properties is so large and the life of those assets so long that depreciation is immaterial. These properties are recorded at open market value, which satisfies the requirement of FRS 11 Impairment Review, for when depreciation is not provided under FRS 15. The entire property portfolio is valued by independent valuers over a five year cycle. Annually, those properties not subject to a specific independent valuation are part of a general valuation adjustment as agreed by the company directors.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Benefice houses are legally vested in the incumbent as freeholder during their incumbency. The freeholder is not free to dispose of the house for their own benefit and is not responsible for maintaining the house. The Diocese carries both the benefits and obligations of ownership and under FRS 5 recognises these properties as assets.

Depreciation is calculated to write off fixed assets over their estimated useful lives from the date of purchase on the following basis:

Land	Nil
Buildings	Nil
Fixtures and Fittings	20% on cost
Motor vehicles	20% on cost

All assets costing more than £1,000 are capitalised.

(d) Redundant churches

These are capitalised at the point they are vested in the Diocesan Board of Finance at the expected final disposal value available to the Board.

(e) Pensions Costs

Defined benefit schemes

The pension schemes for lay employees of the Board and stipendiary clergy are run by the Church of England Pensions Board and the pension charges calculated on the basis of actuarial advice. The schemes are based on final salary and are not money purchase schemes.

Each employer in the scheme pays a common contribution rate and is unable to identify its share of the underlying assets and liabilities. Under FRS 17, where the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and regular basis the contributions should be accounted for as if it were a defined contribution scheme. The pension costs are therefore based on contributions actually payable to the Scheme in the year.

(f) Taxation

The Board of Finance is a charity and is therefore exempt from direct taxation on its investment income.

The Charity is unable to reclaim Value Added Tax (VAT), which is included under the various relevant expenditure headings. Churchgates 2000 Ltd, a trading subsidiary company included in these consolidated financial statements, is registered for VAT. Its income and expenditure is stated net of VAT.

(g) Investments

Properties held as investments are included in the balance sheet at open market valuation as advised by independent valuers. All other fixed asset investments are included in the balance sheet at mid-market valuation as at the year end date. Profit or loss on disposal is calculated in accordance with FRS 3. Current asset investments (liquid resources) are stated at their market value. Investment gains or losses are taken to the Statement of Financial Activities.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

(h) Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(i) Operating leases

Rentals paid and received under operating leases are charged to expenditure and income as incurred/due. Rental charges are charged on a straight line basis over the term of the lease.

(j) Donations and legacies

Donations and legacies and other forms of voluntary income or benefit are recognised in the accounts when they are received or become unconditional, with the exception of parish share as detailed below.

(k) Parish share

Parish share income is accounted for on an accruals basis in line with Synod policy. This treatment of contributions to parish share does not conform to the SORP recommendation of accounting for contributions when received. In 2008 this amounted to £214k being the amount received in relation to 2008 parish share between 1 January and 31 January 2009 (2007 £228k).

(l) Grants payable and receivable

These are recognised as payable or receivable at the point they become unconditional.

(m) Allocation of overheads and support costs

Support costs are allocated across all expenditure areas (excluding payments to the Archbishop's Council), using a proportional cost basis.

(n) Investment Income

Investment income is recognised as it accrues.

(o) Rents received

Rents received are shown gross before any direct costs.

(p) Basis of consolidation

The assets, liabilities and results of the trading subsidiary undertaking are included in the consolidated accounts using its audited accounts made up to 31 December. As a consolidated statement of financial activity is published, a separate statement of financial activity for the parent entity is omitted from the group accounts by virtue of section 230 of the Companies Act 1985. The parent's deficit for the year was £7.134m.

(q) Funds

Details of the nature and purpose of each fund is set out in note 24.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

(r) Liquid resources

Liquid resources include all those monies held on instant withdrawal deposit funds, other than endowment monies.

(s) Deferred taxation

In accordance with the provisions of FRS 19, no provision for deferred taxation on revalued fixed assets is included in the balance sheet unless the group is committed to selling the asset. The potential deferred tax liability is stated in note 35 and is not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Notes to the Accounts

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2008	Total funds 2007
	£000	£000	£000	£000	£000
1 Parish contributions					
Parish share requested	6,311	-	-	6,311	6,139
Shortfall in contributions	(413)	-	-	(413)	(408)
Received 93.46% (2007 93.35%)	<u>5,898</u>	<u>-</u>	<u>-</u>	<u>5,898</u>	<u>5,731</u>
2 Voluntary income from Archbishops' Council					
Selective allocation	268	-	-	268	154
DMC per capita grant	18	-	-	18	17
	<u>286</u>	<u>-</u>	<u>-</u>	<u>286</u>	<u>171</u>
3 Other voluntary income					
Ecclesiastical Insurance Group	89	-	-	89	88
Donations	40	116	-	156	111
	<u>129</u>	<u>116</u>	<u>-</u>	<u>245</u>	<u>199</u>
4 Income from activities for generating funds					
Rental income from parsonages and curates houses	137	-	-	137	152
St Nicholas Centre	168	-	-	168	162
Other	5	-	-	5	6
	<u>310</u>	<u>-</u>	<u>-</u>	<u>310</u>	<u>320</u>
5 Investment income					
Dividends receivable	143	150	-	293	255
Interest receivable	150	119	16	285	202
Rents receivable	119	22	-	141	130
	<u>412</u>	<u>291</u>	<u>16</u>	<u>719</u>	<u>587</u>
6 Incoming resources from charitable activities					
Statutory fees and chaplaincy income	341	-	-	341	353
Sales of religious books & items	41	-	-	41	41
Miscellaneous income	52	1	-	53	70
	<u>434</u>	<u>1</u>	<u>-</u>	<u>435</u>	<u>464</u>
7 Other incoming resources					
Gain on disposal of properties	185	-	-	185	62
	<u>-</u>				
8 Cost of activities for generating funds					
Cost of renting parsonage, glebe and Board houses	51	-	-	51	57
Churchgates 2000 Ltd costs of sales/rents	282	-	-	282	276
	<u>333</u>	<u>-</u>	<u>-</u>	<u>333</u>	<u>333</u>
Support costs	22	-	-	22	23
	<u>355</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>356</u>
9 Investment management costs					
Glebe	13	-	-	13	19
Churchgates 2000 Limited	18	-	-	18	49
	<u>31</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>68</u>
Support costs	2	-	-	2	5
	<u>33</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>73</u>

