

# THE DIOCESE IN EUROPE BOARD OF FINANCE

England & Wales · Charity number 250186

## Details

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Other names	THE GIBRALTER DIOCESAN TRUST, DIOCESE IN EUROPE
Status	Registered
Legal form	Charitable company
Company number	<a href="#">00106580</a>
Registered	1966-12-07
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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## Activities

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**Objects:** TO AID AND FUTHER THE WORK AND INTERESTS OF THE CHURCH OF ENGLAND IN THE DISCESE OF EUROPE.

**Activities:** The company's principal activity is to promote, assist and advance the work of the Church of England in the Diocese in Europe.

## Classification

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- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Human Resources, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Religious Activities
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

## Geography

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- **Area of benefit:** THE DIOCESE IN EUROPE

- Andorra
- Armenia
- Austria
- Belgium
- Bosnia And Herzegovina
- Bulgaria
- Croatia
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Gibraltar
- Greece
- Hungary
- Iceland
- Italy
- Latvia
- Luxembourg
- Macedonia
- Malta
- Monaco
- Morocco
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia

- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- Throughout London

## Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£2,415,780	£2,268,298	£12,524,619	12
2023-12-31	£2,365,832	£2,478,621	£12,150,629	13
2022-12-31	£2,263,011	£2,429,864	£11,363,646	11
2021-12-31	£2,155,560	£2,384,501	£12,903,311	9
2020-12-31	£2,224,162	£2,074,586	£11,726,517	14

## Trustees

Name	Role	Appointed
<b>LORD STEPHEN KEITH GREEN</b>	Chair	2025-06-11
David White		2016-01-01
Joan Berry		2025-06-11
John William Errey		2025-06-11
Mary Gertrude Talbot		2022-06-07
Maxine Wildhaber		2025-06-11
Rev Beth Bendrey		2023-06-08
Rev David Waller		2020-01-16
Rev Dominic Gerald Bruno Newstead		2025-06-11
Rev Ian Denis Tarrant		2022-11-01
Rev Kasta Dip		2025-06-11
Rev Mark William Osborne		2025-06-11
Rev Peter Hooper		2021-11-28
Rev Richard Allen Gardiner		2025-06-11
Rev Richard Anthony Seabrook		2025-06-11
Revd Canon David Wright		2026-02-26
Revd Dr James Thomas Hadley		2025-06-11
Reverend Canon Carolyn Jane Cooke		2025-06-11
Rt Reverend Andrew Robert Norman		2025-06-11
Simon Urquhart		2025-06-11
Susan Boyd		2025-06-11
Thamarai Pandian		2025-06-11
The Rev'd Dr. Leslie Satianathan Nathaniel		2019-06-12
The Revd Canon Deborah Mary Rollins Flach		2022-06-07
The Rt Revd Dr Robert Innes		2014-09-01
The Ven Samuel Wall Van Leer		2021-06-21
Una Frost-Scaletta		2025-06-11

## Linked charities

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- THE DIOCESE IN EUROPE DEVELOPMENT FUND (250186-1)

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

England & Wales - Charity number 250186

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# Accounts

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# Diocese in Europe

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

*for the year ended 31 December 2024*

*Company No. 106580  
Registered Charity No. 250186*

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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*for the year ended 31 December 2024*

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# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### **Foreword from Bishop Robert**

I am very pleased to introduce this annual report for the Diocese in Europe.

The life of the Diocese is in its chaplaincies, and I am continually amazed and delighted by the variety of the contexts of our congregations, their different make-up and the abundant signs of life. Over 2024, a good number of chaplaincies, particularly those in cities, have been thriving and growing. Chaplaincies in rural or holiday locations serving ex-patriot retirees have found it harder, with the enduring challenge of life post-Brexit and the loss of numbers entailed in the covid epidemic. Overall, the Diocese is in good heart. Compared with most English dioceses, we continue to have a relatively high number of working age people and a relatively high level of ethnic diversity. A second conference on racial justice, held near Stuttgart, was a particular highlight and encouragement to those amongst us of global majority heritage.

The Diocesan Board of Finance is running a manageable deficit with plans in place to work towards a balanced budget. This is largely thanks to good Common Fund returns (96%). We are very grateful for the great generosity of our chaplaincies in this area. We have additionally benefited from some national church funding for particular projects such as youth work, stewardship and racial justice. I extend particular thanks this year to Mike Fegan, for his 8+ years with us, first as interim Diocesan secretary and then as chair of the DBF. He will stand down at our annual meeting this summer, and I will miss him very much.

We were without a Suffragan Bishop for the great majority of 2024 and, given our small central team, I am very grateful to colleagues for sharing the additional load this represented. The appointment of Andrew Norman as our new Suffragan, his consecration in Canterbury and his installation in Gibraltar were particular moments of celebration and joy.

Sadly, the continent of Europe continues to be dominated by the Ukraine-Russia war. The care of migrants and refugees, from Ukraine and more widely, is a particular focus for our Diocese. In this light we are very concerned and troubled by the rise of the far right across the continent.

At a time of growing clergy shortages in England, we continue to recruit and retain highly talented clergy and lay leaders and produce very able ordinands for the wider church. There are exciting mission projects, new folk are joining our congregations and there are many examples of people finding Christian faith. Our overall morale is high.

I hope you enjoy reading this report. I trust you are reassured by the care taken over the management of our resources and our efforts to present our results clearly and transparently.

I remain thankful to God for the vitality of our Diocese in Europe, as evidenced by this report, and pray for its continued flourishing.

+Robert Gibraltar

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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The Trustees, who are also Directors for the purposes of company law, present their annual report together with the audited financial statements, for the year ended 31 December 2024.

### OBJECTIVES

The Diocese in Europe has around 300 congregations in 35 jurisdictions in Europe, Turkey, Russia and North Africa. These congregations are organised within 130 separate chaplaincies. The Company's principal activity is to promote, assist and advance the mission and ministry of the Church of England in the Diocese in Europe by acting as the financial executive of the Diocesan Synod.

The main objectives of the charitable Company, the Diocese in Europe Board of Finance ("DBF") are:

- To manage the financial aspects of providing a priestly and pastoral presence where needs arise and as resources permit across the Diocese.
- To provide appropriate personnel, financial grants and other resources including safeguarding to support the mission of the Diocese.
- To engage with the community as part of the Church's response to God's mission to His people in the area covered by the Diocese.
- To manage funds on behalf of the churches in the Diocese, and related trust funds.
- To provide services to churches and help the flow of communications across the Diocese, including the provision of various publications.

Funds and other support are given to encourage fresh expressions for worship and mission; to support the ongoing mission of the Diocese, and to provide a service to our chaplaincies. Priorities for diocesan support are identified at regular meetings of the Bishop's staff and at the Diocesan and Archdeaconry synods. Significant financial issues are delegated to the Finance, Audit and Personnel Committee ("FAPC") between meetings of the Diocesan Synod and the Bishop's Council. The Terms of Reference and scheme of financial delegation for the FAPC are reviewed by the Bishop's Council.

The Trustees aim to operate a balanced budget, meeting current expenditure from current income, so that capital growth can be set aside to support the work of the Diocese in future years and be available at times of particular hardship. This strategy was very valuable during the years of the Covid-19 pandemic when the DBF was able to pause its programme of increasing revenue through the Common Fund requests and used reserves to fund deficits. Reserves have also been used to fund chaplaincies facing particular hardship and to fund new mission opportunities.

Financing deficits from reserves enabled the Common Fund request to be frozen in the years 2020-2022. Increases of 10% were requested in 2023 and 2024. Further increases are included in the financial plan for the next 3 years and the DBF aims to keep the deficit under £200,000 by 2028 and maintain unrestricted reserves at between 1.5 and 2.0 times the annual unrestricted expenditure of the DBF. For 2025 the increase in the request for Common Fund contributions is 7.5% (reduced from 10% as agreed in the 2023 financial plan).

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### STRATEGIC AIMS

The Diocesan Strategy, 'Walking Together in Faith', commits the Diocese to:

- Building up the Body of Christ and fostering growth.
- Sharing with other churches and agencies in the evangelisation of Europe.
- Striving for the creation of a just society and a sustainable environment.
- Working for reconciliation in communities and in the wider world.
- Providing the resources to do these things.

Across our far-flung Diocese, the staff team and the chaplaincies work together in fulfilling this strategic vision by making good clergy appointments, fostering vocations, forging partnerships with mission agencies, working with refugees and providing encouragement and support to our communities. Increasingly, this work is supported by pan-diocesan working groups such as the Caring for Creation Group and the Racial Justice Working Party as well as increased co-operation between chaplaincies at an archdeaconry level.

Although the strategic priorities are clear, the resources available to the DBF to help in their delivery are limited. Funding for new strategic initiatives in dioceses is being made available from the Church Commissioners distributed by the Archbishops' Council. The DBF and Bishop's Senior Staff are working on a strategy to be submitted in 2025 that will secure funding through the next 9 years. The DBF needs to recruit the right staff and adapt, so that this work can be absorbed within a thin central team. An initial capacity grant was awarded to the DBF to support the development of work with children and young people. In June 2025 it is hoped that funding will be received for a Head of Strategy development.

The overall plan to be submitted will be a plan for growth. This includes:

1. Growing numbers in chaplaincies and new chaplaincies or communities attached to existing chaplaincies with potential and capacity.
2. A focus on new chaplaincies in urban areas.
3. Growing work with children and young people.
4. Growing our service to the world including the environment, refugees and our ecumenical work.
5. Supporting chaplaincies with increasing numbers of members with low incomes from the Global South in particular, who may be unable to fund ministry themselves in accordance with the normal model in the Diocese.
6. Developing the lay and ordained leaders of the future.

The Trustees have expressed their support for these plans which will be further discussed by the Diocesan Synod at their 2025 meetings.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ACTIVITIES AND ACHIEVEMENTS

#### Ministry

The number of clergy in the Diocese holding a Bishop's licence in April 2025 was 152 (2023: 138). This includes 28 assistant chaplains (2023: 27) as well as the Dean and the 4 Archdeacons and the Bishop's Chaplain. In addition there are 16 curates (2023: 15). At the close of 2024, the Diocese had 19 vacancies (2023: 29) which, when filled, will have licensed clergy (including both Chaplains and assistant priests).

96 Readers held a Bishop's licence or Permission to Officiate at the end of the year (2023: 77). 26 people were licenced or granted PTO as readers in 2024 (2023: 21).

At the end of December 2024, there were 26 ordinands in either residential or non-residential training (2023: 26) and 11 Readers in training (2023: 16).

#### Chaplaincy membership and attendance

The total number on chaplaincy Electoral Rolls is 10,578 (2023: 9,887), an increase of 7%. Overall numbers have recovered since the pandemic and are now only 279 below the 2019 pre-pandemic number, so recovery in roll numbers since the pandemic is now almost complete.

There were 209 baptisms (2023: 378) and 46 marriages (2023: 32) recorded in the Diocese with an additional 192 (2023: 167) marriage blessings. The number of marriages and blessings in particular, represents a significant financial benefit for some chaplaincies. These events are a source of engagement and income, particularly when families travel from the UK for ceremonies. The recovery in the number of blessings is particularly gratifying.

There were 23 confirmation services held (2023: 24) with 178 candidates (2023: 170). A practice of combining groups of confirmation candidates from a number of chaplaincies in one service is becoming more common, with bigger services and less episcopal travel time.

Easter Day attendance was recorded as 14,344 (2023: 13,672). Christmas Day attendance was recorded at 15,942 (2023: 15,697). These are encouraging increases and further evidence of post covid recovery in numbers in church.

The Usual Sunday Attendance (USA) was recorded as 8,724 (2023: 7,901). Chaplaincies reported a further 502 as the number of people attending only online.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Staff Changes

No DBF staff left in 2024. Susi Doherty joined the team as the Communications Officer, replacing Amber Jackson, who had filled the role on a freelance basis for 5 years.

#### Suffragan Bishop

In February 2024 Bishop David Hamid retired. He had been in post for 22 years and was the longest serving bishop in the Church of England. Bishop David's chaplain, Revd Canon Deacon Frances Hiller, also retired having supported Bishop David throughout his term of office. Their ministry was celebrated across the Diocese with many leaving events and an online service.

Interviews for a new Suffragan Bishop were held in Brussels in July. The Diocesan Bishop was assisted by an advisory group of lay and ordained people from across the Diocese and an independent advisor, Lord Stephen Green. Revd Canon Andrew Norman was selected following consultation with the Archbishop of Canterbury, the Bishop of London and the Standing Committee. His appointment was announced by Downing Street in November 2024 prior to his consecration in Canterbury Cathedral and installation at Holy Trinity Cathedral in Gibraltar early in 2025. Bishop Andrew served his title in Europe at St Michael's Paris and joined the Diocese in Europe from his role as Director of Mission and Ministry for the Diocese of Leeds. He had previously been the Principal of Ridley Hall theological college from 2008 to 2016.

#### Ministry Team restructure

The Director of Ministerial Development, Revd Canon Ulla Monberg retired in June 2024. Ulla had served the Diocese with great dedication and distinction for over 20 years. She was one of the initial cohort of women to be ordained and has been an inspiration to clergy in the Diocese in Europe and way beyond. Following her departure, the Ministry Team was restructured. The Diocesan Director of Ordinands, Canon William Gulliford, took overall responsibility for Initial Ministerial Education. Revd Jenni Pridmore, Chaplain of St. Mary's Rotterdam, became interim head of IME2 with responsibility for the formation of curates in the Diocese. She is supported by several newly appointed individual year group tutors. Revd Geoff Read, Chaplain of All Saints, Luxembourg, is interim Head of Continuing Ministerial Education. These are both part-time, interim appointments, now reporting to Bishop Andrew who will review the structure as the new Chair of the Ministry Team late in 2025.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### **Safeguarding**

The DBF benefits from the expert oversight of DSAC, which met four times in 2024, including an in-person development day held in London. This independent scrutiny and challenge is an essential contribution towards achieving best practice in safeguarding. The Eden Voice Group is now established to bring a clear informed focus to the work with regard to victims and survivors. Its chair is also an independent member of DSAC.

In 2024 373 people (2023: 341) completed 37 (2023: 28) Safeguarding Leadership training courses; 2 Safeguarding conferences were attended by 82 Chaplaincy Safeguarding Officers (2023: 113) and 440 safeguarding checks were completed (2023: 374).

The Head of Safeguarding was one of the first in the country to receive her official certification as Diocesan Safeguarding Officer in accordance with recommendations 1 and 8 of the Independent Inquiry into Child Sexual Abuse (IICSA)

#### **Progress towards Net Zero Carbon Target**

The Diocese continues to pursue its objective of reaching Net Zero Carbon by 2030. An updated Programme of Activities and a progress report was presented to Diocesan Synod in June 2024.

In addition to the £130,000 of capacity building funding awarded by the Church of England's Net Zero Carbon Programme in Autumn 2023, the Diocese had applications approved to assist with 'decarbonising' a clergy house (Voorschoten), and for preparatory work to decarbonise a church/church hall (All Saints Puerto de la Cruz, Canary Islands). Further funds are being made available from the programme for 'Quick Wins grants' for up to 30 chaplaincies across the Diocese.

Barbara Alger was recruited as part-time Net Zero Officer in April 2024. Unfortunately, she had to withdraw due to ill-health in June 2024. The volunteer Caring for Creation Working Group picked up many tasks that would have been completed by the Net Zero Officer. The role will be filled in 2025.

Systematic quantification of travel emissions by senior clergy and diocesan staff started in January 2024. More than 40 chaplaincies or congregations across the Diocese are now registered with 360carbon.org and starting to record their carbon footprints.

A growing understanding of the buildings used throughout the Diocese, and progress in quantifying their emissions, opens further funding opportunities which are being actively pursued.

The Diocesan Caring for Creation Working Group continues to spearhead these activities, along with encouraging chaplaincies to work towards EcoChurch awards.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

**Racial Justice Conference – Stuttgart** (*Leslie Nathaniel, Chair of the Racial Justice Working Group*) writes:

The second conference was held in December 2024. Christians from the Church of England, including the Diocese in Europe, the Racial Justice Unit in England and the wider Anglican Communion, partner churches and organisations, in particular EKD, WCC and USPG, as well as other Christian Churches and personalities from neighbouring faiths worldwide, gathered at Bad Boll, Germany, to hold a conference on racial justice. This built on the first conference in Freiburg in 2023. The Conference was fully subscribed with 120 participants.

The Diocese was grateful to partners for their financial support. The conference could only happen with funding from the Racial Justice Unit of the Church of England, the EKD and USPG. The venture was run by voluntary groups who give time and energy to help the Racial Justice Working Group of the Diocese to deliver this second significant conference in the life and witness of our churches where all shared a dream, a hope and a commitment.

The discussions were based on the first Conference Statement adopted at Freiburg. The theme 'All of Us or None of Us' was taken from the first conference. Visible links were seen as a symbol of being part of a continuous process within our churches, building on what has been achieved so far and taking on board new persons and perspectives as we continue our pilgrimage towards a racially just world.

The conference further developed the discourse on how our churches can become facilitators of change towards a racially just community, both within our own ecclesiastical structures and in the societies that we are a part of. The focus of discussion was on how to move from vision to mission, from dreaming to delivering, from talking to each other to walking together on a path of effective action.

In using the term 'racial justice', it was acknowledged that talking of 'race' is continuing a racist interpretation of the different ethnic and cultural backgrounds which together make up the one human race and family. The aim was to replace the language of division with a language of unity however due to its common usage it was agreed to continue with the term 'racial justice' for the time being.

With this in mind, the Conference adopted a significant Statement. The key points are given below:

- Allowing God to be part of the process
- Providing a safe space for exchange and encounter
- Letting our established perspectives and perceptions being challenged
- Taking concrete steps towards being an inclusive church
- Journeying towards being a 'church for others' and with others

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### The second Racial Justice Conference – Stuttgart (continued)

In conclusion, we resolved to prioritise eight items for implementation:

- We will in our preaching, teaching and witness become proponents of a theology of inclusiveness, taking seriously the notion that all human beings are God’s people and children.
- We will strive to keep asking the key question as to whether we are doing the right things at the right time in our public witness, so that all faith communities become catalysts for racial justice, peace-making and bridgebuilding. It is either ‘ALL of US or NONE of US’.
- We will not be stalled by obstacles and resistance but will speak out boldly and without hesitation on racial injustices in our churches, explaining patiently why work on racial justice is essential in order to fulfil our calling as church and as disciples of Christ.
- We will, within the sphere of our own leadership responsibilities, work together with our communities to implement concrete measures, such as training welcoming teams and offering multicultural forms of intercessory prayers.
- We will seek to incorporate racial discrimination in the safeguarding procedures of our churches.
- We will actively seek out others within our municipalities and civil society with whom we can work together for a racially just, radically inclusive and healing society.
- We will widely distribute and discuss the Conference Statements of Freiburg and Bad Boll within our communities, making them part of our endeavour to make racial justice an enduring part in the life and witness everywhere in our churches and in society.
- We will continue to be alert to the signs of the time, listen to voices, both the loud and the silenced, and design meaningful programmes to take forward the agenda from the grass roots to every realm of life.

The full Conference Statement is on the Diocesan website [here](#). The Racial Justice Working Group is building on the results of the Conference and a follow-up event is already in the pipeline - God’s Kaleidoscope 3 - An International and Ecumenical Conference on Embracing Diversity, Strengthening Democracy, Challenging Hostility.

#### Children and Young People (“CYP”) Strategy

A significant programme to expand the work of the Diocese with children and young people has been launched and has received capacity funding from the Archbishops’ Council Strategic Mission and Ministry Investment Board of £106,375. This is the first phase of strategic funding that is expected to increase in the coming years. The money pays for a part time Head of CYP Strategy and an extensive programme of research commissioned from the agency Youthscape. This will provide vital insight into the current scale and the future potential for work in this area. A series of online network events and residential gatherings in Prague and in Taizé have been put in place which will help to shape the work in the future. The next stage of the strategic plan is being developed along with the National Church Vision and Strategy Team.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Fundraising advice and resources for chaplaincies

##### Digital Giving

The significant project in 2024 was the Digital Giving Rollout which supplied and set up 56 contactless devices to chaplaincies. The total diocesan contribution toward these has been £4,600. The estimated return to chaplaincies is in the region of £100,000. Chaplaincies report that most of this is new money from new donors which represents a significant boost. 2025 will be the first full year of the project and more chaplaincies are expected to join. A further fundraising survey is being launched three years on from the initial work.

##### Stewardship

A new programme of finance reviews is to be conducted with archdeacons and a suite of new resources is available to chaplaincies via the diocesan website to assist with stewardship campaigning.

##### Tax efficient donations from the USA

Until recently the Episcopal Church in the USA was able to assist donors in making tax efficient transfers to Diocese in Europe Chaplaincies. This is no longer possible. After a period of detailed research and negotiation, the DBF is now at the end of a pilot programme with the Charities Aid Foundation (USA) which will enable tax efficient giving in the future. There is considerable potential in this programme for a number of chaplaincies.

##### Legacy giving

Legacy campaigning is particularly complex in the Diocese in Europe given the very wide range of tax and legal regimes which are encountered by chaplaincies. Legal experts in the field [Legacy Futures](#) are now engaged, to provide the advice resulting in a pilot legacy project in the Gibraltar archdeaconry. The plan is to roll this out to other areas as appropriate.

##### War in Ukraine and the appeal for funds

The war in Ukraine has a significant impact on life in the Diocese. The chaplaincy of Christchurch, Kyiv continues to meet and hold services as well as maintaining an online community. A new chaplain has been appointed to Warsaw who travels to Kyiv at least once a month for services as well as offering some pastoral care for the community. The Diocese remains committed to supporting resident stipendiary ministry in Kyiv when this is possible. A Ukrainian curate will be ordained in 2024 to be based in Warsaw but also working in Kyiv.

The funds raised in partnership with USPG (United Society Partners in the Gospel) in 2022 for work with refugees has been distributed and a further Bishop's Lent appeal for work with refugees was launched in Lent 2025. The main projects continuing are linked to chaplaincies in Budapest, Prague, and Bucharest. The needs of refugees are not declining and there is still a need for further funding.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

for the year ended 31 December 2024

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Events

##### Ministry

- The appointment and consecration of a new Suffragan Bishop
- The appointment of a new Senior Chaplain at the Pro Cathedral in Brussels
- Seven deacons and 3 priests were ordained
- A diocesan ordination retreat was held for the first time for all candidates at the Bi-Ritual Monastery of Chevetogne in Belgium, which has a strong history of warm relations with the Anglican Church
- 26 people were in training for ordained ministry
- 9 candidates attended and were recommended at Stage 2 Bishops' Advisory Panels
- A pilgrimage to Rome and Ravenna
- Online retreats in Lent and Advent for women clergy (both licenced and PtO)
- Filled a key role in the chaplaincy in the Paris Olympic village Bishops' Study Gatherings in 2025 linked to Nicaea in June and November (+Graham Tomlin leading)

##### New initiatives

- The launch, with national church funding, of a Future Youth Internship Programme alongside the Ministry Experience Scheme to encourage people seeking to gain experience working with children and young people
- A revived Youth Worker network
- Regular ministry in Kyiv has been revived thanks to frequent visits from the chaplain in Warsaw
- Diocesan online service for Safeguarding Sunday
- Publication of new 'Family Friendly Guidelines' for the Diocese to sit alongside clergy terms and conditions of service
- The award of the first Bishop's certificates to participants on the lay learning course *Walking Together in Faith*
- The appointment of the Head of Children and Young People Strategy
- Reuilly Working Group three day meeting in Leicester to review Inter-Cultural issues
- Diocesan representation on the Executive Committee of the College of Archdeacons appointment of new bishop's advisors (Retirement, Spirituality, Interfaith and Peace & Conflict Transformation)

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Events (continued)

##### Public Profile

- Broadcast services on the BBC from chaplaincies in Paris during the Olympic Games.
- Podcast series led by the Diocesan Director of Ordinands for the anniversary of the Coronation.
- Racial Justice conference, Stuttgart.
- Led the launch of a new communication officers' network.
- 34% increase in engagement on Facebook and 88% increase in active users on the website.
- You Tube: 25% increase in views, 77.6% increase in number of video hours watched, 1225% increase in number of new subscribers.
- Diocesan (Archdeacon Peter) presence at the consecration of the new Bishop for the Swiss Old Catholic Church.

### FUTURE PLANS

#### These include:

- The appointment of the Carbon Net Zero Officer funded by the national church
- A significant programme of celebrations for the 1700 anniversary of the Council of Nicea including a pilgrimage in Turkey to the key sites, a Lent course across the Diocese, lectures and a diocesan online service to mark the anniversary around Trinity Sunday.
- Licensed Women clergy conference in Madrid (June 2025)
- Diocesan Celebration 30th anniversary of women's ordination to the priesthood (June 2025)
- Archdeaconry and Deanery Synods to be held in-person in Vienna, Stuttgart (bringing the deaneries of Germany and Northern Europe together) Rome, Drongen and Belgium.
- A third Racial Justice Conference
- A youth synod and training event for leaders of work with children and young people in Prague
- A young people's pilgrimage to Taizé
- A new standalone chaplaincy in Rabat
- Co-ordinated training for congregational worship leaders across the French and Swiss Archdeaconries
- Celebrations of significant milestones of age of Chaplaincies in France, Aquitaine (200<sup>th</sup> in June), Monaco (Centenary of current Church building in autumn)
- Diocesan representative on national CofE Advisory Group for the Terms and Wellbeing of Ministers

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE

#### **Brexit**

Covid-19 and then the war in Ukraine obscured the true effects of Brexit on the life of the Diocese in Europe. Many members of chaplaincies who did not qualify for residency are now limited in the amount of time they can spend in the European Union. This is reported to have reduced attendance at some chaplaincies particularly in the south of the Diocese as seasonal residents do not return as frequently or for as long as they did in the past. The true impact of this on the Electoral Rolls will only be revealed when the rolls are renewed in 2025.

The DBF may need to offer support to chaplaincies who are experiencing higher costs of visas and other requirements when appointing new chaplains. There are also language qualifications in some jurisdictions that were not a factor prior to Brexit. Despite Brexit, it is gratifying that strong candidates continue to apply for roles and manage to overcome the hurdles in their way. Clergy across the Diocese are a more diverse group than ever with an increased number of appointments of Anglicans from across the globe.

#### **The wider Church of England**

##### Safeguarding

There has been a lively and detailed debate in the Church of England regarding how Safeguarding could be conducted effectively and in a manner which will be regarded as sufficiently independent. The debate deepened with the publication of the Makin Report into the case of the late John Smyth and the subsequent resignation of the Archbishop of Canterbury.

Two proposals for independence were debated by the General Synod, one to set up an independent scrutiny body for safeguarding and move the National Safeguarding team from the auspices of the Archbishops' Council, and a second which would remove all diocesan safeguarding operations from the DBF and place them in an independent charity. The Synod has approved the first proposal although the second may return following further work on the practicalities and legal position of such a move.

In the Diocese in Europe there is widespread agreement that the diocesan safeguarding operation should remain within the DBF but with strong scrutiny both from the new body and the Diocesan Safeguarding Advisory Committee.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### The Wider Church of England (continued)

##### Review of Diocesan finances across the Church of England

A thorough review of all diocesan finances has been conducted by the Archbishops' Council with proposals for some reforms still to be finalised. These will include a new approach to the funding of ministry training and some further support for dioceses to make strategic changes. The Bishop and the Diocesan Secretary have made active contributions to the debate about the review and account is being taken of the unique circumstances of the Diocese in Europe.

##### Senior staff service to the wider Church of England

Senior staff and clergy of the Diocese continue to maintain a high profile within the Church of England. Bishop Robert is chair of the Faith and Order Commission ("FAOC"), the vice chair of the Council for Christian Unity and a member of the Clergy Discipline Commission. As FAOC Chair he is, ex officio, a member of the House of Bishops Standing Committee and was co-opted onto the LLF Implementation Group. He is the co-chair of the Reuilly conversations between the Anglican Churches of the British Isles and the French Protestant Churches, and a member of the Central Committee of the World Council of Churches. He has recently been appointed co-chair of the International Anglican Roman Catholic Commission for Unity and Mission (IARCCUM). The Head of Safeguarding sits on a number of National Advisory groups and the Diocesan Secretary is a member of the National Diocesan Secretaries Liaison Group. The Archdeacon of France and Switzerland is a member of the executive committee of the College of Archdeacons.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### FINANCIAL REVIEW

#### Summary

The net surplus for the year before investment gains for the General Unrestricted Fund was £294,732 (2023: deficit £(13,348)). Without the exceptional income from sale of the Suffragan Bishop's house, the outcome from operations for the year would have been a deficit of £(155,812). The proceeds from the sale are in a Designated Fund to be used to provide for the Suffragan Bishop's housing as agreed by the Trustees. The surplus of £450,544 resulted from the proceeds from the sale of £879,126 less the net book value of the property. See Notes 11, 12 and 17a for further information

The outcome from operations was better than the budgeted deficit of (£249,291). Factors which contributed to this include better than expected income on investments, temporarily reduced costs in the ministry team, a further rent rebates on the office in Tufton Street due to the continued delays in refurbishment and savings on costs of meetings. The DBF has consistently kept costs down and staffing levels remain lower than any other diocese in the Church of England, apart from Sodor and Man.

The underlying health of chaplaincy finances is hard to assess as figures for 2024 are not yet available. The picture is very uneven with some chaplaincies recovering better from the pandemic than others and experiences varying between the North and the South and between urban and rural areas. It is hard to build the detailed picture of the variable financial experiences across the Diocese but overall chaplaincy income rose by 17% between 2021 and 2023 and by a further 2% between 2022 and 2023.

Common Fund payments from chaplaincies were over 96% of the amount requested. This was an extremely positive result, reflecting generosity across the Diocese by many chaplaincies who continue to face challenging financial circumstances.

Investments are managed by the fund managers '*Churches Charities and Local Authorities*' (CCLA). They have consistently performed well against comparable fund managers for several years. However, in 2024 their returns were slightly below more risky funds who had greater exposure in the USA. Nonetheless the total value of the investments (within the unrestricted funds) rose by £130,015 (2023 £359,251). During the year, the previously restricted Continental Chaplaincies Fund investments were transferred to the unrestricted funds (see below and Note 12 for more details). This added a further £965,827 to the value of unrestricted investments and the value at the end of the year was £5,989,822 (2023 £4,893,980), an increase of 20% on the opening position.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### FINANCIAL REVIEW (continued)

#### The Continental Chaplaincies Fund (CCF)

The Continental Chaplaincies Fund had been categorised until 2024 as an Endowment Fund. As a result of this classification, it was only the income earned from the assets that could be used by the DBF for its charitable purposes, the capital being untouchable, although it did accrue movement on investments. The balance in the fund at the start of 2024 was £1,197,586.

Since 1985, when the CCF was transferred from USPG to the DBF, the income from the fund was paid to the DBF and used for its general purposes. No amounts of the capital in the fund have been expended since 1987.

The Trustees resolved at the Diocesan Synod in June 2024 that the CCF should be re-categorised as part of the DBF's Unrestricted General Fund, on the basis that no restrictions on the use of the Fund are believed to exist. The Trustees previous treatment was based on a prudent view that it was difficult to prove that no restrictions existed. The DBF consulted with the trustees of USPG and the Charity Commission. Neither party raised any objection to the proposal with the result that the funds became derestricted and are now free to be used by the DBF for its charitable purposes.

Of the funds from the CCF, the Finance Audit and Personnel Committee has allocated £400,000 to the designated Mission Opportunities Fund and £300,000 to the designated Hardship Fund. The remaining £497,586 is accounted for within the unrestricted reserves. See notes 11 and 17a for further details.

#### Income including Common Fund

Total income for the year was £1,965,236 (2023: £2,365,832). This includes general unrestricted income of £1,477,263 (2023: £1,533,397). The remaining income was principally made up of £437,117 from Restricted Funds (2023: £626,650) which included Strategic Ministry funding in both years (towards curate costs) and income from Trusts that comes to the DBF and is immediately distributed. See Notes 4 to 6 and 17a for the full details.

There was an increase in the year in contributions from chaplaincies to the Common Fund, from £927,430 to £1,024,860. The Common Fund represents 69% of the unrestricted General Fund income of the DBF. As in 2023, 96% of the amount requested was paid in the year. Chaplaincies were assisted again by capping, this year at 15% on the increase in requests to any individual chaplaincy that would have been occasioned by the return to the use of the Common Fund Formula which had not been used in the period 2020-2023. The capping meant that the overall amount requested was £79,221 less than the budgeted figure, up slightly from £72,158 in 2023. In 2025, the cap has increased to 20%. The concept of the capping of increases, and the way it is applied, will be reviewed annually. Capping will be phased out over time as requests made return to being purely on the basis of the Common Fund formula.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### FINANCIAL REVIEW (continued)

#### Support from the National Church

The Diocese in Europe is generally treated in a similar way to all other dioceses in the Church of England with regard to grants that are available from the National Church via the Archbishops' Council. The DBF is active in applying for support on all fronts. The following support has been received:

*Strategic Mission and Ministry Investment:* A grant of £106,375 was agreed to be claimed over 18 months to assist with new Diocesan initiatives focussed on Children and Young People (CYP). This includes the costs of the Head of CYP Strategy over 18 months and an extensive programme of research by the agency Youthscape.

Future grants from the Archbishops' Council are specifically targeting objectives set under the Church of England Vision and Strategy. These funds, with the exception of the Low Income Communities Fund, though welcome, do not cover the day-to-day regular costs of the DBF. They also take considerable effort to acquire and to manage and at times they may not fit the particular operational structure of the Diocese in Europe.

*Low Income Communities Funding (now described as 'Diocese in Europe Grant'):* The annual award in 2024 was £191,349. It is guaranteed through to and including 2025 with inflationary increases. Discussions regarding the next triennium are in progress.

*Funding for Stipendiary Curates:* The Archbishops' Council gives support that represents 70% of the full cost to a chaplaincy of a stipendiary curate from the Strategic Ministry Fund. This includes housing, local taxes and pension contributions. 8 curates were supported and a further cohort of 4 will join the scheme in 2025. For the year July 2024- July 2025 the total grant is £312,872.

*Net Zero Carbon:* An initial enabling grant was received in 2023 in support of the Diocese's objective of being Carbon Net Zero by 2030. A further grant of £130,000 was agreed to cover the costs of a part time Net Zero Officer and other consultancy work that may be needed over the next 2 years.

*Racial Justice:* £10,000 was contributed towards the costs of the Racial Justice Conference held in Stuttgart in December 2024.

In common with all dioceses in the Church of England, the Archbishops' Council funds costs in relation to the Diocesan and Suffragan Bishops. This includes stipend, pension and office costs. In the case of Bishop Robert this is funded through a Belgian charity (The Office of the Bishop in Europe ASBL). Although the Diocese benefits considerably from the activities of its Bishops, it does not bear the substantial costs associated with these activities.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### FINANCIAL REVIEW (continued)

#### Expenditure

Total charitable expenditure was £2,268,298 (2023: £2,478,621). General unrestricted expenditure was £1,640,863, made up largely of ministry and mission and support costs. Other expenditure in 2024 across designated and restricted funds includes grants of £235,432 (2023: £393,215) and ministry and mission of £299,328 (2023: £500,963). See Notes 7 to 9 and 17a for further details.

The DBF offices in 14 Tufton Street are still to be refurbished by the landlord, the Corporation of Church House, so staff are in other rooms in Church House. A 10% discount on the rent and service charge was negotiated in 2024 as a result of the delay in the refurbishment work.

#### Suffragan Bishop's Housing

It is customary that the housing costs of a Suffragan Bishop are funded by the DBF whilst the stipend, office and other expenses are paid by the Church Commissioners. When Bishop David Hamid became Suffragan Bishop in Europe a house in Bickley, Kent was purchased by the DBF for his use. The house has been shown in the accounts as a fixed asset with a net book value of £428,582 at the time of the disposal. When Bishop David retired it was recommended by the Dioceses Commission and agreed by the Trustees of the DBF that the new Suffragan Bishop would be based in Brussels. The Trustees agreed that the house in the UK would be sold and the proceeds of the sale would be held in a Designated Fund, the income from which would cover the new Suffragan Bishop's housing cost. The Trustees met and agreed the sale price following surveys and advice from an appointed land agent. In October 2024 the property was sold and the net revenue (after legal and agency fees etc) was £879,126, resulting in a gain on disposal of £450,544.

#### Staffing of the DBF

In October 2024 the Trustees agreed unanimously to a proposal from the Bishop and the COO to increase the senior staff of the DBF by one during the course of 2025. The proposal was made following advice from the auditors and an independent staff survey and review. It has been clear for some time that the administrative demands on the staff have grown to an extent that is not possible to manage at the current staff levels which remain considerably lower than any other diocese. A new role, of Head of Finance and Administration, will support the finance team, as well as working closely with other staff on important areas of governance, technology transformation, property management, and data. The cost of the new post will be found from other savings in the budget.

#### Financial Governance

Financial oversight is provided by the Finance, Audit and Personnel Committee ("FAPC") which met formally online five times during the year and once in person, as well as providing advice through correspondence. The Committee is a source of essential expertise and challenge to the executive, as well as representing the concerns of chaplaincies about financial matters.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### **FINANCIAL REVIEW (continued)**

#### **Financial Governance (continued)**

The Committee gave detailed consideration to the notion of capping increases in Common Fund requests to individual chaplaincies and recommended to the Trustees that no Chaplaincy should face an increase, derived from the formula, in excess of 20% in 2025 (15% in 2024). It was agreed that any shortfall against the budget as a result of this proposal could be funded from the Hardship Fund. However, in both 2023 and 2024 a drawdown from the Hardship Fund has not been necessary, the cost being taken from the Unrestricted General Fund.

The FAPC recommended the strategic financial planning objective of a deficit below £200,000 by the end of 2028 and ensuring that at least 1.5 years of annual expenditure remains in the unrestricted reserves at that time. Both of these objectives are incorporated in future financial plans. The strategic imperative in setting the Common Fund request is to raise sufficient funds to support the agreed activities of the DBF whilst keeping it as low as possible to give the chaplaincies the best chance of remaining financially sustainable. The planned deficit at the end of the plan is higher than the £100,000 set in 2023. This is due to the favourable reserve position and the perceived need to keep Common Fund increases down.

The FAPC aims to make grants from the Mission Opportunities Fund ("MOF") to promote chaplaincy growth and from the Hardship Fund to help chaplaincies in unexpectedly difficult circumstances. So far a total of £441,000 has been distributed from the Hardship Fund to 35 chaplaincies since 2020. The MOF had an initial amount of £300,000 of which £273,788 has been committed. These funds will be enhanced by £400,000 and £300,000 respectively from the now unrestricted Continental Chaplaincies Fund.

Priority in hardship grants will continue to be given to covering stipendiary clergy costs, subsidising housing and bills for those with part time or house for duty licences. Chaplaincies with 4-6 months or less expenditure in reserve will be the priority for such grants.

#### **Loans and Liquidity**

The DBF took out a loan from CCLA of £500,000 in January 2021 and pays back £50,000 a year. £300,000 was outstanding at the end of 2024. The interest payable is 0.55% above the Bank of England Base rate.

The DBF had sufficient liquidity such that no investments needed to be sold in the year.

The DBF has availed itself of the interest bearing deposit accounts at CCLA, which returned 4.45% on cash invested as of April 2025, down from 5.25% a year ago.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **FINANCIAL REVIEW (continued)**

#### **Diocesan Investments**

Diocesan unrestricted investments were monitored weekly throughout the year and their value was reported regularly to the FAPC. The DBF's investment manager, CCLA, attended FAPC meetings to update the committee on investment performance and strategy.

In the view of the FAPC, the fund managers are doing a very effective job on behalf of the DBF. CCLA has taken a cautious approach to investing the DBF's funds. This resulted in some returns in 2024 that were slightly below the benchmarks of other London fund managers. However this was primarily due to a lower exposure to more risky technology stocks that performed particularly well in 2024. In the early part of 2025 with the uncertainty around global trade due to changes in US policy, and as a result of this approach, CCLA's funds have held their values better than many others. They also guarantee a strong ethical investment approach in line with the policies of the Church of England. The DBF has no investments in fossil fuels.

An independent review of investment allocations by the DBF will be commissioned in 2025.

#### **Remuneration of key management personnel**

The responsibility for setting salaries for all staff, including senior personnel, lies with the Finance, Audit and Personnel Committee ("FAPC"), subject to the overall budget parameters approved by the Trustees. Prevailing market conditions are taken into account. In 2024 the pay rise for DBF Staff and stipends paid direct from the DBF was 5%.

#### **Grant making policy**

The Trustees award grants principally through the FAPC. These are normally to establish new chaplaincies via the Diocesan Development Fund or develop new mission initiatives within a chaplaincy or archdeaconry via the Mission Opportunities Fund.

#### **Investment policy**

The policy of the Trustees is to invest in a diversified portfolio of quoted equity and fixed interest securities. They take into account the requirements of the law in relation to the investment of charitable monies, while seeking the best possible returns and having due regard to preservation of capital. Investment decisions also take account of the funds' ethical policies and ensure that these fall within the guidelines approved by Church of England General Synod. CCLA invests through common investment funds and does not invest directly in the stock market. For operational reasons, it also has certain limited interests in property.

The portfolio held is diverse and designed to withstand pressures that may come in various parts of the global economy.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### FINANCIAL REVIEW (continued)

#### Reserves policy

The Trustees consider it important to hold reserves to cover unforeseen eventualities and the possibility of future operating deficits, taking into account the fact that more than half of all funds are endowed for specific purposes. In the case of the Unrestricted Funds, the Trustees seek to maintain general reserves that will support the ongoing mission of the Diocese in support of the chaplaincies and allow the Company to operate as a going concern.

The amount held in reserve is a relatively high multiple of annual expenditure compared to other dioceses. However, the Diocese in Europe has few other assets such as land or buildings and little flexibility in its cost base. Hence these funds are the only sources of finance in the event of significant financial challenges such as have been experienced in recent years and they derive significant income through dividends and interest.

Current financial planning envisages further deficits being funded from reserves. However, Trustees approved the annually revised long term financial plan in 2024 which targets a reduction in the annual deficit to less than £200,000 by 2028. The current unrestricted reserves (excluding Designated Funds) amount to £4,188,302. In the financial plan approved by the Trustees in October 2024, planned deficits of just under £1million will be accumulated from 2024-2028. On the assumption that capital values of investments are stable over the period, then at this point the objective of maintaining unrestricted reserves of at least 1.5 times annual unrestricted expenditure will be met. However there are likely to be deficits through to the end of the decade using reserves and keeping Common Fund requests to chaplaincies as low as possible.

#### Pensions

The Church of England Funded Pension Scheme no longer requires deficit contributions as it is now in surplus. The standard pension contribution in the year 2025-2026 is £8,415 and is based on 22% of the National Minimum Stipend of the Church of England, down from 25% in the previous year.

#### Sources of funding

All chaplaincies in the Diocese are required to be financially self-sufficient. They are funded largely by donations from members and visitors and in some cases by returns on investments and local commercial activity. Some chaplaincies receive significant support from mission agencies working in the Diocese, including Mission to Seafarers (which funds several port chaplains), and the Intercontinental Church Society (which retains patronage of 24 churches and supports some seasonal work), and the Benefact Trust (formerly Allchurches) which supports both the DBF and Holy Trinity Cathedral in Gibraltar. USPG have provided funds for the work with refugees in Calais and the work of the Community Kitchen in Brussels. USPG has partnered the DBF in the Ukraine Appeal and provided some funds for the Racial Justice Conference.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **FINANCIAL REVIEW (continued)**

#### **Volunteers**

The DBF is dependent on the huge number of people involved in chaplaincies. The number of active volunteers (or volunteer hours) dedicated to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the DBF greatly values the considerable time given by all Committee members and other volunteers across the Diocese in pursuit of the church's mission.

Measuring in a meaningful way the in-kind value of volunteer time to the operations of the DBF is particularly difficult. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Volunteer recruitment is now carried out in a way that seeks to take account of the Church of England guidelines on Safer Recruitment.

#### **Going concern**

The financial position and forecasts are reviewed annually, taking into account the levels of reserves and cash. As a result of the current review, the Trustees believe that the DBF will be able to manage operational and financial risks successfully for the foreseeable future.

It continues to be the Trustees' policy to invest surplus funds in fixed asset investments for the long-term so that the best returns are achieved. The Trustees are confident that the DBF can access these resources at short notice should the need arise to satisfy current liabilities.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### PRINCIPAL RISKS

The Trustees are responsible for maintaining a sound system of financial control to safeguard the Company's assets. The FAPC identifies the major risks to which the Company is exposed, and such systems and procedures as are practicable to put in place to mitigate those risks. A formal risk assessment review is conducted annually at the Winter meeting of FAPC, which monitors the risks and the effectiveness of the system of internal control operated by the Company.

The most significant risks are as follows:

#### *Safeguarding failure*

Adverse findings from a serious case could have a significant reputational or financial impact. This risk is mitigated by strong leadership from the Diocesan Safeguarding Advisory Committee together with the engagement of professional safeguarding staff, Diocesan safeguarding policy and training and the DBF's insurance. The Past Cases Review 2 gave confidence that historic cases have been dealt with appropriately and that required action has been taken. A change to the structure of safeguarding in the Church of England moving the Diocesan Safeguarding Team (DST) to an independent body could significantly hamper effectiveness particularly during any transition and afterwards. The DBF will emphasise the exceptional nature of the Diocese should such a plan be approved by the General Synod.

#### *Investment underperformance and the Global Economy*

Poor investment performance could have an adverse effect on the ability of the DBF to meet its financial commitments. To mitigate this risk, funds are invested with an established and reputable fund manager. Funds are widely spread, and performance is monitored. The global economy has an influence on the value of investments. The early part of 2025 saw turbulence in the markets related mainly to US trade policy. The low risk approach of CCLA has served the DBF well in recent years along with their ability to maintain income. Congregational giving to chaplaincies, as well as the costs they face locally, is influenced by inflation and other economic pressures on members. These challenges present a consequential risk to the ability of chaplaincies to pay Common Fund. Hence the DBF will, at times, use reserves via the Hardship Fund to target help where it is most needed.

#### *Costs related to property held by the DBF*

Properties in the Diocese, both churches and accommodation are normally maintained by the chaplaincy which uses them. There are a small number, including a church and a cemetery in Italy, which do not have that cover and which may incur unexpected costs. The DBF is seeking to divest itself of such properties. There are properties in the Diocese that are legally held in the name of the DBF which risk becoming liabilities if extensive maintenance is needed which cannot be funded by a chaplaincy. Archdeacons continue to encourage chaplaincies to insure the properties thoroughly. A further property review in the Diocese will be the responsibility of a new senior member of staff and the gradual re registration of properties will continue.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### PRINCIPAL RISKS (continued)

#### *Funds held as custodian Trustee*

The DBF holds investments and cash on behalf of chaplaincy councils. Care is taken to ensure the funds are managed correctly and that sufficient liquidity is maintained to ensure any demands for repayment can be met. Investment strategy must be kept under review.

#### *Chaplaincy finances*

Chaplaincies face a range of issues, including Brexit, which in some cases make payment of Common Fund very challenging. This is mitigated by prudent financial planning and encouragement of appropriate stewardship and giving. Communication with chaplaincies about the Diocesan finances has improved in recent years and there is some evidence that greater understanding has assisted chaplaincies in being more prepared to contribute. Innovations such as digital giving and new ways of giving from the USA are designed to assist chaplaincies in this regards.

#### *Reliance on key staff*

The DBF is run by a small number of staff. Changes to, or unavailability of, senior staff has potential to seriously hamper diocesan operations. Staff resourcing has been reviewed to ensure that the Diocese has sufficient cover for unexpected absences. A new Head of Finance and Administration will be recruited in 2025 with funds agreed by the Trustees in the 2025 budget.

#### *Global pandemic*

The widespread impact of the virus continued over more than 3 years with an impact on chaplaincies and hence Diocesan income. This was partially mitigated by improved stewardship, regular giving in chaplaincies and improved cost control at all levels within the Diocese, however reserves should be maintained for this kind of future shock to the system.

#### *Insurance*

Chaplaincies are required to insure their assets and activities locally. Appropriate insurance is hard to acquire and in some jurisdictions it is far from easy for chaplaincies. The DBF is seen as the 'payer of last resort' which may not be a sustainable position. In the past year the DBF has reached a significant agreement with its insurers to strengthen the cover for DBF staff and Diocesan Officers working outside the UK. This is particularly significant in the area of legal cover and public liability.

#### *Hazards*

The Diocese has insurance in place with a reputable insurer to cover catastrophic risks such as fire and flood. There is also cyber insurance in place. The Diocese is a tenant of Church House in Westminster and uses IT services provided by the National Church Institutions. It can therefore rely on disaster recovery and computer back-up routines employed by the National Church Institutions.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### PRINCIPAL RISKS (continued)

#### *Legal*

The DBF operates in 35 jurisdictions across Europe. It benefits from the advice and remarkable dedication of a highly experienced Registrar. However, no single lawyer or single UK based firm can expect to advise on the range of potential international variances in the law across Europe. Chaplaincies benefit from local advice and at times the DBF uses 'in country lawyers' but the range of circumstances presents challenges in some areas which are mitigated by careful leadership and also by the insurances in place.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### STRUCTURE AND GOVERNANCE

The Diocese in Europe is a diocese of the Church of England in the Province of Canterbury. The legal framework for the Diocese is the 'Diocese in Europe Measure 1980' and the Constitution of the Diocese 1995. While The Diocese in Europe Board of Finance (the "DBF") is autonomous for most practical purposes, decisions may be influenced by those taken by the Church of England.

The DBF is a Company, which is limited by guarantee and which does not have share capital. It is incorporated in England and Wales with the registration number: 106580.

#### Directors and Trustees

Under the Memorandum and Articles of Association, members of the Bishop's Council are designated as Directors for the purposes of the Companies Act 2006 and are Trustees under charity law. The members of the Diocesan Synod are the members of the Company.

The members of the board may derive no benefit, income or capital interest from the Company's affairs from their position, other than the reimbursement of out-of-pocket expenses. The exception to this is for Archdeacons who are members of the board but are paid a stipendiary salary and pension for their roles as archdeacons. In the event of the Company being wound up, each member, who is a member at that time, has undertaken to contribute £1 to the Company.

#### Constitution

The constitution of the DBF is set out under its memorandum and articles of association. Episcopally led, the DBF's activities are directed by the Diocesan Synod and Bishop's Council which also meets as the Board of the DBF and as the Trustees of the charity (together "The Trustees"). The constitution was amended in 2023 to allow for online governance meetings.

#### Organisation and decision-making structure

Members of Diocesan Synod are also members of the Company and the charity. They set priorities and the overall financial strategy for the DBF in its prime imperative to participate in God's mission by and to Anglicans across the area covered by the Diocese in Europe.

The Trustees meet at least once a year at Bishop's Council and approve the budget for the following year. They also consider strategic financial matters and monitor the implementation of financial policies. Members of the Company meet annually during Diocesan Synod to approve the Annual Report and Financial Statements and consider the forecasts.

The FAPC meets at least four times a year to review the DBF's overall activities against budget, consider investment policy and performance, and approve requests for grants. It also reviews the budgets prior to their presentation to Bishop's Council and the Annual Report prior to its presentation to the DBF members at the Diocesan Synod. Membership of the Committee is a balance of ex-officio appointments and members elected by the Trustees every three years.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### STRUCTURE AND GOVERNANCE (continued)

#### **Appointment and induction of Trustees**

At the start of each new triennium new Trustees and members participate in an induction process and receive information about roles and responsibilities. The new Trustees elected at the Diocesan Synod in June 2025 will receive a briefing on issues such as regulation and legislative changes. Trustee induction will include reference to statutory regulation such as that provided by the Government, the National Church and the Charity Commission.

#### **Other organisations with which the Board co-operates in achieving its objectives**

The Company's activities involve regular and routine financial transactions with chaplaincy councils in the Diocese, as well as the central Church authorities, though none of these bodies are a connected charity as defined by charity law. In addition, there are links (in respect of finance and activities) with various related agencies, together with Diocesan-wide voluntary and statutory organisations.

#### **Decision making and delegation policy**

Diocesan Synod sets and approves strategy and policies. The Trustees (Board of Directors) set the annual budget and make decisions on the financial policy for the Diocese. The day-to-day management and implementation of agreed strategies and policies is undertaken by senior staff.

#### **Funds held as Custodian Trustee on behalf of others**

The DBF holds investments and cash as custodian Trustee on behalf of its chaplaincy councils and trusts. Where amounts owed to chaplaincies and trusts are matched by specific investment and cash balances these are excluded from the DBF's balance sheet and are recorded in Note 20.

#### **Public benefit**

The Trustees are aware of the Charity Commission's guidance on public benefit 'The Advancement of Religion for the Public Benefit' and have regard to that guidance in their administration of the charity. The DBF believes that this report provides evidence of the public benefit of the charity's work in 2024.

As described more fully throughout the report, the DBF provides funds to support the work of Anglican Chaplaincies in Europe, part of North Africa and Russia. The vast majority of churches are available to the public at large and none is restricted to members of the Church of England.

#### **Trustees' indemnity**

The DBF provides insurance to Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity insurance remains in force as of the date of approving the Trustees' Annual Report.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the charitable company for the purpose of Company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires 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 (UK 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 DBF and of the surplus or deficit of the DBF for that period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in operation.

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

#### **Statement of disclosure to the Auditor**

As far as the Trustees are aware, there is no relevant audit information of which the charitable Company's auditor is unaware. The Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable Company's auditor is aware of that information.

#### **Appointment of Auditor**

A resolution to reappoint HaysMac LLP as auditor to the Company will be proposed at the Annual General Meeting.

On behalf of the Board of Trustees on 11 June 2025

*M. Fegan*

M Fegan – Chair

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ADMINISTRATIVE DETAILS

#### Trustees

No Trustee had any beneficial interest in the Company during the year. The following served as Directors and Trustees throughout the year, except where stated. Triennial Elections to Diocesan Synod were held in the second half of 2024, New Trustees are elected in June following the Diocesan Synod elections. Some of those elected had served in the previous triennium .

#### Ex officio

Mr. M Fegan (Chair)

The Right Revd Dr. R Innes – Bishop of Gibraltar in Europe

The Right Revd Dr. D Hamid – Suffragan Bishop (retired February 2024)

The Right Revd A Norman – Suffragan Bishop (from March 1 2025)

The Venerable P Hooper – Archdeacon of France and Archdeacon of Switzerland

The Revd Canon E Bendrey (Chair, House of Clergy) – (from June 2024)

The Venerable L Nathaniel – Archdeacon of the East, Germany & Northern Europe

Ms. M Talbot (Chair, House of Laity)

The Very Revd I Tarrant – The Dean

The Venerable S Van Leer – Archdeacon of North West Europe

The Venerable D Waller – Archdeacon of Gibraltar and Archdeacon of Italy and Malta

#### ***Elected - House of Laity***

Ms S. Boyd (resigned November 1 2024, elected June 11 2025)

Mr. D Bean (resigned November 1 2024)

Mrs. J Berry (resigned November 1 2024, elected June 11 2025)

Ms. J Cole (resigned November 1 2024)

Mr R. Hall (resigned November 1 2024)

Mrs. M Kopetzky (resigned November 1 2024)

Mr S Urquhart (resigned November 1 2024, elected June 11 2025)

Mr J Errey (elected June 11 2025)

Mrs Una Frost-Scaletta (elected June 11 2025)

Mrs Maxine Wildhaber (elected June 11 2025)

Mr Thamarai Pandian (elected June 11 2025)

#### ***Elected – House of Clergy***

The Revd Canon C Cooke (resigned November 1 2024, elected June 11 2025)

The Revd Canon D Flach (resigned November 1 2024)

The Revd R Gardiner (resigned November 1 2024, elected June 11 2025)

The Revd G Read (resigned November 1 2024)

The Revd R Seabrook (resigned November 1 2024, elected June 11 2025)

The Revd R Warren (resigned November 1 2024)

The Revd Nathaniel Nathaniel (resigned November 1 2024)

The Revd Mark Osborne (elected June 11 2025)

The Revd Dominic Newstead (elected June 11 2025)

The Revd James Hadley (elected June 11 2025)

The Revd Kasta Dip (elected June 11 2025)

### ADMINISTRATIVE DETAILS (continued)

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2024*

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### ***Nominated by the Bishop of Gibraltar in Europe***

Mr. D Coulston  
Mr. D White  
The Revd T Mäkipää

### **Finance, Audit and Personnel Committee (“FAPC”)**

The following served on the FAPC throughout the year and to date, except where otherwise stated:

Mr. M Fegan (Chair)  
The Rt Revd Dr. R Innes – Bishop of Gibraltar in Europe  
The Rt Revd Dr. D Hamid – Suffragan Bishop (resigned 29 February 2024)  
Ms. J Almvang  
Mr. D Bean  
The Revd Canon Dr. P Hooper – Archdeacon of France  
Ms R Pearce  
Fr R Seabrook

### **Senior staff and principal advisers**

A Caspari – Chief Operating Officer (Diocesan Secretary) / Company Secretary

### **Registered office**

14 Tufton Street  
London, SW1P 3QZ  
Telephone: 00 44 (0)207 898 1155  
e-mail: [bron.panter@churchofengland.org](mailto:bron.panter@churchofengland.org)  
[www.europe.anglican.org](http://www.europe.anglican.org)

### **Bankers**

Barclays Bank plc  
Media, 27 Soho Square  
London W1D 3QR

### **Independent Auditor**

HaysMac LLP  
10 Queen Street Place  
London EC4R 1AG

### **Investment manager**

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

### **Legal registrar**

Aiden Hargreaves-Smith  
Partner, Winckworth Sherwood  
Minerva House, 5 Montague Close  
London SE1 9BB

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2024*

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#### **Opinion**

We have audited the financial statements of The Diocese in Europe Board of Finance for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of the charitable company's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2024*

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#### **Other information**

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

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE**

*for the year ended 31 December 2024*

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#### **Responsibilities of Trustees for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2024*

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#### **Auditor's responsibilities for the audit of the financial statements (continued)**

- Reviewing minutes of Trustee and committee meetings for evidence of non-compliance with laws and regulations and fraud;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted that significantly impact on the result for the year, posting in areas subject to significant judgements or estimates, postings in accounts that are considered higher risk; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Halsey (Senior Statutory Auditor)  
for and on behalf of HaysMac LLP, Statutory Auditor

10 Queen Street Place  
London

Date: **17 July 2025**

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2024

		Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024	Total funds 2023
	Note	General	Designated				
		£	£	£	£	£	£
<b>Income and endowments:</b>							
Donations and legacies							
- Common Fund		1,024,860	-	-	-	1,024,860	927,430
- Archbishops' Council grant	3	191,349	-	-	-	191,349	184,968
- Archbishops' Council sustainability grant	3	-	-	-	-	-	150,000
- Other donations	4	33,015	35,163	255,230	-	323,408	683,619
Investments	5	232,959	6,749	181,887	1,156	422,751	416,494
Other	6	2,868	-	-	-	2,868	3,321
<b>Total income before gain on disposal</b>		<b>1,485,051</b>	<b>41,912</b>	<b>437,117</b>	<b>1,156</b>	<b>1,965,236</b>	<b>2,365,832</b>
Gain on disposal of property		450,544	-	-	-	450,544	-
<b>Total income after gain on disposal</b>		<b>1,935,595</b>	<b>41,912</b>	<b>437,117</b>	<b>1,156</b>	<b>2,415,780</b>	<b>2,365,832</b>
<b>Expenditure</b>							
Charitable activities	7 / 8	(1,640,863)	(92,343)	(474,696)	(60,396)	(2,268,298)	(2,478,621)
<b>Net income / (expenditure) before gain on investments</b>		<b>294,732</b>	<b>(50,431)</b>	<b>(37,579)</b>	<b>(59,240)</b>	<b>147,482</b>	<b>(112,789)</b>
Net gains on investments	13	130,015	-	-	96,493	226,508	899,772
<b>Net income / (expenditure)</b>		<b>424,747</b>	<b>(50,431)</b>	<b>(37,579)</b>	<b>37,253</b>	<b>373,990</b>	<b>786,983</b>
<b>Transfers between funds</b>	11	(397,540)	1,638,726	(43,600)	(1,197,586)	-	-
<b>Net movement in funds</b>		<b>27,207</b>	<b>1,588,295</b>	<b>(81,179)</b>	<b>(1,160,333)</b>	<b>373,990</b>	<b>786,983</b>
Total funds brought forward		4,168,881	474,957	452,074	7,054,717	12,150,629	11,363,646
<b>Total funds carried forward</b>	17	<b>4,196,088</b>	<b>2,063,252</b>	<b>370,895</b>	<b>5,894,384</b>	<b>12,524,619</b>	<b>12,150,629</b>

All activities derive from continuing activities. The Notes on pages 38 to 59 form part of these financial statements.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INCOME AND EXPENDITURE ACCOUNT

*for the year ended 31 December 2024*

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	Note	2024 £	2023 £
Total income		1,964,080	2,365,832
Total expenditure	7	(2,207,902)	(2,478,621)
<b>Operating (deficit) before gain on disposal</b>		<b>(243,822)</b>	<b>(112,789)</b>
Gain on disposal of property		450,544	-
<b>Net income / (deficit)</b>		<b>206,722</b>	<b>(112,789)</b>
Net gain on fixed asset investments	13	130,015	359,251
<b>Total comprehensive income</b>		<b>336,737</b>	<b>246,462</b>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## BALANCE SHEET

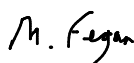
for the year ended 31 December 2024

	Note	2024		2023	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	12		91,813		526,337
Investments	13		11,630,905		11,464,792
			<u>11,722,718</u>		<u>11,991,129</u>
Debtors	14	722,228		512,126	
Short term deposits and cash at bank		<u>2,251,582</u>		<u>2,051,288</u>	
		2,973,810		2,563,414	
Creditors: amounts falling due within one year	15	<u>(1,871,909)</u>		<u>(2,053,914)</u>	
<b>Net current assets</b>			<u>1,101,901</u>		<u>509,500</u>
<b>Total assets less current liabilities</b>			12,824,619		12,500,629
Creditors: amounts falling due after one year	16		<u>(300,000)</u>		<u>(350,000)</u>
<b>Net Assets</b>			<u><b>12,524,619</b></u>		<u><b>12,150,629</b></u>
<b>Funds</b>					
Unrestricted Funds					
- General Funds		4,196,088		4,168,881	
- Designated Funds		<u>2,063,252</u>		<u>474,957</u>	
	17		6,259,340		4,643,838
Restricted Funds	17		370,895		452,074
Endowment Funds	17		5,894,384		7,054,717
			<u><b>12,524,619</b></u>		<u><b>12,150,629</b></u>

The notes on pages 38 to 59 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 11 June 2025.

The financial statements are signed on behalf of the Board of Trustees by:



Mike Fegan  
Chair

Company reg. number: 106580

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## CASH FLOW STATEMENT

for the year ended 31 December 2024

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	2024		2023	
	£	£	£	£
<b>Cash flows from operating activities</b>				
- see A below for detail				
Net cash (outflow) from operating activities		<b>(1,110,912)</b>		<b>(384,853)</b>
<b>Cash flows from investing activities</b>				
Interest and dividends received	422,751		416,494	
Proceeds from sale of investments	61,138		321,817	
Proceeds from sale of property	879,126		-	
Purchase of tangible fixed assets	(1,809)		-	
		<hr/>		<hr/>
Net cash provided by investing activities		1,361,206		738,311
Cash flows from financing activities				
Repayment of borrowing	(50,000)		(50,000)	
		<hr/>		<hr/>
Net cash provided by financing activities		(50,000)		(50,000)
<b>Change in cash and cash equivalents in the year</b>		<b>200,294</b>		<b>303,458</b>
Cash and cash equivalents at 1 January		2,051,288		1,747,830
		<hr/>		<hr/>
<b>Cash and cash equivalents at 31 December</b>		<b>2,251,582</b>		<b>2,051,288</b>
- see B below for detail		<hr/>		<hr/>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

	2024 £	2023 £
<b>Reconciliation of net income to net cash flow from operating activities</b>		
<b>A Net income before investment gains for the year</b>	373,990	786,983
Adjustments for:		
Depreciation	7,751	10,482
(Gain) on investments	(226,508)	(899,772)
Realised gain on sale of investments	(743)	-
Gain on disposal of property	(450,544)	-
Investment income	(422,751)	(416,494)
(Increase) / decrease in debtors	(210,102)	20,759
(Decrease) / increase in creditors	(182,005)	113,190
<b>Net cash (outflow) from operating activities</b>	<b><u>(1,110,912)</u></b>	<b><u>(384,853)</u></b>

	2024 £	2023 £
<b>B Analysis of cash and cash equivalents</b>		
Short term deposits and cash at bank	<b><u>2,251,582</u></b>	<b><u>2,051,288</u></b>

	At 1 Jan 24 £	Cash flows £	At 31 Dec 24 £
<b>Analysis of changes in net debt</b>			
Short term deposits and cash at bank	2,051,288	200,294	2,251,582
Loans falling due after more than one year	(350,000)	50,000	(300,000)
	<b><u>1,701,288</u></b>	<b><u>250,294</u></b>	<b><u>1,951,582</u></b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

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### 1. Accounting Policies

#### a) General information

The DBF is a charitable Company limited by guarantee incorporated in England and Wales and registered with the Charity Commission.

#### b) Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of fixed and current asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP FRS 102), second edition effective 1 January 2019, the Companies Act 2006, and applicable accounting standards (FRS102). The DBF meets the definition of a public benefit entity under FRS102.

#### c) Going concern

The Trustees consider that there are no material uncertainties regarding the DBF's ability to continue as a going concern. See page 21 for further details.

#### d) Income

All incoming resources are included in the Statement of Financial Activities ("SOFA") when the Board is legally entitled to them as income or capital respectively, when ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy.

The principal source of income of the DBF is Common Fund donations. These monies are recognised in the SOFA in the period for which they are receivable. Monies received after the new Common Fund request is made are included in the current year on an entitlement basis.

Grants received which are subject to pre-conditions for entitlement or where use is specified by the donor are included in creditors where these pre-conditions have not been met at the balance sheet date.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is recognised when receivable.

#### e) Expenditure

Expenditure is accounted for on an accruals basis and has been aggregated under the relevant SOFA category. Expenditure includes irrecoverable VAT.

*Charitable expenditure* consists of expenditure on resourcing ministry and mission in the chaplaincies of the Diocese.

*Grants payable* are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF. These grants are recognised as expenditure when the conditions attaching to the grant are fulfilled. Grants offered which are subject to conditions which have not been met at the year-end are noted as commitments, but not accrued as expenditure.

*Support costs* consist of central management, administration and governance costs. Administrative support associated with making grants is insignificant and all costs are allocated to resourcing ministry and mission charitable expenditure.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

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### 1 Accounting Policies (continued)

#### f) Tangible fixed assets

Assets in excess of £2,000 are normally capitalised as tangible fixed assets and are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	100 years
Leasehold property	Over the term of lease
Leasehold improvements	Over the term of lease
Equipment	5 years

Properties included in fixed assets only include those properties acquired after 1974. The details of properties owned by the DBF prior to 1974 are recorded in a property register, but the historic cost is not known and therefore not included in the balance sheet. None of these are "Heritage Assets". Freehold properties are subject to an annual assessment for impairment,

#### g) Investments

Investments are included in the balance sheet at market value with the gain or loss reported in the SOFA.

#### h) Social investments

Social investments are at cost less any necessary impairment. They are not amortised.

#### i) Leases

The DBF is only party to operating leases and has no finance leases. The rental on these operating leases is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is included in the SOFA over the lease term.

#### j) Foreign exchange

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Foreign currency balances are translated at the balance sheet date and any differences are included in the SOFA.

#### k) Chaplaincy accounts

Where the Diocese invests money on behalf of individual chaplaincies, these assets and the associated liability to the chaplaincy are not included in the balance sheet. However, where the Diocese operates a "current account" with a chaplaincy, and the amount owed to a chaplaincy is not covered with specific assets in the chaplaincy name, these liabilities to the chaplaincies are recorded in creditors. If these obligations to chaplaincies were required to be settled, they would be settled out of the general unrestricted assets of the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

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### 1 Accounting Policies (continued)

#### l) Pensions

The accounting treatment for the pension schemes in which the DBF participates is described in detail in Note 23.

#### m) Financial instruments – assets and liabilities

*Debtors:* Debtors are recognised at the settlement amount due.

*Cash and cash equivalent:* Cash at bank and cash in hand are amounts held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

*Creditors and provisions:* These are recognised where the DBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. They are normally recognised at their settlement amount after allowing for any trade discounts due.

#### n) Fund balances

##### *Unrestricted Funds*

The DBF's corporate funds are freely available for any purpose within the Company's objects, at the discretion of the DBF. There are two types of unrestricted funds:

- *General Funds* which the Diocese intends to use for the general purposes of the Diocese.
- *Designated Funds* which are allocated to a specific purpose but which are, nonetheless, unrestricted.

##### *Restricted Funds*

Income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

##### *Endowment Funds*

Funds held on trust to be retained for the benefit of the donor charity as a capital fund. In the case of endowment funds administered by the DBF, there is no provision for expenditure of capital and all are classed as permanent endowments.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2024*

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### **2 Critical accounting judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the DBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key area subject to judgement and estimation:

#### *Recognition of defined benefit pension scheme creditor*

The DBF is different to many other English diocesan boards of finance in that the clergy for overseas churches are legal employees of those local churches in order to comply with the different legal and tax frameworks in place across the wide geographical area in which the DBF operates. Consistent with this practice, the relevant stipendiary and pension expenses for overseas clergy are recognised in the financial statements of the local churches and not in the financial statements of the DBF.

A valuation of the scheme for stipendiary clergy is carried out every three years and the most recent valuation completed was as at 31 December 2021. This revealed the scheme was in surplus and therefore there is no need for additional contributions with effect from January 2024 as the scheme was fully funded.

The DBF has decided that this should not be recognised in its financial statements as a surplus is only recognised as an asset to the extent this can be recovered in future years through a reduction in contributions or through a specific refund/reimbursement from the scheme. This has resulted in the recognition of a nil balance at the balance sheet date (2023: £nil). A full explanation of the DBF's pension arrangements and the presentation in the financial statements is included in Note 23.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 3 Archbishops' Council income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2024	2024	2024	2024	2024
	£	£	£	£	£
Diocese in Europe grant (formerly known as Lower Income Communities Funds)	191,349	-	-	-	191,349
	2023	2023	2023	2023	2023
	£	£	£	£	£
Diocese in Europe grant (formerly known as Lower Income Communities Funds)	184,968	-	-	-	184,968
Sustainability grant	150,000	-	-	-	150,000
	334,968	-	-	-	334,968

### 4 Other donations income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2024	2024	2024	2024	2024
	£	£	£	£	£
Ordination candidates donations	-	34,194	-	-	34,194
Other donations	33,015	969	-	-	33,984
Strategic ministry fund	-	-	244,229	-	244,229
Ministry Experience Scheme	-	-	11,001	-	11,001
	33,015	35,163	255,230	-	323,408
	2023	2023	2023	2023	2023
	£	£	£	£	£
Ordination candidates donations	-	96,684	-	-	96,684
Other donations	24,917	109,101	-	-	134,018
Ministry division RME Ordinands' grant	-	-	181,324	-	181,324
Digital Diocese (Benefact grant)	-	-	75,000	-	75,000
Strategic ministry fund	-	-	173,238	-	173,238
Ministry Experience Scheme	-	-	23,355	-	23,355
	24,917	205,785	452,917	-	683,619

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 December 2024*

**5 Investment Income**

	<b>Unrestricted funds 2024 £</b>	<b>Designated funds 2024 £</b>	<b>Restricted funds 2024 £</b>	<b>Endowment funds 2024 £</b>	<b>Total funds 2024 £</b>
Income from listed investments	223,169	-	181,887	1,156	<b>406,212</b>
Interest receivable	9,790	6,749	-	-	<b>16,539</b>
	<b>232,959</b>	<b>6,749</b>	<b>181,887</b>	<b>1,156</b>	<b>422,751</b>
	<b>2023 £</b>	<b>2023 £</b>	<b>2023 £</b>	<b>2023 £</b>	<b>2023 £</b>
Income from listed investments	237,971	-	173,733	-	411,704
Interest receivable	4,790	-	-	-	4,790
	242,761	-	173,733	-	416,494

**6 Other Income**

	<b>Unrestricted funds 2024 £</b>	<b>Designated funds 2024 £</b>	<b>Restricted funds 2024 £</b>	<b>Endowment funds 2024 £</b>	<b>Total funds 2024 £</b>
Sundry income	<b>2,868</b>	-	-	-	<b>2,868</b>
	<b>2023 £</b>	<b>2023 £</b>	<b>2023 £</b>	<b>2023 £</b>	<b>2023 £</b>
Sundry income	3,321	-	-	-	3,321

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 7 Expenditure on Charitable Activities

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2024	2024	2024	2024	2024
	£	£	£	£	£
Ministry and mission costs	816,435	-	299,328	60,396	1,176,159
Housing costs	19,046	-	-	-	19,046
Grants	-	67,852	167,580	-	235,432
Charitable activities	-	24,491	-	-	24,491
Allocated support - see Note 9	805,382	-	7,788	-	813,170
	<b>1,640,863</b>	<b>92,343</b>	<b>474,696</b>	<b>60,396</b>	<b>2,268,298</b>
	2023	2023	2023	2023	2023
	£	£	£	£	£
Ministry and mission costs	768,979	-	500,963	-	1,269,942
Housing costs	24,477	-	-	-	24,477
Grants	-	190,170	203,045	-	393,215
Charitable activities	-	56,924	-	-	56,924
Allocated support - see Note 9	726,593	-	7,470	-	734,063
	<b>1,520,049</b>	<b>247,094</b>	<b>711,478</b>	<b>-</b>	<b>2,478,621</b>

### 8 Analysis of expenditure including allocation of support costs

	Activities undertaken directly	Grant funding of activities	Charitable activities	Support Costs	Total funds
	2024	2024	2024	2024	2024
	£	£	£	£	£
<u>Charitable Activities</u>					
Ministry and mission costs	1,176,159	-	24,491	813,170	2,013,820
Housing	19,046	-	-	-	19,046
Grants	-	235,432	-	-	235,432
	<b>1,195,205</b>	<b>235,432</b>	<b>24,491</b>	<b>813,170</b>	<b>2,268,298</b>
	2023	2023	2023	2023	2023
	£	£	£	£	£
<u>Charitable Activities</u>					
Ministry and mission costs	1,269,942	-	56,924	734,063	2,060,929
Housing	24,477	-	-	-	24,477
Grants	-	393,215	-	-	393,215
	<b>1,294,419</b>	<b>393,215</b>	<b>56,924</b>	<b>734,063</b>	<b>2,478,621</b>

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 December 2024*

**9 Analysis of support costs**

	<b>Unrestricted funds 2024 £</b>	<b>Designated funds 2024 £</b>	<b>Restricted funds 2024 £</b>	<b>Total funds 2024 £</b>
Central staff costs	471,748	-	-	<b>471,748</b>
Central office and premises	59,078	-	-	<b>59,078</b>
Depreciation	7,751	-	-	<b>7,751</b>
Legal and professional fees	121,469	-	-	<b>121,469</b>
Trust management costs	-	-	7,788	<b>7,788</b>
Other support costs	67,382	-	-	<b>67,382</b>
Governance				
Auditors fee:				
- Current year statutory audit	26,303	-	-	<b>26,303</b>
- Non audit fee payroll services	3,918	-	-	<b>3,918</b>
Synod and Bishop's Council	47,733	-	-	<b>47,733</b>
	<b>805,382</b>	<b>-</b>	<b>7,788</b>	<b>813,170</b>
	<b>2023 £</b>	<b>2023 £</b>	<b>2023 £</b>	<b>2023 £</b>
Central staff costs	451,094	-	-	451,094
Central office and premises	51,797	-	-	51,797
Depreciation	10,482	-	-	10,482
Legal and professional fees	65,681	-	-	65,681
Trust management costs	-	-	7,470	7,470
Other support costs	65,911	-	-	65,911
Governance				
Auditors fee:				
- Current year statutory audit	25,050	-	-	25,050
- Prior year statutory audit	1,980	-	-	1,980
- Non audit fee payroll services	2,102	-	-	2,102
Synod and Bishop's Council	52,496	-	-	52,496
	726,593	-	7,470	734,063

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 10 Staff costs

	2024	2023
	£	£
Salaries	532,426	490,172
Social security costs	57,427	52,322
Other pension costs	61,417	56,053
	<u>651,270</u>	<u>598,547</u>

	2024	2023
Average number included in staff costs above during the year:	<u>14.0</u>	<u>15.0</u>
Average number of Full Time Equivalents in the year:	<u>12.0</u>	<u>12.6</u>

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

	2024	2023
	Number	Number
£60,001 - £70,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-

### Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling activities of the Diocese. The remuneration totalled £102,597 (2023: £97,652).

The Diocesan and Suffragan Bishops are stipend office holders in the Diocese. However, unlike other stipended office holders, the Diocese is not asked directly to reimburse the Bishops' costs. Instead these are met by the Church Commissioners and thus the costs are not included in these accounts. The three full time and one part time Archdeacons are paid a stipend and these costs are included in the Charitable Activities Note 8, under Ministry and Mission costs and not included in this Staff costs note. Contractors are not included as they are not staff. Stipends for Archdeacons are set using the National Church benchmarks as a guide. In their ex officio roles on the Bishop's Council the Archdeacons exercise no influence on this matter.

### Trustees reimbursed expenses and remuneration

Prior to the Covid pandemic, all Trustees usually attended a minimum of two meetings a year and received reimbursement for travel and accommodation costs. Now several meetings including Bishop's Council are no longer held in person but on line with the result no costs were incurred. During the year £3,357 expenses were incurred at meetings (2023: £4,467).

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 11 Analysis of transfers between funds

	Note	Unrestricted Funds		Restricted funds	Endowment funds
		General funds	Designated funds		
		2024	2024	2024	2024
		£	£	£	£
Diocesan grants		(10,000)	10,000	-	-
Senior Clergy Housing	i	(879,126)	879,126	-	-
Ministry Experience Scheme		(6,000)	-	6,000	-
Mission Opportunities	ii	-	400,000	-	(400,000)
Hardship	ii	-	300,000	-	(300,000)
Continental Chaplaincies	ii	497,586	-	-	(497,586)
Ordinand Candidates	iii	-	49,600	(49,600)	-
		<b>(397,540)</b>	<b>1,638,726</b>	<b>(43,600)</b>	<b>(1,197,586)</b>
		<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
		£	£	£	£
Diocesan grants		(10,000)	10,000	-	-
Ministry Experience Scheme		(6,000)	-	6,000	-
		<b>(16,000)</b>	<b>10,000</b>	<b>6,000</b>	<b>-</b>

#### Note

- i In October 2024 the house provided for the Suffragan Bishop, was sold following his retirement and the net proceeds of £879,126 were placed in a Designated Fund for the purpose of funding future housing costs.
- ii Approval was obtained during the year to derestrict the £1,197,586 Endowed Funds previously held by the Continental Chaplaincy Fund. £400,000 was transferred to the Mission Opportunities Fund, £300,000 to the Hardship Fund and £497,586 to General Funds.
- iii Following the change in 2023 to the funding of ordinands' training, the surplus remaining in the Ministry Division RME Ordinands' fund of £49,600 was transferred to the Ordination Candidates Fund.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 12 Tangible Fixed Assets

	Freehold £	Leasehold £	Equipment £	Total £
<b>Cost</b>				
Brought forward 1 January 2024	685,012	53,390	11,722	750,124
Additions	-	-	1,809	1,809
Disposals	(545,615)	-	(2,089)	(547,704)
Carry forward 31 December 2024	<b>139,397</b>	<b>53,390</b>	<b>11,442</b>	<b>204,229</b>
<b>Depreciation</b>				
Brought forward 1 January 2024	162,670	53,390	7,727	223,787
Depreciation charge for the year	5,941	-	1,810	7,751
Written back on disposal	(117,033)	-	(2,089)	(119,122)
Carry forward 31 December 2024	<b>51,578</b>	<b>53,390</b>	<b>7,448</b>	<b>112,416</b>
<b>Net book value</b>				
<b>At 31 December 2024</b>	<b>87,819</b>	<b>-</b>	<b>3,994</b>	<b>91,813</b>
At 1 January 2024	522,342	-	3,995	526,337

### 13 Investments

	Listed investments		Social investments	Total £
	Unrestricted £	Restricted £	Unrestricted £	
Brought forward 1 January 2024	4,893,980	6,370,812	200,000	11,464,792
Disposal	-	(60,395)	-	(60,395)
Derestriction of investments	965,827	(965,827)	-	-
Gain on investments	130,015	96,493	-	226,508
Carry forward 31 December 2024	<b>5,989,822</b>	<b>5,441,083</b>	<b>200,000</b>	<b>11,630,905</b>

The majority of the listed investments are held in collective investment funds managed by CCLA.

The historic cost of these investments at 31st December 2024 was £6,101,036 (2023: £6,164,612).

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

#### 14 Debtors

	<b>2024</b>	<b>2023</b>
	£	£
Amounts due from chaplaincies	115,000	120,000
Prepayments and accrued income	137,147	151,225
Other debtors	470,081	240,901
	<u>722,228</u>	<u>512,126</u>

#### 15 Creditors: falling due within 1 year

	<b>2024</b>	<b>2023</b>
	£	£
Amounts owed to chaplaincies	1,169,889	1,478,845
Other creditors	326,189	174,974
Accruals and deferred income	375,831	400,095
	<u>1,871,909</u>	<u>2,053,914</u>

#### 16 Creditors: falling due after more than 1 year

	<b>2024</b>	<b>2023</b>
	£	£
Loan (see note below)	300,000	350,000
	<u>300,000</u>	<u>350,000</u>

In January 2021 a loan of £500,000 was obtained from CCLA, the DBF's investment managers, under the Diocesan Loan Scheme. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years, with no requirement of repayment of capital in the interim. The loan is being repaid in equal instalments of £50,000 over the 10 year period. The interest is payable every six months.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 17 (a) Summary of fund movements - current year

	As at 1.1.24	Income	Grants & expenditure	Investment gains and losses	Transfers	As at 31.12.24
	£	£	£	£	£	£
<b>General funds:</b>						
Diocesan Fund	4,168,881	1,935,595	(1,640,863)	130,015	(397,540)	4,196,088
<b>Designated funds:</b>						
Ordination Candidates	95,952	34,194	(44,082)	-	49,600	135,664
Mission Opportunities	44,906	-	(18,694)	-	400,000	426,212
Hardship	332,036	969	(24,491)	-	300,000	608,514
Senior Clergy Housing	-	6,749	-	-	879,126	885,875
Diocesan grants	2,063	-	(5,076)	-	10,000	6,987
	<b>474,957</b>	<b>41,912</b>	<b>(92,343)</b>	<b>-</b>	<b>1,638,726</b>	<b>2,063,252</b>
<b>Total Unrestricted Funds</b>	<b>4,643,838</b>	<b>1,977,507</b>	<b>(1,733,206)</b>	<b>130,015</b>	<b>1,241,186</b>	<b>6,259,340</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	2,035	(2,035)	-	-	-
All Saints (Dresden) Trust (Germany)	-	5,081	(5,081)	-	-	-
Armstrong Trust (Istanbul)	65,102	5,832	(6,124)	-	-	64,810
Bagneres de Bigorre Fund (France)	-	1,778	(1,778)	-	-	-
Bertie Watson (Algarve)	60,536	22,841	(16,665)	-	-	66,712
Clement Jones (Suffragan Bishop)	6,434	2,670	(1,547)	-	-	7,557
Col Doughty Wylie Fund (FCO)	13,649	773	(1,440)	-	-	12,982
Crimean Memorial Church (Istanbul)	-	2,593	(2,593)	-	-	-
Daphne Willoughby - Waters (Palma)	(48)	2,172	(218)	-	-	1,906
Diocesan Development Fund	98,895	16,077	(13,608)	-	-	101,364
Emma Tebbs Trust (Rome)	-	3,842	(3,842)	-	-	-
Frank Pratt Barlow (Monte Carlo)	-	48,823	(51,264)	-	-	(2,441)
Houlton Fund (Malta)	-	1,270	(1,270)	-	-	-
Lindley Fund (Germany)	-	1,759	(1,759)	-	-	-
MMS (Gibraltar & Marseilles)	(16,350)	10,782	(11,578)	-	-	(17,146)
Overseas Bishopricks Fund	37,715	6,393	(640)	-	-	43,468
Philip Coleman Trust (Palma)	-	1,110	(1,110)	-	-	-
Riga Mission Trust	(6,579)	18,711	(13,571)	-	-	(1,439)
Spicer Trust (Needy clergy)	27,728	5,885	(10,312)	-	-	23,301
St Andrew's (Tangier)	15,684	14,797	(14,481)	-	-	16,000
St Georges (Berlin)	-	3,010	(3,010)	-	-	-
Stephenson Bequest (Malaga)	-	3,654	(3,654)	-	-	-
Digital Diocese (Benefact grant)	43,672	-	(30,047)	-	-	13,625
Ministry Div. RME Ordinands' grant	49,600	-	-	-	(49,600)	-
Ministry Experience Scheme	48,943	11,000	(26,566)	-	6,000	39,377
Strategic Ministry	7,094	244,229	(250,503)	-	-	820
	<b>452,074</b>	<b>437,117</b>	<b>(474,696)</b>	<b>-</b>	<b>(43,600)</b>	<b>370,895</b>
<b>Balance c/f</b>	<b>5,095,912</b>	<b>2,414,624</b>	<b>(2,207,902)</b>	<b>130,015</b>	<b>1,197,586</b>	<b>6,630,235</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 17 (a) Summary of fund movements - current year (continued)

	As at 1.1.24	Income	Grants & expenditure	Investment gains and losses	Transfers	As at 31.12.24
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>5,095,912</b>	<b>2,414,624</b>	<b>(2,207,902)</b>	<b>130,015</b>	<b>1,197,586</b>	<b>6,630,235</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	49,234	-	-	1,127	-	50,361
All Saints (Dresden) Trust (Germany)	176,074	-	-	4,030	-	180,104
Armstrong Trust (Istanbul)	168,020	-	-	5,116	-	173,136
Bagneres de Bigorre Fund (France)	53,079	-	-	1,215	-	54,294
Bertie Watson (Algarve)	582,146	-	-	11,995	-	594,141
Clement Jones (Suffragan Bishop)	95,740	-	-	2,440	-	98,180
Col Doughty Wylie Fund (FCO)	123,136	-	-	1,291	-	124,427
Continental Chaplaincies	1,197,586	-	-	-	(1,197,586)	-
Crimean Memorial Church (Istanbul)	94,855	-	-	2,171	-	97,026
Daphne Willoughby - Waters (Palma)	125,916	1,156	(18,019)	2,297	-	111,350
Diocesan Development Fund	451,788	-	-	11,715	-	463,503
Emma Tebbs Trust (Rome)	138,389	-	-	3,168	-	141,557
Frank Pratt Barlow (Monte Carlo)	1,695,912	-	-	12,342	-	1,708,254
Houlton Endowment Fund (Malta)	45,754	-	-	1,047	-	46,801
Lindley Endowment Fund (Germany)	63,355	-	-	1,450	-	64,805
MMS (Gibraltar & Marseilles)	402,737	-	-	8,284	-	411,021
Overseas Bishops Fund	260,904	-	-	5,271	-	266,175
Philip Coleman Trust (Palma)	42,377	-	(42,377)	-	-	(0)
Riga Mission Trust	457,937	-	-	3,653	-	461,590
Spicer Trust (Needy clergy)	32,688	-	-	860	-	33,548
St Andrew's (Tangier)	542,361	-	-	12,201	-	554,562
St. George's (Berlin)	166,235	-	-	2,522	-	168,757
Stephenson Bequest (Malaga)	88,494	-	-	2,298	-	90,792
	<b>7,054,717</b>	<b>1,156</b>	<b>(60,396)</b>	<b>96,493</b>	<b>(1,197,586)</b>	<b>5,894,384</b>
<b>Total funds</b>	<b>12,150,629</b>	<b>2,415,780</b>	<b>(2,268,298)</b>	<b>226,508</b>	<b>-</b>	<b>12,524,619</b>

### Details of Funds

#### Unrestricted

##### General

- *Diocesan Fund*

The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.