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2008	Total funds 2007
	£000	£000	£000	£000	£000
10 Contributions to Archbishops' Council					
Training for ministry	187	-	-	187	177
National Church Responsibilities	177	-	-	177	174
Grants and provisions	28	-	-	28	27
Mission Agency pension contributions	14	-	-	14	13
Retired clergy housing costs (CHARM)	50	-	-	50	51
Pooling of ordinand candidates costs	33	-	-	33	23
	489	-	-	489	465
11 Expenditure on resourcing ministry and mission					
Ministry stipends	2,986	-	-	2,986	2,992
Clergy pensions	997	-	-	997	1,005
Removals and disturbances	87	-	-	87	91
Clergy insurance and welfare	34	-	-	34	39
Parsonage repairs	361	-	-	361	404
Parsonage improvements	-	185	-	185	92
Property costs written down (Exceptional)	-	-	457	457	-
Water charges, council tax, insurance, rent	334	-	-	334	348
Sequestration	13	-	-	13	12
Surveyors	70	-	-	70	67
Archdeacons	140	-	-	140	119
Rural deans	14	-	-	14	10
Bishops	34	-	-	34	43
Child protection	17	-	-	17	7
Continuing ministerial education	89	-	-	89	65
Lay education and training	50	-	-	50	52
Readers	7	-	-	7	9
Diocesan ministry course	141	-	-	141	137
Youth	77	-	-	77	76
Children	44	-	-	44	57
Diocesan ordinands	80	-	-	80	71
Mission and unity	3	-	-	3	24
Community affairs	78	-	-	78	65
Parish resources	81	-	-	81	118
Diocesan communications	103	-	-	103	114
Diocesan Library	22	-	-	22	-
Resource centre	56	-	-	56	82
Chaplaincies, Ecumenism & Music	58	3	-	61	59
Diocesan advisory committee	98	-	-	98	97
Church inspection	28	-	-	28	31
Redundant church buildings	2	1	-	3	2
Grants (see note 15)	8	120	-	128	218
Asbestos survey	-	-	-	-	39
	6,112	309	457	6,878	6,545
Support costs	395	20	30	445	456
	6,507	329	487	7,323	7,001

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2008	Total funds 2007
	£000	£000	£000	£000	£000
12 Education					
Church schools	-	142	-	142	105
Support costs	-	9	-	9	7
	-	151	-	151	112
13 Governance costs					
Auditors:					
Audit	24	1	-	25	26
Tax	4	-	-	4	5
Other services	3	-	-	3	15
Other professional fees	7	-	-	7	-
Chancellor	8	-	-	8	7
Registrar	34	-	-	34	32
General Synod	6	-	-	6	5
DBF Committees and Synod	12	-	-	12	15
Secretariat	193	-	-	193	175
	291	1	-	292	280
Support costs	19	-	-	19	20
	310	1	-	311	300
14 Other resources expended					
Loss on sale of fixed assets	-	-	448	448	81
Property costs written down (Exceptional)	52	-	570	622	-
Support costs	3	-	29	32	6
	55	-	1,047	1,102	87

15 Grants payable

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000
General grants payable			
Institutional grants greater than £1,000:			
Churches Together in Suffolk	3	-	-
East of England Churches Network	5	-	-
Suffolk Churches Capital Fund:			
St Peter & St Paul PCC Clare	-	1	-
St Andrew PCC Gt Cornard	-	1	-
All Saints Mettingham PCC	-	1	-
St Mary PCC Withersfield	-	1	-
All Saints PCC Blyford	-	1	-
St Mary PCC Cratfield	-	2	-

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000
All Saints PCC Newmarket	-	1	-
St Mary PCC Preston	-	1	-
St Nicholas PCC Rushbrook	-	1	-
King Charles the Martyr PCC Shelland	-	1	-
St Margaret PCC Syleham	-	1	-
Other Trusts:			
Stanton PCC	-	2	-
Old Newton School	-	2	-
Gt Finborough School	-	1	-
Orford School	-	13	-
The Bishops Discretionary Fund	-	3	-
The Diocese of Kagera	-	30	-
Diocesan Pastoral Account			
Christchurch Moreton Hall PCC	-	9	-
Lambeth Conference	-	10	-
Grants less than £1,000	-	38	-
	8	120	-

16 Support costs

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2008 £000	Total funds 2007 £000
Costs of activities for generating funds	22	-	-	22	23
Investment management costs	2	-	-	2	5
Resourcing ministry and mission	395	20	30	445	456
Education	-	9	-	9	7
Governance Costs	19	-	-	19	20
Other resources expended	3	-	29	32	6
Total resources expended	441	29	59	529	517

Analysis of support costs by type:

	2008 £000	2007 £000
Depreciation	24	31
Staff costs	236	231
Additional staff pension costs	157	175
Post, stationery and photocopying	3	4
Sundry	11	14
Telephone	5	3
Health and safety	3	4
Property costs	44	24
Cleaning	19	12
Computers	27	19
	529	517

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

17 Staff costs and directors remuneration

Staff costs during the year were as follows:

	2008	2007
	£000	£000
Wages and salaries	1,053	1,029
Social security costs	86	88
Pension costs - regular	183	179
Pension costs – accrual for deficit payments arising from past service	157	175
	1,479	1,471

The average full time equivalent number of employees, analysed by function was:

	2008	2007
Costs of activities for generating funds (includes Sanctuary staff)	8.5	7.7
Resourcing ministry and mission	15.4	16.7
Education	2.7	2.1
Governance	3.9	3.6
Support costs	6.3	7.0
	36.8	37.1

The number of employees earning £60,000 or more during the year were as follows:

£60,000 - £70,000	1	1
-------------------	---	---

The above employee has retirement benefits accruing under a defined benefit scheme.