##### Designated

- *Ordination Candidates Fund*

- This is available to support ordination candidates.

- *Mission Opportunities Fund*

The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

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### 17 (a) Summary of Fund movements – current year (continued)

#### Details of Funds- continued

- *Hardship Fund*  
A fund established to support chaplaincies with financial issues or an inability to pay their clergy following the outbreak of COVID-19. This will now also cover financial hardship occasioned by the big increase in inflation in 2024.
- *Senior Clergy Housing Fund*  
A fund to provide for the housing cost of the Suffragan Bishop and potentially other Church Commissioners' funded roles. Its aim is to preserve the capital and use income generated to fund rental costs. Alternatively, in future, the capital might be used to purchase a property.

#### Restricted

Restricted funds may only be applied for the purposes specified in the relevant measures, trust deeds and ecclesiastical statutory regulations. Generally all income generated on restricted funds is paid to the chaplaincies to which the fund relates. Grants and expenditure includes a 5% management fee levied by the Diocese.

The management charge is applied to all trusts to cover accountancy and administration for those trusts. This charge has been accounted for as income to the unrestricted general fund, and as a cost to the funds concerned. The total charge within restricted funds was £7,788 (2023: £7,470).

The following funds represent grants received by the DBF for specific activities within its operations:

- *Diocesan Development Fund*  
A Special trust for the purposes of the Charities Act 2011.
- *Digital Diocese (Benefact Trust (previously known as Allchurches) grant)*  
A transformational grant to create and distribute inspiring content that seeks to build and grow congregations across demographic groups.
- *Ministry Division RME Ordinand's Grant*  
Block grant received from the ministry division, Archbishops' Council, to fund the training of Ordinands.
- *Ministry Experience Scheme*  
A scheme for people aged 18 to 30, who desire to discern their vocation in the Church of England.
- *Strategic Ministry Fund*  
A fund from the Archbishops' Council to provide financial support for growth in the number of stipendiary curates in the Diocese.

#### Endowment

Endowment funds may only be applied for the purposes specified in the relevant measures, trust deeds and the ecclesiastical statutory regulations. They are generally only available for specified purposes.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 17 (b) Summary of fund movements - prior year

	As at 1.1.23	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.23
	£	£	£	£	£	£
<b>General funds:</b>						
Diocesan Fund	3,812,282	1,533,397	(1,520,049)	359,251	(16,000)	4,168,881
<b>Designated funds:</b>						
Ordination Candidates	73,529	96,684	(74,261)	-	-	95,952
Mission Opportunities	145,778	-	(100,872)	-	-	44,906
Hardship	279,859	109,101	(56,924)	-	-	332,036
Diocesan grants	7,100	-	(15,037)	-	10,000	2,063
<b>Total Unrestricted Funds</b>	<b>4,318,548</b>	<b>1,739,182</b>	<b>(1,767,143)</b>	<b>359,251</b>	<b>(6,000)</b>	<b>4,643,838</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	2,125	(2,125)	-	-	-
All Saints (Dresden) Trust (Germany)	-	5,038	(5,038)	-	-	-
Armstrong Trust (Istanbul)	65,473	5,609	(5,980)	-	-	65,102
Bagneres de Bigorre Fund (France)	-	1,751	(1,751)	-	-	-
Bertie Watson (Algarve)	52,318	19,177	(10,959)	-	-	60,536
Clement Jones (Suffragan Bishop)	4,870	2,525	(962)	-	-	6,433
Col Doughty Wylie Fund (FCO)	13,761	903	(1,015)	-	-	13,649
Crimean Memorial Church (Istanbul)	-	2,593	(2,593)	-	-	-
Daphne Willoughby - Waters (Palma)	318	2,088	(2,454)	-	-	(48)
Diocesan Development Fund	88,190	15,491	(4,786)	-	-	98,895
Emma Tebbs Trust (Rome)	-	3,783	(3,783)	-	-	-
Frank Pratt Barlow (Monte Carlo)	18,511	47,352	(65,863)	-	-	-
Houlton Fund (Malta)	-	1,250	(1,250)	-	-	-
Lindley Fund (Germany)	-	1,732	(1,732)	-	-	-
MMS (Gibraltar & Marseilles)	(15,461)	10,643	(11,532)	-	-	(16,350)
Overseas Bishoprics Fund	32,135	6,295	(715)	-	-	37,715
Philip Coleman Trust (Palma)	-	913	(913)	-	-	-
Riga Mission Trust	32,075	21,650	(60,304)	-	-	(6,579)
Spicer Trust (Needy clergy)	26,526	3,107	(1,905)	-	-	27,728
St Andrew's (Tangier)	13,359	14,571	(12,246)	-	-	15,684
St Georges (Berlin)	-	2,946	(2,946)	-	-	-
Stephenson Bequest (Malaga)	-	2,192	(2,192)	-	-	-
Ministry division RME Ordinands' grant	68,454	181,324	(200,178)	-	-	49,600
Strategic ministry fund	6,455	173,238	(172,599)	-	-	7,094
Digital Diocese (Benefact grant)	77,258	75,000	(108,586)	-	-	43,672
Ministry Experience Scheme	46,660	23,354	(27,071)	-	6,000	48,943
	<b>530,902</b>	<b>626,650</b>	<b>(711,478)</b>	<b>-</b>	<b>6,000</b>	<b>452,074</b>
<b>Balance c/f</b>	<b>4,849,450</b>	<b>2,365,832</b>	<b>(2,478,621)</b>	<b>359,251</b>	<b>-</b>	<b>5,095,912</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 17 (b) Summary of fund movements - prior year (continued)

	As at 1.1.23	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.23
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>4,849,450</b>	<b>2,365,832</b>	<b>(2,478,621)</b>	<b>359,251</b>	<b>-</b>	<b>5,095,912</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	44,967	-	-	4,267	-	49,234
All Saints (Dresden) Trust (Germany)	160,812	-	-	15,262	-	176,074
Armstrong Trust (Istanbul)	150,653	-	-	17,367	-	168,020
Bagneres de Bigorre Fund (France)	48,478	-	-	4,601	-	53,079
Bertie Watson (Algarve)	536,722	-	-	45,424	-	582,146
Clement Jones (Suffragan Bishop)	88,059	-	-	7,681	-	95,740
Col Doughty Wylie Fund (FCO)	118,556	-	-	4,580	-	123,136
Continental Chaplaincies	1,117,790	-	-	79,796	-	1,197,586
Crimean Memorial Church (Istanbul)	86,633	-	-	8,222	-	94,855
Daphne Willoughby - Waters (Palma)	116,204	-	-	9,712	-	125,916
Diocesan Development Fund	412,574	-	-	39,214	-	451,788
Emma Tebbs Trust (Rome)	126,394	-	-	11,995	-	138,389
Frank Pratt Barlow (Monte Carlo)	1,535,613	-	-	160,299	-	1,695,912
Houlton Endowment Fund (Malta)	41,788	-	-	3,966	-	45,754
Lindley Endowment Fund (Germany)	57,864	-	-	5,491	-	63,355
MMS (Gibraltar & Marseilles)	373,655	-	-	29,082	-	402,737
Overseas Bishoprics Fund	240,942	-	-	19,962	-	260,904
Philip Coleman Trust (Palma)	39,994	-	-	2,383	-	42,377
Riga Mission Trust	451,132	-	-	6,805	-	457,937
Spicer Trust (Needy clergy)	29,912	-	-	2,776	-	32,688
St Andrew's (Tangier)	496,157	-	-	46,204	-	542,361
St. George's (Berlin)	156,948	-	-	9,287	-	166,235
Stephenson Bequest (Malaga)	82,349	-	-	6,145	-	88,494
	<b>6,514,196</b>	<b>-</b>	<b>-</b>	<b>540,521</b>	<b>-</b>	<b>7,054,717</b>
<b>Total funds</b>	<b>11,363,646</b>	<b>2,365,832</b>	<b>(2,478,621)</b>	<b>899,772</b>	<b>-</b>	<b>12,150,629</b>

### 18 Commitments under operating leases

The lease for the office in Tufton Street expired at the end of 2023 and there is currently a licence to occupy temporary offices in Church House, with effect from 15 February 2024, whilst the office at Tufton Street is being refurbished by the landlord. Terms have been agreed in principle for the refurbishment of 14 Tufton Street at the expense of the landlord and a new five-year lease at highly preferential rates will be signed once the building work has been completed by September 2025.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 19 Net assets by fund

	Tangible fixed assets	Investments	Net current assets	Current liabilities	Amounts falling due after 1 year	Total Funds
	£	£	£	£	£	£
<b>2024</b>						
<b>Unrestricted</b>						
General	91,813	6,189,822	(195,209)	(1,590,338)	(300,000)	4,196,088
Designated	-	-	2,063,252	-	-	2,063,252
<b>Restricted</b>	-	-	652,466	(281,571)	-	370,895
<b>Endowment</b>	-	5,331,083	563,301	-	-	5,894,384
<b>Total Funds</b>	<b>91,813</b>	<b>11,520,905</b>	<b>3,083,810</b>	<b>(1,871,909)</b>	<b>(300,000)</b>	<b>12,524,619</b>
<b>2023</b>						
<b>Unrestricted</b>						
General	526,337	5,093,980	952,478	(2,053,914)	(350,000)	4,168,881
Designated	-	-	474,957	-	-	474,957
<b>Restricted</b>	-	-	452,074	-	-	452,074
<b>Endowment</b>	-	6,370,812	683,905	-	-	7,054,717
<b>Total Funds</b>	<b>526,337</b>	<b>11,464,792</b>	<b>2,563,414</b>	<b>(2,053,914)</b>	<b>(350,000)</b>	<b>12,150,629</b>

### 20 Funds held as custodian trustee

	2024	2023
	£	£
Investments (at Market Value 31st December)	1,634,588	1,521,427
Cash on deposit	1,172,044	805,224
<b>Total assets held on behalf of chaplaincies</b>	<b>2,806,632</b>	<b>2,326,651</b>

### 21 Capital commitments

As at 31 December 2024 there were no capital commitments.

### 22 Post balance sheet events and contingent liabilities

There are no post balance sheet events and contingent liabilities.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2024*

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### 23 Pensions

The DBF participates in two pension schemes.

These are:

- a) Church of England Funded Pensions Scheme (“CEFPS”) for stipendiary clergy and
- b) Church Workers Pension Fund (“CWPF”) for Diocesan lay employees

#### **(a) Church of England Funded Pensions Scheme (“CEFPS”)**

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

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme’s assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £32,353 in 2024 (2023: £41,002), plus any figures arising from contributions in respect of the Scheme’s deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as a result, there were no deficit contributions paid in either 2023 or 2024.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% pa;
- RPI inflation of 3.6% pa (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pa pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increases in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).-
- Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

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### 23 Pensions (continued)

#### (a) Church of England Funded Pensions Scheme (“CEFPS”) (continued)

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	<i>% of pensionable stipends</i>
31 December 2021	7.1% payable from Jan21 to Dec22
31 December 2022	£-
31 December 2023	£-
31 December 2024	£-

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022 and remained in place until December 2022.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there were no deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 and 31 December 2024 is nil.

The legal structure of the scheme is such that if another employer fails the DBF could become responsible for paying a share of the failed Employer’s pension liabilities.

#### (b) Church Workers Pension Fund (“CWPF”)

The DBF participates in the Pension Builder Scheme section of CWPF for lay staff and is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

The Church Workers Pension Fund has two sections

1. The Defined Benefits Scheme
2. The Pension Builder Scheme, which has two subsections;
  - i) a deferred annuity section known as Pension Builder Classic and
  - ii) a cash balance section known as Pension Builder 2014.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

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### 23 Pensions (continued)

#### (b) Church Workers Pension Fund ("CWPF") continued

##### Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

1. *Pension Builder Classic* provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.
2. *Pension Builder 2014* is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension contributions charged to the SOFA in the year were £60,251 (2023: £54,266).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

### 24 Related party transactions

There were no related party transactions in the year.

### 25 Prior year comparative Statement of Financial Activity

	Note	Unrestricted funds		Restrict	Endowm	Total
		General	Designated	d funds	ent funds	funds
		£	£	£	£	2023
Donations and legacies						
- Common Fund		927,430	-	-	-	927,430
- Archbishops' Council grant	3	184,968	-	-	-	184,968
- Archbishops' Council sustainab	3	150,000	-	-	-	150,000
- Other donations	4	24,917	205,785	452,917	-	683,619
Investments	5	242,761	-	173,733	-	416,494
Other	6	3,321	-	-	-	3,321
<b>Total income</b>		<b>1,533,397</b>	<b>205,785</b>	<b>626,650</b>	<b>-</b>	<b>2,365,832</b>
<b>Expenditure</b>						
Charitable activities	7 / 8	(1,520,049)	(247,094)	(711,478)	-	(2,478,621)
<b>Net (expenditure) before gains on investments</b>		<b>13,348</b>	<b>(41,309)</b>	<b>(84,828)</b>	<b>-</b>	<b>(112,789)</b>
Net gain on investments	13	359,251	-	-	540,521	899,772
<b>Net income / (expenditure)</b>		<b>372,599</b>	<b>(41,309)</b>	<b>(84,828)</b>	<b>540,521</b>	<b>786,983</b>

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

England & Wales - Charity number 250186

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# Accounts

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# Diocese in Europe

**THE DIOCESE IN EUROPE BOARD OF FINANCE  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

*for the year ended 31 December 2023*

*Company No. 106580  
Registered Charity No. 250186*

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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*for the year ended 31 December 2023*

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# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### **Foreword from Bishop Robert**

I am very pleased to introduce this annual report for the Diocese in Europe.

In 2023, chaplaincy life largely completed its return to normal after the painful restrictions of the Covid pandemic. It has been a year of revival and recovery. Many people have returned to Church, although rebuilding habits of churchgoing amongst some constituencies, such as young families, takes time. Some chaplaincies continue 'hybrid' services of worship. The impact of Brexit continues, especially on those parts of the Diocese that have significant numbers of British retirees. But overall the Diocese is in good heart. Compared with most English dioceses, we have a relatively high number of working age people and a relatively high level of ethnic diversity. At a diocesan level, there were some notable highlights, such as the Women Clergy and International Racial Justice conferences.

The Diocesan Board of Finance is showing a near balanced financial outcome. This is largely thanks to good Common Fund returns (96%) and generous help from the Church Commissioners.

Going into 2024, we have some ambitious (if rather daunting!) plans to invest in Youth Work, New Worshipping Communities and Poor Communities. Bishop David's retirement saw the ending of a distinguished 22 years of episcopal ministry, and the recruitment of a new Suffragan Bishop is a major task for the coming year.

Sadly, the continent of Europe continues to be dominated by the Ukraine-Russia war. Many of our chaplaincies remain involved with the care of Ukrainian refugees. Nonetheless, the Diocese continues to be an encouraging context for church life and ministry. We have highly talented clergy and lay leaders and produce very able ordinands for the wider church. There are exciting mission projects. New folk are joining our congregations and there are many examples of people finding Christian faith. Our overall morale is high.

I hope you enjoy reading this report. I trust you are reassured by the care taken over the management of our resources and our efforts to present our results clearly and transparently.

I remain thankful to God for the vitality of our Diocese in Europe, as evidenced by this report, and pray for its continued flourishing.

+Robert Gibraltar

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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The Trustees, who are also Directors for the purposes of company law, present their annual report together with the audited financial statements, for the year ended 31 December 2023.

### OBJECTIVES

The Diocese in Europe has around 300 congregations in 35 jurisdictions in Europe, Turkey, Russia and North Africa. These congregations are organised within 140 separate chaplaincies. The Company's principal activity is to promote, assist and advance the mission and ministry of the Church of England in the Diocese in Europe by acting as the financial executive of the Diocesan Synod.

The main objectives of the charitable Company, the Diocese in Europe Board of Finance ("DBF") are:

- To manage the financial aspects of providing a priestly and pastoral presence where needs arise and as resources permit across the Diocese.
- To provide appropriate personnel, financial grants and other resources including safeguarding to support the mission of the Diocese.
- To engage with the community as part of the Church's response to God's mission to His people in the area covered by the Diocese.
- To manage funds on behalf of the churches in the Diocese, and related trust funds.
- To provide services to churches and help the flow of communications across the Diocese, including the provision of various publications.

Funds and other support are given to encourage fresh expressions for worship and mission; to support the ongoing mission of the Diocese, and to provide a service to our chaplaincies. Priorities for diocesan support are identified at regular meetings of the Bishop's staff and at the Diocesan and Archdeaconry synods. Significant financial issues are delegated to the Finance, Audit and Personnel Committee ("FAPC") between meetings of the Diocesan Synod and the Bishop's Council. The Terms of Reference and scheme of financial delegation for the FAPC are routinely reviewed by the Bishop's Council.

The Trustees aim to operate a balanced budget, meeting current expenditure from current income, so that capital growth can be set aside to support the work of the Diocese in future years and be available at times of particular hardship. This strategy has been very valuable during the years of the Covid-19 pandemic when the DBF was able to pause its programme of increasing revenue through the Common Fund requests and when it used reserves to fund deficits.

Financing deficits from reserves enabled the Common Fund request to be frozen in the years 2020-2022. An increase of 10% was requested in 2023. Further increases are included in the financial plan for the next 3 years and the DBF aims to keep the deficit under £100,000 by 2027 and maintain unrestricted reserves at between 1.5 and 2.0 times the annual unrestricted expenditure of the DBF. For 2024 the increase in the request for Common Fund contributions is 10% (reduced from 15% as per the 2022 plan).

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### STRATEGIC AIMS

The Diocesan Strategy, 'Walking Together in Faith', commits the Diocese to:

- Building up the Body of Christ and fostering growth.
- Sharing with other churches and agencies in the evangelisation of Europe.
- Striving for the creation of a just society and a sustainable environment.
- Working for reconciliation in communities and in the wider world.
- Providing the resources to do these things.

Across our far-flung Diocese, the staff team and the chaplaincies work together in fulfilling this strategic vision by making good clergy appointments, fostering vocations, forging partnerships with mission agencies, working with refugees and providing encouragement and support to our communities. Increasingly, this work is supported by pan-diocesan working groups such as the Caring for Creation Group and the Racial Justice Working Party as well as increased co-operation between chaplaincies at an archdeaconry level.

The following four priority areas of activity agreed by the Bishop's Council continue to be a focus for attention within the strategy.

1. The environment and the stewardship of creation.
2. Growing ministry to young people.
3. Growing training and development of both lay leaders and clergy with a particular focus on the Ministry of Women and of Black, Asian and Minority Ethnic people both lay and ordained.
4. Increasing our ministry with lower income communities.

Although the strategic priorities are clear the resources available to the DBF to help in their delivery are limited. Some funding may be available from the Archbishops' Council and the challenge for the DBF leadership is to access this funding, recruit the right staff and adapt, so that this work can be absorbed within a thin central team. Progress on these objectives by the central DBF team is constrained by the diffuse nature of the Diocese.

No changes were recommended following a review of the overall strategy in the Autumn of 2023 by Senior Staff. The DBF is now developing its funding bid to the Strategic Mission and Ministry Investment Board of the Church of England. The areas for development in this proposal will be:

1. Work with children and young people including students;
2. Establishing new worshipping communities in city locations where there are significant 'underserved' anglophone populations;
3. Supporting chaplaincies with increasing numbers of members with low incomes from the Global South in particular, who may be unable to fund ministry themselves in accordance with the normal model in the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### ACTIVITIES AND ACHIEVEMENTS

#### Ministry

The number of clergy in the Diocese holding a Bishop's licence as at 19 April 2024 was 138 (2022: 144). This includes 27 assistant chaplains (2022: 21) as well as the Dean, the 4 Archdeacons and the Director of Ministerial Development. In addition there are 15 curates (2022: 19). At the close of 2023, the Diocese had 29 vacancies (2022: 21) which, when filled, will have licensed clergy (including both Chaplains and assistant priests).

77 Readers held a Bishop's licence or Permission to Officiate at the end of the year (2022: 72). 21 people were licenced or granted PTO as readers in 2023.

There were 26 ordinands in either residential or non-residential training (2022: 22) at the end of December 2023 and 16 Readers in training (2022: 8).

#### Chaplaincy membership and attendance

The total number on chaplaincy Electoral Rolls is 9,887 (2022: 10,061), a decrease of 1.7%. Overall numbers have recovered since the pandemic and are now only 4% below the 2019 pre-pandemic number, which in itself was the year of a fall as would normally be associated with the creation of new rolls. The normal recovery from a new roll did not happen due to Covid.

There were 378 baptisms (2022: 331) and 82 marriages (2022: 92) recorded in the Diocese with an additional 167 (2022: 92) marriage blessings. The number of marriages and blessings in particular, represents a significant financial benefit for some chaplaincies. These events are a source of engagement and income, particularly when families travel from the UK for ceremonies. The recovery in the number of blessings is particularly gratifying.

There were 24 confirmation services held (2022: 34) with 170 candidates (2022: 173). A practice of combining groups of confirmation candidates from a number of chaplaincies in one service is becoming more common with bigger services and less episcopal travel time.

Easter Day attendance was recorded as 13,672 (2022: 11,752). Christmas Day attendance was recorded at 15,697 (2022: 15,176).

The Usual Sunday Attendance was recorded as 7,901 (2022: 8,887). Chaplaincies reported 660 attendees, as being the average attendance reported online in 2023 (2022: 2,480) as in person worship had returned after the pandemic.

These figures overall show a very mixed picture showing evidence of some recovery but also continued fragility in some chaplaincies following Covid and Brexit.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Staff Changes

No staff left in 2023. A new Head of Communications, Ruth Blanco, took up her post in January 2023 and Adrian Butcher, who had served as the DBF's interim Head of Communications in the interim, completed his work in the early part of the year.

#### Suffragan Bishop

In September 2023 Bishop David Hamid announced his retirement with effect from February 29, 2024. He had been in post for 22 years and was the longest serving bishop in the Church of England. His pastoral care for all in the Diocese, his expertise, experience, stamina and great good humour will all be much missed. Bishop David's chaplain, Revd Canon Deacon Frances Hiller, also announced her retirement having supported Bishop David throughout his term of office.

The Bishop's Council unanimously approved the proposal to recruit a new Suffragan Bishop and recommended that the Diocese go further and seek approval from the Dioceses Commission for a second Suffragan Bishop in recognition of the complexity and scale of the Diocese. In December 2023 the Dioceses Commission agreed to the recruitment of a successor to Bishop David and recommended that the post holder be based in Brussels. The Suffragan Bishop's house in Kent is for sale and the proceeds will be reserved to provide for future housing needs. The Archbishop of Canterbury is supportive of the proposal for a second Suffragan Bishop but the process of approval for the post and its funding is complex and will continue in 2024. The outcome of the bid for this post is uncertain.

#### Safeguarding and the Past Cases Review 2 (PCR2)

In May 2023 the final report of the Safeguarding Past Cases Review 2 was completed. All personnel files had been independently reviewed in accordance with the Archbishops' Council mandate issued in 2019. The Executive Summary was published on the diocesan website. It concludes: 'At the completion of the review process, it is possible to state that the objectives set by the Archbishops' Council for the project have been met in the Diocese in Europe, namely:

- All known safeguarding cases have been appropriately managed and reported to statutory agencies or the police where appropriate.
- That the needs of any known victims have been considered and that sources of support have been identified and offered where this is appropriate.
- That all, identified risks have been assessed and mitigated as far as is reasonably possible.

The report made a series of recommendations which focus on:

- The administration and management of the Diocese's safeguarding and HR data
- Ways to further improve the culture around safeguarding.

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### **ACTIVITIES AND ACHIEVEMENTS (continued)**

#### **Safeguarding and the Past Cases Review 2 (PCR2) (continued)**

The implementation process for all the recommendations started immediately and the action plan has been completed and signed off by the Safeguarding Advisory Committee (DSAC). Work recommended by the report has now become part of the normal practices and plans of the Diocesan Safeguarding Team.

The DBF benefits from the expert oversight of DSAC, which met 4 times in 2023 including an in-person development day held in London. This independent scrutiny and challenge is an essential contribution towards achieving best practice in safeguarding. The Eden Voice Group is now established to bring a clear informed focus to the work with regard to victims and survivors. Its chair is also an independent member of DSAC.

In 2023, 341 people completed 28 Safeguarding Leadership training courses, 2 Safeguarding conferences were attended by 113 Chaplaincy Safeguarding Officers, and 374 safeguarding checks were completed.

#### **Progress towards Net Zero Carbon Target**

The Diocese continues to pursue its objective of reaching Net Zero Carbon by 2030. Implementation of the Programme of Activities has started, and a first progress report was presented to Diocesan Synod in June 2023. The commitments contained therein enabled the Diocese to access £130,000 of capacity building funding in autumn 2023 which is being used to fund a part-time Net Zero Officer (recruited April 2024) and to undertake energy audits in those buildings with the highest emissions. The diocesan travel/expenses policy has been revised to emphasise sustainable travel options, accepting that these may be more expensive. The emissions generated by travel to the 2023 Diocesan Synod were calculated and in autumn 2023 travel recording guidance was rolled out across the Diocese.

Systematic quantification of travel emissions started in January 2024. A growing understanding of the buildings used throughout the Diocese, and progress in quantifying their emissions, opens further funding opportunities which are being actively pursued.

The Net Zero Officer, together with the Diocesan Caring for Creation Working Group, continue to spearhead these activities, along with encouraging chaplaincies to work towards EcoChurch awards.

#### **Women Clergy Conference: Challenges in Contemporary Europe: Diversity and Public Theology through the lens of women's experiences**

The latest of the conferences for female clergy in our Diocese, held in Hamburg in April 2023, was planned by a team of six, spread across the Diocese from Norway to Greece and Germany to Geneva. We were privileged to have as the guest speaker Reverend Dr Simone Sinn, who teaches ecumenical theology at Bossey and combines her teaching at the Ecumenical Institute with programme executive responsibility of WCC's Faith and Order Commission. Stimulating conversations following the lectures centered around harnessing the rich diversity of our Diocese to build the kingdom of God amongst the communities we serve.

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### **Women Clergy Conference: Challenges in Contemporary Europe: Diversity and Public Theology through the lens of women's experiences (continued)**

The days were framed by worship throughout the day, a core part of the time together, and offered the opportunity to celebrate the diaconal and priestly ministry of women. One of the gifts of the conference was time away, for wisdom to be heard and shared. 18 members of our female clergy were able to participate in the conference along with the Head of Communications for the Diocese. We also welcomed a representative from CCLA, who was the conference sponsor, and to whom we are immensely grateful.

The conference offered a snapshot of the diversity of the Diocese and an opportunity for worship and listening within this group. The time spent together is a rare opportunity in a Diocese where people work at great distance from one another.

The next conference in 2025 is in the early planning stages, with a slightly enlarged team to include an even wider representation from all areas of our Diocese.

#### **Racial Justice Conference in Freiburg**

In November 2023 the Racial Justice Working Group of the Diocese organised a conference under the title 'God's Kaleidoscope, The International and Ecumenical call to Racial Justice.' 100 people attended from the Diocese and the wider Anglican Communion as well as partners from the Porvoo Communion and the Evangelische Kirche in Deutschland. USPG and the Racial Justice Unit of the Church of England along with ecumenical partners were present and assisted with funding. 30% of the participants who were under 30.

This Conference was rooted in prayer, scripture and music from around the world. The vibrant bible studies from Prof. Dr Sathianathan Clarke re-examined key passages in Scripture, offering fresh perspectives and expanding our horizons on what scripture teaches us about Racial Justice.

It was a space to share experiences, ask difficult questions, pray and reflect and to forge a way forward together. The conference had a clear focus each day, looking at grieving the past, challenging the present and envisioning the future, and enabled those present to move together from reflection on past experiences to joining in tasks of advocacy and affirming that a racially just tomorrow is possible. The conference went beyond existing policy frameworks such as "Breathing Life" from the Diocese and "Lament to Action" for the National Church with fresh perspectives in theology, Christian witness, mission and engagement.

The Conference Statement is on the diocesan website [here](#) . The Racial Justice Working Group is already building on the results of the Conference and a follow-up event is planned.

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### **Rooted in Unity (part of the World Youth Day 2023), St George's, Lisbon**

History was made in the Diocese in Europe on August 1, 2023, when the first week-long event for young people was held at the Anglican Church of St George, Lisbon in partnership with the French Catholic community Chemin Neuf. 250 young people from a range of church backgrounds made the effort to be in community with their friends in faith (some travelling over 20 hours to get to Lisbon!). Teaching was offered by the Archbishop of York, Archbishop Ian Ernest of the Anglican Centre in Rome, Tabea Oppliger (an entrepreneur in Israel providing work for women who were escaping the sex trade) and Joe Tosini from John 17.

There were important times of worship and the opportunity for young people to experience different eucharists from different denominations. A prayer tree, provided a focal point where new friendships were formed, faith stories shared and where the young people inspired and encouraged each other.

The Pope has deemed 2025 "The Jubilee of World Youth" and it is hoped that a similar event may take place in Rome.

#### **New diocesan website at [www.europe.anglican.org](http://www.europe.anglican.org)**

The diocesan website is the hub of our digital presence, which is more important than ever in such a geographically diverse diocese. It provides key resources for all chaplaincies as well as being the window to the world to showcase the work and mission which is carried out across our vibrant and diverse communities.

The website redesign and rebuild was a significant project involving an investment of time, focus and finances, but an essential one given the reliance on online resources for everyone. The project, including the new branding, was funded by a generous grant from the Benefact Trust.

The new site launched in June 2023. It includes a complete update of the Diocesan Handbook, and re-design of the key forms and resources used so by chaplaincy councils. A church finder tool was created using *A Church Near You* and Google mapping data. A review of all chaplaincy data was conducted. Feedback on the site has been very positive. Improvements continue to be made iteratively. 350,000 web page views were generated and there was a 24% increase in Social Media followers.

A pilot project to discover what help can be given with redesigns of chaplaincy websites has been undertaken in partnership with chaplaincies in Geneva and Nice.

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### **Fundraising advice and resources for chaplaincies**

Individual giving is a vital means of resourcing mission and ministry across our chaplaincies. The DBF was successful with a bid to the Archbishops' Council for funding of £80,000 over five years towards the costs of a part-time Fundraising Adviser (Juliet Evans). She will work across the Diocese to increase income to chaplaincies from congregations and other sources. This role, recruited in late 2022, is closely associated with the Church of England Giving Team's strategic work in areas such as tax efficient giving, digital and regular giving, fundraising and legacy giving – all of which are vital to the resourcing of mission and ministry across our chaplaincies.

To support the Fundraising Adviser in the work, a small Fundraising Reference Group - consisting of clergy and lay members from across the Diocese - was convened to offer input and advice.

#### 2023 Priorities and Activities

1. Understanding chaplaincies through a fundraising questionnaire, to benchmark current activity, find and share good practice and to understand chaplaincy priorities. The results fed into a strategic plan for 2024-2027
2. Setting up communications channels
3. Encouraging chaplaincies to look at three 'quick win' activities:
  - Thanking people for their financial giving.
  - Improving communications to explain the difference people's generosity makes.
  - Taking a 'next step' in engaging congregations in regular giving.

#### Digital giving

In an increasingly cashless society, the way people use money, and therefore the way people give, is changing and this needs to be acknowledged in the mechanisms we offer. Therefore, in addition to the above, work commenced on preparing for the launch of the Church of England's digital giving rollout project across the diocese in 2024. The project will provide 30 heavily subsidised card reader devices for chaplaincies as well as support the wider adoption of online giving. A card reader device, suitable for European use, was identified and successfully piloted in three chaplaincies ahead of the rollout.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Events

##### Ministry

- Ordinations were celebrated in Rotterdam and Brussels .
- The new Chancellor of the Pro Cathedral of St Paul's Valetta, Fr David Wright, was licensed in September.
- IME2 residential training events were held in Woking and in Cologne.
- The Ministry Experience Scheme pilgrimage to the Holy Land included interns and a number of others.
- Bishop Alison White became the first woman to be an Honorary Assistant Bishop in the Diocese.
- The last 2 modules of the Diocese's lay learning course "Walking Together in Faith" were completed.
- Revd Louis Darrant was appointed LGBTQi+ Liaison Officer.

##### New initiatives

- The mission to refugees in Calais was extended with the appointment of a refugee officer Bradon Muilenburg funded by the Diocese, the Diocese of Canterbury and USPG.
- New courses were held for serving clergy on neurodiversity and for all involved in appointments about unconscious bias.
- New registration of all French Chaplaincies and creation of a Union Nationale for the Church of England in France was completed.
- Diocesan Synod agreed changes to the Diocesan Constitution to allow for the possibility of a wide range of meetings to take place remotely/by electronic means, where that is the preferred mode.
- A significant advance in ecumenical work will be achieved with the creation of two split role Ministers with French Protestant Churches in Lyon and Strasbourg.
- A pilgrimage to the 'Seven Churches of Asia' was organised for clergy in the Diocese by Revd James Buxton in Izmir and attended by 22 clergy and partners.

##### Public Profile

- The BBC Radio 4 Sunday Worship programme was broadcast from venues across the Diocese, preceded by a week of Daily Services from Oslo, Brussels, Tenerife, Lisbon and Malaga.
- The National Church of England online service was broadcast from St Edmund's Oslo.
- A podcast series was presented by the Diocesan Director of Ordinands about the Coronation.

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Events (continued)

##### Celebrations

- Smitha Prasadam left St Alban's Copenhagen and was consecrated Bishop of Huddersfield in June 2023 alongside two other new bishops. Bishop David was the preacher at York Minster.
- The small church at Urbanización Lago Jardin in the Torrevieja chaplaincy re-opened for worship in December and celebrated its centenary.
- The Intercontinental Church Society which supports 40 chaplaincies across the Diocese (24 as patron), celebrated its 200<sup>th</sup> anniversary.
- The Friends of the Diocese held their first in-person Annual Service since 2019 at Southwark Cathedral.
- In the King's Birthday Honours, Revd Canon Malcolm Rogers was awarded an MBE for 'services to the British and Commonwealth community and to the Anglican Church in Moscow, Russia.' Alison Rogers was awarded the British Empire Medal (BEM) for 'services to the British community in Russia.'
- In May the Eucharist was celebrated for the first time in 15 months at Christ Church Kyiv.
- Chaplaincies hosted visits from the Archbishop of Canterbury to Istanbul and Bucharest, and the Archbishop of York to Paris, Rome and Lisbon.
- Bishop Robert and Archdeacon David Waller each took long-awaited 3-month sabbaticals which are an important contribution to the welfare of long-serving clergy.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### FUTURE PLANS

**These include:**

- The appointment and consecration of a new Suffragan Bishop.
- The appointment of a new Senior Chaplain at the Pro Cathedral in Brussels.
- The appointment of the Carbon Net Zero Officer funded by the national church
- A second Clergy pilgrimage in Turkey.
- Significant growth in work with children and young people supported with funding from the Archbishops' Council.
- Broadcast services on the BBC from chaplaincies in Paris during the Olympic Games.
- Archdeaconry and Deanery Synods to be held in-person in Tallin, Belgrade, Rome, Drongen, Belgium.
- Diocesan online service for Safeguarding Sunday.
- Podcasts for the anniversary of the Coronation.
- A follow-up event to the Racial Justice Conference.
- A youth synod and training event for leaders of work with children and young people.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE

#### **War in Ukraine and the appeal for funds**

The war in Ukraine has a significant impact on life in the Diocese. The chaplaincy of Christchurch, Kyiv continues to meet and hold services as well as maintaining an online community. In late 2023, a new chaplain was appointed to Warsaw who will travel to Kyiv at least once a month for services as well as offering some pastoral care for the community. The Diocese remains committed to supporting resident stipendiary ministry in Kyiv when this is possible.

80% (£280,000) of the funds raised in partnership with USPG (United Society Partners in the Gospel) in 2022 for work with refugees has been distributed. The remaining amount is for small projects as they emerge and for ministry in Kyiv. This means that the target of allocating the appeal funds in 2 years has been met. The main projects supported are linked to chaplaincies in Helsinki, Warsaw, Budapest, Prague, Riga and Bucharest. The needs of refugees are not declining and there is still a need for further funding. The projects supported by the DBF are aware that the appeal funds will not be available beyond the latest distributions they have received.

#### **The Coronation**

The death of Queen Elizabeth II put significant demands on many chaplaincies and clergy across the Diocese. Civic services and media commentary were requested in many places and events were well supported. This experience was repeated with the Coronation of King Charles III which was celebrated across the continent. Media training for the event was provided by the former interim Head of Communications, Adrian Butcher. The Diocesan Director of Ordinands, Revd Canon William Gulliford, used his considerable expertise to give information and training about the liturgy and history of the Coronation Service. William also compiled a series of highly original and authoritative podcasts on the topic.

#### **Cost of living and inflation**

The rate of inflation across Europe began to rise rapidly in the first quarter of 2022. This brought significant challenges to some chaplaincies which continued through 2023. That said, there were fewer applications to the Hardship Fund as a result of inflation than were expected. The rate of inflation across Europe almost halved in the last 6 months of 2023 to 3.4% ([Source: Eurostat](#)) although the increased prices from the previous high rates have now become a norm. The DBF forecasts are based on a 5% rate for 2024 and 2025 mainly linked to likely pay rises. These relate to DBF Staff, Archdeacons and clergy on the Ministry Team. When the financial plan is reviewed in October 2024 the rate of inflation will be reassessed, however recent experience appears to show that costs of travel and accommodation, which are two big costs alongside staff pay, are still rising at rates above the overall indexes.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### **Brexit**

Covid-19 and then the war in Ukraine obscured the true effects of Brexit on the life of the Diocese in Europe. Many members of chaplaincies who did not qualify for residency are now limited in the amount of time they can spend in the European Union. This is reported to have reduced attendance at some chaplaincies particularly in the south of the Diocese as seasonal residents do not return as frequently or for as long as they did in the past. The true impact of this on the Electoral Rolls will only be revealed when the rolls are renewed in 2025. The DBF may need to offer support to chaplaincies who are experiencing higher costs of visas and other requirements when appointing new chaplains. There are also language qualifications in some jurisdictions that were not a factor prior to Brexit. Despite Brexit, it is gratifying that strong candidates continue to apply for roles and manage to overcome the hurdles in their way. Clergy across the Diocese are a more diverse group than ever with an increased number of appointments of Anglicans from across the globe.

#### **The Wider Church of England**

Two issues dominated synodical and other debates within the Church of England in 2023 namely "Living in Love and Faith" ("LLF", the Church of England's discernment process about identity, sexuality, relationships and marriage), and the structure of safeguarding provision. In the Diocese in Europe concerns have been expressed by clergy and chaplaincies both that the proposals for Prayers and Services to celebrate same sex relationships go too far and also that they do not go far enough. We appreciate the depth of feeling behind these issues, but can say that, thus far at least, discussions are not causing significant issues for the DBF.

The National Church is considering the recommendations of the Jay Report about independence in safeguarding and the Wilkinson Report about the disbanding of the Independent Safeguarding Board. Proposals have been made to establish two new charities for the oversight and for the provision of safeguarding services across the Church of England. The implications for the Diocese in Europe are particularly complex given the untypical circumstances in which the Diocese operates contrasting with the risks inherent in safeguarding being delivered by an organisation which operates only in a UK context.

Senior staff and clergy of the Diocese continue to maintain a high profile within the Church of England. Bishop Robert is chair of the Faith and Order Commission ("FAOC"), the vice chair of the Council for Christian Unity and a member of the Clergy Discipline Commission. As FAOC Chair he is, ex officio, a member of the House of Bishops Standing Committee and was co-opted onto the LLF Implementation Group. He is the co-chair of the Reilly conversations between the Anglican Churches of the British Isles and the French Protestant Churches, and a member of the Central Committee of the World Council of Churches. He has recently been appointed co-chair of the International Anglican Roman Catholic Commission for Unity and Mission (IARCCUM). The Head of Safeguarding sits on a number of National Advisory groups and the Diocesan Secretary is a member of the National Diocesan Secretaries Liaison Group. The Archdeacon of France and Switzerland is a member of the executive committee of the College of Archdeacons.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### FINANCIAL REVIEW

#### Summary

The net deficit for the year before investment gains for the Unrestricted Fund (including Designated Funds) was £27,961 (2022: £212,133).

The improved position is principally the result of a sustainability grant of £150k received by the DBF from the Archbishops' Council. The outcome was also helped by better than forecast income from investments and interest on cash balances and substantial cost savings against the budget in all departments. The DBF has consistently kept costs down and staffing levels remain lower than any other diocese in the Church of England, apart from Sodor and Man.

The underlying health of chaplaincy finances is hard to assess as figures for 2023 are not yet available. The picture is very uneven with some chaplaincies recovering better from the pandemic than others and experiences varying between the North and the South and between urban and rural areas. It is hard to build the detailed picture of the variable financial experiences across the Diocese but overall chaplaincy income rose by 11.8% in 2022.

Nevertheless, Common Fund payments from chaplaincies were 96% of the amount requested. This was an extremely positive result, reflecting generosity across the Diocese by many chaplaincies who continue to face challenging financial circumstances.

The DBF continues to make hardship grants to assist chaplaincies facing big unexpected financial challenges. A designated fund was established in 2020 to assist with the effects of Covid-19. So far £417k has been distributed. In 2023 the amount was £57k, which was lower than expected with fewer requests being made. There is £332k left in the fund which includes an anonymous donation of £100k received in the year.

Unrestricted listed investments are managed by fund managers at CCLA. They performed well against comparable fund managers and the capital value of our investments rose by £359k (8%) in the year, compared to a decrease in value of £605k in 2022.

This Annual Report reflects the considerable generosity of chaplaincies, and the careful stewardship of the DBF with the funds provided. However, without the Archbishops' Council grant, the outcome would have been a considerable deficit. There is no doubting the impact and vibrancy of much chaplaincy life across the Diocese. The challenge for the DBF is how to continue its work on very limited resources at a time when the demands placed upon staff are increasing. That challenge has to be balanced with the financial concerns of the chaplaincies, which are the principal contributor of funds.

Unrestricted Funds were £4,643,838 (2022: £4,318,548) and Total Net Assets including Restricted and Endowment Funds were £12,150,629 (2022: £11,363,646).

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### FINANCIAL REVIEW (continued)

#### Common Fund and other Income

Total income for the year was £2,365,832 (2022: £2,263,011). This includes unrestricted income of £1,739,182 (2022: £1,598,194) and restricted income of £626,650 (2022: £663,834) received from a number of activities such as the training of ordinands and Strategic Ministry Funding for Curates (See Note 18a).

There was an increase in the year in contributions from chaplaincies through the Common Fund, from £912,142 to £927,430. (The Common Fund represents 68% of the unrestricted income of the DBF, reported in the quarterly management accounts). 96% of the amount requested was paid in 2023. Chaplaincies were assisted by the introduction of a cap of 10% on the increase in requests to any individual chaplaincy that would have been occasioned by the return to the use of the Common Fund Formula which had not been used in 2020-2022. The capping meant that the overall amount requested was £72k less than the budgeted figure. In 2024 the cap on increases has been set at 15%. The concept of the capping of increases, and the way it is applied, will be reviewed annually. Capping should be phased out over time as we move closer to requests made on the basis of the Common Fund formula only.

#### Support from the National Church

The Diocese in Europe is generally treated in a similar way to all other dioceses in the Church of England with regard to grants that are available from the National Church via the Archbishops' Council. The DBF is active in applying for support on all fronts. The following support has been received.

*Sustainability Grant:* £150k. The programme was a continuation of help that was offered during the pandemic and was extended to assist with rising costs due to inflation. The programme is unlikely to be extended further.

*Low Income Communities Funding:* £185k. This is guaranteed through to and including 2025 with inflationary increases. Discussions regarding the next triennium are starting in 2024.

*Strategic Ministry Funding:* £173k. The Ministry Division gives support that represents 70% of the full cost to a chaplaincy of a stipendiary curate. This includes housing, local taxes and pension contributions. 4 curates were supported and a further cohort of 3 will join the scheme in 2024.

*Net Zero Carbon:* £15k. An initial enabling grant was received in 2023 in support of the Diocese's objective of being Carbon Net Zero by 2030. A further grant of £130k was agreed to cover the costs of a part time Net Zero Officer and other consultancy work that may be needed over the next 2 years.

*Racial Justice:* £10k was contributed towards the costs of the Racial Justice Conference held in Freiburg in November 2023.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### FINANCIAL REVIEW (continued)

#### Support from the National Church (continued)

*Strategic Mission and Ministry Investment.* Negotiations are beginning for a grant to assist with new diocesan initiatives focussed on Children and Young People, establishing new worshipping communities in cities where the Diocese has no presence, and supporting chaplaincies with growing communities of migrants and asylum seekers who have very little money to support ministry costs. The DBF is also working hard to secure a grant from the Buildings for Mission Fund which was initially allocated only to 'mainland' dioceses.

Grants from the Archbishops' Council are specifically targeting objectives set under the Church of England Vision and Strategy. These funds, with the exception of the Low Income Communities Fund, though welcome do not cover the day-to-day regular costs of the DBF. They also take considerable effort to acquire and to manage and at times they may not fit the particular operational structure of the Diocese in Europe.

In common with all dioceses in the Church of England, the Archbishops' Council funds costs in relation to the Diocesan and Suffragan Bishop. This includes stipend, pension and office costs. In the case of Bishop Robert this is funded through a Belgian charity (The Office of the Bishop in Europe ASBL). Although the Diocese benefits considerably from the activities of its Bishops, it does not bear the substantial costs associated with these activities.

#### Expenditure

Total charitable expenditure was £2,478,621 (2022: £2,429,864), made up largely of direct ministry and mission costs and grants. Included in this was total expenditure of £247,094 from designated funds (2022: £316,530) and restricted expenditure of £711,478 (2022: £619,537). See Notes 8 and 18a for further details.

The DBF offices in 14 Tufton Street are still to be refurbished by the landlord, the Corporation of Church House, so staff are in other rooms in Church House. The rent did not change in 2023.

#### Financial Governance

Financial oversight is provided by the Finance, Audit and Personnel Committee ("FAPC") which met formally online five times during the year as well as providing advice through correspondence. The Committee is a source of essential expertise and challenge to the executive, as well as representing the concerns of chaplaincies about financial matters. Revd. Richard Williams stood down from the committee and a new member with a strong accountancy background will be co-opted.

The Committee gave detailed consideration to the notion of capping increases in Common Fund requests to individual chaplaincies and recommended to the Trustees that no Chaplaincy should face an increase, derived from the formula, in excess of 10% in 2023 and 15% in 2024. It was agreed that any shortfall against the budget as a result of this proposal would be funded from reserves.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### **FINANCIAL REVIEW (continued)**

#### **Financial Governance (continued)**

The FAPC recommended the strategic financial planning objective of planning for a deficit below £100k by the end of 2027 and ensuring that at least 1.5 years of annual expenditure remains in the unrestricted reserves at that time. Both of these objectives are incorporated in future financial plans. The objective in setting the Common Fund request is to raise sufficient funds to support the agreed activities of the DBF whilst keeping it as low as possible to give the chaplaincies the best chance of remaining financially sustainable.

The FAPC aims to make grants from the Mission Opportunities Fund to promote chaplaincy growth and from the Hardship Fund to help chaplaincies in unexpectedly difficult circumstances. So far a total of £417k has been distributed from the Hardship Fund to 32 chaplaincies. £332k remains in the fund and this is expected to be used over the next 3 years. A £100k anonymous donation was received in the year.

Priority in hardship grants will continue to be given to covering stipendiary clergy costs, subsidising housing costs and bills for those with part time or house for duty licences. Chaplaincies with 4-6 months or less expenditure in reserve will be the priority for such grants.

#### **Loans and Liquidity**

The DBF took out a loan from CCLA of £500k in January 2021 and pays back £50k a year. £350k was outstanding at the end of 2023. The rate payable is 0.55% above the Bank of England Base rate.

The DBF had sufficient liquidity such that no investments needed to be sold in the year.

The DBF has availed itself of the interest bearing deposit accounts at CCLA, which returned 5.25% on cash invested as of April 2024.

#### **Diocesan Investments**

Diocesan unrestricted investments were monitored weekly throughout the year and their value was reported regularly to the FAPC. The DBF's investment manager, CCLA, attended FAPC meetings to update the committee on investment performance and strategy.

In the view of the FAPC, the fund managers are doing a very effective job on behalf of the DBF frequently outperforming many other UK Fund Managers and guaranteeing a strong ethical investment approach in line with the policies of the Church of England. The DBF has no investments in fossil fuels.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### FINANCIAL REVIEW (continued)

#### Remuneration of key management personnel

The responsibility for setting salaries for all staff, including senior personnel, lies with the Finance, Audit and Personnel Committee ("FAPC"), subject to the overall budget parameters approved by the Trustees. Prevailing market conditions are taken into account. In 2023 the pay rise for DBF Staff and stipends paid direct from the DBF was 5%.

#### Grant making policy

The Trustees award grants principally through the FAPC. These are normally to establish new chaplaincies via the Diocesan Development Fund or develop new mission initiatives within a chaplaincy or archdeaconry via the Mission Opportunities Fund.

#### Investment policy

The policy of the Trustees is to invest in a diversified portfolio of quoted equity and fixed interest securities. They take into account the requirements of the law in relation to the investment of charitable monies, while seeking the best possible returns and having due regard to preservation of capital. Investment decisions also take account of the funds' ethical policies and ensure that these fall within the guidelines approved by Church of England General Synod. The Company invests through common investment funds and does not invest directly in the stock market. For operational reasons, it also has certain limited interests in property.

The portfolio held is diverse and designed to withstand pressures that may come in various parts of the global economy.

#### Reserves policy

The Trustees consider it important to hold reserves to cover unforeseen eventualities and the possibility of future operating deficits, taking into account the fact that more than half of all funds are endowed for specific purposes. In the case of unrestricted funds, the Trustees seek to maintain general reserves that will support the ongoing mission of the Diocese in support of the chaplaincies and allow the Company to operate as a going concern.

The amount held in reserve is a relatively high multiple of annual expenditure compared to other dioceses. However, the Diocese in Europe has few other assets such as land or buildings and little flexibility in its cost base. Hence these funds are the only sources of finance in the event of significant financial challenges such as have been experienced in recent years and they derive significant income through dividends and interest.

Current financial planning envisages further deficits being funded from reserves. However, Trustees approved the annually revised long term financial plan in 2023 which targets a reduction in the annual deficit to less than £100k by 2027. At this point the policy of maintaining unrestricted reserves of at least 1.5 times annual unrestricted expenditure will be fulfilled.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### FINANCIAL REVIEW (continued)

#### **Pensions**

The Church of England Funded Pension Scheme no longer requires deficit contributions as it is in surplus. For Chaplaincies with clergy in the Church of England Pension Fund, the annual contribution has reduced by £3,015 or 25% since 2021 with a further 3% reduction due in 2024. The standard pension contribution is now £8,784 per year and is based on 25% of the Minimum Stipend Benchmark of the Church of England.

#### **Sources of funding**

All chaplaincies in the Diocese are required to be financially self-sufficient. They are funded largely by donations from members and visitors and in some cases by returns on investments and local commercial activity. Some chaplaincies receive significant support from mission agencies working in the Diocese, including Mission to Seafarers (which funds several port chaplains), and the Intercontinental Church Society (which retains patronage of 24 churches and supports some seasonal work), and the Benefact Trust (formerly Allchurches) which supports both the DBF and Holy Trinity Cathedral in Gibraltar. USPG have provided funds for the work with refugees in Calais and the work of the Community Kitchen in Brussels. USPG has partnered the DBF in the Ukraine Appeal.

#### **Volunteers**

The DBF is dependent on the huge number of people involved in chaplaincies. The number of active volunteers (or volunteer hours) dedicated to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the DBF greatly values the considerable time given by all Committee members and other volunteers across the Diocese in pursuit of the church's mission.

Measuring in a meaningful way the in-kind value of volunteer time to the operations of the DBF is particularly difficult. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Volunteer recruitment is now carried out in a way that seeks to take account of the Church of England guidelines on Safer Recruitment.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### **FINANCIAL REVIEW (continued)**

#### **Going concern**

The financial position and forecasts are reviewed annually, taking into account the levels of reserves and cash. As a result of the current review, the Trustees believe that the Diocese will be able to manage operational and financial risks successfully for the foreseeable future.

It continues to be the Trustees' policy to invest surplus funds in fixed asset investments for the long-term so that the best returns are achieved. The Trustees are confident that the DBF can access these resources at short notice should the need arise to satisfy current liabilities.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### PRINCIPAL RISKS

The Trustees are responsible for maintaining a sound system of financial control to safeguard the Company's assets. The FAPC identifies the major risks to which the Company is exposed, and such systems and procedures as are practicable to put in place to mitigate those risks. A formal risk assessment review is conducted annually at the Winter meeting of FAPC, which monitors the risks and the effectiveness of the system of internal control operated by the Company.

The most significant risks are as follows:

#### *Safeguarding failure*

Adverse findings from a big case could have a significant reputational or financial impact. This risk is mitigated by strong leadership from the Diocesan Safeguarding Advisory Committee together with the engagement of professional safeguarding staff, Diocesan safeguarding policy and training and the DBF's insurance. The Past Cases Review 2 gave confidence that historic cases have been dealt with appropriately and that required action has been taken.

#### *Investment underperformance*

Poor investment performance could have an adverse effect on the ability of the DBF to meet its financial commitments. To mitigate this risk funds are invested with an established and reputable fund manager. Funds are widely spread, and performance is monitored.

#### *Chaplaincy finances*

Chaplaincies face a range of issues, including Brexit, which in some cases make payment of Common Fund very challenging. This is mitigated by prudent financial planning and encouragement of appropriate stewardship and giving. Communication with chaplaincies about the Diocesan finances has improved in recent years and there is some evidence that greater understanding has assisted in chaplaincies in being more prepared to contribute.

#### *Reliance on key staff*

The DBF is run by a small number of staff. Changes to, or unavailability of, senior staff has potential to seriously hamper Diocesan operations. Staff resourcing is currently being reviewed to ensure that the Diocese has sufficient cover for unexpected absences.

#### *Global pandemic*

The widespread impact of the virus may continue for 2-5 years with an impact on chaplaincy and hence Diocesan income. This might be partially mitigated by improved stewardship by chaplaincies and improved cost control at all levels within the Diocese as well as some changes in the pattern and deployment of ministry in chaplaincies.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### **PRINCIPAL RISKS (continued)**

#### *Insurance*

The DBF has only limited legal insurance for its staff and activities outside the UK. Chaplaincies are required to insure their assets and activities locally. Appropriate insurance is hard to acquire and in some jurisdictions it is far from easy for chaplaincies. The DBF is seen as the “payer of last resort” which may not be a sustainable position. Further work has commenced on this matter with a new insurance broker.

#### *Hazards*

The Diocese has insurance in place with a reputable insurer to cover catastrophic risks such as fire, flood and computer failure. The Diocese is a tenant of Church House in Westminster and uses services provided by Church House. It can therefore rely on disaster recovery and computer back-up routines employed by the National Church Institutions.

#### *Costs related to property held by the DBF*

Properties in the Diocese, both churches and accommodation are normally maintained by the chaplaincy which uses them. There are a small number including a church and a cemetery in Italy which do not have that cover and which may incur unexpected costs. The DBF is seeking to divest itself of such properties.

#### *Funds held as custodian Trustee*

The DBF holds investments and cash on behalf of chaplaincy councils. Care is taken to ensure the funds are managed correctly and that sufficient liquidity is maintained to ensure any demands for repayment can be met. This matter was reviewed by the FAPC in 2023.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### STRUCTURE AND GOVERNANCE

The Diocese in Europe is a diocese of the Church of England in the Province of Canterbury. The legal framework for the Diocese is the 'Diocese in Europe Measure 1980' and the Constitution of the Diocese 1995. While The Diocese in Europe Board of Finance is autonomous for most practical purposes, decisions may be influenced by those taken by the Church of England.

The DBF is a Company, which is limited by guarantee and which does not have share capital. It is incorporated in England and Wales with the registration number: 106580.

#### Directors and Trustees

Under the Memorandum and Articles of Association, members of the Bishop's Council are designated as Directors for the purposes of the Companies Act 2006 and are Trustees under charity law. The members of the Diocesan Synod are the members of the Company.

The members of the board may derive no benefit, income or capital interest from the Company's affairs from their position, other than the reimbursement of out-of-pocket expenses. The exception to this is for Archdeacons who are members of the board but are paid a stipendiary salary and pension for their roles as archdeacons. In the event of the Company being wound up, each member, who is a member at that time, has undertaken to contribute £1 to the Company.

#### Constitution

The constitution of the DBF is set out in its memorandum and articles of association. Episcopally led, the DBF's activities are directed by the Diocesan Synod and Bishop's Council which also meets as the Board of the DBF and as the Trustees of the charity (together "The Trustees"). The constitution was amended in 2023 to allow for online governance meetings.

#### Organisation and decision-making structure

Members of Diocesan Synod are also members of the Company and the charity. They set priorities and the overall financial strategy for the DBF in its prime imperative to participate in God's mission by and to Anglicans across the area covered by the Diocese in Europe.

The Trustees meet at least once a year at Bishop's Council and approve the budget for the following year. They also consider strategic financial matters and monitor the implementation of financial policies. Members of the Company meet annually during Diocesan Synod to approve the Annual Report and Financial Statements and consider the forecasts.

The FAPC meets at least four times a year to review the DBF's overall activities against budget, consider investment policy and performance, and approve requests for grants. It also reviews the budgets prior to their presentation to Bishop's Council and the Annual Report prior to its presentation to the DBF members at the Diocesan Synod. Membership of the Committee is a balance of ex-officio appointments and members elected by the Trustees every three years.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### **STRUCTURE AND GOVERNANCE (continued)**

#### **Appointment and induction of Trustees**

At the start of each new triennium new Trustees and members participate in an induction process and receive information about roles and responsibilities. A new triennium begins in November 2024 and consideration will be given in the coming year as to how induction might be enhanced for the new cohort. This may include reference to statutory regulation such as that provided by the Government, the National Church and the Charity Commission.

#### **Other organisations with which the Board co-operates in achieving its objectives**

The Company's activities involve regular and routine financial transactions with chaplaincy councils in the Diocese, as well as the central Church authorities, though none of these bodies are a connected charity as defined by charity law. In addition, there are links (in respect of finance and activities) with various related agencies, together with Diocesan-wide voluntary and statutory organisations.

#### **Decision making and delegation policy**

Diocesan Synod sets and approves strategy and policies. The Board sets the annual budget and makes decisions on the financial policy for the Diocese. The day-to-day management and implementation of agreed strategies and policies is undertaken by senior staff.

#### **Funds held as Custodian Trustee on behalf of others**

The DBF holds investments and cash as custodian Trustee on behalf of its chaplaincy councils and trusts. Where amounts owed to chaplaincies and trusts are matched by specific investment and cash balances these are excluded from the DBF's balance sheet and are recorded in Note 21.

#### **Public benefit**

The Trustees are aware of the Charity Commission's guidance on public benefit "The Advancement of Religion for the Public Benefit" and have regard to that guidance in their administration of the charity. The DBF believes that this report provides evidence of the public benefit of the charity's work in 2023.

As described more fully throughout the report, the DBF provides funds to support the work of Anglican Chaplaincies in Europe, part of North Africa and Russia. The vast majority of churches are available to the public at large and none is restricted to members of the Church of England.

#### **Trustees' indemnity**

The DBF provides insurance to Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity insurance remains in force as of the date of approving the Trustees' Annual Report.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the charitable company for the purpose of Company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires 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 (UK 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 DBF and of the surplus or deficit of the DBF for that period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in operation.

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

#### Statement of disclosure to the Auditor

As far as the Trustees are aware, there is no relevant audit information of which the charitable Company's auditor is unaware. The Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable Company's auditor is aware of that information.

#### Appointment of Auditor

A resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the Annual General Meeting.

On behalf of the Board of Trustees on 12 June 2024



M Fegan – Chair

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### ADMINISTRATIVE DETAILS

#### Trustees

No Trustee had any beneficial interest in the Company during the year. The following served as Directors and Trustees throughout the year, except where stated. Triennial Elections to Diocesan Synod were held in the Summer of 2021, and will be held again in 2024.

#### Ex officio

Mr. M Fegan (Chair)

The Right Rev'd Dr. R Innes – Bishop of Gibraltar in Europe

The Right Rev'd Dr. D Hamid – Suffragan Bishop (retired February 2024)

The Venerable P Hooper – Archdeacon of France

The Rev'd Canon S Prasadam (Chair, House of Clergy) - (resigned June 2023)

The Rev'd Canon E Bendrey (Chair, House of Clergy) – (from June 2023)

The Venerable L Nathaniel – Archdeacon of the East, Germany & Northern Europe

Ms. M Talbot (Chair, House of Laity)

The Very Rev'd I Tarrant – The Dean

The Venerable S Van Leer – Archdeacon of North West Europe

The Venerable D Waller – Archdeacon of Gibraltar and Archdeacon of Italy and Malta

#### ***Elected - House of Laity***

Ms S. Boyd

Mr. D Bean

Mrs. J Berry

Ms. J Cole

Mr R. Hall

Mrs. M Kopetzky

Mr S Urquhart

#### ***Elected – House of Clergy***

The Rev'd Canon C Cooke

The Rev'd Canon D Flach

The Rev'd R Gardener

The Rev'd G Read

The Rev'd R Seabrook

The Rev'd R Warren

The Rev'd Nathaniel Nathaniel

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2023*

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### ADMINISTRATIVE DETAILS (continued)

#### Trustees (continued)

##### *Nominated by the Bishop of Gibraltar in Europe*

Mr. D Coulston

Mr. D White

The Revd T Makipää

#### Finance, Audit and Personnel Committee ("FAPC")

The following served on the FAPC throughout the year and to date, except where otherwise stated:

Mr. M Fegan (Chair)

The Rt Rev'd Dr. R Innes – Bishop of Gibraltar in Europe

The Rt Rev'd Dr. D Hamid – Suffragan Bishop (resigned February 2024)

Ms. J Almvang

Mr. D Bean

The Rev'd Canon Dr. P Hooper – Archdeacon of France

Ms R Pearce

Fr R Seabrook

Rev'd R Williams (resigned December 2023)

#### Senior staff and principal advisers

A Caspari – Chief Operating Officer (Diocesan Secretary) / Company Secretary

#### Registered office

14 Tufton Street

London, SW1P 3QZ

Telephone: 00 44 (0)207 898 1155

e-mail:

[bron.panter@churchofengland.org](mailto:bron.panter@churchofengland.org)

[www.europe.anglican.org](http://www.europe.anglican.org)

#### Bankers

Barclays Bank plc

Media, 27 Soho Square

London W1D 3QR

#### Independent Auditor

Haysmacintyre LLP

10 Queen Street Place

London EC4R 1AG

#### Investment manager

CCLA Investment Management Ltd

Senator House

85 Queen Victoria Street

London EC4V 4ET

#### Legal registrar

Aiden Hargreaves-Smith

Partner, Winckworth Sherwood

Minerva House, 5 Montague Close

London SE1 9BB

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2023*

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#### **Opinion**

We have audited the financial statements of The Diocese in Europe Board of Finance for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of the charitable company's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE**

*for the year ended 31 December 2023*

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#### **Other information**

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

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE**

*for the year ended 31 December 2023*

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#### **Responsibilities of Trustees for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2023*

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#### **Auditor's responsibilities for the audit of the financial statements (continued)**

- Reviewing minutes of Trustee and committee meetings for evidence of non-compliance with laws and regulations and fraud;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted that significantly impact on the result for the year, posting in areas subject to significant judgements or estimates, postings in accounts that are considered higher risk; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 27 August 2024

10 Queen Street Place  
London  
EC4R 1AG

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2023

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2023 £	Total funds 2022 £
<b>Income and endowments from:</b>						
Donations and legacies						
- Common Fund		927,430	-	-	927,430	912,142
- Archbishops' Council grant	3	184,968	-	-	184,968	178,799
- Archbishops' Council sustainability grant	3	150,000	-	-	150,000	-
- Other donations	4	230,702	452,917	-	683,619	780,955
Charitable activities	5	-	-	-	-	14,695
Investments	6	242,761	173,733	-	416,494	372,558
Other	7	3,321	-	-	3,321	3,862
<b>Total income</b>		<b>1,739,182</b>	<b>626,650</b>	<b>-</b>	<b>2,365,832</b>	<b>2,263,011</b>
<b>Expenditure on:</b>						
Charitable activities	8 / 9	(1,767,143)	(711,478)	-	(2,478,621)	(2,429,864)
<b>Net (deficit) before gain on investments</b>		<b>(27,961)</b>	<b>(84,828)</b>	<b>-</b>	<b>(112,789)</b>	<b>(166,853)</b>
Net gain / (loss) on fixed asset investments	14	359,251	-	540,521	899,772	(1,372,812)
<b>Net income / (deficit) in year</b>		<b>331,290</b>	<b>(84,828)</b>	<b>540,521</b>	<b>786,983</b>	<b>(1,539,665)</b>
<b>Transfers between funds</b>	12	(6,000)	6,000	-	-	-
<b>Net movement in funds</b>		<b>325,290</b>	<b>(78,828)</b>	<b>540,521</b>	<b>786,983</b>	<b>(1,539,665)</b>
<b>Total funds brought forward</b>		<b>4,318,548</b>	<b>530,902</b>	<b>6,514,196</b>	<b>11,363,646</b>	<b>12,903,311</b>
<b>Total funds carried forward</b>	18	<b>4,643,838</b>	<b>452,074</b>	<b>7,054,717</b>	<b>12,150,629</b>	<b>11,363,646</b>

All activities derive from continuing activities. The Notes on pages 38 to 58 form part of these financial statements.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2023

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		<b>2023</b>	<b>2022</b>
	Note	£	£
Total income		2,365,832	2,262,028
Total expenditure	8	(2,478,621)	(2,429,864)
<b>Operating (deficit)</b>		<b>(112,789)</b>	<b>(167,836)</b>
Net gain / (loss) on fixed asset investments	14	359,251	(604,919)
<b>Total comprehensive income / (deficit)</b>		<b>246,462</b>	<b>(772,755)</b>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## BALANCE SHEET

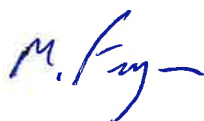
for the year ended 31 December 2023

	Note	2023		2022	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	13		526,337		536,819
Investments	14		11,464,792		10,886,836
			<u>11,991,129</u>		<u>11,423,655</u>
Debtors	15	512,126		532,885	
Short term deposits and cash at bank		2,051,288		1,747,830	
		<u>2,563,414</u>		<u>2,280,715</u>	
Creditors: amounts falling due within one year	16	(2,053,914)		(1,940,724)	
<b>Net current assets</b>			<u>509,500</u>		<u>339,991</u>
<b>Total assets less current liabilities</b>			<u>12,500,629</u>		<u>11,763,646</u>
Creditors: amounts falling due after one year	17		(350,000)		(400,000)
<b>Net Assets</b>			<u><b>12,150,629</b></u>		<u><b>11,363,646</b></u>
<b>Funds</b>					
Unrestricted Funds					
- General		4,168,881		3,812,282	
- Designated Funds		474,957		506,266	
	18		<u>4,643,838</u>		<u>4,318,548</u>
Restricted Funds	18		452,074		530,902
Endowment Funds	18		7,054,717		6,514,196
			<u><b>12,150,629</b></u>		<u><b>11,363,646</b></u>

The notes on pages 38 to 58 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 12 June 2023.

The financial statements are signed on behalf of the Board of Trustees by:



Mike Fegan  
Chair

Company reg. number: 106580

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## CASH FLOW STATEMENT

for the year ended 31 December 2023

	2023		2022	
	£	£	£	£
<b>Cash flows from operating activities - see A below, for detail</b>				
Net cash (outflow) from operating activities		<b>(384,853)</b>		<b>(150,841)</b>
<b>Cash flows from investing activities</b>				
Interest and dividends received	416,494		372,558	
Proceeds from sale of investments	321,816		-	
Purchase of:				
Tangible fixed assets	-		(2,098)	
Net cash provided by investing activities		738,310		370,460
Cash flows from financing activities				
Repayment of borrowing	(50,000)		(50,000)	
Net cash provided by financing activities		(50,000)		(50,000)
<b>Change in cash and cash equivalents in the year</b>		<b>303,457</b>		<b>169,619</b>
Cash and cash equivalents at 1 January		1,747,830		1,578,211
<b>Cash and cash equivalents at 31 December - see B below, for detail</b>		<b>2,051,287</b>		<b>1,747,830</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 2023

	2023	2022
	£	£
<b>Reconciliation of net income to net cash flow from operating activities</b>		
<b>A Net income before investment gains for the year</b>	786,983	(1,539,665)
Adjustments for:		
Depreciation	10,482	9,278
(Gain) / loss on investments	(899,772)	1,372,812
Investment income	(416,494)	(372,558)
Decrease / (increase) in debtors	20,759	(69,521)
Increase in creditors	113,190	448,813
<b>Net cash (outflow) from operating activities</b>	<b>(384,853)</b>	<b>(150,841)</b>

	2023	2022
	£	£
<b>B Analysis of cash and cash equivalents</b>		
Short term deposits and cash at bank	<b>2,051,288</b>	<b>1,747,830</b>

	At 1 Jan 23	Cash flows	At 31 Dec 23
	£	£	£
<b>Analysis of changes in net debt</b>			
Short term deposits and cash at bank	1,747,830	303,458	2,051,288
Loans falling due after more than one year	(400,000)	50,000	(350,000)
	<b>1,347,830</b>	<b>353,458</b>	<b>1,701,288</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

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### 1. Accounting Policies

#### a) General information

The DBF is a charitable Company limited by guarantee incorporated in England and Wales and registered with the Charity Commission.

#### b) Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of fixed and current asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP FRS 102), second edition effective 1 January 2019, the Companies Act 2006, and applicable accounting standards (FRS102). The DBF meets the definition of a public benefit entity under FRS102.

#### c) Going concern

The Trustees consider that there are no material uncertainties regarding the DBF's ability to continue as a going concern. See page 21 for further details.

#### d) Income

All incoming resources are included in the Statement of Financial Activities ("SOFA") when the Board is legally entitled to them as income or capital respectively, when ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy. The principal source of income of the DBF is Common Fund donations. These monies are recognised in the SOFA in the period for which they are receivable. Monies received after the new Common Fund request is made are included in the current year on an entitlement basis. Grants received which are subject to pre-conditions for entitlement or where use is specified by the donor are included in creditors where these pre-conditions have not been met at the balance sheet date.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met.

Investment income is recognised when receivable.

#### e) Expenditure

Expenditure is accounted for on an accruals basis and has been aggregated under the relevant SOFA category. Expenditure includes irrecoverable VAT.

*Charitable expenditure* consists of expenditure on resourcing ministry and mission in the chaplaincies of the Diocese.

*Grants payable* are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF. These grants are recognised as expenditure when the conditions attaching to the grant are fulfilled. Grants offered which are subject to conditions which have not been met at the year-end are noted as commitments, but not accrued as expenditure.

*Support costs* consist of central management, administration and governance costs. Administrative support associated with making grants is insignificant and all costs are allocated to resourcing ministry and mission charitable expenditure.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

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### 1 Accounting Policies (continued)

#### f) Tangible fixed assets

Assets in excess of £2,000 are normally capitalised as tangible fixed assets and are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	100 years
Leasehold property	Over the term of lease
Leasehold improvements	Over the term of lease
Equipment	5 years

Properties included in fixed assets only include those properties acquired after 1974. The details of properties owned by the DBF prior to 1974 are recorded in a property register, but the historic cost is not known and therefore not included in the balance sheet. None of these are "Heritage Assets".

#### g) Investments

Investments are included in the balance sheet at market value with the gain or loss reported in the SOFA.

#### h) Social investments

Social investments are at cost less any necessary impairment. They are not amortised.

#### i) Leases

The DBF is only party to operating leases and has no finance leases. The rental on these operating leases is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is included in the SOFA over the lease term.

#### j) Foreign exchange

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Foreign currency balances are translated at the balance sheet date and any differences are included in the SOFA.

#### k) Chaplaincy accounts

Where the Diocese invests money on behalf of individual chaplaincies, these assets and the associated liability to the chaplaincy are not included in the balance sheet. However, where the Diocese operates a "current account" with a chaplaincy, and the amount owed to a chaplaincy is not covered with specific assets in the chaplaincy name, these liabilities to the chaplaincies are recorded in creditors. If these obligations to chaplaincies were required to be settled, they would be settled out of the general unrestricted assets of the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

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### 1 Accounting Policies (continued)

#### l) Pensions

The accounting treatment for the pension schemes in which the DBF participates is described in detail in Note 24.

Actuarial gains and losses are recognised immediately in other recognised gains and losses. Where the scheme is deemed to be in a deficit position, this is recognised in full as a liability. Where the scheme is determined to be in a surplus position, a surplus is recognised as an asset only to the extent that this can be recovered in future years through reduction in employer contributions or through a specific refund / reimbursement from the scheme.

#### m) Financial instruments – assets and liabilities

*Debtors:* Debtors are recognised at the settlement amount due.

*Cash and cash equivalent:* Cash at bank and cash in hand are amounts held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

*Creditors and provisions:* These are recognised where the DBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. They are normally recognised at their settlement amount after allowing for any trade discounts due.

#### n) Fund balances

##### *Unrestricted Funds*

The DBF's corporate funds are freely available for any purpose within the Company's objects, at the discretion of the DBF. There are two types of unrestricted funds:

- *General Funds* which the Diocese intends to use for the general purposes of the Diocese.
- *Designated Funds* which are allocated to a specific purpose but which are, nonetheless, unrestricted.

##### *Restricted Funds*

Income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

##### *Endowment Funds*

Funds held on trust to be retained for the benefit of the donor charity as a capital fund. In the case of endowment funds administered by the DBF, there is no provision for expenditure of capital and all are classed as permanent endowments.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2023*

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### **2 Critical accounting judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the DBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key area subject to judgement and estimation:

#### *Recognition of defined benefit pension scheme creditor*

The DBF is different to many other English diocesan boards of finance in that the clergy for overseas churches are legal employees of those local churches in order to comply with the different legal and tax frameworks in place across the wide geographical area in which the DBF operates. Consistent with this practice, the relevant stipendiary and pension expenses for overseas clergy are recognised in the financial statements of the local churches and not in the financial statements of the DBF.

A valuation of the scheme for stipendiary clergy is carried out every three years and the most recent valuation completed was as at 31 December 2021. This revealed the scheme was in surplus and therefore there is no need to additional contributions with effect from 1 January 2023 as the scheme was fully funded.

The DBF has estimated the asset should not be recognised in its financial statements as it is determined a surplus and is only recognised as an asset only to the extent this can be recovered in future years through a reduction in contributions or through a specific refund/reimbursement from the scheme. This has resulted in the recognition of a nil balance at the balance sheet date (2022: £nil). A full explanation of the DBF's pension arrangements and the presentation in the financial statements is included in Note 24.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 3 Archbishops' Council income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2023	2023	2023	2023	2023
	£	£	£	£	£
Lower income communities funds	184,968	-	-	-	184,968
Sustainability grant	150,000	-	-	-	150,000
	<b>334,968</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>334,968</b>
	2022	2022	2022	2022	2022
	£	£	£	£	£
Lower income communities funds	178,799	-	-	-	178,799

### 4 Other donations income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2023	2023	2023	2023	2023
	£	£	£	£	£
Ordination candidates donations	-	96,684	-	-	96,684
Other donations	24,917	109,101	-	-	134,018
Ministry division RME Ordinands' grant	-	-	181,324	-	181,324
Digital Diocese (Benefact grant)	-	-	75,000	-	75,000
Strategic ministry fund	-	-	173,238	-	173,238
Ministry Experience Scheme	-	-	23,355	-	23,355
	<b>24,917</b>	<b>205,785</b>	<b>452,917</b>	<b>-</b>	<b>683,619</b>
	2022	2022	2022	2022	2022
	£	£	£	£	£
Ordination candidates donations	-	85,544	-	-	85,544
Other donations	25,840	214,734	-	-	240,574
Ministry division RME Ordinands' grant	-	-	226,214	-	226,214
Digital Diocese (Benefact grant)	-	-	-	-	-
Strategic ministry fund	-	-	185,130	-	185,130
Ministry Experience Scheme	-	-	43,493	-	43,493
	<b>25,840</b>	<b>300,278</b>	<b>454,837</b>	<b>-</b>	<b>780,955</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 5 Charitable activities income

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total funds 2023 £
UKNSF (FCDO) grant	-	-	-	-	-
	2022 £	2022 £	2022 £	2022 £	2022 £
UKNSF (FCDO) grant	-	-	14,695	-	14,695

### 6 Investment Income

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total funds 2023 £
Income from listed investments	237,971	-	173,733	-	411,704
Interest receivable	4,790	-	-	-	4,790
	2022 £	2022 £	2022 £	2022 £	2022 £
Income from listed investments	172,483	-	194,302	983	367,768
Interest receivable	4,790	-	-	-	4,790
	177,273	-	194,302	983	372,558

### 7 Other Income

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total funds 2023 £
Sundry income	3,321	-	-	-	3,321
	2022 £	2022 £	2022 £	2022 £	2022 £
Sundry income	3,862	-	-	-	3,862

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 8 Expenditure on Charitable Activities

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2023	2023	2023	2023	2023
	£	£	£	£	£
Ministry and mission costs	768,979	-	500,963	-	1,269,942
Housing costs	24,477	-	-	-	24,477
Grants	-	190,170	203,045	-	393,215
Charitable activities	-	56,924	-	-	56,924
Allocated support costs	726,593	-	7,470	-	734,063
	<b>1,520,049</b>	<b>247,094</b>	<b>711,478</b>	<b>-</b>	<b>2,478,621</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	£	£	£	£	£
Ministry and mission costs	793,364	200,702	436,484	-	1,430,550
Housing costs	25,344	-	-	-	25,344
Grants	14,409	78,311	158,896	-	251,616
Charitable activities	-	37,517	17,360	-	54,877
Allocated support costs	660,680	-	6,797	-	667,477
	<b>1,493,797</b>	<b>316,530</b>	<b>619,537</b>	<b>-</b>	<b>2,429,864</b>

### 9 Analysis of expenditure including allocation of support costs

	Activities undertaken directly	Grant funding of activities	Charitable activities	Support Costs	Total funds
	2023	2023	2023	2023	2023
	£	£	£	£	£
<u>Charitable Activities</u>					
Ministry and mission costs	1,269,942	-	56,924	734,063	2,060,929
Housing	24,477	-	-	-	24,477
Grants	-	393,215	-	-	393,215
	<b>1,294,419</b>	<b>393,215</b>	<b>56,924</b>	<b>734,063</b>	<b>2,478,621</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	£	£	£	£	£
<u>Charitable Activities</u>					
Ministry and mission costs	1,430,550	-	54,877	667,477	2,152,904
Housing	25,344	-	-	-	25,344
Grants	-	251,616	-	-	251,616
	<b>1,455,894</b>	<b>251,616</b>	<b>54,877</b>	<b>667,477</b>	<b>2,429,864</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 10 Analysis of support costs

	Unrestricted funds	Designated funds	Restricted funds	Total funds
	2023	2023	2023	2023
	£	£	£	£
Central staff costs	451,094	-	-	<b>451,094</b>
Central office and premises	51,797	-	-	<b>51,797</b>
Depreciation	10,482	-	-	<b>10,482</b>
Legal and professional fees	65,681	-	-	<b>65,681</b>
Trust management costs	-	-	7,470	<b>7,470</b>
Other support costs	65,911	-	-	<b>65,911</b>
Governance				
Auditors fee:				
- Current year statutory audit	25,050	-	-	<b>25,050</b>
- Prior year statutory audit	1,980	-	-	<b>1,980</b>
- Non audit fee payroll services	2,102	-	-	<b>2,102</b>
Synod and Bishop's Council	52,496	-	-	<b>52,496</b>
	<b>726,593</b>	<b>-</b>	<b>7,470</b>	<b>734,063</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	£	£	£	£
Central staff costs	408,210	-	-	408,210
Central office and premises	51,704	-	-	51,704
Depreciation	9,278	-	-	9,278
Legal and professional fees	88,865	-	-	88,865
Trust management costs	-	-	6,797	6,797
Other support costs	22,880	-	-	22,880
Governance				
Auditors fee:				
- Current year statutory audit	20,790	-	-	20,790
- Non audit fee payroll services	1,944	-	-	1,944
Synod and Bishop's Council	57,008	-	-	57,008
	<b>660,680</b>	<b>-</b>	<b>6,797</b>	<b>667,477</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 11 Staff costs

	2023	2022
	£	£
Salaries	490,172	408,338
Social security costs	52,322	43,108
Other pension costs	56,053	45,281
	<u>598,547</u>	<u>496,727</u>
	2023	2022
Average number included in staff costs above during the year:	<u>15.0</u>	<u>11.5</u>
Average number of Full Time Equivalentents in the year:	<u>12.6</u>	<u>10.3</u>

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

	2023 Number	2022 Number
£60,001 - £70,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

### Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling activities of the Diocese. The remuneration totalled £97,652 (2022: £91,960).

The Diocesan and Suffragan Bishops are stipend office holders in the Diocese, however unlike other stipended office holders, the Diocese is not asked directly to reimburse the Bishops' costs. Instead, these are met by the Church Commissioners and thus the costs not included in these accounts. The three full time and one part time Archdeacons are paid a stipend and these costs are included in the Charitable Activities, Note 8, under Ministry and Mission costs and not included in this Staff costs note. Contractors are not included in the above as they are not staff. Stipends for Archdeacons are set using the National Church benchmarks as a guide. In their ex officio roles on the Bishop's Council the Archdeacons exercise no influence on this matter.

### Trustees reimbursed expenses and remuneration

Prior to the Covid pandemic, all Trustees usually attended a minimum of two meetings a year in person and received reimbursement for travel and accommodation costs. Recently Bishop's Council, FAPC and other meetings have been not held in person but online with the result no costs were incurred. During the year £4,467 expenses were incurred at meetings (2022: 4,190).

No Trustee was paid any remuneration from the DBF as a result of his/her position.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 12 Analysis of transfers between funds

	Unrestricted Funds		Restricted funds
	General funds	Designated funds	
	2023	2023	
	£	£	2023
			£
Diocesan grants	(10,000)	10,000	-
Ministry Experience Scheme	(6,000)	-	6,000
	<b>(16,000)</b>	<b>10,000</b>	<b>6,000</b>
	Unrestricted Funds		Restricted funds
	General funds	Designated funds	
	2022	2022	
	£	£	2022
			£
Transfer from unrestricted to designated funds:			
- Grants			
- Hardship Fund	(50,000)	50,000	-
- Safeguarding Past Case review 2	(138,927)	138,927	-
Transfer from within restricted funds:			
- UKNSF (FCDO) grant	-	-	(3,816)
- Digital Diocese	-	-	3,816
	<b>(188,927)</b>	<b>188,927</b>	<b>-</b>

### 13 Tangible Fixed Assets

	Freehold	Leasehold	Equipment	Total
	£	£	£	£
<b>Cost</b>				
Brought forward 1 January 2023	685,012	53,390	17,139	755,541
Additions	-	-	-	-
Disposals	-	-	(5,417)	(5,417)
Carry forward 31 December 2023	<b>685,012</b>	<b>53,390</b>	<b>11,722</b>	<b>750,124</b>
<b>Depreciation</b>				
Brought forward 1 January 2023	155,820	53,390	9,512	218,722
Depreciation charge for the year	6,850	-	3,632	10,482
Written back on disposal	-	-	(5,417)	(5,417)
Carry forward 31 December 2023	<b>162,670</b>	<b>53,390</b>	<b>7,727</b>	<b>223,787</b>
<b>Net book value</b>				
At 31 December 2023	<b>522,342</b>	<b>-</b>	<b>3,995</b>	<b>526,337</b>
At 1 January 2023	<b>529,192</b>	<b>-</b>	<b>7,627</b>	<b>536,819</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 14 Investments

	Listed investments		Social investments	Total
	Unrestricted £	Restricted £	Unrestricted £	
Brought forward 1 January 2023	4,534,729	6,152,107	200,000	10,886,836
Disposal	-	(321,816)	-	(321,816)
Gain on investments	359,251	540,521	-	899,772
Carry forward 31 December 2023	<b>4,893,980</b>	<b>6,370,812</b>	<b>200,000</b>	<b>11,464,792</b>

The majority of the listed investments are held in collective investment funds managed by CCLA.

The historic cost of these investments at 31st December 2023 was £6,164,612 (2022: £6,475,031).

### 15 Debtors

	2023 £	2022 £
Amounts due from chaplaincies	120,000	125,000
Prepayments and accrued income	151,225	75,151
Other debtors	240,901	332,734
	<b>512,126</b>	<b>532,885</b>

### 16 Creditors: falling due within 1 year

	2023 £	2022 £
Amounts owed to chaplaincies	1,478,845	1,257,914
Other creditors	174,974	136,661
Accruals and deferred income	400,095	546,149
	<b>2,053,914</b>	<b>1,940,724</b>

### 17 Creditors: falling due after more than 1 year

	2023 £	2022 £
Loan (see note below)	350,000	400,000

In January 2021 a loan of £500,000 was obtained from CCLA, the DBF's investment managers, under the Diocesan Loan Scheme. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years, with no requirement of repayment of capital in the interim. The loan is being repaid in equal instalments of £50,000 over the 10 year period. The interest is payable every six months.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 18 (a) Summary of fund movements - current year

	As at 1.1.23	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.23
	£	£	£	£	£	£
<b>General funds:</b>						
Diocesan Fund	3,812,282	1,533,397	(1,520,049)	359,251	(16,000)	4,168,881
<b>Designated funds:</b>						
Ordination Candidates	73,529	96,684	(74,261)	-	-	95,952
Mission Opportunities	145,778	-	(100,872)	-	-	44,906
Hardship	279,859	109,101	(56,924)	-	-	332,036
Diocesan grants	7,100	-	(15,037)	-	10,000	2,063
<b>Total Unrestricted Funds</b>	<b>4,318,548</b>	<b>1,739,182</b>	<b>(1,767,143)</b>	<b>359,251</b>	<b>(6,000)</b>	<b>4,643,838</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	2,125	(2,125)	-	-	-
All Saints (Dresden) Trust (Germany)	-	5,038	(5,038)	-	-	-
Armstrong Trust (Istanbul)	65,473	5,609	(5,980)	-	-	65,102
Bagneres de Bigorre Fund (France)	-	1,751	(1,751)	-	-	-
Bertie Watson (Algarve)	52,318	19,177	(10,959)	-	-	60,536
Clement Jones (Suffragan Bishop)	4,870	2,525	(962)	-	-	6,433
Col Doughty Wylie Fund (FCO)	13,761	903	(1,015)	-	-	13,649
Crimean Memorial Church (Istanbul)	-	2,593	(2,593)	-	-	-
Daphne Willoughby - Waters (Palma)	318	2,088	(2,454)	-	-	(48)
Diocesan Development Fund	88,190	15,491	(4,786)	-	-	98,895
Emma Tebbs Trust (Rome)	-	3,783	(3,783)	-	-	-
Frank Pratt Barlow (Monte Carlo)	18,511	47,352	(65,863)	-	-	-
Houlton Fund (Malta)	-	1,250	(1,250)	-	-	-
Lindley Fund (Germany)	-	1,732	(1,732)	-	-	-
MMS (Gibraltar & Marseilles)	(15,461)	10,643	(11,532)	-	-	(16,350)
Overseas Bishops Fund	32,135	6,295	(715)	-	-	37,715
Philip Coleman Trust (Palma)	-	913	(913)	-	-	-
Riga Mission Trust	32,075	21,650	(60,304)	-	-	(6,579)
Spicer Trust (Needy clergy)	26,526	3,107	(1,905)	-	-	27,728
St Andrew's (Tangier)	13,359	14,571	(12,246)	-	-	15,684
St Georges (Berlin)	-	2,946	(2,946)	-	-	-
Stephenson Bequest (Malaga)	-	2,192	(2,192)	-	-	-
Ministry division RME Ordinands' grant	68,454	181,324	(200,178)	-	-	49,600
Strategic ministry fund	6,455	173,238	(172,599)	-	-	7,094
Digital Diocese (Benefact grant)	77,258	75,000	(108,586)	-	-	43,672
Ministry Experience Scheme	46,660	23,354	(27,071)	-	6,000	48,943
	<b>530,902</b>	<b>626,650</b>	<b>(711,478)</b>	<b>-</b>	<b>6,000</b>	<b>452,074</b>
<b>Balance c/f</b>	<b>4,849,450</b>	<b>2,365,832</b>	<b>(2,478,621)</b>	<b>359,251</b>	<b>-</b>	<b>5,095,912</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 18 (a) Summary of fund movements - current year (continued)

	As at 1.1.23	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.23
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>4,849,450</b>	<b>2,365,832</b>	<b>(2,478,621)</b>	<b>359,251</b>	<b>-</b>	<b>5,095,912</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	44,967	-	-	4,267	-	49,234
All Saints (Dresden) Trust (Germany)	160,812	-	-	15,262	-	176,074
Armstrong Trust (Istanbul)	150,653	-	-	17,367	-	168,020
Bagneres de Bigorre Fund (France)	48,478	-	-	4,601	-	53,079
Bertie Watson (Algarve)	536,722	-	-	45,424	-	582,146
Clement Jones (Suffragan Bishop)	88,059	-	-	7,681	-	95,740
Col Doughty Wylie Fund (FCO)	118,556	-	-	4,580	-	123,136
Continental Chaplaincies	1,117,790	-	-	79,796	-	1,197,586
Crimean Memorial Church (Istanbul)	86,633	-	-	8,222	-	94,855
Daphne Willoughby - Waters (Palma)	116,204	-	-	9,712	-	125,916
Diocesan Development Fund	412,574	-	-	39,214	-	451,788
Emma Tebbs Trust (Rome)	126,394	-	-	11,995	-	138,389
Frank Pratt Barlow (Monte Carlo)	1,535,613	-	-	160,299	-	1,695,912
Houlton Endowment Fund (Malta)	41,788	-	-	3,966	-	45,754
Lindley Endowment Fund (Germany)	57,864	-	-	5,491	-	63,355
MMS (Gibraltar & Marseilles)	373,655	-	-	29,082	-	402,737
Overseas Bishops Fund	240,942	-	-	19,962	-	260,904
Phillip Coleman Trust (Palma)	39,994	-	-	2,383	-	42,377
Riga Mission Trust	451,132	-	-	6,805	-	457,937
Spicer Trust (Needy clergy)	29,912	-	-	2,776	-	32,688
St Andrew's (Tangier)	496,157	-	-	46,204	-	542,361
St. George's (Berlin)	156,948	-	-	9,287	-	166,235
Stephenson Bequest (Malaga)	82,349	-	-	6,145	-	88,494
	<b>6,514,196</b>	<b>-</b>	<b>-</b>	<b>540,521</b>	<b>-</b>	<b>7,054,717</b>
<b>Total funds</b>	<b>11,363,646</b>	<b>2,365,832</b>	<b>(2,478,621)</b>	<b>899,772</b>	<b>-</b>	<b>12,150,629</b>

### Details of Funds

#### Unrestricted

- *Diocesan Fund*  
The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.
- *Ordination Candidates Fund*  
This Designated Fund is available to support ordination candidates.
- *Mission Opportunities Fund*  
The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese.
- *Hardship Fund*  
A Designated Fund established to support chaplaincies with financial issues or an inability to pay their clergy following the outbreak of COVID-19. This will now also cover financial hardship occasioned by the big increase in inflation in 2023.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

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### Details of Funds- continued

#### Unrestricted - continued

- *Safeguarding Past Case Review 2*  
A Designated Fund to cover the cost of the requirement to independently review files relating to all serving and past (living) clergy & church officers, to ensure safeguarding matters have been appropriately handled.