In addition to a net salary of £49,551 the diocesan Registrar received £32,890 (2007 £31,930) in faculty fees.

Office holders not employees (full time equivalents)

	2008	2007
Archdeacons	2.0	2.0
Parochial clergy	117.2	122.5
Curates	15.5	14.1
Clergy holding ministerial support posts & lay workers	5.5	3.9
	140.2	142.5

At a cost of

	£000	£000
Stipends	2,942	2,930
National insurance	170	172
Pension contributions	1,055	1,048
	4,167	4,150

Trustees emoluments

None of the directors have received any emoluments from the Board of Finance in respect of services performed as a trustee (2007 £ nil).

Expenses for travel and subsistence received by trustees and expenses for travel and subsistence and stipends in respect of other capacities on behalf of the Board were as follows:

	2008	2007
	£000	£000
2008 6 trustees (2007 6 trustees)	118	119

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

In respect of the six directors who are also stipendiary priests, retirement benefits are accruing under a defined benefit scheme in respect of qualifying service. The Archdeacons and clergy who are trustees are also provided with housing or an allowance by the Board by virtue of their office as Archdeacons or clergy.

18. Transfers between funds

	General £000	Restricted £000	Endow't £000	Total 2008 £000
Property sales, purchases & improvements	8	667	(675)	-
Transfer of property ownership	314	-	(314)	-
DBF income from trusts	17	(17)	-	-
Education funding by the Diocesan Board of Finance	(40)	40	-	-
Loan interest & trading with Churchgates 2000 Ltd	(99)	99	-	-
CG 2000 loan tfr from DPA to DSF	-	(1,723)	1,723	-
CG 2000 net liabilities tfr from unrestricted to DSF	168	-	(168)	-
Pastoral account subvention to general fund	75	(75)	-	-
Allocation of support costs	(87)	29	58	-
	356	(980)	624	-

The property sales, purchases and improvements transfers are in respect of benefice properties. The properties are held as expendable endowments in the Parsonage Houses fund and purchases/sales are funded by/transferred to the Diocesan Pastoral Account, a restricted fund.

The transfer of a loan of £1,723,000 funding Churchgates 2000 limited has been transferred from the Pastoral Account to the Diocesan Stipends Fund as it is the latter fund which is responsible for investments. For the same reason the net liabilities of Churchgates 2000 Ltd have also been transferred to the Diocesan Stipends Fund.

19. Tangible fixed assets

Group	Investment properties	Freehold land & buildings	Fixtures & fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation at 1 January 2008	1,200	72,855	518	30	74,603
Additions	-	3,499	8	-	3,507
Impairment write down	-	(1,079)	-	-	(1,079)
Transfer from investment assets	-	120	-	-	120
Revaluations	(400)	(4,393)	-	-	(4,793)
Disposals	-	(4,978)	(16)	-	(4,994)
Cost or valuation at 31 December 2008	800	66,024	510	30	67,364
Accumulated depreciation at 1 January 2008	-	-	406	12	418
Disposals	-	-	(16)	-	(16)
Charge for the year	-	-	47	6	53
Accumulated depreciation at 31 December 2008	-	-	437	18	455
Net Book Value at 31 December 2008	800	66,024	73	12	66,909

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Net Book Value at 31 December 2007	1,200	72,855	112	18	74,185
Cost at 31 December 2008	1,007	18,310	510	30	19,857
Impairment write downs	-	(1,079)	-	-	(1,079)
Valuation reserve at 31 December 2008	(207)	48,793	-	-	48,586
	<u>800</u>	<u>66,024</u>	<u>510</u>	<u>30</u>	<u>67,364</u>

On 4 March 2009 the company's Freehold Property, Churchgates House and The St Nicholas Centre, was revalued to its market value of £1,200,000 and the Investment Property was revalued to its market value of £800,000 by Fenn Wright, Chartered Surveyors. These values have been applied to those properties as at 31 December 2008.

Company	Freehold land & buildings £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost or valuation at 1 January 2008	70,923	386	30	71,339
Additions	3,499	4	-	3,503
Impairment write down	(509)	-	-	(509)
Transfer from investment assets	120	-	-	120
Revaluations	(4,233)	-	-	(4,233)
Disposals	(4,975)	-	-	(4,975)
Cost or valuation at 31 December 2008	<u>64,825</u>	<u>390</u>	<u>30</u>	<u>65,245</u>
Accumulated depreciation at 1 January 2008	-	335	12	347
Disposals	-	-	-	-
Charge for the year	-	23	6	29
Accumulated depreciation at 31 December 2008	<u>-</u>	<u>358</u>	<u>18</u>	<u>376</u>
Net Book Value at 31 December 2008	<u>64,825</u>	<u>32</u>	<u>12</u>	<u>64,869</u>
Net Book Value at 31 December 2007	<u>70,923</u>	<u>51</u>	<u>18</u>	<u>70,992</u>
Cost at 31 December 2008	16,541	390	30	16,961
Impairment write downs	(509)	-	-	(509)
Valuation reserve at 31 December 2008	48,793	-	-	48,793
	<u>64,825</u>	<u>390</u>	<u>30</u>	<u>65,245</u>

Group and company

None of the above properties are held under leasehold.

Land and buildings included above amounting to £65m for the group and company were revalued by the directors at 31 December 2008 on an open market basis. The directors acknowledge that not every property has been the subject of a professional opinion of value. However, every property is professionally revalued every five years and account is taken of that valuation by the directors. Following a turbulent year for the property market, the portfolio has not been subject to a general valuation adjustment as agreed with the Diocesan Surveyor as had happened in previous years. This is because of the extreme variations in house price changes between areas and type of property within the

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

diocese, some areas eg smaller properties in urban areas, have seen falls in excess of the national average, whereas larger properties in desirable coastal and country areas have seen increases in value over the year. To compensate for these variations and after reviewing the information from the Diocesan Surveyor, the directors have considered and valued each property separately, on the advice of the Chief Executive Officer Mr Nicholas P Edgell MCIQB, FFB, MIOC, MiconstM, FIGS, MASI.

Included in the above are assets leased to third parties at 31 December 2008: group £6.44m (2007 £8.6m), company £5.49m (2007 £6.24m).

Included in property disposals	Book value	Net proceeds
	£000	£000
Benefice		
Shotley Vicarage	307	227
Stoke By Nayland Vicarage	1,020	960
Ipswich Fonnereau Rd Vicarage	726	723
Metfield Rectory	376	332
Glebe		
Battisford Glebe cottage	289	189
East Bergholt, Curates house	199	190
Horringer, Cooks Forge	253	180
Eyke Rectory	587	561
Bury St Edmunds, Abbott Rd	258	205
Corporate		
Middleton Rectory	314	277
Sawston house	218	185
Southgate Church house	-	75
Sweffling Rectory	270	463
Worlingham Retirement house	158	145
	4,975	4,712

20. Fixed asset investments

Group and company	Investment properties	Quoted investments	Total
	£000	£000	£000
Valuation at 1 January 2008	1,034	7,419	8,453
Additions	-	-	-
Revaluations	13	(1,859)	(1,846)
Transfers to fixed assets	(120)	-	(120)
Disposals	(24)	-	(24)
Valuation at 31 December 2008	903	5,560	6,463
Historical cost at 31 December 2008	-	3,732	3,732

The investment property relates to glebe land.

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Investments held

Group and company	2008	2007
	£000	£000
Land	903	1,034
Listed investments and common investment funds:		
Central Board of Finance Investment Fund	5,283	7,063
Central Board of Finance Property Fund	235	307
Other	42	49
	<u>6,463</u>	<u>8,453</u>

Included in investments above is 100% interest in the issued ordinary share capital of Churchgates 2000 Limited. The investment total is £1. Extracts of Churchgates 2000 Limited financial statements for the year ended 31 December 2008 are noted below.

Churchgates 2000 Limited year to 31 December 2008	2008	2007
	£	£
Turnover	335,238	319,206
Cost of sales and administration	(307,655)	(332,130)
Impairment on property valuation	(569,719)	-
Interest payable	(175,419)	(185,566)
Net loss	<u>(717,555)</u>	<u>(198,490)</u>
The assets and liabilities of the subsidiary were:		
Fixed assets	2,040,934	3,192,787
Current assets	124,490	83,550
Creditors: amounts falling due within one year*	(1,184,603)	(1,018,213)
Creditors: amounts falling due after one year*	(2,278,000)	(2,278,000)
Net liabilities	<u>(1,297,179)</u>	<u>(19,876)</u>
Aggregate share capital and deficit on reserves	<u>(1,297,179)</u>	<u>(19,876)</u>

*Included in creditors are amounts due to the holding company of £3,432,683 (2007 £3,262,448).

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21 Debtors

	2008		2007	
	Group £000	Charity £000	Group £000	Charity £000
Amounts falling due within one year:				
Amount owed by group undertaking	-	1,155	-	984
Car loans to lay workers	14	14	20	20
Prepayments and accrued income	630	626	693	690
Collections in progress	214	214	228	228
Other debtors	396	384	310	300
	<u>1,254</u>	<u>2,393</u>	<u>1,251</u>	<u>2,222</u>
Amounts falling due after one year:				
Amount owed by group undertaking	-	2,278	-	2,278
Car loans to lay workers	17	17	31	31
Other debtors	113	113	111	111
	<u>130</u>	<u>2,408</u>	<u>142</u>	<u>2,420</u>
	<u>1,384</u>	<u>4,801</u>	<u>1,393</u>	<u>4,642</u>

The amount in respect of Churchgates 2000 Limited (the group undertaking), £2,964,000 of the loan is secured by a charge over the assets of the subsidiary.

22 Short term investments

Group and charity	2008 £000	2007 £000
Building Funds	308	291
Diocesan Stipends Capital Account	1,733	1,349
Diocesan Pastoral Account	15	14
Restricted Income Funds	757	699
Unrestricted Funds	923	4
Schools' Fund	905	655
	<u>4,641</u>	<u>3,012</u>

23 Creditors: Amounts falling due within one year

	2008		2007	
	Group £000	Charity £000	Group £000	Charity £000
Accruals and income received in advance	164	164	177	157
Trade creditors	8	-	7	-
Schools	70	72	480	480
Other creditors	104	92	135	136
Taxes and social security	24	14	7	-
	<u>370</u>	<u>342</u>	<u>806</u>	<u>773</u>
Amounts falling due after one year:				
Other creditors	125	125	-	-
	<u>495</u>	<u>467</u>	<u>806</u>	<u>773</u>

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24. Funds

Unrestricted funds

Unrestricted funds comprise those funds which are available for application for the general purposes of the charity as set out in its governing document. Movements on these funds and details of designated amounts set aside by the Board for specific purposes are as follows:

Group

	At 1 January 2008	Incoming resources	Expenditure	Transfers	Revaluations	Reserve adjustments	At 31 December 2008
	£000	£000	£000	£000	£000	£000	£000
General reserve	521	7,654	(7,749)	2,541	-	48	3,015
Fixed asset reserve	3,705	-	-	(1,833)	-	(26)	1,846
Fixed asset revaluation reserve	2,400	-	-	(159)	(259)	(22)	1,960
Investment revaluation reserve	683	-	-	(193)	(370)	-	120
	<u>7,309</u>	<u>7,654</u>	<u>(7,749)</u>	<u>356</u>	<u>(629)</u>	<u>-</u>	<u>6,941</u>

General reserve

The general reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives including statutory compliance, administration of funds and provision of office facilities. The Board's policy is to maintain a level of cash and liquid assets of not less than six weeks' worth of average costs. This is approximately £875,000.