#### Restricted

Restricted funds may only be applied for the purposes specified in the relevant measures, trust deeds and ecclesiastical statutory regulations. Generally all income generated on restricted funds is paid to the chaplaincies to which the fund relates. Grants and expenditure includes a 5% management fee levied by the Diocese.

The management charge is applied to all trusts to cover accountancy and administration for those trusts. This charge has been accounted for as income to the unrestricted general fund, and as a cost to the funds concerned. The total charge within restricted funds was £6,797 (2022: £6,344).

- *Diocesan Development Fund*  
A Special Trust for the purposes of Charities Act 2011.
- *Ministry Division RME Ordinand's Grant*  
Block grant received from the ministry division, Archbishops' Council, to fund the training of Ordinands.
- *UKNSF (FCDO) grant*  
A restricted grant from the Foreign Commonwealth and Development Office to help UK nationals with their residency applications in France following Brexit.
- *Strategic Ministry Fund*  
A fund from the Archbishops' Council to provide financial support for growth in the number of stipendiary curates in the Diocese.
- *Digital Diocese (Benefact Trust (previously known as Allchurches) grant)*  
A transformational grant to create and distribute inspiring content that seeks to build and grow congregations across demographic groups.
- *Ministry Experience Scheme*  
A scheme for people aged 18 to 30, who desire to discern their vocation in the Church of England.

#### Endowment

Endowment funds may only be applied for the purposes specified in the relevant measures, trust deeds and the ecclesiastical statutory regulations. They are generally only available for specified purposes.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 18 (b) Summary of fund movements - previous year

	As at 1.1.22	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.22
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<i>General funds:</i>						
Diocesan Fund	4,802,009	1,297,916	(1,493,797)	(604,919)	(188,927)	3,812,282
<i>Designated funds:</i>						
Ordination Candidates Fund	45,640	85,544	(57,655)	-	-	73,529
Mission Opportunities Fund	166,434	-	(20,656)	-	-	145,778
Hardship Fund	112,642	154,734	(37,517)	-	50,000	279,859
Safeguarding Past Case Review 2	1,775	60,000	(200,702)	-	138,927	-
Diocesan grants	7,100	-	-	-	-	7,100
<b>Total Unrestricted Funds</b>	<b>5,135,600</b>	<b>1,598,194</b>	<b>(1,810,327)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,318,548</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,565	(1,565)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,852	(4,852)	-	-	-
Armstrong Trust (Istanbul)	65,684	5,778	(5,989)	-	-	65,473
Bagneres de Bigorre Fund (France)	-	1,741	(1,741)	-	-	-
Bertie Watson (Algarve)	36,107	16,211	-	-	-	52,318
Clement Jones (Suffragan Bishop)	4,710	2,666	(2,506)	-	-	4,870
Col Doughty Wylie Fund (FCO)	14,482	262	(983)	-	-	13,761
Crimean Memorial Church (Istanbul)	-	2,578	(2,578)	-	-	-
Daphne Willoughby - Waters (Palma)	5,279	2,146	(7,107)	-	-	318
Diocesan Development Fund	78,739	15,212	(5,761)	-	-	88,190
Emma Tebbs Trust (Rome)	-	3,762	(3,762)	-	-	-
Frank Pratt Barlow (Monte Carlo)	33,310	40,194	(54,993)	-	-	18,511
Houlton Fund (Malta)	-	1,243	(1,243)	-	-	-
Lindley Fund (Germany)	-	1,722	(1,722)	-	-	-
MMS (Gibraltar & Marseilles)	(15,366)	10,426	(10,521)	-	-	15,461
Overseas Bishoprics Fund	25,874	6,261	-	-	-	32,135
Philip Coleman Trust (Palma)	-	1,153	(1,153)	-	-	-
Riga Mission Trust	25,604	21,387	(14,916)	-	-	32,075
Spicer Trust (Needy clergy)	13,087	39,273	(25,834)	-	-	26,526
St Andrew's (Tangier)	9,158	10,566	(6,365)	-	-	13,359
St Georges (Berlin)	-	2,956	(2,956)	-	-	-
Stephenson Bequest (Malaga)	-	2,349	(2,349)	-	-	-
Ministry division RME Ordinands' grant	31,663	226,214	(189,423)	-	-	68,454
UKNSF (FCDO) grant	6,481	14,695	(17,360)	-	(3,816)	-
Strategic ministry fund	2,000	185,130	(180,675)	-	-	6,455
Digital Diocese (Benefact grant)	115,864	-	(42,422)	-	3,816	77,258
Ministry Experience Scheme	33,929	43,492	(30,761)	-	-	46,660
	<b>486,605</b>	<b>663,834</b>	<b>(619,537)</b>	<b>-</b>	<b>-</b>	<b>530,902</b>
<b>Balance c/f</b>	<b>5,622,205</b>	<b>2,262,028</b>	<b>(2,429,864)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,849,450</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 18 (b) Summary of fund movements - previous year (continued)

	As at 1.1.22	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.22
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>5,622,205</b>	<b>2,262,028</b>	<b>(2,429,864)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,849,450</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	50,936	-	-	(5,969)	-	44,967
All Saints (Dresden) Trust (Germany)	182,160	-	-	(21,348)	-	160,812
Armstrong Trust (Istanbul)	177,332	-	-	(26,679)	-	150,653
Bagneres de Bigorre Fund (France)	54,913	-	-	(6,435)	-	48,478
Bertie Watson (Algarve)	600,261	-	-	(63,539)	-	536,722
Clement Jones (Suffragan Bishop)	100,655	-	-	(12,596)	-	88,059
Col Doughty Wylie Fund (FCO)	134,551	-	-	(15,995)	-	118,556
Continental Chaplaincies	1,238,300	-	-	(120,510)	-	1,117,790
Crimean Memorial Church (Istanbul)	98,134	-	-	(11,501)	-	86,633
Daphne Willoughby - Waters (Palma)	130,050	983	-	(14,829)	-	116,204
Diocesan Development Fund	476,247	-	-	(63,673)	-	412,574
Emma Tebbs Trust (Rome)	143,173	-	-	(16,779)	-	126,394
Frank Pratt Barlow (Monte Carlo)	1,669,629	-	-	(134,016)	-	1,535,613
Houlton Endowment Fund (Malta)	47,335	-	-	(5,547)	-	41,788
Lindley Endowment Fund (Germany)	65,546	-	-	(7,682)	-	57,864
MMS (Gibraltar & Marseilles)	418,276	-	-	(44,621)	-	373,655
Overseas Bishops Fund	268,865	-	-	(27,923)	-	240,942
Philip Coleman Trust (Palma)	46,253	-	-	(6,259)	-	39,994
Riga Mission Trust	519,108	-	-	(67,976)	-	451,132
Spicer Trust (Needy clergy)	34,362	-	-	(4,450)	-	29,912
St Andrew's (Tangier)	560,787	-	-	(64,630)	-	496,157
St. George's (Berlin)	170,251	-	-	(13,303)	-	156,948
Stephenson Bequest (Malaga)	93,982	-	-	(11,633)	-	82,349
	<b>7,281,106</b>	<b>983</b>	<b>-</b>	<b>(767,893)</b>	<b>-</b>	<b>6,514,196</b>
<b>Total funds</b>	<b>12,903,311</b>	<b>2,263,011</b>	<b>(2,429,864)</b>	<b>(1,372,812)</b>	<b>-</b>	<b>11,363,646</b>

### 19 Commitments under operating leases

The lease for the office in Tufton Street expired at the end of 2022 and there is currently a licence to occupy temporary offices in Church House, with effect from 15 February 2023, whilst the office at Tufton Street is being refurbished by the landlord. Terms have been agreed in principle for the refurbishment of 14 Tufton Street at the expense of the landlord and a new five year lease at highly preferential rates will be signed once the building work has been completed by the end of 2024.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 20 Net assets by fund

	Tangible fixed assets	Investments	Current assets	Current liabilities	Amounts falling due after 1 year	Total Funds
	£	£	£	£	£	£
<b>2023</b>						
<b>Unrestricted</b>						
General	526,337	5,093,980	952,478	(2,053,914)	(350,000)	4,168,881
Designated	-	-	474,957	-	-	474,957
<b>Restricted</b>	-	-	452,074	-	-	452,074
<b>Endowment</b>	-	6,370,812	683,905	-	-	7,054,717
<b>Total Funds</b>	<b>526,337</b>	<b>11,464,792</b>	<b>2,563,414</b>	<b>(2,053,914)</b>	<b>(350,000)</b>	<b>12,150,629</b>
<b>2022</b>						
<b>Unrestricted</b>						
General	536,819	4,734,729	881,460	(1,940,726)	(400,000)	3,812,282
Designated	-	-	506,266	-	-	506,266
<b>Restricted</b>	-	-	530,902	-	-	530,902
<b>Endowment</b>	-	6,152,108	362,088	-	-	6,514,196
<b>Total Funds</b>	<b>536,819</b>	<b>10,886,837</b>	<b>2,280,716</b>	<b>(1,940,726)</b>	<b>(400,000)</b>	<b>11,363,646</b>

### 21 Funds held as custodian trustee

	2023 £	2022 £
Investments (at Market Value 31st December)	1,521,427	1,602,537
Cash on deposit	805,224	489,941
<b>Total assets held on behalf of chaplaincies</b>	<b>2,326,651</b>	<b>2,092,478</b>

### 22 Capital commitments

As at 31 December 2023 there were no capital commitments.

### 23 Post balance sheet events and contingent liabilities

The Suffragan Bishop, David Hamid, retired at the end of February 2024 and the recruitment of his replacement is underway.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2023*

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### 24 Pensions

The DBF participates in two pension schemes.

These are:

1. Church of England Funded Pensions Scheme ("CEFPS") for stipendiary clergy and
2. Church Workers Pension Fund ("CWPF") for Diocesan lay employees

#### **(a) Church of England Funded Pensions Scheme ("CEFPS")**

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, therefore contributions are accounted for as if the Scheme were a defined contribution scheme. The DBF has 33 members (2022: 33). The pensions costs charged to the SOFA are contributions payable towards benefits and expenses accrued in that year. In 2023 these amounted to £41,002 (2022: £50,483). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the results being agreed, there were no deficit contributions made in the year (2022: £938).

A valuation of the Scheme is carried out once every three years. The most recent valuation completed was carried out at as 31 December 2021. The valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 24 Pensions (continued)

#### (a) Church of England Funded Pensions Scheme ("CEFPS") (continued)

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2023	2022
Balance sheet liability at 1 January	-	938
Deficit contribution paid	-	(1,212)
Remaining change to the balance sheet liability* (recognised in SOFA)	-	274
Balance sheet liability at 31 December	-	-

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

No assumptions are needed on liabilities for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2023	December 2022	December 2021
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5% pa

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

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### 24 Pensions (continued)

#### (a) Church of England Funded Pensions Scheme ("CEFPS") (continued)

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

#### (b) Church Workers Pension Fund ("CWPF")

The DBF participates in the Pension Builder Scheme section of CWPF for lay staff and is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

The Church Workers Pension Fund has two sections

1. The Defined Benefits Scheme
2. The Pension Builder Scheme, which has two subsections;
  - i) a deferred annuity section known as Pension Builder Classic and
  - ii) a cash balance section known as Pension Builder 2014.

#### Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

1. *Pension Builder Classic* provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.
2. *Pension Builder 2014* is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced, from age 65.

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are the contributions payable of £54,266 (2022: £39,613).

An actuarial valuation of the CWPF is carried out every three years. The most recent was carried out as at 31 December 2022 and revealed that all three sections of the CWPF are now in surplus.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 25 Related party transactions

The Chair of the DBF received £3,150 for professional consultancy provided during the year (2022: £6,300). This was the last such payment.

There were no other related party transactions (See Note 11).

### 26 Prior year comparative SOFA

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2022 £
<b>Income and endowments from:</b>					
Donations and legacies					
- Common Fund		912,142	-	-	912,142
- Archbishops' Council grant	3	178,799	-	-	178,799
- Other donations	4	326,118	454,837	-	780,955
Charitable activities	5	-	14,695	-	14,695
Investments	6	177,273	194,302	983	372,558
Other	7	3,862	-	-	3,862
<b>Total income</b>		<b>1,598,194</b>	<b>663,834</b>	<b>983</b>	<b>2,263,011</b>
<b>Expenditure on:</b>					
Charitable activities	8 / 9	(1,810,327)	(619,537)	-	(2,429,864)
<b>Net (deficit) / surplus before gain on investments</b>		<b>(212,133)</b>	<b>44,296</b>	<b>983</b>	<b>(166,853)</b>
Net (loss) on fixed asset investments	14	(604,919)	-	(767,893)	(1,372,812)
<b>Net movement in funds</b>		<b>(817,052)</b>	<b>44,296</b>	<b>(766,910)</b>	<b>(1,539,665)</b>

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

England & Wales - Charity number 250186

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# Accounts

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# Diocese in Europe

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

*for the year ended 31 December 2022*

*Company No. 106580  
Registered Charity No. 250186*

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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*for the year ended 31 December 2022*

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# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### **Foreword from Bishop Robert**

I am very pleased to introduce this annual report for the Diocese in Europe.

2022 was the year when lockdowns and Covid-related travel restrictions came to an end. Across the Diocese we have seen people returning to Church, the holiday trade picking up and visitor numbers increasing. Nonetheless, some have remained nervous of physical gatherings; many of our chaplains continue 'hybrid' provision of services, and there has been pastoral work to do in rebuilding congregational life, filling the rotas and helping people to feel confident in re-gathering.

In 2022 the Diocesan Board of Finance planned for a financial deficit, and that is what we had – though not such a big deficit as we expected. For this good financial outcome, we are extremely thankful to our chaplaincies for the very high rate of Common Fund receipts. We are also grateful for significant financial support from the National Church – where, incidentally, our profile has never been higher. Central financial and human resources however remain slender, and we continue to run a very tight ship. Careful stewardship at every level is the order of the day.

Going into 2023, we still live with the dreadful Ukraine-Russia war and its impact on the lives of many Ukrainians and citizens of bordering countries. The impact of climate change is already upon us in mainland Europe with heat and drought experienced especially in the south of the Diocese. We do not neglect these big issues. A special appeal for Ukraine has raised 400,000 euros, and we share with the wider Church of England the aspiration to be net carbon neutral by 2030.

Within the Diocese there is much about which we can feel encouraged. Worship is vibrant, our clergy and lay leaders are very able, our congregations are frequently diverse in terms of ethnic mix and age, and there are exciting mission projects. New folk are joining our congregations and there are many examples of people finding Christian faith. Our overall morale is high.

So I hope you enjoy reading this report. I trust you are encouraged and reassured by the great care taken over the management of our resources and our efforts to present our results clearly and transparently.

I remain thankful to God for the vitality of our Diocese in Europe, as evidenced by this report, and pray for its continued flourishing.

Robert Gibraltar in Europe

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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The Trustees, who are also Directors for the purposes of company law, present their annual report together with the audited financial statements, for the year ended 31 December 2022.

### OBJECTIVES

The Diocese in Europe has almost 300 congregations in 40 countries in Europe, Russia and North Africa. These congregations are organised within 147 (2021: 147) separate chaplaincies. The Company's principal activity is to promote, assist and advance the mission and ministry of the Church of England in the Diocese in Europe by acting as the financial executive of the Diocesan Synod.

The main objectives of the charitable Company or Diocese in Europe Board of Finance ("DBF") are:

- To manage the financial aspects of providing a priestly and pastoral presence where needs arise and as resources permit across the Diocese.
- To provide appropriate personnel, financial grants and other resources including safeguarding to support the mission of the Diocese.
- To engage with the community as part of the Church's response to God's mission to His people in the area covered by the Diocese.
- To manage funds on behalf of the churches in the Diocese, and related trust funds.
- To provide services to churches and help the flow of communications across the Diocese, including the provision of various publications.

Funds and other support are given to encourage fresh expressions for worship and mission; to support the ongoing mission of the Diocese, and to provide a service to our chaplaincies. Priorities for Diocesan support are identified at regular meetings of the Bishop's staff and at the Diocesan and archdeaconry synods. Significant financial issues are delegated to the Finance, Audit and Personnel Committee ("FAPC") between meetings of the Diocesan Synod and the Bishop's Council. The Terms of Reference and scheme of financial delegation for the FAPC are routinely reviewed by the Bishop's Council.

The Trustees aim to operate a balanced budget, meeting current expenditure from current income, so that capital growth can be set aside to support the work of the Diocese in future years and be available at times of particular hardship. This strategy has been very significant during the years of the Covid-19 pandemic and, during this period, the DBF paused its programme of increasing revenue through the Common Fund requests and has used reserves to fund deficits. The Trustees have agreed five-year financial plans at its meetings in 2020, 2021 and 2022. The latest plan agreed in October 2022 envisages the cumulative deficit over the years 2020 to 2026 inclusive reaching £1.6 million.

Financing deficits from reserves enabled the Common Fund request to be frozen in the years 2020-2022. An increase of 10% has been approved for 2023 and the plan envisages some further increases in the next 3 years as the DBF policy is to keep the deficit under £100,000 by 2026 and maintain reserves at between 1.5 and 2.0 times the annual expenditure of the DBF.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### STRATEGIC AIMS

The Diocesan strategy, 'Walking Together in Faith' commits us to:

- Building up the Body of Christ and fostering growth.
- Sharing with other churches and agencies in the evangelisation of Europe.
- Striving for the creation of a just society and a sustainable environment.
- Working for Reconciliation in communities and in the wider world.
- Providing the Resources to do these things.

Across our far-flung Diocese, the Diocesan staff team and the chaplaincies work together in fulfilling this strategic vision by making good clergy appointments, fostering vocations; forging partnerships with mission agencies, working with refugees and providing encouragement and support to our people. Increasingly this work is supported by pan diocesan working groups such as the Caring for Creation Group or the Racial Justice Working Party as well as increased co-operation between chaplaincies at an archdeaconry level.

The following 4 priority areas of activity agreed by the Bishop's Council continue to be a focus for attention within the strategy.

1. The environment and the stewardship of creation.
2. Growing ministry to young people.
3. Growing training and development of both lay leaders and clergy with a particular focus on the Ministry of Women and of Black, Asian and Minority Ethnic people both lay and ordained.
4. Embracing lower income groups and learning how to function better with less.

Although the strategic priorities are clear the resources available to the DBF to help in their delivery are limited. Some funding may be available from the Archbishops Council and the challenge for the DBF leadership is to access this funding, recruit the right staff and adapt so that the management overhead of this extra work can be absorbed in a thin central team. Progress on these objectives can be made although the amount that can be achieved from the centre by the DBF is constrained by the diffused nature of the diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### FINANCIAL SUMMARY

The year's outcome for the total unrestricted fund, including Designated Funds, is a deficit, before investment losses, of £(212,133), as shown on the Statement of Financial Activities on page 32 (2021: Deficit before investment gains of £(282,758)).

The deficit is considerable but it is a significant improvement on the expectations when the budget was set in October 2021. Income was higher than forecast with 95% of the Common Fund request being paid. Cost savings resulted from delays in recruitment and deployment of some staff positions as well as the absence of an in-person meeting of the Bishop's Council. This has to be set against the higher than expected cost of the Safeguarding Past Cases Review 2. Since 2020, a total of £360,000 of grants have been made to chaplaincies from the Covid Hardship Fund. £280,000 remains in the Hardship Fund. This will be used to meet other economic hardship needs of chaplaincies in the coming years, in particular cost of living increases. The fund has benefited from a grant from the Archbishops' Council.

The war in Ukraine, global economic uncertainty and inflation all contributed to a challenging year for the markets. The Diocesan unrestricted listed investments are managed by fund managers at CCLA. They performed well against comparable fund managers but, in line with the market, the capital value of our investments fell by £0.6 million (11.8%) to £4.5 million at the year end (2021 £5.1 million with an increase of 14.4%). Investments are regarded by the DBF as long term, low risk holdings. The fund managers managed to maintain the investment income.

The Common Fund request was frozen for a third successive year and the generosity of chaplaincies resulted in a 95% return against the request. Common Fund contributions make up 70% of unrestricted income. This excludes grants made to specific Designated Funds. The continued generosity of chaplaincies in paying Common Fund is dependent on both sentiment and on their financial health. However, any increases in Common Fund are a small proportion of the chaplaincy's overall income. A 10% increase in the request is 1% of the income of all the chaplaincies. Chaplaincy finances are fragile and the DBF is investing in fundraising advice for chaplaincies. The recovery in attendance and increasing giving after Covid is crucial to the finances of everyone in the Diocese.

In 2022, £147,000 was received from the Archbishops' Council to be added to this fund (See Note 18a for further details).

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### **FINANCIAL SUMMARY (continued)**

The Trustees review and approve the five year financial plan in October each year at the Bishop's Council. The plan has currently been extended to 2026 and includes the assumption that inflation will increase by 5% in each year across the period. The objectives are to reduce the annual operating deficit to less than £100,000 by 2026 and to ensure that the unrestricted reserves remain at between 1.5 and 2 times the annual expenditure whilst maintaining the existing services of the DBF. This plan has required a 10% increase in the total Common Fund request in 2023 and further increases in future years are envisaged by the financial plan. The Trustees approve the financial plan and the Common Fund request on an annual basis.

Alternative funding streams continue to be explored by senior staff particularly, but not only, grants from the Archbishops' Council. These grants however tend to be targeted at new strategic priorities as opposed to the 'business as usual'.

The DBF has consistently kept costs down and staffing levels remain lower than any other diocese in the Church of England apart from Sodor and Man. Reviewing costs is a constant activity but scope for further reductions is limited.

This Annual Report bears witness to the considerable generosity of chaplaincies, and to the careful stewardship of the DBF with the funds provided. The review of activities shows the impact chaplaincies and the Diocese can have. The Diocese is entering the post Covid and post Brexit era which brings challenges and opportunities which must be balanced between the DBF and the chaplaincies.

### **EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE**

#### **War in Ukraine**

On 24 February 2022 Russia invaded Ukraine and began bomb attacks on Kyiv. Christchurch Kyiv is a chaplaincy in the Diocese. The impact of the war was also significant at St Andrew's Moscow and in all the chaplaincies in places to which refugees fled in the immediate aftermath of the invasion. The economic and political effects reverberated everywhere.

The first response of the Diocese was to pray. Online vigils were led by Bishop Robert on zoom on the day of the invasion and services were held online weekly throughout Lent. These events were attended by friends across the Diocese, the Church of England and the Anglican Communion and were viewed more than 35,000 times.

8 days after the invasion the Diocese launched an appeal for aid for refugees of the war working in partnership with the mission agency United Society Partners in the Gospel (USPG). This was also promoted as the Bishop's Easter Appeal. Over £400,000 was donated for projects inside and outside Ukraine. It has funded work sponsored by or initiated by chaplaincies as well as giving direct aid to Christchurch Kyiv. Chaplaincies in Budapest, Riga, Helsinki, Prague, Bucharest, and Warsaw continue to receive support for their work. The fund has supported the work of ecumenical partners Caritas International, and Lutheran World Foundation who were active in Ukraine and in other countries where the Diocese has no chaplaincy.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### **War in Ukraine (continued)**

At the end of 2022, 50% of the funds had been distributed which was in line with the objective of being able to continue support in the medium term. It is expected that most of the funds held by the Diocese and by USPG will be spent by the end of 2024.

Throughout the year, online reports and blogs have documented how chaplaincies helped Ukrainian refugees. Examples include:

*Warsaw:* Accommodation in the city. Also providing transport to support Ukrainian refugees integrating into a forest school.

*Kyiv:* Provision for immediate needs (primarily health or fuel) for chaplaincy members and those known to the chaplaincy

*Budapest:* Food distribution, accommodation provision, education and day-care provision (child-friendly spaces) and support for community centre space across borders in western Ukraine working alongside the Jesuits.

*Helsinki:* Food distribution/ humanitarian aid as part of an holistic 'Help Centre'.

*Riga:* Space for fellowship, psycho-social care and trauma support

Clergy and lay leaders in the Diocese particularly in Kyiv and in Moscow played a significant advocacy role in explaining the impact of the war to many in the UK and beyond, both by addressing Church of England forums and making numerous media appearances .

Bishop Robert made a pastoral visit to Moscow to conduct confirmations and spend time with clergy and lay leaders in the chaplaincy. He also held meetings with representatives of the Russian Orthodox Church and with UK Diplomats.

In December 2022 Bishop Robert accompanied Archbishop Justin Welby on a visit to Kyiv and Warsaw. This included meetings with ecumenical and interfaith groups, the UN representatives in the city, diplomats and members of Christchurch Kyiv. The visit received extensive media coverage.

#### **The Death of Her Majesty Queen Elizabeth II**

The Diocese had prepared for the death of the Queen with clear procedures and liturgies. The scale of the desire to mark the death in our churches across Europe expressed by local people and in particular by diplomatic communities in the cities where the Diocese is represented was significant and exceeded expectations.

Memorial services took place across the Diocese – a reflection of the affection felt towards the Queen and the grief at her loss and of the profile and status of the chaplaincies. Underpinning the Diocesan response was a huge and very effective communications exercise. Many chaplains played key roles in the coverage of the death of the Queen in their local media including TV and Radio commentary. Expert staff in the London Diocesan office played a significant role in preparing clergy for media appearances.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### **The Death of Her Majesty Queen Elizabeth II (continued)**

A positive outcome from the war in Ukraine and the death of Queen Elizabeth is that stronger central communications increased the sense in many chaplaincies of belonging to a greater international entity. These events also show how chaplaincies in the Diocese can make a significant impact in the wider communities they serve.

#### **Cost of living and inflation**

The rate of inflation across Europe began to rise rapidly in the first quarter of 2022. This has brought significant financial challenges to chaplaincies and the DBF. Paramount amongst these is the pressure on the remuneration of clergy and DBF staff whose income will not be likely to keep pace with the increased cost of living. For chaplaincies, congregations may feel less able to give as generously as usual. For the DBF the rate of inflation built into the budget is less than the current rates, so savings may have to be found or deficits may increase. Travel budgets are particularly hard hit, at the point where volume of travel in the Diocese is returning to at least 60% of pre-covid levels. Chaplaincies may be less able to make their Common Fund contributions.

The hardship fund will be particularly directed to assisting those chaplaincies hardest hit by increase costs particularly of fuel and will seek to ensure that stipendiary clergy are able to afford increases in fuel bills in places where the climate is colder and bills have risen most rapidly. The funds will be distributed according to relative need with particular priority given to chaplaincies with low levels of reserves. The DBF is seeking to reduce variable costs wherever possible.

In the medium term it is likely that the rate of inflation will fall given that it is an annual measure and the big increase was more than a year ago. However, many of the increase in costs are unlikely to be reversed.

The Archbishops' Council has shown a willingness during Covid to make grants to assist with sudden economic shocks and this has assisted with the hardship funds that are available.

#### **Brexit**

Covid-19 and then the war in Ukraine obscured the true effects of Brexit on the life of the Diocese in Europe in 2022. Many members of chaplaincies who did not qualify for residency are now limited in the amount of time they can spend in the European Union. This is reported to have reduced attendance at some chaplaincies particularly in the South of the Diocese as seasonal residents do not return as frequently or for as long as they did in the past. This increases the need to encourage regular giving beyond the plate.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### **Brexit (continued)**

Visa regulations have complicated and slowed the process for clergy taking up new roles in the Diocese. The insistence on language qualifications requiring expensive courses can be another potential barrier to some clergy. Some of these issues were already experienced by clergy from parts of the Anglican Communion beyond England. Restrictions can apply to locum clergy with a consequent increase in the workload of Locum Administrators. Despite Brexit, it is gratifying that strong candidates continue to apply for roles and manage to overcome the hurdles in their way. Clergy across the Diocese are a more diverse group than ever with an increased number of appointments of Anglicans from across the globe.

In the longer-term Brexit may accelerate the trend in the Diocese which, at least anecdotally, shows increases in the proportion of English speaking people from around the world in our congregations whilst the numbers of UK migrants in some places may remain flat or in decline. It is apparent that some international companies which had previously held a base in London are now moving to have an EU base. This will present opportunities for growth for chaplaincies in some cities. The coming year will provide more evidence as to the general thrust of the Brexit effect which appears negative for the Diocese with regard to attendance.

The value of sterling continues to be a concern. Church members may have their costs in euros but rely on pensions received in the UK in sterling. The value of sterling has not fallen appreciably since the initial devaluation after the Brexit vote. Volatility in 2022 reflected the state of the UK economy but the fall in sterling was most marked against the dollar.

With regard to the ability of chaplaincies to pay the Common Fund, the euro exchange rate was 1.19 for the 2022 request and has fallen to 1.14 for 2023 which reflects a 4.2% reduction in the cost of any unchanged Common Fund amount if paid from funds held in Euros.

#### **Significant International Gatherings**

The Lambeth Conference in Canterbury and the World Council of Churches' General Assembly in Karlsruhe took place within six weeks of each other in 2022. Both had been delayed by the Covid pandemic. These are significant gatherings particularly for an international diocese. Both Bishops were in Canterbury, and Bishop Robert led the Diocesan representation at Karlsruhe. The conferences both showed due concern for the response to the war in Ukraine about which the Diocese provided important input. They shared similar preoccupations with social justice, climate change, Christian unity and reversing a trend towards an older demographic in church communities. There were important debates about human sexuality and marriage. As Bishop Robert reported from the Lambeth conference in the European Anglicans online magazine: *'We discussed human sexuality as part of one session. (Media coverage implied it was far more than that). At the conclusion, Archbishop Justin received a standing ovation for a speech which succeeded in holding people together. I think there was a higher degree of communion at the end of the conference than there was at the beginning although human sexuality is an area where faithful Christians disagree deeply'*.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### **Covid-19**

The pandemic did not dominate Diocesan life in 2022 to the same extent as it had in the previous two years. However, the return to normal was slower than might have been expected. New variants and the rapid increase in cases towards the end of 2021 continued to reduce activity and church attendance in the early part of 2022. Travel was slow to get back to normal which reduced the normal visitor levels in some chaplaincies.

There continue to be reports of a nervousness about returning to church amongst older church members in particular whilst in other groups the pandemic resulted in people 'losing the habit' of church attendance. These continue to be challenges for the future.

Online worship continued to be significant. It is estimated that an average of 2,480 people joined online services in the Diocese each Sunday. Maintaining hybrid worship is an extra task for church officers and clergy but also represents a continuing opportunity for growth in engagement.

Archdeaconries were divided with regard to holding their synods online or in person. France, Gibraltar and Switzerland remained online in 2022 whereas the Eastern Archdeaconry, Italy and Malta, North-West Europe, and Germany and Northern Europe met in person. In some cases, these were the first face to face gatherings since 2019.

A Bishop's Instrument remained in place to enable governance meetings in the Diocese and in chaplaincies to be conducted remotely and many chaplaincies and the Bishop's Council availed themselves of this opportunity. It was seen as practical and nervousness about in person gatherings persisted.

#### **The Wider Church of England**

Senior Staff and Clergy of the Diocese have continued to maintain a high profile within the Church of England. Bishop Robert was appointed to chair the Faith and Order Commission which is the senior advisory body to the Church of England on theological matters. He is also on the House of Bishops' Standing Committee and the Clergy Discipline Commission. The Head of Safeguarding sits on a number of National Advisory groups and the Diocesan secretary is a member of the National Diocesan Secretaries Liaison Group. The Archdeacon of France and Switzerland is a member of the executive committee of the College of Archdeacons.

Bishop David has a number of significant ecumenical roles including Anglican Co-Chairman of the International Anglican-Roman Catholic Commission for Unity and Mission (IARCCUM), Anglican Co-President of the Anglican Lutheran Society, Governor of the Anglican Centre in Rome and Chairman of the (Church of England) Porvoo Panel.

The Church of England announced plans for a significant increase in funding for the next three years 'to support God's mission and ministry across the country, supporting local parishes and growing many more new worshipping communities to serve the whole nation.' This funding can apply to Europe as it does all the dioceses.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

#### The Wider Church of England (continued)

The Church Commissioners for England intend to distribute £1.2 billion between 2023 and 2025, up 30% from £930 million in the current three-year period, and plan to maintain this level of funding in the subsequent six years.

Funds will be made available for large scale strategic development and there are focussed funds to support the Carbon Net Zero targets, work on Racial Justice and continued support for Low Income Communities. The Diocese in Europe had already benefitted from funding for stipendiary curates of £159,000 in 2021 and received a further £185,000 in 2022 as well as guarantees for new curates in 2023 and 2024 (Note 18a). Archbishops' Council grants are seldom targeted at what is regarded as 'business as usual' in the Diocese but are in support of new objectives that the Diocese shares with the Archbishops' Council's Vision and Strategy for the Church of England.

### ACTIVITIES AND ACHIEVEMENTS

#### Ministry

The number of clergy in the Diocese holding a Bishop's licence as at 31 December 2022 was 144 (2021: 139). This includes 115 clergy in post as Chaplains (2021: 90) and 21 assistant priests who hold a licence in a chaplaincy (2021: 24) as well as the Dean, the Archdeacons and the Director of Ministerial Development. In addition there are 19 curates. At the close of 2022, the Diocese had 21 vacancies (2021: 30) which, when filled, will have licensed clergy (including both Chaplains and assistant priests). Posts requiring a licensed priest total 169 (2021: 169). There were 7 appointments out of 9 advertised during 2022 (2021: 10). There was also 2 appointments that was not advertised (Option B process applied).

72 Readers held a Bishop's licence or Permission to Officiate at the end of the year (2021: 72). In addition, 3 Readers were awaiting new licences. 21 people were licenced or granted PTO as readers in 2022.

There were 22 ordinands in either residential or non-residential training (2021: 12) at the end of December 2022 and 8 Readers in training (2021: 17).

#### Chaplaincy membership and attendance

The total number on chaplaincy electoral rolls is 10,061 (2021: 9,284), an increase of 8.4%. This shows a healthy increase in numbers following the pandemic and is now very close to the 2019 figure of 10,299.

The number of life events in the Diocese returned to near 2019 figures which is indicative of the return to normality following the pandemic. The extent to which these events represent 'catch up' from events that were postponed as opposed to a return to normal levels will not be clear for another year but at least it is a cause for optimism.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Chaplaincy membership and attendance (continued)

There were 331 baptisms (2021: 277) and 92 marriages (2021: 37) recorded in the Diocese with an additional 92 (2021: 81) marriage blessings. The number of marriages in particular, represents a significant financial matter for some chaplaincies. These events are a source of engagement and income particularly when families travel from the UK for ceremonies. The number of marriages is only 3 fewer than the pre pandemic position in 2019.

34 confirmation services (2021: 13) were held with 173 candidates (2021: 116)

Easter Day attendance was recorded as 11,752 (2021: 4,752). This number was limited by the pandemic in some places making some of the usual celebrations impossible. Christmas Day attendance was recorded at 15,176 (2021: 8,025).

The Usual Sunday Attendance is recorded as 8,887 (2019 – The last pre Covid year, 9364) Chaplaincies report 2,480 attendees as the average attendance online in 2022.

Analysis of the attendance figures indicates some areas of post Covid recovery but also some areas of significant challenge as chaplaincies continue to rebuild after Covid and absorb the effect of Brexit. Christmas and Easter are substantially increased on the year but have a little way to go to reach the pre covid levels.

#### Finance

Financial oversight was provided by the Finance, Audit and Personnel Committee (“FAPC”) which met formally online four times during the year as well as providing advice through correspondence. The Committee is a source of essential expertise and challenge to the executive as well as representing the concerns of chaplaincies about financial matters. The Chair, Mike Fegan, is continuing in his role as chair of the DBF and of the committee. The FAPC has recruited a Church Finance and HR expert who has long service as a Diocesan Secretary and is an experienced accountant and auditor.

A significant task of the Committee has been to scrutinise and approve the refreshed financial plan that was presented to and approved by the Trustees at the October 2022 Bishop’s Council. The plan includes an increase in the Common Fund request of 10% for 2023 and envisages further increases in subsequent years to be approved at future Council meetings. The need for these will depend on financial outcomes and inflation. The plan extended the planning period by a year to 2026, the target being for the DBF to return a deficit less than £100,000. It also envisages a reduction in the amount to be held in unrestricted reserves to 1.5 years of annual expenditure by 2026, from 2 years proposed in 2021 as a target for 2025. This plan presents a stable if brittle position and a clear path in uncertain times, which is essential for stakeholders and prospective donors alike. The plan will be updated each year to reflect developing circumstances.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Finance (continued)

The FAPC approves grants made through the Covid Hardship fund. So far a total of £360,000 has been distributed to 28 chaplaincies. £280,000 remains in the fund and this is expected to be used over the next 2-3 years to alleviate special needs faced by chaplaincies as a result of inflation in particular. Priority in grants will continue to be given to covering stipendiary clergy costs, subsidising housing costs and bills for those with part time or house for duty licences. Chaplaincies with 4-6 months or less expenditure in reserve are likely to be the priority for such grants.

At the end of 2022 the DBF negotiated a new lease on its rented office space in Church House. There is no increase in cost and the offices are to be refurbished at the expense of the landlord. The staff will occupy a smaller, reordered space from the end of 2023.

#### Loans and Liquidity

In January 2021 a loan of £500,000, was obtained from CCLA, the DBF's investment manager, under the Diocesan Loan Scheme. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years, with no requirement of repayment of capital in the interim. The DBF is continuing to make regular repayments to meet that objective. The interest is payable every six months. The rate to October 2022 was 1.93%. No other loans have been obtained.

No investments were sold in the year.

The DBF has availed itself of the interest bearing deposit accounts at CCLA, which returned 3.95% on cash invested as of April 2023.

#### Diocesan Investments

The Diocesan unrestricted investments were monitored weekly throughout the year and their value was reported regularly to the FAPC. The DBF's investment manager, CCLA, attended FAPC meetings to update the committee on investment performance and strategy. There were sharp falls in values in the first quarter and again towards the end of the year. By the end of 2022 the total reserves held in investments had fallen by £1.4 million or 11.2% to £10.9 million. This figure includes £6.2 million restricted funds for which the DBF is the Trustee on behalf of other beneficiaries in the Diocese. The capital value of the DBF's own unrestricted funds held as listed investments decreased by 11.8% or £0.6 million to £4.5 million. See Note 14 for further details.

Many chaplaincies and trust funds, of which the DBF is the custodian Trustee, are managed by CCLA alongside the DBF's own unrestricted funds. These have declined in value but the view of the FAPC is that CCLA are outperforming other fund managers. Income is constant and the medium term outlook is stable. Of course markets may continue to be volatile, and so no market gains (or losses) are assumed in preparing the budget and financial plan.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Pensions

Following revaluation as at 31 December 2021, the Church of England Funded Pension Scheme is now in surplus, and so deficit contributions have ceased, and the cost to chaplaincies has reduced. The contributions requested from chaplaincies paying towards clergy pensions has reduced from £11,800 in 2021 to £11,124 in 2022, and the expected figure for 2023 is £8,981. This represents a 24% decrease over the two years. The saving is entirely to the 35 chaplaincies who contribute in this way. There is also a saving to the DBF in respect of pension payments for senior clergy funded by the DBF. The contributions now represent 28% of the clergy benchmark stipend; a reduction from 38% in 2021.

#### Common Fund Allocation

The Bishop's Council devolved the decision about how to allocate the Common Fund request to the Finance, Audit and Personnel committee. The FAPC examined the impact of using the existing Common Fund process and formula for the 2022 request. This would have been based on the 2018, 2019 and 2020 chaplaincy accounts and decided that the notion of a flat Common Fund total amount would be highly confusing if chaplaincies saw big fluctuations in their own contribution requests. In addition the figures used would not adequately reflect the varied impact of Covid-19 on the financial health of chaplaincies. Therefore the committee decided not to use the formula in 2022. It was also agreed that the formula should return in 2023 but the final decision on that matter would be taken early in 2023 when the Common Fund requests for that year are determined.

#### Staff Changes

There were no changes in the clergy amongst the senior staff. There has been significant recruitment for the lay DBF staff.

Damian Thwaites left his post as Head of Communications in February. Adrian Butcher, of Meads Media, joined as a consultant in an interim capacity for much of the rest of the year. The arrangement was very effective and care was taken to recruit his replacement, Ruth Blanco, who is now in post.

Juliet Evans joined the team as the Fundraising Advisor, a role that is part funded by the Archbishops' Council.

There have also been some changes and new appointments in the administration of the safeguarding and ministry teams.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **ACTIVITIES AND ACHIEVEMENTS (continued)**

#### **Support from the National Church**

The Diocese in Europe is treated in a similar way to all other dioceses in the Church of England with regard to grants that are available. £147,000 was added to the Hardship Fund by virtue of grants applied for to cover unexpected needs due to inflation. The DBF is engaged in fundraising towards meeting the Net Zero target and Racial Justice initiatives. 2023 will see further efforts towards receiving broader strategic grants allied to the National Church Vision and Strategy which focusses particularly on young people and new worshipping communities.

#### **Safeguarding and the Past Cases Review 2 (PCR2)**

The Diocese completed the review of all personnel files in accordance with the Archbishops' Council mandate issued in 2019. The work was completed later in Europe than in other dioceses due to delays due to Covid which prevented independent reviewers being able to work in Brussels where the serving clergy files are held. The requirement to review the files in situ in Brussels and the unusually large number of files held by the Diocese gave rise to significant costs being incurred in the year (Note 18a). The Archbishops' Council provided £60,000 towards the project. The final report will be published in May 2023.

The DBF benefits from the expert oversight of the Diocesan Safeguarding Advisory Committee which met five times in 2022 and also acted as the PCR2 review group. In addition to the required casework, the Diocesan Safeguarding Team conducted over 400 safeguarding police checks in the year, trained 270 people and held 9 workshops or conferences for chaplaincy safeguarding officers. A significant project was started to migrate all the safeguarding data to a new platform 'My Concern' from the CPOMS system which is designed for education institutions and is no longer fit for purpose.

#### **Progress towards Net Zero Carbon Target**

The Church of England General Synod resolved that the Church of England should be Carbon Net Zero by 2030. The Diocese is actively pursuing its contribution to meeting this objective. A thorough policy and programme of activity for chaplaincies was adopted by the Diocesan Synod in June 2022. The next stage is to make detailed plans for each chaplaincy and identify where action can be taken effectively given the range of models of building ownership. 14 chaplaincies have achieved the A Rocha Bronze award which has also been given to the London DBF headquarters and the Bishop's office in Brussels. The Diocesan Caring for Creation Working Group will be supported by some professional resource funded by the Archbishops' Council in the latter part of 2023.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Communications

The range and impact of Diocesan communications increased significantly in 2022 with continued progress made on the digital diocese project. Over 35,000 people attended the online prayer vigils for Ukraine and coverage of the war contributed to significant increases in digital engagement. 116 news stories were published and the website generated over 350,000 page views. The Diocese had 9,487 followers across its social media platforms, a year on year increase of 32%. Significant progress was made towards the launch of the new Diocesan website which is expected to go live in May 2023. Scoping of a project to improve a number of chaplaincy websites in a simple and low cost manner is also underway.

Senior staff acquired an increased media profile in the coverage of the war and the death of HM Queen Elizabeth II.

#### Volunteers

The DBF is dependent on the huge number of people involved in chaplaincies. The number of active volunteers (or volunteer hours) dedicated to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the DBF greatly values the considerable time given by all Committee members and other volunteers across the Diocese in pursuit of the church's mission.

Measuring in a meaningful way the in-kind value of volunteer time to the operations of the DBF is particularly difficult. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Volunteer recruitment is now carried out in a way that takes account of the new guidelines on safer recruitment.

#### Diocesan Synod and Bishop's Council

For the first time since 2019 the Diocesan Synod met in person (in Cologne) in early June 2022. Significant business included the adoption of the Anti-Bullying policy for the Diocese, and the Carbon Net Zero policy and action plan. There was a thorough discussion of the Diocesan finances at the Annual Meeting of the Members of the DBF. Guest speakers included Revd Hilary Ison who led two sessions on trauma focussing on the changes and challenges brought about by the pandemic.

The Bishop's Council met online in October due to the increased risk of Covid transmission at the time as well as a decision to save both money and carbon consumption. The main business was to approve the budget and revised financial plan.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Events

- The Diocese's lay learning course 'Walking Together in Faith' was launched in the Autumn after 3 years of preparation led by the Diocesan Director of Lay Discipleship, Clare Amos. The course, which is on the online learning platform Moodle, comprises four modules each with five sessions and runs over 12 months. Those taking the whole course who choose to submit work for assessment will be awarded a 'Bishop's Certificate'.  
It is also intended as offering a foundational basis for those thinking of exploring some form of authorised ministry in the Church but is also available to anyone seeking a deeper understanding of their faith.
- Bishop Robert accompanied the Archbishop of Canterbury on a visit to Kyiv and made a pastoral visit to St Andrew's Moscow following the outbreak of the war in Ukraine.
- Bishop David Hamid celebrated 20 years as Suffragan Bishop in Europe and he became the longest serving bishop in the Church of England. The milestone was celebrated at a Eucharist for staff in St Matthew's Westminster and at the Bishop's Senior Staff residential meeting and at the online meeting of the Bishop's Council.
- The anniversaries of the founding of a number of chaplaincies were celebrated including the 200<sup>th</sup> anniversary of the chaplaincy in Nice, the 150<sup>th</sup> anniversary of Holy Ghost, Genoa, the 125<sup>th</sup> anniversary of St Olav's Balestrand, the centenaries of St George's Taormina and of the Church of the Resurrection in Bucharest.
- Ordinations were celebrated in Madrid and in Ghent.
- The Chancellor of the Pro Cathedral of St Paul's Valetta Fr Simon Godfrey retired after 13 years service.
- The Ministry Experience Scheme pilgrimage to the Holy Land was the first such venture since 2019.
- IME2 events returned to their normal pattern with the curates meeting in person along with the training incumbents in Cologne in November 2022.
- The move to holding some events online has been so successful that this has continued. Notable successes have been the vocations seminars which are now held over a number of sessions and the clergy induction which includes sessions for all clergy new to the Diocese as well as a programme for clergy new to the Church of England.
- The Association of the Church of England in Italy (ACDI) completed the approval process for its treaty with the Italian government. The process has taken 14 years and stands to benefit all the chaplaincies in the archdeaconry both operationally and financially through the ability residents will have to allocate a portion of their tax to their chaplaincy. The treaty recognises the historic presence of our Church of England chaplaincies in Italy and enables chaplaincies to integrate more fully into the Italian legal, social and fiscal system.
- The Diocese hosted visits from the Archbishop of Canterbury to Romania, Turkey and Ukraine.
- Archdeacons hosted pan archdeaconry online gatherings of all Churchwardens
- The first face to face meeting for the Reully Working group for over three years was co-chaired by Bishop Robert in Lyon.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

*for the year ended 31 December 2022*

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#### ACTIVITIES AND ACHIEVEMENTS (continued)

##### Events (continued)

- French translations of Morning and Evening Prayer were finalised by the French Anglican and Roman Catholic working group. These have been officially authorised and published.
- The graduation of the first cohort of students from Holy Trinity Brussels' Peace and Conflict Transformation training course was celebrated.

#### FUTURE PLANS

- 2 significant conferences are planned for 2023. A conference of Licenced Women Clergy will be held in Hamburg and a conference on Racial Justice in Freiburg. These events are self-financing and have received support from the investment managers CCLA and the mission agency USPG respectively. Each event focusses attention on key strategic priorities for the Diocese.
- Revd Canon Smitha Prasadam, Chaplain of St Alban's Copenhagen, will be consecrated Bishop of Huddersfield in June 2023.
- In August 2023 the chaplaincy of St Georges Lisbon is hosting young people who are attending *Rooted in Unity* an event for young Christians of all denominations taking place at the heart of the *World Youth Day (WYD)*.
- A pilgrimage to the 'Seven Churches of Asia' is being organised for clergy in the Diocese by Revd James Buxton in Izmir.
- The celebration of the 150th anniversary of the Anglican Church in Belgium, with King Philippe of Belgium
- The mission to refugees in Calais will be extended with the appointment of a refugee officer co funded by the Diocese, the Diocese of Canterbury and USPG.
- New registration of all French Chaplaincies and creation of a Union Nationale for the CofE in France is expected to be created.
- A significant advance in ecumenical work will be achieved with the creation of two split role Ministers with French Protestant Church in Lyon and Strasbourg.
- The new Diocesan website will launch in May 2023 with improved functionality, a new church finder product and a revised Diocesan handbook.
- In 2023 Bishop Robert and Archdeacon David Waller will each be taking long awaited 3-month sabbaticals which are an important contribution to the welfare of long serving clergy.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### FINANCIAL REVIEW

#### Financial performance summary

The overall deficit for the year including all funds, before investment gains, per the Statement of Financial Activities on page 32, was £(166,853) (2021: £(228,941)). No one off grants or other income were received in the year. Total losses on Investments in the year were £(1,372,812) (2021: gain £1,405,735). The DBF's unrestricted investments made losses in the year of £(604,919) (2021: gains £648,190) with a value at the year end of £4,534,729 (2021: £5,139,648) (See Note 14).

#### Income

Total income for the year was £2,263,011 (2021: £2,155,560). This includes unrestricted income of £1,598,194 (2021: £1,323,543) and restricted income of £663,834 (2021: £830,953) received for a number of activities such as the training of ordinands and Strategic Ministry Funding for Curates (See Note 18a).

There was a slight fall in the year in total contribution from chaplaincies through the Common Fund, from £917,576 to £912,142.

#### Expenditure

During the year total charitable expenditure was £2,429,864 (2021: £2,384,501), made up largely of direct ministry and mission costs and grants (See Note 8). Included in this was total designated expenditure of £316,530 (2021: £287,322) and restricted expenditure of £619,537 (2021: £778,200) (See Notes 8 and 18a).

#### Balance sheet

As shown on the Balance Sheet on page 34, net assets at December 31 2022 were £11,363,646 (2021: £12,903,311).

- Unrestricted funds were £4,318,548 (2021: £5,135,600)
- Restricted funds were £530,902 (2021: £486,605)
- Endowment funds were £6,514,196 (2021: £7,281,106)

The unrestricted and endowed funds include the losses incurred on the investments. See Note 18a for the detail of each reserve and Note 14 on Investments.

#### Remuneration of key management personnel

The responsibility for setting salaries for all staff, including senior personnel, lies with the Finance, Audit and Personnel Committee ("FAPC"). Prevailing market conditions are taken into account.

#### Legacies

A small number of chaplaincies benefitted from legacy income in the past year. Following the recruitment at the end of the year of the Fundraising Advisor, who is partly funded by the Archbishops' Council, the promotion of giving by legacy to chaplaincies is being further developed with due regard to the very varied tax regimes across the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **FINANCIAL REVIEW (continued)**

#### **Grant making policy**

The Trustees award grants principally through the FAPC. These are normally to establish new chaplaincies via the Diocesan Development Fund or develop new mission initiatives within a chaplaincy or archdeaconry via the Mission Opportunity Fund.

#### **Investment policy**

The policy of the Trustees is to invest in a diversified portfolio of quoted equity and fixed interest securities. They take into account the requirements of the law in relation to the investment of charitable monies, while seeking the best possible returns and having due regard to preservation of capital. Investment decisions also take account of the funds' ethical policies and ensure that these fall within the guidelines approved by Church of England General Synod. The Company invests through common investment funds and does not invest directly in the stock market. For operational reasons, it also has certain limited interests in property.

The portfolio held is diverse and designed to withstand pressures that may come in various parts of the global economy.

The FAPC meets at least quarterly and is updated on the portfolio's performance. Any need to draw down on investments is approved at these meetings. Representatives of CCLA, who manage the DBF's unrestricted investments and the vast majority of the endowment funds, regularly attend FAPC meetings. The Committee has considered the distribution of the investments between the various funds administered by CCLA and resolved not to change the distribution but to review this matter on a regular basis.

The amount held in reserve is a relatively high proportion of expenditure compared to other dioceses. However the Diocese in Europe has few other assets such as land or buildings and little flexibility in its cost base. Hence these funds are the only sources of finance in the event of significant financial challenges.

#### **Reserves policy**

The Trustees consider it important to carry reserves to cover unforeseen eventualities and the possibility of future operating deficits, taking into account the fact that more than half of all funds are endowed for specific purposes. In the case of unrestricted funds, the Trustees seek to maintain general reserves that will support the ongoing mission of the Diocese and allow the company to operate as a going concern.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **FINANCIAL REVIEW (continued)**

#### **Reserves policy (continued)**

The Unrestricted General Fund was £3,812,282 (2021: £4,802,009) at the end of the year. The DBF has been accustomed to holding two years' operating costs in reserves. In the financial plan approved to 2026 the Trustees indicated that they would approve the possibility of the unrestricted reserve falling to 1.5 years of expenditure if necessary but such an approach would need to come in tandem with a reduction in the annual deficit to less than £100,000. Within unrestricted reserves, the Trustees also have five Designated Funds totalling £506,266 (2021: £333,591) at the end of the year (See Note 18(a) for further details). Current accounts with chaplaincies, which are not matched with specific investments, are retained in the DBF's balance sheet as creditors due within one year. These amounted to £1,257,914 at the year end (2021: £1,157,970) (See Note 16).

#### **Other funding which has an influence on the life of the Diocese**

All chaplaincies in the Diocese are required to be financially self-sufficient. They are funded largely by electoral rolls members and visitors and in some cases by returns on investments and local commercial activity. Some chaplaincies receive significant support from mission agencies working in the Diocese, including Mission to Seafarers (which funds several port chaplains), and ICS (which retains patronage of 23 churches and supports some seasonal work), and the Benefact Trust (formerly Allchurches) which supports both the DBF and Holy Trinity Cathedral in Gibraltar as well as giving a "Transformational Grant" of £250,000 over a period of 3-4 years. The first big project to be completed with this grant is the new Diocesan website.

#### **Going concern**

In light of the financial impact of Covid-19, the financial position and forecasts have been reviewed, taking into account the levels of investment reserves and cash. As a result of this review, the Trustees believe that the Diocese will be able to manage operational and financial risks successfully.

As explained in the Investment Policy above, the portfolio is very diverse and is designed to withstand adverse market conditions, such as those currently being experienced. The DBF will seek to avoid selling investments at low points in market valuations.

In January 2021, a ten-year loan of £500,000 was obtained from CCLA, the DBF's investment managers, on favourable terms. £50,000 has been repaid each year and £400,000 remains outstanding at December 2022 (See Note 17).

It continues to be the Trustees' policy to invest surplus funds in fixed asset investments for the long-term so that the best returns are achieved. The Trustees are confident that the DBF can access these resources at short notice should the need arise to satisfy current liabilities.

Accordingly, the Trustees have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis of accounting in preparing the annual accounts.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### PRINCIPAL RISKS

The Trustees are responsible for maintaining a sound system of financial control to safeguard the Company's assets. The FAPC identifies the major risks to which the Company is exposed, and such systems and procedures as are practicable are in place to mitigate those risks. A formal risk assessment review is conducted annually at the Winter meeting of FAPC, which monitors the risks and the effectiveness of the system of internal control operated by the Company.

The most significant risks are as follows:

#### *Safeguarding failure*

A big case could have a significant reputational or financial impact. This is mitigated by a strongly led Safeguarding Advisory Committee, the engagement of professional safeguarding staff, Diocesan safeguarding policy and training and the DBF's insurance. The Past Cases Review 2 is designed to give confidence that historic cases have been dealt with appropriately or ensure that required action is taken.

#### *Investment underperformance*

Poor investment performance could have an adverse effect on the ability of the DBF to meet its financial commitments. However, to reduce the chance of this, funds are invested with an established and reputable fund manager. Funds are widely spread, and performance is monitored

#### *Chaplaincy finances*

Chaplaincies face a range of issues, including Brexit, which in some cases make payment of Common Fund very challenging. This is mitigated by prudent financial planning and encouragement of appropriate stewardship and giving. Communication with chaplaincies about the Diocesan finances has increased in recent years and there is some evidence that greater understanding has assisted in chaplaincies being more prepared to contribute.

#### *Global pandemic*

The widespread impact of the virus may continue for 2-5 years with an impact on chaplaincy and hence Diocesan income. This might be partially mitigated by improved stewardship by chaplaincies and improved cost control at all levels within the Diocese as well as some changes in the pattern and deployment of ministry in chaplaincies.

#### *Reliance on key staff*

The DBF is run by a smaller number of staff than any other diocese in the Church of England. Changes to or unavailability of senior staff has potential to seriously hamper Diocesan operations.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **PRINCIPAL RISKS (continued)**

#### *Hazards*

Fire, flood and computer failure. The Diocese has insurance in place with a reputable insurer to cover these risks. The Diocese is also a tenant of Church House in Westminster and uses services provided by Church House. It can therefore rely on disaster recovery and computer back-up routines employed by the National Church Institutions.

#### *Costs related to property held by the DBF*

Properties in the Diocese both churches and accommodation are normally maintained by the chaplaincy which uses them. There are a small number including a church and a cemetery in Italy which do not have that cover and which may incur unexpected costs. The DBF is seeking to divest itself of such properties.

#### *Funds held as custodian Trustee*

The DBF holds investments and cash on behalf of chaplaincy councils. Care is taken to ensure the funds are managed correctly and that sufficient liquidity is maintained to ensure any demands for repayment can be met. This matter was reviewed by the FAPC in 2021 (See Note 21).

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### STRUCTURE AND GOVERNANCE

The Diocese in Europe is a Diocese of the Church of England in the Province of Canterbury. The legal framework for the Diocese is the 'Diocese in Europe Measure 1980' and the Constitution of the Diocese 1995. While The Diocese in Europe Board of Finance is autonomous for most practical purposes, decisions may be influenced by those taken by the Church of England.

The DBF is a Company which is limited by guarantee and which does not have share capital. It is incorporated in England and Wales with the registration number: 106580.

#### Directors and Trustees

Under the Memorandum and Articles of Association, members of the Bishop's Council are designated as Directors for the purposes of the Companies Act 2006 and are Trustees under charity law. The members of the Diocesan Synod are the members of the Company.

The members of the board may derive no benefit, income or capital interest from the Company's affairs from their position, other than the reimbursement of out-of-pocket expenses. In the event of the Company being wound up, each member, who is a member at that time, has undertaken to contribute £1 to the Company. The FAPC agreed to the management contracting the current Chair of the DBF to offer some financial consultancy during the year outside of his trustee duties.

#### Constitution

The constitution of the DBF is set out in its memorandum and articles of association. Episcopally led, the DBF's activities are directed by the Diocesan Synod and Bishop's Council which also meets as the Board of the DBF and as the Trustees of the charity (together "The Trustees").

#### Organisation and decision-making structure

Members of Diocesan Synod are also members of the Company and the charity. They set priorities and the overall financial strategy for the DBF in its prime imperative to participate in God's mission by and to Anglicans across the area covered by the Diocese in Europe.

The Trustees meet once a year at Bishop's Council to approve the budget for the following year; to consider strategic financial matters and monitor the implementation of financial policies. Members of the Company meet annually during Diocesan Synod to approve the Annual Report and Financial Statements and consider the forecasts.

The FAPC meets at least four times a year to review the DBF's overall activities against budget, consider investment policy and performance, and approve requests for grants. It also reviews the budgets prior to their presentation to Bishop's Council and the Annual Report prior to its presentation to the DBF members at the Diocesan Synod. Membership of the Committee is a balance of ex-officio appointments and members elected by the Trustees every three years

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **STRUCTURE AND GOVERNANCE (continued)**

#### **Appointment and induction of Trustees**

At the start of each new triennium new Trustees and members participate in an induction process and receive information about roles and responsibilities.

#### **Other organisations with which the Board co-operates in achieving its objectives**

The Company's activities involve regular and routine financial transactions with chaplaincy councils in the Diocese as well as the central Church authorities, though none of these bodies are a connected charity as defined by charity law. In addition, there are links (in respect of finance and activities) with various related agencies, together with Diocesan-wide voluntary and statutory organisations.

#### **Decision making and delegation policy**

Diocesan Synod sets and approves strategy and policies. The Board sets the annual budget and makes decisions on the financial policy for the diocese. The day-to-day management and implementation of agreed strategies and policies is undertaken by senior staff.

#### **Funds held as Custodian Trustee on behalf of others**

The DBF holds investments and cash as custodian Trustee on behalf of its chaplaincy councils and trusts. Where amounts owed to chaplaincies and trusts are matched by specific investment and cash balances these are excluded from the DBF's balance sheet and are recorded in Note 21.

#### **Public benefit**

The Trustees are aware of the Charity Commission's guidance on public benefit "The Advancement of Religion for the Public Benefit" and have regard to that guidance in their administration of the charity. The DBF believes that this report provides evidence of the public benefit of the charity's work in 2022.

As described more fully throughout the report, the DBF provides funds to support the work of Anglican Chaplaincies in Europe, part of North Africa and Russia. The vast majority of churches are available to the public at large and none is restricted to members of the Church of England.

#### **Trustees' indemnity**

The DBF provides insurance to Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity insurance remains in force as of the date of approving the Trustees' Annual Report.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the charitable company for the purpose of Company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires 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 (UK 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 DBF and of the surplus or deficit of the DBF for that period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in operation.

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### Statement of disclosure to the Auditor

As far as the Trustees are aware, there is no relevant audit information of which the charitable Company's auditor is unaware. The Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable Company's auditor is aware of that information.

### Appointment of Auditor

A resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the Annual General Meeting.

On behalf of the Board of Trustees on 23 June 2023



M Fegan – Chair

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### ADMINISTRATIVE DETAILS

#### Trustees

No Trustee had any beneficial interest in the Company during the year. The following served as Directors and Trustees throughout the year, except where stated. Triennial Elections to Diocesan Synod were held in the Summer of 2022 which is the point where some members retire from office.

#### Ex officio

Mr. M Fegan (Chair)

The Right Revd Dr. R Innes – Bishop of Gibraltar in Europe

The Right Revd Dr. D Hamid – Suffragan Bishop

The Venerable P Hooper – Archdeacon of France

The Revd T Makipää (Chair, House of Clergy) – (Term of office ended June 2022)

The Revd Canon S Prasadam (Chair, House of Clergy) - (elected June 2022)

Mr. D Coulston (Chair, House of Laity) (Term of Office ended June 2022)

Ms. M Talbot (Chair, House of Laity) (elected June 2022)

The Venerable L Nathaniel – Archdeacon of the East, Germany & Northern

The Very Revd I Tarrant – The Dean

The Venerable S Van Leer – Archdeacon of North West Europe

The Venerable D Waller – Archdeacon of Gibraltar and Archdeacon of Italy and Malta

#### ***Elected - House of Laity***

Ms S. Boyd

Mr. D Bean

Mrs. J Berry

Ms. J Cole (elected June 2022)

Mr R. Hall (elected June 2022)

Mrs. M Kopetzky

Ms. M Talbot (Term of office as elected House of Laity member ended June 2022 but continued as a Trustee having been elected chair of the House of Laity in June 2022)

Mr S Urquhart

#### ***Elected– House of Clergy***

The Rev'd C Cook (appointed June 2022)

The Rev'd Tony Dickenson (Term of office ended June 2022)

The Rev'd Canon D Flach

The Rev'd R Gardener (elected June 2022)

The Rev'd Dr. F Hegedus (Term of office ended June 2022)

The Rev'd A Lowen (Term of office ended June 2022)

The Rev'd G Read (elected June 2022)

The Rev'd R Seabrook (elected June 2022)

The Rev'd A Strange (resigned April 2022)

The Rev'd R Warren (elected June 2022)

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2022*

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### ADMINISTRATIVE DETAILS (continued)

#### Trustees (continued)

##### ***Nominated by the Bishop of Gibraltar in Europe***

Mr. D Coulston (appointed June 2022)  
The Rev'd Canon S Godfrey (Term of office ended June 2022)  
The Rev'd P Jackson (died August 30, 2022)  
Mr. D White  
The Revd T Makipää (from June 2022)

#### **Finance, Audit and Personnel Committee ("FAPC")**

The following served on the FAPC throughout the year and to date, except where otherwise stated:

Mr. M Fegan (Chair)  
The Rt Rev'd Dr. R Innes – Bishop of Gibraltar in Europe  
The Rt Rev'd Dr. D Hamid – Suffragan Bishop  
Ms. J Almvang - Committee nominee September 2022  
Mr. D Bean – re- elected House of Laity October 2022  
The Rev'd Canon Dr. P Hooper – Archdeacon of France - appointed 14 February 2022  
The Rev'd P Jackson – Elected House of Clergy (died August 2022)  
Ms R Pearce – Committee nominee December 2022  
The Revd Richard Seabrook – Elected House of Clergy October 2022  
Ms. H Thomas – Committee nominee resigned January 2022  
The Rev'd R Williams - Committee nominee

#### **Senior staff and principal advisers**

A Caspari – Chief Operating Officer (Diocesan Secretary) / Company Secretary

#### **Registered office**

14 Tufton Street  
London, SW1P 3QZ  
Telephone: 00 44 (0)207 898 1155  
e-mail: [bron.panter@churchofengland.org](mailto:bron.panter@churchofengland.org)  
[www.europe.anglican.org](http://www.europe.anglican.org)

#### **Bankers**

Barclays Bank plc  
Media, 27 Soho Square  
London W1D 3QR

National Westminster Bank plc  
PO Box 34, 15 Bishopsgate  
London EC2N 3NW

#### **Independent Auditor**

Haysmacintyre LLP  
10 Queen Street Place  
London EC4R 1AG

#### **Investment manager**

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

#### **Legal registrar**

Aiden Hargreaves-Smith  
Partner, Winckworth Sherwood  
Minerva House, 5 Montague Close  
London SE1 9BB

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2022*

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#### **Opinion**

We have audited the financial statements of The Diocese in Europe Board of Finance for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2022*

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#### **Other information**

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

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE**

*for the year ended 31 December 2022*

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#### **Responsibilities of Trustees for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2022*

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- Reviewing minutes of trustee and committee meetings for evidence of non-compliance with laws and regulations and fraud;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted that significantly impact on the result for the year, posting in areas subject to significant judgements or estimates, postings in accounts that are considered higher risk; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

10 Queen Street Place  
London  
EC4R 1AG

Date: 3 July 2023

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2022

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2022 £	Total funds 2021 £
<b>Income and endowments from:</b>						
Donations and legacies						
- Common Fund		912,142	-	-	912,142	917,576
- Archbishops' Council grant	3	178,799	-	-	178,799	172,836
- Other donations	4	326,118	454,837	-	780,955	474,994
Charitable activities	5	-	14,695	-	14,695	255,467
Investments	6	177,273	194,302	983	372,558	324,465
Other	7	3,862	-	-	3,862	10,222
<b>Total income</b>		<b>1,598,194</b>	<b>663,834</b>	<b>983</b>	<b>2,263,011</b>	<b>2,155,560</b>
<b>Expenditure on:</b>						
Charitable activities	8 / 9	(1,810,327)	(619,537)	-	(2,429,864)	(2,384,501)
<b>Net (deficit) / surplus before gain on investments</b>		<b>(212,133)</b>	<b>44,297</b>	<b>983</b>	<b>(166,853)</b>	<b>(228,941)</b>
Net (loss) / gain on fixed asset investments	14	(604,919)	-	(767,893)	(1,372,812)	1,405,735
<b>Net (deficit) / income in year</b>		<b>(817,052)</b>	<b>44,297</b>	<b>(766,910)</b>	<b>(1,539,665)</b>	<b>1,176,794</b>
<b>Transfers between funds</b>	12	-	-	-	-	-
<b>Net movement in funds</b>		<b>(817,052)</b>	<b>44,297</b>	<b>(766,910)</b>	<b>(1,539,665)</b>	<b>1,176,794</b>
<b>Total funds brought forward</b>		<b>5,135,600</b>	<b>486,605</b>	<b>7,281,106</b>	<b>12,903,311</b>	<b>11,726,517</b>
<b>Total funds carried forward</b>	18	<b>4,318,548</b>	<b>530,902</b>	<b>6,514,196</b>	<b>11,363,646</b>	<b>12,903,311</b>

All activities derive from continuing activities. The Notes on pages 37 to 57 form part of these financial statements.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INCOME AND EXPENDITURE ACCOUNT

*for the year ended 31 December 2022*

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		<b>2022</b>	<b>2021</b>
	Note	£	£
Total income	8	2,262,028	2,154,496
Total expenditure		(2,429,864)	(2,384,501)
<b>Operating (deficit)</b>		<b>(167,836)</b>	<b>(230,005)</b>
Net (loss) / gain on fixed asset investments	14	(604,919)	648,190
<b>Total comprehensive (deficit) / income</b>		<b>(772,755)</b>	<b>418,185</b>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## BALANCE SHEET

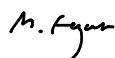
as at 31 December 2022

	Note	2022		2021	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	13		536,819		543,999
Investments	14		<u>10,886,836</u>		<u>12,259,648</u>
			11,423,655		12,803,647
Debtors	15	532,885		463,364	
Short term deposits and cash at bank		<u>1,747,830</u>		<u>1,578,211</u>	
		2,280,715		2,041,575	
Creditors: amounts falling due within one year	16	<u>(1,940,724)</u>		<u>(1,490,973)</u>	
<b>Net current assets</b>			<u>339,991</u>		<u>550,602</u>
<b>Total assets less current liabilities</b>			11,763,646		13,354,249
Creditors: amounts falling due after one year	17		<u>(400,000)</u>		<u>(450,938)</u>
<b>Net Assets</b>			<u><b>11,363,646</b></u>		<u><b>12,903,311</b></u>
<b>Funds</b>					
Unrestricted Funds					
- General		3,812,282		4,802,009	
- Designated Funds		<u>506,266</u>		<u>333,591</u>	
	18		4,318,548		5,135,600
Restricted Funds	18		530,902		486,605
Endowment Funds	18		6,514,196		7,281,106
			<u><b>11,363,646</b></u>		<u><b>12,903,311</b></u>

The notes on pages 37 to 57 form part of these financial statements.

The financial statements were approved by the Board of Trustees, and authorised for issue on 23 June 2023.

The financial statements are signed on behalf of the Board of Trustees by:



Mike Fegan  
Chair

Company reg. number: 106580

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### CASH FLOW STATEMENT

for the year ended 31 December 2022

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	2022		2021	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Net cash (outflow) from operating activities		<b>(150,841)</b>		<b>(481,221)</b>
<b>Cash flows from investing activities</b>				
Interest and dividends received	372,558		324,465	
Purchase of:				
Tangible fixed assets	<u>(2,098)</u>		<u>(2,614)</u>	
<b>Net cash provided by investing activities</b>		370,460		321,851
<b>Cash flows from financing activities</b>				
Cash inflow from new borrowing	-		500,000	
Repayment of borrowing	<u>(50,000)</u>		<u>(50,000)</u>	
<b>Net cash provided by financing activities</b>		(50,000)		450,000
<b>Change in cash and cash equivalents in the year</b>		<b>169,619</b>		<b>290,630</b>
Cash and cash equivalents at 1 January		1,578,211		1,287,581
<b>Cash and cash equivalents at 31 December</b>		<b>1,747,830</b>		<b>1,578,211</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 2022

	<b>2022</b>	<b>2021</b>
	£	£
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income before investment gains for the year	(1,539,665)	1,176,794
Adjustments for:		
Depreciation	9,278	10,495
Loss / (gain) on investments	1,372,812	(1,405,735)
Investment income	(372,558)	(324,465)
(Increase) / decrease in debtors	(69,521)	153,735
Increase / (decrease) in creditors	448,813	(92,045)
<b>Net cash (outflow) from operating activities</b>	<b>(150,841)</b>	<b>(481,221)</b>

	<b>2022</b>	<b>2021</b>
	£	£
<b>Analysis of cash and cash equivalents</b>		
Short term deposits and cash at bank	<b>1,747,830</b>	<b>1,578,211</b>

	At 1 Jan 22	Cash flows	At 31 Dec 22
	£	£	£
<b>Analysis of changes in net debt</b>			
Short term deposits and cash at bank	1,578,211	169,619	1,747,830
Loans falling due after more than one year	(450,000)	50,000	(400,000)
	<b>1,128,211</b>	<b>219,619</b>	<b>1,347,830</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

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### 1. Accounting Policies

#### a) General information

The DBF is a charitable Company limited by guarantee incorporated in England and Wales and registered with the Charity Commission.

#### b) Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of fixed and current asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP FRS 102), second edition effective 1 January 2019, the Companies Act 2006, and applicable accounting standards (FRS102). The DBF meets the definition of a public benefit entity under FRS102.

#### c) Going concern

The Trustees consider that there are no material uncertainties regarding the DBF's ability to continue as a going concern (see page 20 for further details).

#### d) Income

All incoming resources are included in the Statement of Financial Activities ("SOFA") when the Board is legally entitled to them as income or capital respectively, when ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy.

The principal source of income of the DBF is Common Fund donations. These monies are recognised in the SOFA in the period for which they are receivable. Monies received after the new Common Fund request is made are included in the current year on an entitlement basis.

Grants received which are subject to pre-conditions for entitlement or where use is specified by the donor are included in creditors where these pre-conditions have not been met at the balance sheet date.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is recognised when receivable.

#### e) Expenditure

Expenditure is accounted for on an accruals basis and has been aggregated under the relevant SOFA category. Expenditure includes irrecoverable VAT.

*Charitable expenditure* consists of expenditure on resourcing ministry and mission in the chaplaincies of the Diocese.

*Grants payable* are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF. These grants are recognised as expenditure when the conditions attaching to the grant are fulfilled. Grants offered which are subject to conditions which have not been met at the year-end are noted as commitments, but not accrued as expenditure.

*Support costs* consist of central management, administration and governance costs. Administrative support associated with making grants is insignificant and all costs are allocated to resourcing ministry and mission charitable expenditure.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

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### 1 Accounting Policies (continued)

#### e) Tangible fixed assets

Assets in excess of £300 are capitalised as tangible fixed assets and are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	100 years
Leasehold property	Over the term of lease
Leasehold improvements	Over the term of lease
Equipment	5 years

Properties included in fixed assets only include those properties acquired after 1974. The details of properties owned by the DBF prior to 1974 are recorded in a property register, but the historic cost is not known and therefore not included in the balance sheet. None of these are "Heritage Assets".

#### f) Investments

Investments are included in the balance sheet at market value with the gain or loss taken to the SOFA.

#### g) Social investments

Social investments are at cost less any necessary impairment. They are not amortised.

#### h) Leases

The DBF is only party to operating leases and has no finance leases. The rental on these operating leases is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is included in the SOFA over the lease term.

#### i) Foreign exchange

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Foreign currency balances are translated at the balance sheet date and any differences are included in the SOFA.

#### j) Chaplaincy accounts

Where the Diocese invests money on behalf of individual chaplaincies, these assets and the associated liability to the chaplaincy are not included in the balance sheet. However, where the Diocese operates a "current account" with a chaplaincy, and the amount owed to a chaplaincy is not covered with specific assets in the chaplaincy name, these liabilities to the chaplaincies are recorded in creditors. If these obligations to chaplaincies were required to be settled, they would be settled out of the general unrestricted assets of the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

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### 1 Accounting Policies (continued)

#### k) Pensions

The accounting treatment for the pension schemes in which the DBF participates is described in further detail in See Note 24.

Actuarial gains and losses are recognised immediately in other recognised gains and losses. Where the scheme is deemed to be in a deficit position, this is recognised in full as a liability. Where the scheme is determined to be in a surplus position, a surplus is recognised as an asset only to the extent that this can be recovered in future years through reduction in employer contributions or through a specific refund / reimbursement from the scheme.

#### l) Financial instruments – assets and liabilities

*Debtors:* Debtors are recognised at the settlement amount due.

*Cash and cash equivalent:* Cash at bank and cash in hand, held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

*Creditors and provisions:* These are recognised where the DBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. They are normally recognised at their settlement amount after allowing for any trade discounts due.

#### m) Fund balances

##### *Unrestricted Funds*

The DBF's corporate funds are freely available for any purpose within the Company's objects, at the discretion of the DBF. There are two types of unrestricted funds:

- *General Funds* which the Diocese intends to use for the general purposes of the Diocese.
- *Designated Funds* which are allocated to a specific purpose but which are, nonetheless, unrestricted.

##### *Restricted Funds*

Income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

##### *Endowment Funds*

Funds held on trust to be retained for the benefit of the donor charity as a capital fund. In the case of endowment funds administered by the DBF, there is no provision for expenditure of capital and all are classed as permanent endowments. A management charge of 5% of income is applied to all funds to cover accountancy and administration costs.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2022*

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### **2 Critical accounting judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the DBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key area subject to judgement and estimation:

#### **Recognition of defined benefit pension scheme creditor**

The DBF is different to many other English Diocesan boards of finance in that the clergy for overseas churches are legal employees of those local churches in order to comply with the different legal and tax frameworks in place across the wide geographical area in which the DBF operates. Consistent with this practice, the relevant stipendiary and pension expenses for overseas clergy are recognised in the financial statements of the local churches and not in the financial statements of the DBF.

FRS102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS102 section 28.13 and 28.13A. The DBF has a payment plan with the Church of England's Pensions Board to make additional contributions to the clergy pension scheme to fund the estimated deficit under the recovery plan until 31 December 2022.

The Trustees consider that, while the DBF is the legal member of the scheme responsible for making contributions to the Church of England pension scheme, the substance of the arrangements in place is that the DBF only acts as a conduit for pension contributions for overseas clergy and therefore the liability lies with those overseas churches. On this basis, the Trustees consider it appropriate to recognise the deficit only for those members of the clergy that the DBF is directly responsible for. At the balance sheet date this was four individuals.

The DBF has estimated the asset should not be recognised in its financial statements as it is determined a surplus and is only recognised as an asset only to the extent this can be recovered in future years through a reduction in contributions or through a specific refund/reimbursement from the scheme. This has resulted in the recognition of a nil balance at the balance sheet date (2021: £938). A full explanation of the DBF's pension arrangements and the presentation in the financial statements is included in See Note 24.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 3 Archbishops' Council income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Lower income communities funds	<b>178,799</b>	-	-	-	<b>178,799</b>
	2021 £	2021 £	2021 £	2021 £	2021 £
Lower income communities funds	172,836	-	-	-	172,836

A further three years low income communities grant was approved by the Archbishops' Council in 2022.

### 4 Other donations income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Ordination candidates donations	-	85,544	-	-	<b>85,544</b>
Other donations	25,840	214,734	-	-	<b>240,574</b>
Ministry division RME Ordinands' grant	-	-	226,214	-	<b>226,214</b>
Strategic ministry fund	-	-	185,130	-	<b>185,130</b>
Ministry Experience Scheme	-	-	43,493	-	<b>43,493</b>
	<b>25,840</b>	<b>300,278</b>	<b>454,837</b>	-	<b>780,955</b>
	2021 £	2021 £	2021 £	2021 £	2021 £
Ordination candidates donations	-	16,784	-	-	<b>16,784</b>
Other donations	17,536	16,317	-	-	<b>33,853</b>
Ministry division RME Ordinands' grant	-	-	210,798	-	<b>210,798</b>
Strategic ministry fund	-	-	159,071	-	<b>159,071</b>
Ministry Experience Scheme	-	-	54,488	-	<b>54,488</b>
	<b>17,536</b>	<b>33,101</b>	<b>424,357</b>	-	<b>474,994</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 5 Charitable activities income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
UKNSF (FCDO) grant	-	-	14,695	-	14,695
	2021 £	2021 £	2021 £	2021 £	2021 £
UKNSF (FCDO) grant	-	-	255,467	-	255,467

### 6 Investment Income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Income from listed investments	172,483	-	194,302	983	367,768
Interest receivable	4,790	-	-	-	4,790
	177,273	-	194,302	983	372,558
	2021 £	2021 £	2021 £	2021 £	2021 £
Income from listed investments	163,847	-	151,129	1,064	316,040
Interest receivable	8,425	-	-	-	8,425
	172,272	-	151,129	1,064	324,465

### 7 Other Income

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Sundry income	3,862	-	-	-	3,862
	2021 £	2021 £	2021 £	2021 £	2021 £
Sundry income	10,222	-	-	-	10,222

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 8 Expenditure on Charitable Activities

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Ministry and mission costs	793,364	200,702	436,484	-	1,430,550
Housing costs	25,344	-	-	-	25,344
Grants	14,409	78,311	158,896	-	251,616
Charitable activities	-	37,517	17,360	-	54,877
Allocated support costs	660,680	-	6,797	-	667,477
	<b>1,493,797</b>	<b>316,530</b>	<b>619,537</b>	<b>-</b>	<b>2,429,864</b>
	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>
Ministry and mission costs	718,564	100,280	393,252	-	1,212,096
Housing costs	13,896	-	-	-	13,896
Grants	-	53,381	129,618	-	182,999
Charitable activities	-	133,661	248,986	-	382,647
Allocated support costs	586,519	-	6,344	-	592,863
	<b>1,318,979</b>	<b>287,322</b>	<b>778,200</b>	<b>-</b>	<b>2,384,501</b>

### 9 Analysis of expenditure including allocation of support costs

	Activities undertaken directly 2022 £	Grant funding of activities 2022 £	Charitable activities 2022 £	Support Costs 2022 £	Total funds 2022 £
<u>Charitable Activities</u>					
Ministry and mission costs	1,430,550	-	54,877	667,477	2,152,904
Housing	25,344	-	-	-	25,344
Grants	-	251,616	-	-	251,616
	<b>1,455,894</b>	<b>251,616</b>	<b>54,877</b>	<b>667,477</b>	<b>2,429,864</b>
	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>	<b>2021 £</b>
<u>Charitable Activities</u>					
Ministry and mission costs	1,212,096	-	129,618	592,863	1,934,577
Housing	13,896	-	-	-	13,896
Grants	-	382,647	53,381	-	436,028
	<b>1,225,992</b>	<b>382,647</b>	<b>182,999</b>	<b>592,863</b>	<b>2,384,501</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 10 Analysis of support costs

	Unrestricted funds	Designated funds	Restricted funds	Total funds
	2022	2022	2022	2022
	£	£	£	£
Central staff costs	408,210	-	-	408,210
Central office and premises	51,704	-	-	51,704
Depreciation	9,278	-	-	9,278
Legal and professional fees	88,865	-	-	88,865
Trust management costs	-	-	6,797	6,797
Other support costs	22,880	-	-	22,880
Governance				
Auditors fee:				
- Current year statutory audit	20,790	-	-	20,790
- Non audit fee payroll services	1,944	-	-	1,944
Synod and Bishop's Council	57,008	-	-	57,008
	<b>660,680</b>	<b>-</b>	<b>6,797</b>	<b>667,477</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	£	£	£	£
Central staff costs	350,734	-	-	350,734
Central office and premises	62,942	-	-	62,942
Depreciation	10,495	-	-	10,495
Legal and professional fees	84,361	-	-	84,361
Trust management costs	-	-	6,344	6,344
Other support costs	48,264	-	-	48,264
Governance				
Auditors fee:				
- Current year statutory audit	19,800	-	-	19,800
- Non audit fee payroll services	4,000	-	-	4,000
Synod and Bishop's Council	5,923	-	-	5,923
	<b>586,519</b>	<b>-</b>	<b>6,344</b>	<b>592,863</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 11 Staff costs

	2022	2021
	£	£
Salaries	408,338	439,950
Social security costs	43,108	40,976
Other pension costs	45,281	49,292
	<u>496,727</u>	<u>530,218</u>
	2022	2021
Average number included in staff costs above during the year:	<u>11.5</u>	<u>10.7</u>
Average number of Full Time Equivalents in the year:	<u>10.3</u>	<u>9.0</u>

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

	2022 Number	2021 Number
£60,001 - £70,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

### Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling activities of the Diocese. The remuneration totalled £91,960 (2021: £91,132).

The Diocesan and Suffragan Bishops are stipend office holders in the Diocese, however unlike other stipended office holders, the Diocese is not asked directly to reimburse the Bishops' costs. Instead these are met by the Church Commissioners and thus the costs not included in these accounts. The three full time and one part time Archdeacon are paid a stipend and these costs are included in the Charitable Activities Note 8, under Ministry and Mission costs and not included in this Staff costs note. Contractors are not included in the above as they are not staff.

### Trustees reimbursed expenses and remuneration

Prior to the Covid pandemic, all trustees usually attended a minimum of two meetings a year and received reimbursement for travel and accommodation costs. Since the pandemic, the Diocesan Synod, Bishop's Council and Finance and Personnel and Audit Committee meetings have been not held in person but online with the result no costs were incurred. In 2022 however, the first face to face Diocesan and General Synods were held and £4,190 expenses incurred.