Fixed asset reserve

This reserve represents the funds tied up in properties, computers, office fittings and cars. The properties are used for the housing of clergy and curates, and where vacant are let to maximise revenue.

Charity

	At 1 January 2008	Incoming resources	Expenditure	Transfers	Revaluations	Reserve adjustments	At 31 December 2008
	£000	£000	£000	£000	£000	£000	£000
General reserve	2,726	7,479	(7,613)	375	-	48	3,015
Fixed asset reserve	1,872	-	-	-	-	(26)	1,846
Fixed asset revaluation reserve	2,241	-	-	-	(259)	(22)	1,960
Investment revaluation reserve	490	-	-	-	(370)	-	120
	<u>7,329</u>	<u>7,479</u>	<u>(7,613)</u>	<u>375</u>	<u>(629)</u>	<u>-</u>	<u>6,941</u>

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Restricted Income Funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations, grants and investment income held on trusts to be applied for specific purposes.

Group

	At 1 January 2008	Incoming resources	Expenditure	Transfers	Revaluations	At 31 December 2008
	£000	£000	£000	£000	£000	£000
Diocesan Pastoral Account	1,806	24	(208)	(1,029)	-	593
Schools fund	1,285	195	(144)	38	-	1,374
Restricted income reserve	7	16	(18)	-	-	5
Trusts:						
Ordination	-	1	-	(1)	-	-
Overseas	17	25	(30)	-	-	12
Parish	200	25	(4)	-	(6)	215
Stipends	-	13	-	(12)	-	1
Church building	396	53	(21)	-	(18)	410
School	90	26	(18)	-	-	98
Other	101	30	(10)	(4)	(11)	106
Support costs	-	-	(28)	28	-	-
	<u>3,902</u>	<u>408</u>	<u>(481)</u>	<u>(980)</u>	<u>(35)</u>	<u>2,814</u>

Included in the above balances are revaluation reserves totalling £22,000 (2007 £854,000).

Charity

	At 1 January 2008	Incoming resources	Expenditure	Transfers	Revaluations	At 31 December 2008
	£000	£000	£000	£000	£000	£000
Diocesan Pastoral Account	1,806	126	(208)	(1,131)	-	593
Schools fund	1,285	195	(146)	40	-	1,374
Restricted income reserve	7	16	(18)	-	-	5
Trusts:						
Ordination	-	1	-	(1)	-	-
Overseas	17	25	(30)	-	-	12
Parish	200	25	(4)	-	(6)	215
Stipends	-	13	-	(12)	-	1
Church building	396	53	(21)	-	(18)	410
School	90	26	(18)	-	-	98
Other	101	30	(10)	(4)	(11)	106
	<u>3,902</u>	<u>510</u>	<u>(455)</u>	<u>(1,108)</u>	<u>(35)</u>	<u>2,814</u>

Included in the above balances are revaluation reserves totalling £22,000 (2007 £854,000).

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Endowment funds

Group	At 1 January 2008	Incoming resources	Expenditure	Transfers	Revaluations	Investment disposals	Reserve adjustments	At 31 December 2008
	£000	£000	£000	£000	£000	£000	£000	£000
Expendable endowment:								
Diocesan Stipends Fund	11,897	-	(1,107)	1,533	-	61	921	13,305
Diocesan Stipends Fund revaluation reserve	8,376	-	-	-	(2,410)	-	(921)	5,045
Parsonage Houses fund	5,836	16	(368)	(968)	-	-	2,741	7,257
Parsonages houses fund revaluation reserve	46,483	-	-	-	(2,513)	-	(2,741)	41,229
Schools fund	769	-	-	-	-	-	-	769
Schools funds revaln reserve	855	-	-	-	(409)	-	-	446
Support costs	-	-	(59)	59	-	-	-	-
	74,216	16	(1,534)	624	(5,332)	61	-	68,051
Permanent endowment								
Ordination trusts	23	-	-	-	(6)	-	-	17
Parish trusts	417	-	-	-	(104)	-	-	313
Stipend and pension trusts	563	-	-	-	(139)	-	-	424
Church building trusts	919	-	-	-	(235)	-	-	684
School trusts	426	-	-	-	(108)	-	-	318
Other trusts	198	-	-	-	(51)	-	-	147
	2,546	-	-	-	(643)	-	-	1,903
	76,762	16	(1,534)	624	(5,975)	61	-	69,954

Charity

Expendable endowment:								
Diocesan Stipends Fund	11,897	-	(537)	1,701	-	61	921	14,043
Diocesan Stipends Fund revaluation reserve	8,376	-	-	-	(1,850)	-	(921)	5,605
Parsonage Houses fund	5,836	16	(368)	(968)	-	-	2,741	7,257
Parsonages houses fund revaluation reserve	46,483	-	-	-	(2,513)	-	(2,741)	41,229
Schools fund	769	-	-	-	-	-	-	769
Schools funds revaln reserve	855	-	-	-	(409)	-	-	446
Support costs	-	-	(59)	59	-	-	-	-
	74,216	16	(964)	792	(4,772)	61	-	69,349
Permanent endowment								
Ordination trusts	23	-	-	-	(6)	-	-	17
Parish trusts	417	-	-	-	(104)	-	-	313
Stipend and pension trusts	563	-	-	-	(139)	-	-	424
Church building trusts	919	-	-	-	(235)	-	-	684
School trusts	426	-	-	-	(108)	-	-	318
Other trusts	198	-	-	-	(51)	-	-	147
	2,546	-	-	-	(643)	-	-	1,903
	76,762	16	(964)	792	(5,415)	61	-	71,252

Included in permanent endowment balances are revaluation reserves of £0.63m (2007 £1.27m).