No trustee was paid any remuneration from the DBF as a result of their position.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 12 Analysis of transfers between funds

	Unrestricted Funds		Restricted funds
	General funds	Designated funds	
	2022	2022	2022
	£	£	£
Transfer from unrestricted to designated funds:			
- Hardship Fund	(50,000)	50,000	-
- Safeguarding Past Case review 2	(138,927)	138,927	-
Transfer from unrestricted to restricted funds:			
- UKNSF (FCDO) grant			(3,816)
- Digital Diocese		-	3,816
	<b>(188,927)</b>	<b>188,927</b>	<b>-</b>

	Unrestricted Funds		Restricted funds
	General funds	Designated funds	
	2021	2021	2021
	£	£	£
Transfer from unrestricted to designated funds:			
- Grants	(10,000)	10,000	-
- Hardship Fund	(150,000)	150,000	-
- Safeguarding Past Case review 2	(100,000)	100,000	-
Transfer from unrestricted to restricted funds:			
- Digital Diocese	(12,695)	-	12,695
	<b>(272,695)</b>	<b>260,000</b>	<b>12,695</b>

### 13 Tangible Fixed Assets

	Freehold £	Leasehold £	Equipment £	Total £
<b>Cost</b>				
Brought forward 1 January 2022	685,012	53,390	42,187	780,589
Additions	-	-	2,098	2,098
Disposals	-	-	(27,146)	(27,146)
Carry forward 31 December 2022	<b>685,012</b>	<b>53,390</b>	<b>17,139</b>	<b>755,541</b>
<b>Depreciation</b>				
Brought forward 1 January 2022	148,970	53,390	34,230	236,590
Depreciation charge for the year	6,850	-	2,428	9,278
Written back on disposal	-	-	(27,146)	(27,146)
Carry forward 31 December 2022	<b>155,820</b>	<b>53,390</b>	<b>9,512</b>	<b>218,722</b>
<b>Net book value</b>				
At 31 December 2022	<b>529,192</b>	<b>-</b>	<b>7,627</b>	<b>536,819</b>
At 1 January 2022	<b>536,042</b>	<b>-</b>	<b>7,957</b>	<b>543,999</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 14 Investments

	Listed investments		Social investments	Total
	Unrestricted £	Restricted £	Unrestricted £	
Brought forward 1 January 2021	5,139,648	6,920,000	200,000	12,259,648
Loss on investments	(604,919)	(767,893)	-	(1,372,812)
Carry forward 31 December 2022	<b>4,534,729</b>	<b>6,152,107</b>	<b>200,000</b>	<b>10,886,836</b>

The majority of the listed investments are held in collective investment funds managed by CCLA. The historic cost of these investments at 31st December 2022 was £6,475,031 (2021: £6,475,031).

### 15 Debtors

	2022 £	2021 £
Amounts due from chaplaincies	125,000	125,000
Prepayments and accrued income	75,151	71,630
Other debtors	332,734	266,734
	<b>532,885</b>	<b>463,364</b>

### 16 Creditors: falling due within 1 year

	2022 £	2021 £
Amounts owed to chaplaincies	1,257,914	1,157,970
Other creditors	136,661	73,945
Accruals and deferred income	546,149	259,058
	<b>1,940,724</b>	<b>1,490,973</b>

### 17 Creditors: falling due after more than 1 year

	2022 £	2021 £
Loan (see note below)	400,000	450,000
Pension deficit repayment creditor (see note 24)	-	938
	<b>400,000</b>	<b>450,938</b>

In January 2021 a loan of £500,000 was obtained from CCLA, the DBF's investment managers, under the Diocesan Loan Scheme. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years, with no requirement of repayment of capital in the interim. The loan is being repaid in equal instalments of £50,000 over the 10 year period. The interest is payable every six months.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 18 (a) Summary of fund movements - current year

	As at 1.1.22	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.22
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<i>General funds:</i>						
Diocesan Fund	4,802,009	1,297,916	(1,493,797)	(604,919)	(188,927)	3,812,282
<i>Designated funds:</i>						
Ordination Candidates	45,640	85,544	(57,655)	-	-	73,529
Mission Opportunities	166,434	-	(20,656)	-	-	145,778
Hardship	112,642	154,734	(37,517)	-	50,000	279,859
Safeguarding Past Case Review 2	1,775	60,000	(200,702)	-	138,927	0
Diocesan grants	7,100	-	-	-	-	7,100
<b>Total Unrestricted Funds</b>	<b>5,135,600</b>	<b>1,598,194</b>	<b>(1,810,327)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,318,548</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,565	(1,565)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,852	(4,852)	-	-	-
Armstrong Trust (Istanbul)	65,684	5,778	(5,989)	-	-	65,473
Bagneres de Bigorre Fund (France)	-	1,741	(1,741)	-	-	-
Bertie Watson (Algarve)	36,107	16,211	-	-	-	52,318
Clement Jones (Suffragan Bishop)	4,710	2,666	(2,506)	-	-	4,870
Col Doughty Wylie Fund (FCO)	14,482	262	(983)	-	-	13,761
Crimean Memorial Church (Istanbul)	-	2,578	(2,578)	-	-	-
Daphne Willoughby - Waters (Palma)	5,279	2,146	(7,107)	-	-	318
Diocesan Development Fund	78,739	15,212	(5,761)	-	-	88,190
Emma Tebbs Trust (Rome)	-	3,762	(3,762)	-	-	-
Frank Pratt Barlow (Monte Carlo)	33,310	40,194	(54,993)	-	-	18,511
Houlton Fund (Malta)	-	1,243	(1,243)	-	-	-
Lindley Fund (Germany)	-	1,722	(1,722)	-	-	-
MMS (Gibraltar & Marseilles)	(15,366)	10,426	(10,521)	-	-	(15,461)
Overseas Bishoprics Fund	25,874	6,261	-	-	-	32,135
Philip Coleman Trust (Palma)	-	1,153	(1,153)	-	-	-
Riga Mission Trust	25,604	21,387	(14,916)	-	-	32,075
Spicer Trust (Needy clergy)	13,087	39,273	(25,834)	-	-	26,526
St Andrew's (Tangier)	9,158	10,566	(6,365)	-	-	13,359
St Georges (Berlin)	-	2,956	(2,956)	-	-	-
Stephenson Bequest (Malaga)	-	2,349	(2,349)	-	-	-
Ministry division RME Ordinands' grant	31,663	226,214	(189,423)	-	-	68,454
UKNSF (FCDO) grant	6,481	14,695	(17,360)	-	(3,816)	-
Strategic ministry fund	2,000	185,130	(180,675)	-	-	6,455
Digital Diocese (Benefact grant)	115,864	-	(42,422)	-	3,816	77,258
Ministry Experience Scheme	33,929	43,492	(30,761)	-	-	46,660
	<b>486,605</b>	<b>663,834</b>	<b>(619,537)</b>	<b>-</b>	<b>-</b>	<b>530,902</b>
<b>Balance c/f</b>	<b>5,622,205</b>	<b>2,262,028</b>	<b>(2,429,864)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,849,450</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 18 (a) Summary of fund movements - current year (continued)

	As at 1.1.22	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.22
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>5,622,205</b>	<b>2,262,028</b>	<b>(2,429,864)</b>	<b>(604,919)</b>	<b>-</b>	<b>4,849,450</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	50,936	-	-	(5,969)	-	44,967
All Saints (Dresden) Trust (Germany)	182,160	-	-	(21,348)	-	160,812
Armstrong Trust (Istanbul)	177,332	-	-	(26,679)	-	150,653
Bagneres de Bigorre Fund (France)	54,913	-	-	(6,435)	-	48,478
Bertie Watson (Algarve)	600,261	-	-	(63,539)	-	536,722
Clement Jones (Suffragan Bishop)	100,655	-	-	(12,596)	-	88,059
Col Doughty Wylie Fund (FCO)	134,551	-	-	(15,995)	-	118,556
Continental Chaplaincies	1,238,300	-	-	(120,510)	-	1,117,790
Crimean Memorial Church (Istanbul)	98,134	-	-	(11,501)	-	86,633
Daphne Willoughby - Waters (Palma)	130,050	983	-	(14,829)	-	116,204
Diocesan Development Fund	476,247	-	-	(63,673)	-	412,574
Emma Tebbs Trust (Rome)	143,173	-	-	(16,779)	-	126,394
Frank Pratt Barlow (Monte Carlo)	1,669,629	-	-	(134,016)	-	1,535,613
Houlton Endowment Fund (Malta)	47,335	-	-	(5,547)	-	41,788
Lindley Endowment Fund (Germany)	65,546	-	-	(7,682)	-	57,864
MMS (Gibraltar & Marseilles)	418,276	-	-	(44,621)	-	373,655
Overseas Bishoprics Fund	268,865	-	-	(27,923)	-	240,942
Philip Coleman Trust (Palma)	46,253	-	-	(6,259)	-	39,994
Riga Mission Trust	519,108	-	-	(67,976)	-	451,132
Spicer Trust (Needy clergy)	34,362	-	-	(4,450)	-	29,912
St Andrew's (Tangier)	560,787	-	-	(64,630)	-	496,157
St. George's (Berlin)	170,251	-	-	(13,303)	-	156,948
Stephenson Bequest (Malaga)	93,982	-	-	(11,633)	-	82,349
	<b>7,281,106</b>	<b>983</b>	<b>-</b>	<b>(767,893)</b>	<b>-</b>	<b>6,514,196</b>
<b>Total funds</b>	<b>12,903,311</b>	<b>2,263,011</b>	<b>(2,429,864)</b>	<b>(1,372,812)</b>	<b>-</b>	<b>11,363,646</b>

### Details of Funds

#### Unrestricted

- *Diocesan Fund*  
The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.
- *Ordination Candidates Fund*  
This Designated Fund is available to support ordination candidates.
- *Mission Opportunities Fund*  
The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese.
- *Hardship Fund*  
A Designated Fund established to support chaplaincies with insolvency or the inability to pay their clergy following the outbreak of COVID-19. This will now cover financial hardship occasioned by the big increase in inflation in 2022.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

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### Details of Funds- continued

#### Unrestricted - continued

- *Safeguarding Past Case Review 2*  
A Designated Fund to cover the cost of the requirement to independently review files relating to all serving and past (living) clergy & church officers, to ensure safeguarding matters have been appropriately handled.

#### Restricted

Restricted funds may only be applied for the purposes specified in the measures, trust deeds and the ecclesiastical statutory regulations. Generally all income generated on restricted funds is paid to the chaplaincies to which the fund relates. Grants and expenditure includes a 5% management fee levied by the Diocese.

The management charge is applied to all trusts to cover accountancy and administration for those trusts. This charge has been accounted for as income to the unrestricted general fund, and as a cost to the funds concerned. The total charge within restricted funds was £6,797 (2021: £6,344).

- *Diocesan Development Fund*  
A Special Trust for the purposes of Charities Act 2011.
- *Ministry Division RME Ordinand's Grant*  
Block grant received from the ministry division, Archbishops' Council, to fund the training of Ordinands.
- *UKNSF (FCDO) grant*  
A restricted grant from the Foreign Commonwealth and Development Office to help UK nationals with their residency applications in France following Brexit.
- *Strategic ministry fund*  
A fund from the Archbishops' Council to provide financial support for growth in the number of stipendiary curates in the Diocese.
- *Digital Diocese (Benefact Trust (previously known as Allchurches) grant*  
A transformational grant to create and distribute inspiring content that seeks to build and grow congregations across demographic groups.
- *Ministry Experience Scheme*  
A scheme for people aged 18 to 30, who desire to discern their vocation in the Church of England.

#### Endowment

Endowment funds may only be applied for the purposes specified in the measures, trust deeds and the ecclesiastical statutory regulations. They are only generally available for specified purposes.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 18 (b) Summary of fund movements - previous year

	As at 1.1.21	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.21
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<b>General funds:</b>						
Diocesan Fund	4,455,051	1,290,442	(1,318,979)	648,190	(272,695)	4,802,009
<b>Designated funds:</b>						
Ordination Candidates Fund	51,274	16,784	(22,418)	-	-	45,640
Mission Opportunities Fund	194,497	-	(28,063)	-	-	166,434
Hardship Fund	79,986	16,317	(133,661)	-	150,000	112,642
Safeguarding Past Case Review 2	2,055	-	(100,280)	-	100,000	1,775
Diocesan grants	-	-	(2,900)	-	10,000	7,100
<b>Total Unrestricted Funds</b>	<b>4,782,863</b>	<b>1,323,543</b>	<b>(1,606,301)</b>	<b>648,190</b>	<b>(12,695)</b>	<b>5,135,600</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,303	(1,303)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,632	(4,632)	-	-	-
Armstrong Trust (Istanbul)	65,236	5,741	(5,292)	-	-	65,685
Bagneres de Bigorre Fund (France)	-	1,684	(1,684)	-	-	-
Bertie Watson (Algarve)	86,430	13,855	(64,178)	-	-	36,107
Clement Jones (Suffragan Bishop)	2,935	2,697	(922)	-	-	4,710
Col Doughty Wylie Fund (FCO)	15,050	10	(578)	-	-	14,482
Crimean Memorial Church (Istanbul)	-	2,494	(2,494)	-	-	-
Daphne Willoughby - Waters (Palma)	8,257	2,128	(5,106)	-	-	5,279
Diocesan Development Fund	66,895	14,625	(2,781)	-	-	78,739
Emma Tebbs Trust (Rome)	-	3,638	(3,638)	-	-	-
Frank Pratt Barlow (Monte Carlo)	-	35,075	(1,765)	-	-	33,310
Houlton Fund (Malta)	-	1,203	(1,203)	-	-	-
Lindley Fund (Germany)	-	1,666	(1,666)	-	-	-
MMS (Gibraltar & Marseilles)	(13,909)	10,045	(11,502)	-	-	(15,366)
Overseas Bishops Fund	20,122	6,055	(303)	-	-	25,874
Philip Coleman Trust (Palma)	-	1,303	(1,303)	-	-	-
Riga Mission Trust	14,416	20,322	(9,134)	-	-	25,604
Spicer Trust (Needy clergy)	11,427	3,154	(1,494)	-	-	13,087
St Andrew's (Tangier)	4,642	14,014	(9,498)	-	-	9,158
St Georges (Berlin)	-	2,879	(2,879)	-	-	-
Stephenson Bequest (Malaga)	-	2,606	(2,606)	-	-	-
Ministry division RME Ordinands' grant	29,656	210,798	(208,791)	-	-	31,663
UKNSF (FCDO) grant	-	255,467	(248,986)	-	-	6,481
Strategic ministry fund	-	159,071	(157,071)	-	-	2,000
Digital Diocese (Allchurches grant)	110,000	-	(6,832)	-	12,695	115,863
Ministry Experience Scheme	-	54,488	(20,559)	-	-	33,929
	<b>421,157</b>	<b>830,953</b>	<b>(778,200)</b>	<b>-</b>	<b>12,695</b>	<b>486,605</b>
<b>Balance c/f</b>	<b>5,204,020</b>	<b>2,154,496</b>	<b>(2,384,501)</b>	<b>648,190</b>	<b>-</b>	<b>5,622,205</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 18 (b) Summary of fund movements - previous year (continued)

	As at 1.1.21	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.21
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>5,204,020</b>	<b>2,154,496</b>	<b>(2,384,501)</b>	<b>648,190</b>	<b>-</b>	<b>5,622,205</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	44,533	-	-	6,403	-	50,936
All Saints (Dresden) Trust (Germany)	159,260	-	-	22,900	-	182,160
Armstrong Trust (Istanbul)	156,853	-	-	20,479	-	177,332
Bagneres de Bigorre Fund (France)	48,010	-	-	6,903	-	54,913
Bertie Watson (Algarve)	532,104	-	-	68,157	-	600,261
Clement Jones (Suffragan Bishop)	93,461	-	-	7,194	-	100,655
Col Doughty Wylie Fund (FCO)	121,099	-	-	13,452	-	134,551
Continental Chaplaincies	1,139,363	-	-	98,937	-	1,238,300
Crimean Memorial Church (Istanbul)	85,797	-	-	12,337	-	98,134
Daphne Willoughby - Waters (Palma)	117,323	1,064	-	11,663	-	130,050
Diocesan Development Fund	410,419	-	-	65,828	-	476,247
Emma Tebbs Trust (Rome)	125,174	-	-	17,999	-	143,173
Frank Pratt Barlow (Monte Carlo)	1,453,190	-	-	216,439	-	1,669,629
Houlton Endowment Fund (Malta)	41,384	-	-	5,951	-	47,335
Lindley Endowment Fund (Germany)	57,306	-	-	8,240	-	65,546
MMS (Gibraltar & Marseilles)	371,395	-	-	46,881	-	418,276
Overseas Bishops Fund	238,913	-	-	29,952	-	268,865
Philip Coleman Trust (Palma)	49,520	-	-	(3,267)	-	46,253
Riga Mission Trust	505,500	-	-	13,608	-	519,108
Spicer Trust (Needy clergy)	31,522	-	-	2,840	-	34,362
St Andrew's (Tangier)	491,460	-	-	69,327	-	560,787
St. George's (Berlin)	157,046	-	-	13,205	-	170,251
Stephenson Bequest (Malaga)	91,865	-	-	2,117	-	93,982
	<b>6,522,497</b>	<b>1,064</b>	<b>-</b>	<b>757,545</b>	<b>-</b>	<b>7,281,106</b>
<b>Total funds</b>	<b>11,726,517</b>	<b>2,155,560</b>	<b>(2,384,501)</b>	<b>1,405,735</b>	<b>-</b>	<b>12,903,311</b>

### 19 Commitments under operating leases

At 31 December 2022, the DBF had future minimum payments under non cancellable operating lease as follows:

	2022	2021
	£	£
Land and Buildings		
Not later than 1 year	-	30,000

The old lease expired at the end of 2022 and there is currently a licence to occupy Church House, with effect from 15 February 2023, whilst the office at Tufton Street is being refurbished by the landlord. This licence expires the later of 15 August 2023 or not less than one month's notice given by the licensee. A new five year lease will be signed once the building work has been completed.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 20 Net assets by fund

	Tangible fixed assets	Investments	Current assets	Current liabilities	Amounts falling due after 1 year	Total Funds
	£	£	£	£	£	£
<b>2022</b>						
<b>Unrestricted</b>						
General	536,819	4,734,729	881,460	(1,940,726)	(400,000)	3,812,282
Designated	-	-	506,266	-	-	506,266
<b>Restricted</b>	-	-	530,902	-	-	530,902
<b>Endowment</b>	-	6,152,108	362,088	-	-	6,514,196
<b>Total Funds</b>	<b>536,819</b>	<b>10,886,837</b>	<b>2,280,716</b>	<b>(1,940,726)</b>	<b>(400,000)</b>	<b>11,363,646</b>
<b>2021</b>						
<b>Unrestricted</b>						
General	543,999	5,339,648	860,272	(1,490,973)	(450,938)	4,802,009
Designated	-	-	333,591	-	-	333,591
<b>Restricted</b>	-	-	486,605	-	-	486,605
<b>Endowment</b>	-	6,920,000	361,106	-	-	7,281,106
<b>Total Funds</b>	<b>543,999</b>	<b>12,259,648</b>	<b>2,041,575</b>	<b>(1,490,973)</b>	<b>(450,938)</b>	<b>12,903,311</b>

### 21 Funds held as custodian trustee

	2022 £	2021 £
Investments (at Market Value 31st December)	1,602,537	1,794,792
Cash on deposit	489,941	511,465
<b>Total assets held on behalf of chaplaincies</b>	<b>2,092,478</b>	<b>2,306,257</b>

### 22 Capital commitments

As at 31 December 2022 there were no capital commitments.

### 23 Post balance sheet events and contingent liabilities

There are no post balance sheet events and contingent liabilities

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2022*

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### 24 Pensions

The DBF participates in two pension schemes.

These are:

1. Church of England Funded Pensions Scheme (“CEFPS”) for stipendiary clergy and
2. Church Workers Pension Fund (“CWPF”) for Diocesan lay employees

#### (a) Church of England Funded Pensions Scheme (“CEFPS”)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme’s assets and liabilities to each specific Responsible Body, therefore contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year. In 2022 these amounted to £50,483 (2021: £49,779), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge in the year of £50,483 (2021: £47,021.)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

#### 24 Pensions (continued)

##### (a) Church of England Funded Pensions Scheme ("CEFPS") (continued)

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2021
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £	2021 £
Balance 1 January	938	3,695
Deficit contribution paid	(1,212)	(2,027)
Remaining change to balance sheet liability	274	(730)
Balance 31 December	-	<b>938</b>

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

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

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

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#### **(b) Church Workers Pension Fund (“CWPF”)**

The DBF participates in the Pension Builder Scheme section of CWPF for lay staff and is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

The Church Workers Pension Fund has two sections

1. The Defined Benefits Scheme
2. The Pension Builder Scheme, which has two subsections;
  - i) a deferred annuity section known as Pension Builder Classic and
  - ii) a cash balance section known as Pension Builder 2014.

#### **Pension Builder Scheme**

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

1. *Pension Builder Classic* provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.
2. *Pension Builder 2014* is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced, from age 65.

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme’s assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are the contributions payable of £39,613 (2021: £34,872).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 25 Related party transactions

The Chair of the DBF received £6,300 for professional consultancy provided during the year (2021: £6,300). This sum was unpaid at the end of both financial years and included in accruals. There were no other related party transactions. (See Note 11).

### 26 Prior year comparative SOFA

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2021 £
<b>Income and endowments from:</b>					
Donations and legacies					
- Common Fund		917,576	-	-	917,576
- Archbishops' Council grant	3	172,836	-	-	172,836
- Other donations	4	50,637	424,357	-	474,994
Charitable activities	5	-	255,467	-	255,467
Investments	6	172,272	151,129	1,064	324,465
Other	7	10,222	-	-	10,222
		<b>1,323,543</b>	<b>830,953</b>	<b>1,064</b>	<b>2,155,560</b>
Expenditure on:					
Charitable activities	8 / 9	(1,606,301)	(778,200)	-	(2,384,501)
		<b>(282,758)</b>	<b>52,753</b>	<b>1,064</b>	<b>(228,941)</b>
<b>Net surplus before gain on investments</b>					
Net gain on fixed asset investments	14	648,190	-	757,545	1,405,735
		<b>365,432</b>	<b>52,753</b>	<b>758,609</b>	<b>1,176,794</b>

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

England & Wales - Charity number 250186

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# Accounts

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# DIOCESE IN EUROPE

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THE CHURCH  
OF ENGLAND



**THE DIOCESE IN EUROPE BOARD OF FINANCE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

*for the year ended 31 December 2021*

*Company No. 106580*  
*Registered Charity No. 250186*

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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*for the year ended 31 December 2021*

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## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **BISHOP'S INTRODUCTION**

*for the year ended 31 December 2021*

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I am very pleased to introduce this annual report for the Diocese in Europe. 2021 was the year we hoped Covid would recede and had to live with the reality that it did not. This was hard for our clergy and especially for lay people looking after chaplaincies in vacancy. I pay tribute to the resilience, perseverance and hard work of all our clergy, our lay officers and our central staff as they coped with yet another year of uncertainty and unpredictability. They did so remarkably well, and this report is testimony to the year's significant achievements.

In 2022 we face some new and very serious challenges: war in Ukraine, within the territory covered by our Diocese, and linked to this rising inflation in Europe and the threat of famine in the global south. We do not underestimate the gravity of the situation. Yet our Diocese remains trustful of God and in good heart. Materially undergirded by the Diocesan Board of Finance, we seek to continue to fulfil our extraordinary mission of delivering Anglican ministry to congregations in 40 countries across Europe plus Turkey, Western Russia and Morocco.

I hope you enjoy reading this report. I trust that you are encouraged and reassured by the great care that is taken over the management of our relatively slender resources, and the way these are deployed for maximum effect. I thank God for the vitality of our Diocese in Europe as evidenced by this report and pray for its continued fruitfulness and flourishing.

The Right Reverend Dr. Robert Innes  
Bishop of Gibraltar in Europe

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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The Trustees, who are also Directors for the purposes of company law, present their annual report together with the audited financial statements, for the year ended 31 December 2021.

### OBJECTIVES

The Diocese in Europe has almost 300 congregations in 40 countries in Europe, Russia and North Africa. These congregations are organised within 147 (2020:148) separate chaplaincies. The Company's principal activity is to promote, assist and advance the mission and ministry of the Church of England in the Diocese in Europe by acting as the financial executive of the Diocesan Synod.

The main objectives of the charitable Company or Diocese in Europe Board of Finance ("DBF") are:

- To manage the financial aspects of providing a priestly and pastoral presence where needs arise and as resources permit across the Diocese.
- To provide appropriate personnel, financial grants and other resources including safeguarding to support the mission of the Diocese.
- To engage with the community as part of the Church's response to God's mission to His people in the area covered by the Diocese.
- To manage funds on behalf of the churches in the Diocese, and related trust funds.
- To provide services to churches and help the flow of communications across the Diocese, including the provision of various publications.

Funds and other support are given to encourage fresh expressions for worship and mission; to support the ongoing mission of the Diocese, and to provide a service to our chaplaincies. Priorities for Diocesan support are identified at regular meetings of the Bishop's staff and at the Diocesan and archdeaconry synods. Significant financial issues are delegated to the Finance, Audit and Personnel Committee ("FAPC") between meetings of the Diocesan Synod and the Bishop's Council. Revised Terms of Reference for that committee including spending thresholds were agreed by the Trustees at the Bishop's Council in October 2020.

The Trustees aim to operate a balanced budget, meeting current expenditure from current income, so that capital growth can be set aside to support the work of the Diocese in future years and be available at times of particular hardship. This aim became increasingly difficult to achieve as the costs of the Diocese escalated during the last decade. At the Bishop's Council in 2018 a financial plan was approved which aimed to achieve break-even over the next three years. The plan accommodates required increases in costs, principally in the areas of safeguarding, archdeacons and communications. It also incorporated increases in Common Fund contributions from chaplaincies in the three years up to and including 2021. As a result of the Covid-19 pandemic the plan was revised at the Bishop's Council in 2021. A new plan through to 2025 was approved including a freeze in the Common Fund requests for a further year 2022. The revised plan envisages increases in Common Fund requests from chaplaincies in the years 2023-2025 to be agreed annually and the plan showed that up to £1.7 million of reserves would have been used in the years 2019 to 2025 or £1.25 million from 2022-2025 inclusive. Trustees agreed that this plan was sustainable.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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### STRATEGIC AIMS

The Diocesan strategy commits us to:

- Building up the Body of Christ and fostering growth.
- Sharing with other churches and agencies in the evangelisation of Europe.
- Striving for the creation of a just society and a sustainable environment.
- Working for Reconciliation in communities and in the wider world.
- Providing the Resources to do these things.

Across our far-flung Diocese, the Diocesan staff team and the chaplaincies work together in fulfilling this strategic vision by making good clergy appointments, fostering vocations; forging partnerships with mission agencies, working with refugees and providing encouragement and support to our people. The achievement in continuing this work in the context of Brexit and COVID-19 is gratifying.

At Bishop's Council, the Trustees reviewed the strategy and it is still regarded as being fit for purpose. However, some key priorities for activity emerged at the Council and subsequent Diocesan Synod meetings over the past year. These are:

1. The environment and the stewardship of creation.
2. Growing ministry to young people.
3. Growing training and development of both lay leaders and clergy with a particular focus on the Ministry of Women and of Black, Asian and Minority Ethnic people both lay and ordained.
4. Embracing lower income groups and learning how to function better with less.

Some but not all of this work has been constrained by the pandemic. However well these priorities may be understood and agreed, progress on the work depends on financial stability and growth along with the commitment of people across the Diocese to work towards these objectives.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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### FINANCIAL EXECUTIVE SUMMARY

The outcome for the year for the unrestricted fund is a deficit, before investment gains of £(282,758) (2020: Surplus £9,991). This is less than the budgeted deficit agreed by the Trustees at the Bishop's Council in 2020 of £(381,470). The main reasons for the reduction in the deficit lie in the better than expected return from the Common Fund request and the lower than budgeted expenditure due to the pandemic continuing longer than predicted in the Autumn of 2020. No extra funding was received from the Archbishop's Council as the DBF would not have qualified under the criteria for 2021. The DBF continued to make grants from the Covid-19 hardship fund. 26 chaplaincies benefitted from a total of £133,661 of grants in the year. The Common Fund request from all chaplaincies was frozen for a second year in 2021 and 96.6% was received. The DBF holds a very significant portion of its unrestricted reserves as investments managed by CCLA. The fund managers continued to perform well and at the year end the capital value of these funds had grown by £0.65 million to £5.14 million (2020: £4.49 million).

The Trustees reviewed the financial plan for the DBF through to 2025 and the outcome for 2021 has enabled the 2022 Common Fund request from chaplaincies to be frozen once again. The Trustees recognised that such freezes will not be able to continue in the succeeding years if the DBF's financial health and sustainability is to be maintained. Looking ahead savings will need to continue to be made on travel and in meeting costs. The objective of the DBF is that there will be no increase in central office costs and that staffing levels will be kept as low as possible. Alternative funding streams continue to be explored by senior staff particularly but not only grants from the Archbishops' Council. The big risks to the financial plan lie in the financial fragility of chaplaincies and in rising costs as inflation hits the global economy. The high cost of the Safeguarding Past Cases Review 2 arising from reviewing the files in Brussels is a significant risk to remaining on budget in 2022. This matter is under discussion with the National Church Institutions.

The full economic effects of the war in Ukraine (a Post Balance Sheet Event, see Page 14 for further details) are not yet apparent but costs, income and the value of investments are all threatened. Investments are regarded by the DBF as long term, low risk holdings. Performance overall has been strong but uncertainty in the global economy makes forecasting of investment values difficult and it should not be assumed that the 2021 values will be maintained.

This Annual Report paints a picture of effective stewardship, ambitious planning, and considerable generosity which are all causes for optimism. However, it should be read with a clear understanding that, whilst the Diocese has proved resilient and adaptable through the pandemic, it is also fragile and manages on far fewer resources than other Dioceses in the Church of England.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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### 2021 IN CONTEXT

#### Covid-19

Towards the end of 2020 there was some optimism that life across the Diocese in Europe would be returning to relative normality early in 2021. Such hope was founded mainly on the emergence of vaccines. This optimism was largely misplaced due to the emergence of new variants and slow distribution of or low take up of vaccines. So, much of the year was characterised by fluctuating rates of infection which provoked a wide range of different lockdowns and changes in regulations across the multiple jurisdictions in the Diocese. The impact of the challenges was in no way reduced by their familiarity. The consequences of this included:

1. Staff and Clergy continued to work remotely with often increased workloads.
2. Chaplaincies continued with mainly online worship for significant portions of the year.
3. In person meetings were very restricted with consequences for chaplaincy fundraising although this also allowed some reductions in DBF costs.
4. Restrictions in travel reduced the numbers of visitors in chaplaincies as well as keeping many regular worshippers away from their chaplaincies either due to being isolated or staying in the UK for longer than expected.
5. Staff and clergy have suffered fatigue and stress as a result of the pandemic though they have also proved adaptable and resilient.

Clergy found new ways of offering pastoral care remotely but there is little doubt that in person activity of all kinds was much missed. There is a longer-term concern that people may have got out of the habit of coming to church regularly. There is however a palpable longing to be back in the pews for large numbers of members. The financial impact of the pandemic continued to be felt across the Diocese and included the following:

1. Congregational giving has had to be moved rapidly to online donations. The growth of regular online giving is to be encouraged but the reduction in the plate giving has hit some chaplaincies harder than others.
2. A reduction in big and often lucrative public events has reduced chaplaincy income.

The DBF has also sought to realise some benefits from these unexpected circumstances by:

1. Reduced travel saving both cash and reducing carbon impact.
2. Continued successful Diocesan online services and events bringing the people of the Diocese together more regularly.
3. Greater flexibility of work styles and circumstances for staff.
4. New ways of conducting synod business have been adopted which will endure beyond the Covid years.

The desire to return to pre-pandemic church life in many areas cannot be underestimated. Staff and congregations need to be present in person to be creative and effective and to build community. In 2022 the challenge is to achieve a new normal which takes on the best of what has been learned and revives and grows the best of what existed prior to the lockdowns. The benefits of this will be both to the mission and the finances of the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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### **2021 IN CONTEXT (continued)**

#### **Brexit**

In the public square in the UK, Brexit has been largely relegated as a topic for debate and analysis due to the pandemic. The full effects of Brexit have not been wholly apparent in 2021 in the Diocese and the war in Ukraine may continue to cast a veil over Brexit in 2022. However, visa regulations now hamper the ability of some church members to spend as many extended periods of time in the Diocese as was possible in the past. Equally there is added complexity and cost for new clergy in particular as they join the Diocese. That said, successful appointments have been made and the regulatory hurdles have been overcome in almost all cases. The costs, both in time and cash, of the regulatory changes should not be underestimated.

The value of sterling against the euro recovered and remained fairly steady for the last 3 quarters of the year after a brief decline with the signing of the withdrawal agreement. This has helped chaplaincies and their members who hold sterling accounts in London. Inflation may well represent a greater financial threat to the finances of both the DBF and its chaplaincies in 2022 than the currency value itself.

The declaration of the UK's Data Protection laws as 'adequate' by the EU has smoothed what might otherwise have been a difficult path for the DBF as there is no longer a need to make specific new arrangements with chaplaincies.

#### **The Church of England**

The Diocese has continued to build relationships with the broader Church of England to positive effect through the year. The Diocesan Secretary and the Bishops remain very active members of their respective local and national groups which have now begun to meet together more regularly. This sharing of information and perspectives is helpful in driving joined up approaches to issues between the episcopal leaders and senior lay staff across dioceses. The Head of Safeguarding is on several national safeguarding consultative groups and the Diocese is a pathfinder in the new case management system being developed at a national level.

The Diocese in Europe remains behind schedule in delivering the Past Cases Review 2. Covid regulations have delayed access to the files that have to be reviewed in Brussels. The Diocese has more files for review than many other dioceses and this in addition to the travel costs is making PCR2 particularly costly. Representations are being made to the Archbishops' council for extra funding to cover this.

Elections to General Synod were held in the Summer of 2021. For the first time these were conducted online with the technical work undertaken for all dioceses by the agency 'Civica'. The elections in Europe passed without any problems though the nationally prescribed process was inefficient with regard to staff time and cost. A review will be conducted nationally before the next elections.

The Diocesan Synod elections were conducted online for the first time. The process administered by the Registry and the Diocesan Office.

The Diocese continues to benefit from almost £200,000 a year from the Strategic Ministry Fund, established to support stipendiary curates through their training. Funds have been agreed for new starters in 2022 and an application has been submitted for 2023. The task is now to identify candidates to take up possible posts and match them with chaplaincies.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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### ACTIVITIES AND ACHIEVEMENTS

#### Ministry

The number of clergy in the Diocese holding a Bishop's licence as at 31 December 2021 was 139 (2020: 138). This includes 90 clergy in post as Chaplains (2020: 101) and 24 assistant priests who hold a licence in a chaplaincy (2020: 29) as well as the Dean, the Archdeacons and the Director of Ministerial Development. At the close of 2021, the Diocese had 30 vacancies (2020: 33) which, when filled, will have licensed clergy (including both Chaplains and assistant priests). Posts requiring a licensed priest total 169 (2020: 174). There were 10 appointments out of 10 advertised during 2021 (2020: 19). There was also one appointment that was not advertised (Option B process applied).

72 Readers held a Bishop's licence or Permission to Officiate at the end of the year (2020: 118). In addition, 10 Readers were awaiting new licences and a further 7 are applying for licences under the Ecumenical Canons.

There were 12 ordinands in either residential or non-residential training (2020: 17) at the end of December 2021 and 17 Readers in training (2020: 20).

#### Chaplaincy membership and attendance

The total number on chaplaincy electoral rolls is 9,284 (2020: 9,894). The pandemic has slowed the normal increase in roll numbers picking up from the creation of completely new rolls in 2019.

There were 277 baptisms (2020: 120) and 37 marriages (2020: 10) recorded in the Diocese with an additional 81 marriage blessings. The number of marriages in particular, represents a significant financial issue for some chaplaincies. These events are a source of engagement and income particularly when families travel from the UK for ceremonies. This has been restricted somewhat during the pandemic, however the growth from 2020 is a positive indicator. It is hoped that a return to near the 2019 levels will be achieved in 2022.

13 confirmation services were held with 116 candidates (2020 61: candidates).

Easter Day attendance was recorded as 4,752 . This number was limited by the pandemic in some places making the usual celebrations impossible. Many chaplaincies had strict limits on the number of people even allowed to attend the church. Christmas Day attendance was recorded at 8,025. Again there was some reduction due to the pandemic as the Omicron variant took hold in December 2021. 2020 figures are not available.

The Usual Sunday Attendance is recorded as 12,246 (2020 not recorded) and chaplaincies report 89 weekly online services each week down from 109 in 2020 as some churches return to normal patterns of in person worship.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Finance

Financial oversight was offered to the DBF by the Finance, Audit and Personnel Committee ("FAPC") which met six times during the year as well as providing advice through correspondence. The Committee is a source of essential expertise and challenge to the executive as well as representing the concerns of chaplaincies about financial matters. In the year ahead a new Chair of the DBF will be recruited after Mike Fegan announced his plan to step down from the role in 2022. The Committee is also seeking to increase the expertise it can draw upon in the area of HR.

A significant task of the Committee has been to scrutinise and approve a refreshed financial plan that was presented to and approved by the Trustees at the October 2021 Bishop's Council. The plan includes a freeze in Common Fund requests in 2022 and a likely increase in the three subsequent years to be approved at future Council meetings. It sets a target of a deficit under £100,000 by 2025 and keeping at least 2 years of DBF running costs in reserve both for security and for income that is derived from the investments. This plan presents a stable position and a clear path in uncertain times which is essential for stakeholders and prospective donors alike. It will be updated each year but that should not imply fundamental changes.

The FAPC approves grants made through the Covid Hardship fund. 26 chaplaincies benefitted in 2021 with grants totalling £133,661. Further rounds of Hardship Fund applications will be conducted in 2022.

The Clergy Pension Scheme is no longer in the deficit position of previous years and the Church of England Pensions board announced that Clergy Pension contributions would drop by 3.9% as a proportion of the benchmark stipend in April 2022. This will save £750 a year each for about 35 chaplaincies as well as a saving on pensions for the DBF of around £2,500 pa which relate mainly to the pension contributions on behalf of Archdeacons in the Diocese.

The DBF was successful with a bid to the Archbishop's Council for funding of £80,000 over 5 years towards the costs of a Giving Advisor to work across the Diocese to increase income to chaplaincies from congregations and other sources. This role will be recruited in 2022 and is expected to make a significant difference in areas such as tax efficient giving, online and regular giving and legacy giving campaigns. The role will be closely associated with the Church of England's strategic work in this area.

The lease on the DBF offices in London has been extended until the end of 2022 and negotiations regarding the renewal have begun with the Corporation of Church House working towards a longer term arrangement. The strategy of the DBF is to attempt to reduce its footprint and avoid an overall increase in cost. This may involve occupying new space in Church House.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

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#### ACTIVITIES AND ACHIEVEMENTS (continued)

##### Loans and Liquidity

In January 2021 a loan of £500,000, was obtained from CCLA, the DBF's investment managers, under the Diocesan Loan Scheme. The loan had been approved in 2020. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years, with no requirement of repayment of capital in the interim. The DBF anticipates repaying the loan in equal instalments over the 10 year period. The interest is payable every six months. The rate in May 2022 was 0.86%. No other loans have been obtained.

No investments were sold following the disposal of £500,000 worth of investments at the end of 2020.

##### Diocesan Investments

The Diocesan unrestricted investments were closely monitored throughout the year and their value was reported regularly to the FAPC. The DBF's investment manager, CCLA, attended several FAPC meetings to update the committee on investment performance and strategy. After the turbulence of 2020, 2021 was a much calmer year and the total investments gained £1.40m in the year or 13%. This figure includes restricted funds for which the DBF is the Trustee on behalf of other beneficiaries in the Diocese. The Capital value of the DBF's own unrestricted funds held as investments increased by £648,000 to £5.14m (see Note 14).

The vast majority of all investments are managed by CCLA whose performance outperformed that of many large fund managers. Many chaplaincies and trust funds, of which the DBF is the custodian trustee, are also managed by CCLA with positive results. See Note 18(a), Summary of Fund Movements. This positive picture should not obscure the downsides in the markets caused by inflation, the pandemic and latterly the war in Ukraine.

##### Pensions

No issues arose in the year regarding pension liabilities of the DBF or for staff and clergy enrolled in the Clergy Pension Scheme of the Church Workers Pension Scheme. In May 2022, following a valuation of the Pension Fund the Church of England Pension Fund trustees announced a reduction in contributions to 28% of clergy benchmark stipends. This is a further reduction from the interim rate of 36% (previously 38%) announced for April 2022.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Common Fund Allocation

The decision about how the frozen total common fund request should be allocated, was delegated to the Finance, Audit and Personnel Committee by the Bishop's Council. After detailed work examining the consequences of returning to using the formula for both the 2021 and 2022 request, the Committee decided to continue to ask for the same amount as in 2019 and 2020 from all chaplaincies, rather than applying the formula which would have been based on chaplaincy income in years not (fully) impacted by the pandemic. In 2022 the Committee decided to ask for a small supplement of 3% to be given to the hardship fund from those chaplaincies who would have had a big increase in common fund under the formula. In 2023 a return to the use of the formula based on the income in 2019, 2020 and 2021 is envisaged. This will be unsettling for some chaplaincies but the request will, as a result, be more justly aligned with the relative financial health of the chaplaincies across the Diocese.

#### Senior Staff Changes

The team of stand-alone stipendiary Archdeacons was completed when Rev'd Dr. Peter Hooper took up his post as Archdeacon of France in February 2021 and was licensed on 28 November. He added responsibility for the Archdeaconry of Switzerland in December 2021 following the retirement of Rev'd Canon Adèle Kelham.

Rev'd Sam Van Leer was licensed as the permanent Archdeacon of North-West Europe following his period of office as Acting Archdeacon.

Rev'd Canon Alan Strange was appointed to the full-time position of Bishop's Chaplain and started work in Brussels in April 2021 following the vacancy being created at the end of 2020.

Rev'd Canon Debbie Flach was appointed Dean of Women's Ministry. This is a new voluntary position.

#### Safeguarding

The pandemic has not reduced the volume of safeguarding activity. The independent scrutiny of this activity is provided by the Diocesan Safeguarding Advisory Committee which recruited additional independent members in 2021. A subset of that Committee acts as the Reference Group for the Past Cases Review 2. New safe recruitment guidelines have been issued by the National Safeguarding Team and are being implemented in the Diocese. There have been no new notifications of cases to the Charity Commission. The Diocese is continuing its work on the Past Cases Review 2. The reviewing of clergy files has been contracted to the experienced supplier DPR and is underway. The Diocese in Europe will report later than the rest of the Church of England due to travel restrictions in Europe caused by the pandemic.

The training programme is now conducted online with a reduction in cost and increase in engagement compared to the in person programmes in the past.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **ANNUAL REPORT**

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#### **ACTIVITIES AND ACHIEVEMENTS (continued)**

##### **Communications**

2021 saw a marked increase in the volume and consumption of communications from the DBF on all platforms. Over 100 online news stories were published on the website. The site now has 58,000 visitors each month 75% of which are new visitors. The Diocese is on Twitter, Facebook and Instagram and has over 7,800 followers. The subscribers to E-News (newsletter) and European Anglicans (online magazine) now exceed 3,000 and the publications have a 60% open rate which is twice the industry standard for such publications.

Work has commenced on the new website build which is to be delivered in 2022. Much of this development is funded by a grant from Allchurches Trust. The second tranche of that funding has not been drawn down due to the pandemic slowing spending of the first tranche. This has been agreed with the Allchurches Trust (now rebranded Benefact) trustees who have confirmed that they are holding the money for the Diocese.

##### **Diocesan Synod and Bishop's Council**

The pandemic prevented in person meetings of the Diocesan Synod and the Bishop's Council. An additional meeting of the Diocesan Synod was held in December 2021 as well as the June online meeting which approved the annual report and accounts.

The Bishop's Council met online in October 2021 to approve the budget and the revised financial plan. It was agreed that both bodies would meet in person in 2022 but not always in person thereafter thus making savings in both cost and carbon footprint and making it easier for lay members in particular to attend meetings.

A number of Trustees retired in November 2021 following the Diocesan Synod elections. New Trustees will be elected from the Diocesan Synod in 2022.