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Fund	Application /purpose
Diocesan Pastoral Account	
Restricted Income	<p>Purposes as laid down in Section 78 of the Pastoral Measure 1983, the main uses being:</p> <ul style="list-style-type: none"> • Costs incurred for the purpose of the Measure or any scheme or order • Costs of disposing of or maintaining houses or churches vested in the Diocesan Board of Finance or Commissioners • For the benefit of another Diocese • Transfer to the DSF capital or income funds
Schools fund	
Restricted Income	<p>Subject to Section 17 of the Education Act 1993 the funds can be used for:</p> <ul style="list-style-type: none"> • The purchase, construction, maintenance and improvement of any school or teacher's house in the relevant area • The provision of advice, guidance and resources for the management of schools in the area • Inspection of relevant schools in the area
Expendable endowment	<p>This fund is comprised of the sale proceeds of redundant Church of England school premises, teachers' houses and associated endowments which have been vested in the Board of Finance by Orders under the Education Act 1994 and 1973.</p> <p>The use of the fund is restricted under Section 17 of the Education Act 1993.</p>
Restricted Income	Sundry receipts for specific purposes of the Board of Finance and Diocesan activities.
Trusts	
Ordination trust	To defray general and specific costs of ordinands' training and expenses.
Overseas trusts	To assist with mission in Rwanda and the Diocese of Kagera.
Parish trusts	To defray various costs in specific parishes. These are included in the diocesan accounts as the Board of Finance is the trustee responsible for the management of the assets in addition to being the custodian trustee.
Stipends and pension trusts	For the augmentation of particular benefices and stipends in general.
Church building trusts	For the maintenance of churches in the Diocese.
Schools trusts	For the use of specific schools as directed by those school governors.

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25 Pensions Fund

Defined Benefit Scheme – Church Workers

St Edmundsbury and Ipswich Diocesan Board of Finance participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund. During the year to 31st December 2008, the St Edmundsbury & Ipswich Diocesan Board of Finance made contributions of £183,000 and this has been taken as the pension cost shown in these accounts as explained below.

It is not possible for an individual employer to determine its share of the underlying assets and liabilities as each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. In such cases, FRS 17 requires the employer to account for its contributions to the DBS as if it were a defined contribution scheme but to make certain additional disclosures based on available information. The required disclosures together with a description of the operation of the DBS, are given below.

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

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

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

A valuation of the DBS is carried out once every three years, the most recent being as at 31st December 2007. In this valuation, the Life Risk Section was shown to be in deficit by £5.5m and some £4.4m was notionally transferred from the employer' sub-pools to the Life Risk Pool. Of this, £42,100 was deducted from the St Edmundsbury and Ipswich Diocesan Board of Finance's sub-pool. This increased the employer's contributions that would otherwise have been payable. Other available information relating to the valuation as at 31st December 2007 is given below:

Market value of DBS	£176.6m
Market value of the DBF's sub-pool	£1.863m
Market value of Life Risk Pool (1,140 pensioners)	£67.7m

	Total Scheme Members	St Edmundsbury and Ipswich Diocesan Board of Finance Members
Deferred pensioners	1,432	19
Active members	1,504	29

Following the valuation of the Fund at 31st December 2007 the St Edmundsbury and Ipswich Diocesan Board of Finance's contribution rate was revised from 24.50% to 26.8% with effect from 1st January 2009.

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The valuation has also revealed that in addition to the above future service contribution rate, a payment of £31,376 a year will be payable in respect of the deficiency in the current scheme valuation. This is calculated with the target of eliminating the deficiency over a period of 5 years. A liability for £156,880 has been included in these financial statements.

Defined Benefit Scheme – Clergy

The St Edmundsbury and Ipswich Diocesan Board of Finance participates in the Church of England Funded Pensions Scheme and employs 148 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 St Edmundsbury and Ipswich Diocesan Board of Finance 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 pensions 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 Pension Scheme, paragraph 9(b) of FRS 17 requires the St Edmundsbury and Ipswich Diocesan Board of Finance to account for pension costs on the basis of contributions actually payable to the Scheme in the year an amount of £1,054,737.

Following the results of the valuation, the St Edmundsbury and Ipswich Diocesan Board of Finance’s contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1st April 2008.

26 Capital Commitments

As at the 31st December 2008, there were no capital commitments outstanding.

27 Capital

The company has no share capital being limited by guarantee. The maximum number of members is restricted to 75 by the memorandum of Association and each member’s liability under guarantee is £1.

The company has obtained the consent of the Registrar of Companies to be exempt from the requirement to use the word Limited in its name.

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28 Subsidiary Undertakings

The subsidiary company is incorporated and operated in England and Wales.

Included in the consolidation:

Undertaking	Principal activity	Share capital	Holding by charity
Churchgates 2000 Ltd	See below	Ordinary £1 shares	100%

Churchgates 2000 Ltd was set up in 2000 by the charity. The principal activities during the year were those of landlord, holding investment properties and running a conference centre including restaurant. It is a general trading company whose fixed assets are Churchgates House, which is occupied by the charity and unrelated third parties, St Nicholas Church and restaurant, which is used to provide a resource and conference facility and 11 St Nicholas Street, Ipswich, which is leased to a third party.

The assets are funded by loans totalling £2,999,000 from the charity. Interest is being charged at the current Central Board of Finance deposit interest rate plus 0.5% (reviewable annually). £2,964,000 of the loan is secured by a charge on the assets of the company.

29 Analysis of group net assets between funds

	Unrestricted £000	Restricted £000	Endowments £000	Total £000
Fixed assets				
Tangible assets	3,805	-	63,104	66,909
Investments	1,156	113	5,194	6,463
	4,961	113	68,298	73,372
Current assets				
Debtors	712	654	18	1,384
Investments	924	1,677	2,040	4,641
Cash at bank and in hand	524	219	64	807
	2,160	2,550	2,122	6,832
Creditors < 1 year	(248)	(94)	(28)	(370)
Net current assets	1,912	2,456	2,094	6,462
Total assets less current liabilities	6,873	2,569	70,392	79,834
Creditors >1 year	(125)	-	-	(125)
Interfund balances on consolidation	193	245	(438)	-
Total net assets	6,941	2,814	69,954	79,709

30 Custodian trusteeship

The company acts as custodian trustee for a variety of trusts including those falling under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Tithe Act 1936. The assets are mainly held in Central Board of Finance Investments and are separate to those of the Board and not included in these accounts. At 31 December 2008 the market value of these trust investments was £2.78m. (2007 £3.29m)

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31 Redundant churches

When a church becomes redundant the obligation to maintain, 'wind and weatherproof' and dispose of the church initially falls on the Board of Finance.

The following churches are the responsibility of the Board at the year end:

Stanton Warren – leased
Southolt St Margaret – leased
Wangford St Denys – leased

32 Schools fund properties

The schools fund contributes to the construction of new school buildings, which are conveyed in part to the Board. There is no ongoing liability or income in relation to this expenditure. On closure of the school concerned, and at the discretion of the Charity Commissioners, a proportion of the proceeds may be returned to the Board. No provision has been made for this potential income.

33 Operating lease commitments

The amounts payable by the group and charity in the next year in respect of operating leases for property are shown below and analysed according to the expiry date of the leases.

	2008	2007
	£000	£000
Expiring during years 2-5 (copiers)	-	13
Expiring after 5 years (property)	60	60
	<u>60</u>	<u>73</u>

34 Related party transactions

Due to the nature of the charitable company's and group's operations and the composition of the board of trustees, it is possible that transactions will take place with organisations in which a trustee may have an interest. All transactions involving trustees are conducted at arm's length and in accordance with the company's normal purchasing procedures. Transactions identified include:

Trustee	Relationship	Transaction
The Right Reverend Nigel Stock Bishop of St Edmundsbury & Ipswich	Trustee of Allchurches Trust Limited, the 100% parent company of Ecclesiastical Insurance Ltd (EIG)	The DBF received donations of £88,841 (2007 £42,500) from Allchurches in 2008 and paid premiums of £65,808 (2007 £8,006) to EIG.
Mr George Woodward	Director of EWS Chartered Surveyors	Churchgates 2000 Limited paid £2,295 (2007 £2,295) to EWS Ltd in respect of rental agency fees in 2008.

The ultimate controlling party of the company is its board of trustees all of whom will have interest in their own parishes and therefore are related to the diocesan organisation. Some trustees will attend or have membership of the various National Church Institutions through the General Synod, the Archbishops' Council, the Church Commissioners, the Central Board of Finance, the Church of England Pensions Board and other organisations related thereto.

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

In particular it should be noted that funds are transferred between the Board of Finance and the Church Commissioners both in relation to the grants from the Commissioners to support the work of the Diocese and contributions towards central costs.

35 Deferred taxation – group

	2008		2007	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Revaluation of fixed assets	-	-	-	(105,796)
Losses carried forward	-	96,718	-	68,434
Fixed asset timing differences	-	(1,081)	-	(4,938)
	-	95,637	-	(42,300)

The revaluation of fixed assets above relates to potential corporation tax due on revalued freehold and investment properties of Churchgates 2000 Limited. Provision is only made in relation to freehold and investment properties where there is an intention to sell. Deferred tax is based upon a corporation tax rate of 21% (2007 20%)

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Appendix I

The Diocesan Board of Finance Unrestricted Fund Budget Outturn 2008

	Total to date	Budget	Favourable/ (unfavourable)
Income			
Parish Share	5,898	6,311	(413)
Other income received (see below)	1,431	1,249	182
Total incoming resources (see over)	7,329	7,560	(231)
Expenditure	7,620	7,635	15
Deficit before asset disposal & transfers	(291)	(75)	(216)
Profit on disposal of assets & write downs	133	-	133
DPA subvention	75	75	-
Net deficit	(83)	-	(83)
Property transfers	322		
Restricted reserve movement	3		
Churchgates 2000 liabilities tfr to DSF Capital	19		
Revaluations	(629)		
Net movement in group unrestricted funds	(368)		

Other Income Received

Archbishops' Council	286	149	137
Other donations	161	164	(3)
House rent received	142	151	(9)
Investment income	404	396	8
<i>Statutory Fees & Other Income:</i>			
Other income	31	19	12
Clergy fees	322	322	-
Youth Income	28	10	18
Childrens Income	3	7	(4)
Parish Resources	1	-	1
DCO	12	21	(9)
Church Requisites	41	10	31
Total	1,431	1,249	182

Expenditure

Costs of renting out properties	51	26	(25)
Investment management costs	13	11	(2)
Contributions to Archbishops' Council	489	489	-
	553	526	(27)

Resourcing Ministry & Mission

Parochial Costs

Stipends and National Insurance	2,986	3,074	88
Pensions	997	1,033	36

Continued...

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Expenditure continued...	Total to date	Budget	Favourable/ (unfavourable)
Removals and Relocations	87	80	(7)
Insurance	34	43	9
Parsonage Repairs	361	345	(16)
Water Rates, Council Tax, Insurance & rent	334	357	23
Sequestration	14	10	(4)
Property Administration	70	81	11
Archdeacons	140	150	10
Rural Deans	14	12	(2)
Bishops	34	29	(5)
Child Protection/Criminal Records Bureau	19	15	(4)
CME	90	93	3
	5,180	5322	142
<i>Parochial Support & Mission</i>			
Lay Education and Training	50	59	9
Readers	7	9	2
Diocesan Ministry Course	141	178	37
Youth Work	78	84	6
Children's Work	46	53	7
Diocesan Director of Ordinands	80	106	26
Mission & Ecumenism	3	5	2
Community Affairs	78	78	-
Parish Resources	81	80	(1)
Communications	103	104	1
Ecumenical Library	22	22	-
Church Requisites	56	27	(29)
Chaplaincies & Ecumenism	60	63	3
Diocesan Advisory Committee	99	105	6
Church Inspections	28	30	2
Redundant Churches	2	2	-
Church Building Scheme Grants	15	15	-
Other Grants	9	8	(1)
	958	1,028	70
Board of Education Grant	38	38	-
<i>Governance & Administration</i>			
Synod and Committees	25	26	1
Secretariat	194	221	27
Registrar & Chancellor	41	41	-
Audit & professional fees	31	25	(6)
	291	313	22
<i>Support costs</i>			
Accounts	118	122	4
Office services	325	286	(39)
Pension	157	-	(157)
	600	408	(192)
Total	7,620	7,635	15

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Appendix II

**Diocesan Pastoral Account
Statement of movement on the fund for the year ended 31 December 2008**

	2008	2007
	£	£
Incoming resources		
Interest received	124,773	124,753
Donations	-	144
Total incoming resources	124,773	124,897
 Expenditure		
Parsonage house improvements	184,916	91,965
Asbestos survey	-	39,833
Grants	21,396	104,698
Redundant churches	952	-
Other items	1,182	-
Total resources expended	208,446	236,496
 Net (outgoing) resources before transfers	 (83,673)	 (111,599)
 Transfers between funds		
Capital work on property	(1,575,798)	(1,168,625)
Property sale proceeds	2,242,516	1,027,041
Transfer of Churchgates 2000 Limited loan to DSF Capital Fund	(1,722,828)	-
Budget subvention to the general fund	(75,000)	(175,000)
 Net movement of funds	 (1,214,783)	 (428,183)
Total funds brought forward at 1 January 2008	1,806,622	2,234,805
Total funds carried forward at 31 December 2008	591,839	1,806,622

Assets as at 31 December 2008

	2008	2007
	£	£
Current assets		
Loans to subsidiary company	243,842	1,865,921
Other loans	3,000	3,000
Amounts owed (to)/from Diocesan Board of Finance	225,343	(163,250)
Cash	15,210	-
Diocesan Pastoral Account London	104,444	100,951
	591,839	1,806,622

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Appendix III

**Diocesan Stipends Capital Fund
Statement of movement on the fund for the year ended 31 December 2008**

	2008	2007
	£	£
Income		
Profit on sale of assets	-	167,629
Expenditure		
Write down on property costs	275,487	-
Write down of St Nicholas Centre costs	569,719	
Loss on sale of properties	261,920	-
	<hr/>	
Net (outgoing)/incoming resources before transfers	(1,107,126)	167,629
Transfers between funds		
Transfer of property costs to Benefice Fund	(21,356)	(214,012)
Transfer of Churchgates 2000 net liabilities to DSF Capital Fund	(167,710)	-
Transfer of Churchgates 2000 Limited loan to DSF Capital Fund	1,722,828	-
	<hr/>	
	1,533,762	(214,012)
Revaluation of fixed assets	(1,901,141)	920,720
Gain on disposal of investments	61,181	-
Revaluation of investments	(508,338)	205,980
	<hr/>	
Net movement of funds	(1,921,662)	1,080,317
Total funds brought forward at 1 January 2008	20,273,290	19,192,973
	<hr/>	
Total funds carried forward at 31 December 2008	18,351,628	20,273,290

Assets as at 31 December 2008

	2008	2007
	£	£
Fixed assets	12,883,878	14,850,944
Investment assets	2,076,707	2,610,439
Loan to Churchgates 2000 Ltd	2,999,045	1,276,217
Net liabilities of Churchgates 2000 Ltd	(1,297,179)	-
	<hr/>	
	16,662,451	18,737,600
Investments	1,732,861	1,348,496
Cash at bank	(43,684)	187,194
	<hr/>	
Net current assets	1,689,177	1,535,690
	<hr/>	
Total Funds	18,351,628	20,273,290

THE ST EDMUNDSBURY AND IPSWICH DIOCESAN BOARD OF FINANCE

Appendix IV

Parish Share 2008

Deanery Summary

Deanery	Parish Share £	Paid £	Due £	Paid %
Bosmere	255,611	243,805	11,806	95.38
Colneys	371,876	344,494	27,382	92.64
Hadleigh	286,707	285,456	1,251	99.56
Ipswich	904,776	838,971	65,805	92.73
Samford	255,612	247,187	8,425	96.70
Stowmarket	247,575	233,024	14,551	94.12
Woodbridge	454,251	454,251	-	100.00
Clare	237,845	230,992	6,853	97.12
Ixworth	290,530	266,051	24,479	91.57
Lavenham	361,175	355,318	5,857	98.38
Mildenhall	350,971	306,305	44,666	87.27
Sudbury	378,682	355,575	23,107	93.90
Thingoe	409,239	369,838	39,401	90.37
Beccles & South Elmham	239,955	225,569	14,386	94.00
Halesworth	333,115	276,296	56,819	82.94
Hartismere	170,501	147,271	23,230	86.38
Hoxne	152,309	138,263	14,046	90.78
Loes	285,745	261,254	24,491	91.43
Saxmundham	324,570	321,326	3,244	99.00
Total 2008	6,311,045	5,901,246	409,799	93.51
Total 2007	6,139,195	5,730,764	408,431	93.35%

Amount received per accounts (note 1)	5,898,311
Late receipt	2,935
Amount received as above	<u>5,901,246</u>