##### **Events**

The pandemic may have restricted the return to normal in person worship and events in many chaplaincies but it would be inaccurate to portray this as an uneventful year in the Diocese. Much chaplaincy activity moved online where it could not happen in person and new events online as well as hybrid online and in person events have also been developed.

In chaplaincies Morning Prayer continues to be very popular online and many bible studies and discussion groups have been very well attended in digital form.

Diocesan events such as the Vocations Seminar now happen online. This used to take place over a weekend in London with many people travelling long distances at considerable expense. The event is well attended at lower cost both in cash and in carbon footprint than in previous years.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

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#### ACTIVITIES AND ACHIEVEMENTS (continued)

##### Events (continued)

Much of the training of curates has also moved online though it was important that the seminar on liturgy was able to take place in person in Cologne given the 'physical' nature of elements of that event.

Pan Diocesan online worship continued to be very well supported with events being streamed both on zoom and the Diocesan YouTube channel.

Online services in 2021 included; A Service of Prayer and Reflection across the Diocese in Europe on the eve of the Funeral of His Royal Highness Prince Philip, Duke of Edinburgh, A Service of Blessing of Oils and Rededication of Ministry for Holy Week, the Annual Service of the Friends of the Diocese, and an event, aimed at young people, to mark the COP 22 Environment Summit. The closing service of the Diocesan Synod in December was an Advent Service for the Diocese at which The Rev'd Canon Adele Kelham preached to mark her retirement as Archdeacon of Switzerland.

Other significant events included:

- Ordinations in Madrid, Rome, London, Ghent as well as a historic first ever ordination service at the Queen's Chapel of the Savoy.
- An ecumenical milestone was passed when for the first time ever a Roman Catholic Archbishop preached at installation of an Anglican priest. This was at Holy Cross Palermo.
- 25 years of the Porvoo Agreement was celebrated at the Nordic/Baltic Deanery Synod in Porvoo.
- The blessing of the expanded St John the Evangelist Church, Casablanca in a civic and ecumenical event.
- Celebration of 50 years of the Church of the Holy Spirit, Costa Blanca.
- Publication of French language texts of Morning and Evening Prayer under the auspices of French ARC.
- Appointment of Rev'd Canon Debbie Flach and Rev'd Dr Catriona Laing as Dean and Assistant Dean of Womens Ministry respectively.
- Participation in the Conference in Yerevan on peace and reconciliation in Nagorny Karabakh under the auspices of the Catholicos of the Armenian Apostolic Church.
- Completion of the final stage of the approval of the Treaty between the Church of England and the Italian Government which will have significant advantages for all chaplaincies in Italy.
- 250<sup>th</sup> anniversary of Christ Church Amsterdam's occupation of its historic Groenburgwal building for the use of Anglican worship.
- Bishop Robert's participation in Article 17 High Level dialogue with EU leaders.
- Licensing of Sam Van Leer as Archdeacon of NW Europe, meaning the ambition of having three and a half stipendiary Archdeacons across the Diocese has been realised.
- Re-opening and dedication of the church in Menton following very extensive repair works, along with the opening of a library/community centre.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

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#### ACTIVITIES AND ACHIEVEMENTS (continued)

##### Events (continued)

Other significant events included (continued):

- Events to mark the 100<sup>th</sup> anniversary of the Malines conversation, including a keynote paper presented by former Archbishop Rowan Williams.
- Establishment of CityKirche as a new church plant in Vienna.

December saw the completion of the UKNSF project, funded by the Foreign and Commonwealth Office to assist UK Nationals in France in obtaining their residency permits. The Foreign Office Minister congratulated the Diocese on its “adaptability and resilience in moving to an online model of delivery”. Nearly 20,000 people engaged with the project and over 96% of users were satisfied with the response.

##### Volunteers

The DBF is dependent on the huge number of people involved in chaplaincies. The number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people’s relationship to the church particularly at times of crisis. Within this context, the DBF greatly values the considerable time given by all Committee members and other volunteers across the Diocese in pursuit of the church’s mission.

Measuring in a meaningful way the in-kind value of volunteer time to the operations of the DBF is particularly difficult. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Volunteer recruitment is now carried out in a way that takes account of the new guidelines on safer recruitment and new social media volunteers have been brought in on that basis helping to run the Diocesan Twitter account.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### POST BALANCE SHEET EVENTS

#### War in Ukraine

Ukraine was invaded by the Russian Army in February 2022. This war in the Diocese had profound effects for the ministry and mission in Kyiv and in Moscow. The refugee crisis spilled initially into Eastern Europe but fairly rapidly across very many jurisdictions served by the Diocese.

Very many of the community in the chaplaincy of Christchurch Kyiv were forced to flee including the church officers. Many members of the congregation at St Andrew's Moscow were told to leave by their employers though an international community remained in the city. The curate had to leave the city.

The first chaplaincies to respond to the refugee crisis were Budapest and Warsaw where shelter and hospitality and cash were the primary needs of refugees. Chaplaincies have responded with practical and spiritual and psychological support. Many other chaplaincies from Bergen in Norway to the South of France have been helping refugees as they move across the continent.

Online vigils for both the Diocese in Europe and the wider church were hosted by the Diocese and included contributions from those most affected. The first service was the biggest online event ever for the Diocese. The attendance of over 12,000 would have filled St Paul's Cathedral more than 3 times over.

The Diocese launched an appeal for aid in Ukraine and for refugees within 4 days of the invasion. The appeal was run in partnership with the United Society Partners in the Gospel who are working with the Diocese on the distribution of grants to ecumenical partners in Ukraine and beyond and to chaplaincies with suitable projects. The appeal was also launched as the Bishop's Lent and Easter Appeal. By the week after Easter over £300,000 had been received.

At the time of presenting this Annual Report it is unclear how severe the economic effects of the war will be either locally in the areas closest to Russia and Ukraine or more broadly across the Diocese. The contribution of the war to increases in fuel costs is already being felt across Europe. Any significant economic downturn that hits chaplaincies in the Diocese threatens their ability to pay Common Fund contributions which can have consequences for the DBF's finances.

There is considerable volatility in capital markets which are affecting the Diocesan and chaplaincy investments. Initially values held up quite well but by the middle of May the value of the investment units that make up much of the unrestricted reserves had fallen back to the levels of May 2021 or a loss of 8% in 2022 alone.

More parochially there is no knowing how long it will be before work in Moscow can grow once again. Money has been allocated from the Mission Opportunities Fund and from donors to revive ministry in Kyiv with a stipendiary Chaplain when the time is right. Chaplaincies continue to step up their activities for refugees some of which are funded by the Bishop's Lent Appeal.

The DBF is mindful that despite chaplaincies being stand-alone legal entities there would be consequences for the Diocese should a chaplaincy be unable to function due to the war.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **ANNUAL REPORT**

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#### **POST BALANCE SHEET EVENTS (continued)**

##### **Cost of Living**

Since early 2022, all economies in Europe have been hit by inflation caused by multiple factors, including fuel prices that were already rising prior to the war in Ukraine. Food prices and those of almost all commodities continue to rise. Chaplaincies and hence the Diocese are conscious of the financial squeeze. This will be exacerbated if the economic crisis prevents people travelling on holiday or if returning UK nationals, who swell the congregation in the summer, decide to stay in the UK. Overall rising chaplaincy costs and smaller attendances present a risk to chaplaincies ability to contribute to Diocesan funds as well as a risk to the DBF's ambition and its financial forecasts. The rate of inflation has a significant impact in the decisions about pay with staff and clergy costs being the main driver of all budgets in the Diocese.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

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#### FUTURE PLANS

After two years dominated by the pandemic, the number one aspiration for chaplaincies is to return to gathering in person for worship and to build community once more. Nothing can be more significant than that. Within that context there is rich potential to learn from the best of what has happened in the pandemic. This may be to welcome those who have previously only engaged with chaplaincy life online or to continue with initiatives that were never thought of before the pandemic.

The Diocese will learn how to function effectively digitally as well as in person and make the best of the efficiency and engagement that is possible with new technology. In practical terms this will mean accelerating progress with the Digital Diocese project including a new website, reinvigorated social media channels and digital networks.

Some specific initiatives for the coming year include:

- Developing a co-ordinated approach to our work with refugees across the Diocese (especially from Ukraine) by adding expertise in partnership with the United Society Partners in the Gospel ("USPG").
- Appointing a refugee projects officer in Calais in partnership with Canterbury Diocese.
- Building on our achievement of Bronze Eco Status as a Diocese, including carrying out an energy audit of the Bishop's Office in Brussels and begin to put into practice a new action plan to reach net zero carbon emissions by 2030.
- Exploring church planting opportunities in France along with opportunities for joint working with the French Protestant Church under the auspices of the Reuilly Agreement.
- Exploring possibility of a church plant between Amsterdam and Utrecht.
- Celebration of our ministry in Belgium and its extensive support by the Belgian authorities with the attendance by the King of the Belgians at a Eucharist at Holy Trinity Brussels.
- Planning a conference of Licensed Women Clergy for the Spring of 2023.
- Launching the Diocese's new theological course for lay people, *Walking Together in Faith*.

The Chair of the Diocesan Board of Finance Mike Fegan has indicated his intention to stand down in 2022 but also his willingness to continue as a Bishop's Nominee to the Bishop's Council and a member of the FAPC. The work to recruit a new chair has begun.

The 2022 Diocesan Synod and Bishop's Council plan to meet in person for the first time since 2019 but plans tabled at the Bishop's Council suggest that only one or other of these bodies will occur in person each year in future. Other Diocesan committees, the FAPC and the Safeguarding Advisory Committee will continue to meet online which increases attendance and saves time and money.

All the Archdeaconry Synods apart from France and Gibraltar (which meets in January 2023) plan to meet in person in 2022 including, for the first time in many years, a joint meeting of the Deaneries of Germany and Northern Europe.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

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#### FINANCIAL REVIEW

##### Financial performance summary

The overall deficit for the year including all funds, before investment gains, per the Statement of Financial Activities on page 30 was £(228,941) (2020: surplus £149,576). No one off grants or other income were received in the year unlike the grant of £210,000 from the Archbishops' Council in 2020. Investments made total gains in the year of £1,405,735 (2020: £563,830). The DBF's unrestricted investments made gains in the year of £648,190 with a value at the year end of £5,139,648 (2020: £4,491,458).

##### Income

Total income for the year was £2,155,560 (2020: £2,224,162). This includes unrestricted income of £1,323,543 (2020: £1,603,788) and restricted income of £830,953 (2020: £620,374) received for many activities such as the training of ordinands, the UK National Support fund project and Strategic Ministry Funding for Curates. See note 18 (a) for further details.

The contribution from chaplaincies through the Common Fund was £917,576 (2020: £912,771).

##### Expenditure

During the year total charitable expenditure was £2,384,501 (2020: £2,074,586), made up largely of direct ministry and mission costs and grants. See Note 8 for further details.

Designated grants of £287,323 (2020: £244,361) were made in the year. See Note 18(a).

Restricted expenditure totalled £778,200 (2020: £480,789.)

##### Balance sheet

Net assets as at December 31 2021 were £12,903,311 (2020: £11,726,517).

The gain in the total value of investments held was £1,405,735 (2020: £563,830). These include both unrestricted and endowed (see Note 14 and 18a for further details).

As at 31 December 2021 unrestricted funds were £5,135,600 (2020: £4,782,863). Restricted funds were £486,605 (2020: £421,157). Endowment funds (restricted) were £7,281,106 (2020: £6,522,497), which included an investment gain of £757,545 in the year.

##### Legacies

A small number of chaplaincies benefitted from legacy income in the past year. The promotion of giving by legacy to chaplaincies or to the Diocese, will be a focus for more activity in the future.

##### Remuneration of key management personnel

The responsibility for setting salaries for all staff, including senior personnel, lies with the FAPC, which is always mindful of prevailing market conditions. DBF staff and Archdeacons did not receive a pay rise in 2021. A winter allowance of £156 was paid to each member of staff earning under £60,000.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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### FINANCIAL REVIEW (continued)

#### Grant making policy

The Trustees award grants principally through the FAPC. These are normally to establish new chaplaincies via the Diocesan Development Fund or develop new mission initiatives within a chaplaincy or archdeaconry or in support of agencies or organisations which directly benefit the DBF but which do not charge fees, via the Mission Opportunity Fund.

#### Investment policy

The policy of the Trustees is to invest in a diversified portfolio of quoted equity and fixed interest securities. They take into account the requirements of the law in relation to the investment of charitable monies, while seeking the best possible returns and having due regard to preservation of capital. Investment decisions also take account of the funds' ethical policies and ensure that these fall within the guidelines approved by Church of England General Synod. The Company invests through common investment funds and does not invest directly in the stock market. For operational reasons, it also has certain very limited interests in property.

The portfolio held is diverse and designed to withstand pressures that may come in various parts of the global economy.

The FAPC meets at least quarterly and is updated on the portfolio's performance. Any need to draw down on investments is approved at these meetings. Representatives of CCLA, who manage the DBF's unrestricted investments and the vast majority of the Endowment Funds, regularly attend FAPC meetings. The Committee has considered the distribution of the investments between the various funds administered by CCLA and resolved not to change the distribution but to review this matter on a regular basis.

#### Reserves policy

The Trustees consider it important to carry reserves to cover unforeseen eventualities and the possibility of future operating deficits, taking into account the fact that more than half of all funds are endowed for specific purposes. In the case of unrestricted funds, the Trustees seek to maintain general reserves that will support the ongoing mission of the Diocese and allow the Company to operate as a going concern. The Unrestricted General Fund was £4,802,009 (2020: £4,455,051) at the end of the year. The DBF has been accustomed to holding two years' operating costs in reserves and the Trustees resolved to continue that policy at the Bishop's Council in 2021. Within unrestricted reserves, the Trustees also have five designated funds totalling £333,591 (2020: £327,812) at the end of the year. See Note 18(a) for further details. Current accounts with chaplaincies, which are not matched with specific investments, are retained in the DBF's balance sheet as creditors due within one year. These amounted to £1,157,970 at the year end (2020: £1,192,632). See Note 16.

The amount held in reserve is a relatively high proportion of expenditure compared to other dioceses. However the Diocese in Europe has few other assets such as land or buildings and little flexibility in its cost base. Hence these funds are the only sources of finance in the event of significant financial challenges.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

*for the year ended 31 December 2021*

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#### **FINANCIAL REVIEW (continued)**

##### **Other funding which has an influence on the life of the Diocese**

All chaplaincies in the Diocese are required to be financially self-sufficient. They are funded largely by electoral rolls members and visitors and in some cases by returns on investments and local commercial activity. Thanks are also given to mission agencies working in the Diocese, including Mission to Seafarers (which funds several port chaplains), and ICS (which retains patronage of 23 churches and supports some seasonal work), and the Allchurches Trust (Benefact) which supports both the DBF and the See Cathedral as well as giving a "Transformational Grant" of £250,000 over three years towards the Digital Diocese project which will see the new website created and launched in 2022/23. Following the pandemic, attention is being given to online giving and moving away from the reliance on giving in person. This will be assisted with the appointment of a Giving Adviser to work with chaplaincies.

##### **Going concern**

In light of the financial impact of Covid-19, the financial position and forecasts have been reviewed, taking into account the levels of investment reserves and cash. As a result of this review, the Trustees believe that the Diocese will be able to manage operational and financial risks successfully.

As explained in the Investment Policy above, the portfolio is very diverse and is designed to withstand adverse market conditions, such as those currently being experienced. The DBF will seek to avoid selling investments at low points in market valuations.

In January 2021, a ten-year loan of £500,000 was obtained from CCLA, the DBF's investment managers, on favourable terms. £50,000 was repaid in the year. See Note 17 for further details.

It continues to be the Trustees' policy to invest surplus funds in fixed asset investments for the long-term so that the best returns are achieved. The Trustees are confident that the DBF can access these resources at short notice should the need arise to satisfy current liabilities.

Accordingly, the Trustees have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis of accounting in preparing the annual accounts.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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### PRINCIPAL RISKS

The Trustees are responsible for maintaining a sound system of financial control to safeguard the Company's assets. The FAPC identifies the major risks to which the Company is exposed, and such systems and procedures as are practicable are in place to mitigate those risks. A formal risk assessment review is conducted annually at the Winter meeting of FAPC, which monitors the risks and the effectiveness of the system of internal control operated by the Company.

The most significant risks are as follows:

#### *Safeguarding failure*

A big case could have a significant reputational or financial impact. This is mitigated by a strongly led Safeguarding Advisory Committee, the engagement of professional safeguarding staff, Diocesan safeguarding policy and training and the DBF's insurance.

#### *Investment underperformance*

Poor investment performance could have an adverse effect on the ability of the DBF to meet its financial commitments. However, to reduce the chance of this, funds are invested with an established and reputable fund manager. Funds are widely spread, and performance is monitored. £500,000 worth of units were liquidated on the advice of the FAPC at the end of 2020.

#### *Chaplaincy finances*

Chaplaincies face a range of issues which in some cases make payment of Common Fund very challenging. This is mitigated by prudent financial planning and encouragement of appropriate stewardship and giving. Communication with chaplaincies about the Diocesan finances has increased in recent years and there is some evidence that greater understanding has assisted in chaplaincies being more prepared to contribute.

#### *Global pandemic*

The effects of a significant disaster were covered by the risk register when it was last reviewed though a global pandemic was not specified. The widespread impact of the virus may continue for 2-5 years with an impact on chaplaincy and hence Diocesan income. This might be partially mitigated by improved stewardship by chaplaincies and improved cost control at all levels within the Diocese as well as some changes in the pattern and deployment of ministry in chaplaincies.

#### *Hazards*

Fire, flood and computer failure. The Diocese has insurance in place with a reputable insurer to cover these risks. The Diocese is also a tenant of Church House in Westminster and uses services provided by Church House. It can therefore rely on disaster recovery and computer back-up routines employed by the National Church Institutions.

#### *Funds held as custodian Trustee*

The DBF holds investments and cash on behalf of chaplaincy councils. Care is taken to ensure the funds are managed correctly and that sufficient liquidity is maintained to ensure any demands for repayment can be met. This matter was reviewed by the FAPC in 2020. See note 21 for further details

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **ANNUAL REPORT**

*for the year ended 31 December 2021*

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#### **STRUCTURE AND GOVERNANCE**

The Diocese in Europe is a Diocese of the Church of England in the Province of Canterbury. The legal framework for the Diocese is the 'Diocese in Europe Measure 1980' and the Constitution of the Diocese 1995. While The Diocese in Europe Board of Finance is autonomous for most practical purposes, decisions may be influenced by those taken by the Church of England.

The DBF is a Company which is limited by guarantee and which does not have share capital. It is incorporated in England and Wales with the registration number: 106580.

#### **Directors and Trustees**

Under the Memorandum and Articles of Association, members of the Bishop's Council are designated as Directors for the purposes of the Companies Act 2006 and are Trustees under charity law. The members of the Diocesan Synod are the members of the Company.

The members of the board may derive no benefit, income or capital interest from the Company's affairs from their position, other than the reimbursement of out-of-pocket expenses. In the event of the Company being wound up, each member, who is a member at that time, has undertaken to contribute £1 to the Company. The FAPC agreed to the management contracting the current Chair of the DBF to offer some financial consultancy during the year outside of his trustee duties.

#### **Constitution**

The constitution of the DBF is set out in its memorandum and articles of association. Episcopally led, the DBF's activities are directed by the Diocesan Synod and Bishop's Council which also meets as the Board of the DBF and as the Trustees of the charity (together "The Trustees").

#### **Organisation and decision-making structure**

Members of Diocesan Synod are also members of the Company and the charity. They set priorities and the overall financial strategy for the DBF in its prime imperative to participate in God's mission by and to Anglicans across the area covered by the Diocese in Europe.

The Trustees meet once a year at Bishop's Council to approve the budget for the following year; to consider strategic financial matters and monitor the implementation of financial policies. Members of the Company meet annually during Diocesan Synod to consider and approve the annual report and forecasts.

The FAPC meets at least four times a year to review the DBF's overall activities against budget, consider investment policy and performance, and approve requests for grants. It also reviews the budgets prior to their presentation to Bishop's Council and the Annual Report prior to its presentation to the DBF members at the Diocesan Synod. Membership of the Committee is a balance of ex-officio appointments and members elected by the Trustees every three years. It is proposed to co-opt a personnel expert following a review of the skills available to the Committee.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **ANNUAL REPORT**

*for the year ended 31 December 2021*

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#### **STRUCTURE AND GOVERNANCE (continued)**

##### **Appointment and induction of Trustees**

At the start of each new triennium new Trustees and members participate in an induction process and receive information about roles and responsibilities.

##### **Other organisations with which the Board co-operates in achieving its objectives**

The Company's activities involve regular and routine financial transactions with chaplaincy councils in the Diocese as well as the central Church authorities, though none of these bodies are a connected charity as defined by charity law. In addition, there are links (in respect of finance and activities) with various related agencies, together with Diocesan-wide voluntary and statutory organisations.

##### **Decision making and delegation policy**

Diocesan Synod sets and approves strategy and policies. The Board sets the annual budget and makes decisions on the financial policy for the Diocese. The day-to-day management and implementation of agreed strategies and policies is undertaken by senior staff.

##### **Funds held as Custodian Trustee on behalf of others**

The Board holds investments and cash as custodian trustee on behalf of its chaplaincy councils and trusts. Where amounts owed to chaplaincies and trusts are matched by specific investment and cash balances these are excluded from the DBF's balance sheet and are recorded in Note 21.

##### **Public benefit**

The Trustees are aware of the Charity Commission's guidance on public benefit "The Advancement of Religion for the Public Benefit" and have regard to that guidance in their administration of the charity. The DBF believes that this report provides evidence of the public benefit of the charity's work in 2021.

As described more fully throughout the report, the DBF provides funds to support the work of Anglican Chaplaincies in Europe, part of North Africa and Russia. The vast majority of churches are available to the public at large and none is restricted to members of the Church of England.

##### **Trustees' indemnity**

The DBF provides insurance to Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity insurance remains in force as of the date of approving the Trustees' Annual Report.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

*for the year ended 31 December 2021*

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#### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the charitable company for the purpose of Company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires 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 (UK 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 DBF and of the surplus or deficit of the DBF for that period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in operation.

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

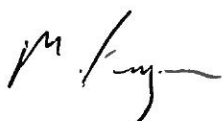
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

#### Statement of disclosure to the Auditor

As far as the Trustees are aware, there is no relevant audit information of which the charitable Company's auditor is unaware. The Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable Company's auditor is aware of that information.

#### Appointment of Auditor

A resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the Annual General Meeting.



On behalf of the Board of Trustees on 8 June 2022

M Fegan – Chair

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2021*

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### ADMINISTRATIVE DETAILS

#### Trustees

No trustee had any beneficial interest in the Company during the year. The following served as Directors and Trustees throughout the year, except where stated. Triennial Elections to Diocesan Synod were held in the Summer of 2021 which is the point where some members retire from office.

#### **Ex officio**

Mr. M Fegan (Chair)

The Right Rev'd Dr. R Innes – Bishop of Gibraltar in Europe

The Right Rev'd Dr. D Hamid – Suffragan Bishop

The Venerable P Hooper – Archdeacon of France –licensed 28 November 2021

The Rev'd T Makipää (Chair, House of Clergy)

Mr. D Coulston (Chair, House of Laity)

The Venerable L Nathaniel – Archdeacon of the East, Germany & Northern Europe

The Venerable S Van Leer – Archdeacon of North West Europe – Confirmed in post 12 June 2021

The Venerable D Waller – Archdeacon of Gibraltar and Archdeacon of Italy and Malta

#### **Elected - House of Laity**

Ms S. Boyd (Term of office ended 31 October 2021)

Mr. D Bean (Term of office ended 31 October 2021)

Mrs. J Berry (Term of office ended 31 October 2021)

Mrs. M Kopetzky (Term of office ended 31 October 2021)

Ms. M Talbot (Term of office ended 31 October 2021)

Mr. P Tillbrook (Term of office ended 31 October 2021)

Mr S Urquhart (Term of office ended 31 October 2021)

#### **Elected- House of Clergy**

The Rev'd Canon A Dickinson (Term of office ended 31 October 2021)

The Rev'd Canon D Flach (Term of office ended 31 October 2021)

The Rev'd Dr. F Hegedus (Term of office ended 31 October 2021)

The Rev'd A Lowen (Term of office ended 31 October 2021)

The Rev'd R Seabrook (Term of office ended 31 October 2021)

The Rev'd A Strange (Term of office ended April 2021)

#### **Nominated by the Bishop of Gibraltar in Europe**

The Rev'd Canon S Godfrey (Term of office ended 31 October 2021)

The Rev'd P Jackson

The Rev'd S Prasadam

Mr. D White

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

*for the year ended 31 December 2021*

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#### ADMINISTRATIVE DETAILS (continued)

##### **Finance, Audit and Personnel Committee ("FAPC")**

The following served on the FAPC throughout the year and to date, except where otherwise stated:

Mr. M Fegan (Chair)

The Rt Rev'd Dr. R Innes – Bishop of Gibraltar in Europe

The Rt Rev'd Dr. D Hamid – Suffragan Bishop

Mr. D Bean – Elected House of Laity

The Rev'd Canon Dr. P Hooper – Archdeacon of France - appointed 14 February 2021 and licensed 28 November 2021

The Rev'd P Jackson – Elected House of Clergy

Ms. H Thomas – Committee nominee

The Rev'd R Williams - Committee nominee

##### **Senior staff and principal advisers**

A Caspari – Chief Operating Officer (Diocesan Secretary) / Company Secretary

##### **Registered office**

14 Tufton Street

London, SW1P 3QZ

Telephone: 00 44 (0)207 898 1155

e-mail: [bron.panter@churchofengland.org](mailto:bron.panter@churchofengland.org)

[www.europe.anglican.org](http://www.europe.anglican.org)

##### **Bankers**

Barclays Bank plc

Media, 27 Soho Square

London W1D 3QR

National Westminster Bank plc

PO Box 34, 15 Bishopsgate

London EC2N 3NW

##### **Independent Auditor**

Haysmacintyre LLP

10 Queen Street Place

London EC4R 1AG

##### **Investment manager**

CCLA Investment Management Ltd

Senator House

85 Queen Victoria Street

London EC4V 4ET

##### **Legal registrar**

Aiden Hargreaves-Smith

Partner, Winckworth Sherwood

Minerva House

5 Montague Close

London SE1 9BB

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2021*

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#### **Opinion**

We have audited the financial statements of The Diocese in Europe Board of Finance for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE**

*for the year ended 31 December 2021*

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#### **Other information**

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

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

## **THE DIOCESE IN EUROPE BOARD OF FINANCE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE**

*for the year ended 31 December 2021*

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#### **Responsibilities of Trustees for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, payroll tax and sales tax.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2021*

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We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Reviewing minutes of trustee and committee meetings for evidence of non-compliance with laws and regulations and fraud;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted that significantly impact on the result for the year, posting in areas subject to significant judgements or estimates, postings in accounts that are considered higher risk; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 21 June 2022

10 Queen Street Place  
London  
EC4R 1AG

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2021

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2021 £	Total funds 2020 £
<b>Income and endowments from:</b>						
Donations and legacies						
- Common Fund		917,576	-	-	917,576	912,771
- Archbishops' Council grant	3	172,836	-	-	172,836	167,072
- Archbishops' Council sustainability grant	3	-	-	-	-	210,000
- Other donations	4	50,637	424,357	-	474,994	497,342
Charitable activities	5	-	255,467	-	255,467	93,867
Investments	6	172,272	151,129	1,064	324,465	339,636
Other	7	10,222	-	-	10,222	3,474
<b>Total income</b>		<b>1,323,543</b>	<b>830,953</b>	<b>1,064</b>	<b>2,155,560</b>	<b>2,224,162</b>
<b>Expenditure on:</b>						
Charitable activities	8 / 9	(1,606,301)	(778,200)	-	(2,384,501)	(2,074,586)
<b>Net (deficit) / surplus before gain on investments</b>		<b>(282,758)</b>	<b>52,753</b>	<b>1,064</b>	<b>(228,941)</b>	<b>149,576</b>
Net gain on fixed asset investments	14	648,190	-	757,545	1,405,735	563,830
<b>Net income in year</b>		<b>365,432</b>	<b>52,753</b>	<b>758,609</b>	<b>1,176,794</b>	<b>713,406</b>
<b>Transfers between funds</b>		<b>(12,695)</b>	<b>12,695</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>352,737</b>	<b>65,448</b>	<b>758,609</b>	<b>1,176,794</b>	<b>713,406</b>
<b>Total funds brought forward</b>		<b>4,782,863</b>	<b>421,157</b>	<b>6,522,497</b>	<b>11,726,517</b>	<b>11,013,111</b>
<b>Total funds carried forward</b>	18	<b>5,135,600</b>	<b>486,605</b>	<b>7,281,106</b>	<b>12,903,311</b>	<b>11,726,517</b>

All activities derive from continuing activities. The Notes on pages 35 to 57 form part of these financial statements.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INCOME AND EXPENDITURE ACCOUNT

*for the year ended 31 December 2021*

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		2021	2020
	Note	£	£
Total income	8	2,154,496	2,224,162
Total expenditure		(2,384,501)	(2,074,586)
<b>Operating (deficit) / surplus</b>		<b>(230,005)</b>	<b>149,576</b>
Net gain on investments	14	648,190	268,820
<b>Total comprehensive income</b>		<b>418,185</b>	<b>418,396</b>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### BALANCE SHEET

as at 31 December 2021

	Note	2021		2020	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	13		543,999		551,880
Investments	14		<u>12,259,648</u>		<u>10,853,913</u>
			12,803,647		11,405,793
Debtors	15	463,364		617,099	
Short term deposits and cash at bank		<u>1,578,211</u>		<u>1,287,581</u>	
		2,041,575		1,904,680	
Creditors: amounts falling due within one year	16	<u>(1,490,973)</u>		<u>(1,580,260)</u>	
<b>Net current assets</b>			<u>550,602</u>		<u>324,420</u>
<b>Total assets less current liabilities</b>			13,354,249		11,730,213
Creditors: amounts falling due after one year	17		<u>(450,938)</u>		<u>(3,696)</u>
<b>Net Assets</b>			<u><b>12,903,311</b></u>		<u><b>11,726,517</b></u>
<b>Funds</b>					
Unrestricted Funds					
- General		4,802,009		4,455,051	
- Designated Funds		<u>333,591</u>		<u>327,812</u>	
	18		5,135,600		4,782,863
Restricted Funds	18		486,605		421,157
Endowment Funds	18		7,281,106		6,522,497
			<u><b>12,903,311</b></u>		<u><b>11,726,517</b></u>

The notes on pages 35 to 57 form part of these financial statements.

The financial statements were approved by the Board of Trustees, and authorised for issue on 8 June 2022.

The financial statements are signed on behalf of the Board of Trustees by:



Mike Fegan  
Chair

Company reg. number: 106580

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### CASH FLOW STATEMENT

*for the year ended 31 December 2021*

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	2021		2020	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Net cash (outflow) / inflow from operating activities		<b>(481,221)</b>		<b>165,776</b>
<b>Cash flows from investing activities</b>				
Interest and dividends received	324,465		339,636	
Proceeds from the sale of:				
Investments	-		500,000	
Purchase of:				
Tangible fixed assets	(2,614)		(3,834)	
Reclassification of current asset debtor as social investment	-		(200,000)	
<b>Net cash provided by investing activities</b>		<b>321,851</b>		<b>635,802</b>
<b>Cash flows from financing activities</b>				
Cash inflow from new borrowing	500,000		-	
Repayment of borrowing	(50,000)		-	
<b>Net cash provided by financing activities</b>		<b>450,000</b>		<b>-</b>
<b>Change in cash and cash equivalents in the year</b>		<b>290,630</b>		<b>801,578</b>
Cash and cash equivalents at 1 January		1,287,581		486,003
<b>Cash and cash equivalents at 31 December</b>		<b>1,578,211</b>		<b>1,287,581</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 2021

	2021		2020
	£		£
<b>Reconciliation of net income to net cash flow from operating activities</b>			
Net income before investment gains for the year	1,176,794		713,406
Adjustments for:			
Depreciation	10,495		12,641
(Gain) on investments	(1,405,735)		(563,830)
Investment income	(324,465)		(339,636)
Decrease / (increase) in debtors	153,735		137,935
Increase /(decrease) in creditors	(92,045)		205,260
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(481,221)</b>		<b>165,776</b>
	2021		2020
	£		£
<b>Analysis of cash and cash equivalents</b>			
Short term deposits and cash at bank	<b>1,578,211</b>		<b>1,287,581</b>
	At 1 Jan 21	Cash flows	At 31 Dec 21
	£	£	£
<b>Analysis of changes in net debt</b>			
Short term deposits and cash at bank	1,287,581	290,630	1,578,211
Loans falling due after more than one year	-	(450,000)	(450,000)
	<b>1,287,581</b>	<b>(159,370)</b>	<b>1,128,211</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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### 1. Accounting Policies

#### a) General information

The DBF is a charitable Company limited by guarantee incorporated in England and Wales and registered with the Charity Commission.

#### b) Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of fixed and current asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP FRS 102), second edition effective 1 January 2019, the Companies Act 2006, and applicable accounting standards (FRS102). The DBF meets the definition of a public benefit entity under FRS102.

#### c) Going concern

The Trustees consider that there are no material uncertainties regarding the DBF's ability to continue as a going concern (see page 19 for further details).

#### d) Income

All incoming resources are included in the Statement of Financial Activities ("SOFA") when the Board is legally entitled to them as income or capital respectively, when ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy.

The principal source of income of the DBF is Common Fund donations. These monies are recognised in the SOFA in the period for which they are receivable. Monies received after the new Common Fund request is made are included in the current year on an entitlement basis.

Grants received which are subject to pre-conditions for entitlement or where use is specified by the donor are included in creditors where these pre-conditions have not been met at the balance sheet date.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met.

Investment income is recognised when receivable.

#### e) Expenditure

Expenditure is accounted for on an accruals basis and has been aggregated under the relevant SOFA category. Expenditure includes irrecoverable VAT.

*Charitable expenditure* consists of expenditure on resourcing ministry and mission in the chaplaincies of the Diocese.

*Grants payable* are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF. These grants are recognised as expenditure when the conditions attaching to the grant are fulfilled. Grants offered which are subject to conditions which have not been met at the year-end are noted as commitments, but not accrued as expenditure.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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### 1 Accounting Policies (continued)

#### e) Expenditure (continued)

Support costs consist of central management, administration and governance costs. Administrative support associated with making grants is insignificant and all costs are allocated to resourcing ministry and mission charitable expenditure.

#### f) Tangible fixed assets

Assets in excess of £300 are capitalised as tangible fixed assets and are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	100 years
Leasehold property	Over the term of lease
Leasehold improvements	Over the term of lease
Equipment	5 years

Properties included in fixed assets only include those properties acquired after 1974. The details of properties owned by the DBF prior to 1974 are recorded in a property register, but the historic cost is not known and therefore not included in the balance sheet. None of these are "Heritage Assets".

#### g) Investments

Investments are included in the balance sheet at market value with the gain or loss taken to the SOFA.

#### h) Social investments

Social investments are at cost less any necessary impairment. They are not amortised.

#### i) Leases

The DBF is only party to operating leases and has no finance leases. The rental on these operating leases is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is included in the SOFA over the lease term.

#### j) Foreign exchange

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Foreign currency balances are translated at the balance sheet date and any differences are included in the SOFA.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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### 1 Accounting Policies (continued)

#### k) Chaplaincy accounts

Where the Diocese invests money on behalf of individual chaplaincies, these assets and the associated liability to the chaplaincy are not included in the balance sheet. However, where the Diocese operates a "current account" with a chaplaincy, and the amount owed to a chaplaincy is not covered with specific assets in the chaplaincy name, these liabilities to the chaplaincies are recorded in creditors. If these obligations to chaplaincies were required to be settled, they would be settled out of the general unrestricted assets of the Diocese.

#### l) Pensions

The accounting treatment for the pension schemes in which the DBF participates is described in Note 24.

#### m) Financial instruments – assets and liabilities

*Debtors:* Debtors are recognised at the settlement amount due.

*Cash and cash equivalent:* Cash at bank and cash in hand, held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

*Creditors and provisions:* These are recognised where the DBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. They are normally recognised at their settlement amount after allowing for any trade discounts due.

#### n) Fund balances

##### *Unrestricted Funds*

The DBF's corporate funds are freely available for any purpose within the Company's objects, at the discretion of the DBF. There are two types of unrestricted funds:

*General Funds* which the Diocese intends to use for the general purposes of the Diocese.

*Designated Funds* which are allocated to a specific purpose but which are, nonetheless, unrestricted.

##### *Restricted Funds*

Income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

##### *Endowment Funds*

Funds held on trust to be retained for the benefit of the donor charity as a capital fund. In the case of endowment funds administered by the DBF, there is no provision for expenditure of capital and all are classed as permanent endowments. A management charge of 5% of income is applied to all funds to cover accountancy and administration costs.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2021*

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#### **2 Critical accounting judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the DBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key area subject to judgement and estimation:

##### ***Recognition of defined benefit pension scheme creditor***

The DBF is different to many other English Diocesan boards of finance in that the clergy for overseas churches are legal employees of those local churches in order to comply with the different legal and tax frameworks in place across the wide geographical area in which the DBF operates. Consistent with this practice the relevant stipendiary and pension expenses for overseas clergy are recognised in the financial statements of the local churches and not in the financial statements of the DBF.

FRS102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS102 section 28.13 and 28.13A. The DBF has a payment plan with the Church of England's Pensions Board to make additional contributions to the clergy pension scheme to fund the estimated deficit under the recovery plan until 31 December 2022.

The Trustees consider that, while the DBF is the legal member of the scheme responsible for making contributions to the Church of England pension scheme, the substance of the arrangements in place is that the DBF only acts as a conduit for pension contributions for overseas clergy and therefore the liability lies with those overseas churches. On this basis, the Trustees consider it appropriate to recognise the deficit only for those members of the clergy that the DBF is directly responsible for. At the balance sheet date this was four individuals.

The DBF has estimated the liability to be recognised in its financial statements by pro-rating the calculations provided by the Church of England pension scheme actuaries for the current year. This has resulted in the recognition of a liability at the balance sheet date of £938 (2020: £3,696). If the full liability to make deficit repayments was to be recognised in these accounts, the liability at the balance sheet date would be £66,000 (2020: £168,000). A full explanation of the DBF's pension arrangements and the presentation in the financial statements is included in Note 24.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 3 Archbishops' Council income

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Lower income communities funds	<b>172,836</b>	-	-	-	<b>172,836</b>
	<b>2020</b> £	<b>2020</b> £	<b>2020</b> £	<b>2020</b> £	<b>2020</b> £
Lower income communities funds	167,072	-	-	-	167,072
Sustainability grant	210,000	-	-	-	210,000
	<b>377,072</b>	-	-	-	<b>377,072</b>

In 2019 a further three year award was approved by the Church Commissioners, £172,836 was received in the year (2020: £167,072). Following the impact of Covid-19 on the Diocese, the Church Commissioners created the one off opportunity to apply for a Sustainability Grant. £210,000 was awarded in 2020. No application was made in 2021.

### 4 Other donations income

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Ordination candidates donations	-	16,784	-	-	<b>16,784</b>
Other donations	17,536	16,317	-	-	<b>33,853</b>
Ministry division RME Ordinands' grant	-	-	210,798	-	<b>210,798</b>
Digital Diocese (Allchurches grant)	-	-	-	-	-
Strategic ministry fund	-	-	159,071	-	<b>159,071</b>
Ministry Experience Scheme	-	-	54,488	-	<b>54,488</b>
	<b>17,536</b>	<b>33,101</b>	<b>424,357</b>	-	<b>474,994</b>
	<b>2020</b> £	<b>2020</b> £	<b>2020</b> £	<b>2020</b> £	<b>2020</b> £
Ordination candidates donations	-	18,394	-	-	18,394
Other donations	33,414	68,654	-	-	102,068
Ministry division RME Ordinands' grant	-	-	230,480	-	230,480
Digital Diocese (Allchurches grant)	-	-	110,000	-	110,000
Strategic ministry fund	-	-	36,400	-	36,400
	<b>33,414</b>	<b>87,048</b>	<b>376,880</b>	-	<b>497,342</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 5 Charitable activities

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2021	2021	2021	2021	2021
	£	£	£	£	£
UKNSF (FCDO) grant	-	-	255,467	-	255,467
	2020	2020	2020	2020	2020
	£	£	£	£	£
UKNSF (FCDO) grant	-	-	93,867	-	93,867

### 6 Investment Income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2021	2021	2021	2021	2021
	£	£	£	£	£
Income from listed investments	163,847	-	151,129	1,064	316,040
Interest receivable	8,425	-	-	-	8,425
	172,272	-	151,129	1,064	324,465
	2020	2020	2020	2020	2020
	£	£	£	£	£
Income from listed investments	173,798	-	149,627	-	323,425
Interest receivable	16,211	-	-	-	16,211
	190,009	-	149,627	-	339,636

### 7 Other Income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total funds
	2021	2021	2021	2021	2021
	£	£	£	£	£
Sundry income	10,222	-	-	-	10,222
	2020	2020	2020	2020	2020
	£	£	£	£	£
Sundry income	3,474	-	-	-	3,474

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 8 Expenditure on Charitable Activities

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Ministry and mission costs	718,564	100,280	393,252	-	1,212,096
Housing costs	13,896	-	-	-	13,896
Grants	-	53,381	129,618	-	182,999
Charitable activities	-	133,661	248,986	-	382,647
Allocated support costs	586,519	-	6,344	-	592,863
	<b>1,318,979</b>	<b>287,322</b>	<b>778,200</b>	<b>-</b>	<b>2,384,501</b>
	2020 £	2020 £	2020 £	2020 £	2020 £
Ministry and mission costs	697,803	22,945	237,224	-	957,972
Housing costs	8,718	-	-	-	8,718
Grants	11,287	32,748	145,129	-	189,164
Charitable activities	-	188,668	93,867	-	282,535
Allocated support costs	631,628	-	4,569	-	636,197
	<b>1,349,436</b>	<b>244,361</b>	<b>480,789</b>	<b>-</b>	<b>2,074,586</b>

### 9 Analysis of expenditure including allocation of support costs

	Activities undertaken directly 2021 £	Grant funding of activities 2021 £	Charitable activities 2021 £	Support Costs 2021 £	Total funds 2021 £
<u>Charitable Activities</u>					
Ministry and mission costs	1,212,096	-	129,618	592,862	1,934,576
Housing	13,896	-	-	-	13,896
Grants	-	382,647	53,381	-	436,029
	<b>1,225,992</b>	<b>382,647</b>	<b>182,999</b>	<b>592,862</b>	<b>2,384,501</b>
	2020 £	2020 £	2020 £	2020 £	2020 £
<u>Charitable Activities</u>					
Ministry and mission costs	957,972	-	93,867	636,197	1,688,036
Housing	8,718	-	-	-	8,718
Grants	-	377,832	-	-	377,832
	<b>966,690</b>	<b>377,832</b>	<b>93,867</b>	<b>636,197</b>	<b>2,074,586</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 10 Analysis of support costs

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Central staff costs	350,734	-	-	350,734
Central office and premises	62,942	-	-	62,942
Depreciation	10,495	-	-	10,495
Legal and professional fees	84,361	-	-	84,361
Trust management costs	-	-	6,344	6,344
Other support costs	48,264	-	-	48,264
Governance				
Auditors fee:				
- Current year statutory audit	19,800	-	-	19,800
- Non audit fee payroll services	4,000	-	-	4,000
Synod and Bishop's Council	5,923	-	-	5,923
	<b>586,519</b>	<b>-</b>	<b>6,344</b>	<b>592,863</b>
	2020 £	2020 £	2020 £	2020 £
Central staff costs	359,278	-	-	359,278
Central office and premises	79,923	-	-	79,923
Depreciation	12,641	-	-	12,641
Legal and professional fees	77,091	-	-	77,091
Trust management costs	-	-	4,569	4,569
Other support costs	78,820	-	-	78,820
Governance				
Auditors fee:				
- Current year statutory audit	14,760	-	-	14,760
- Prior year statutory audit	1,200	-	-	1,200
- Non audit fee payroll services	2,064	-	-	2,064
Synod and Bishop's Council	5,851	-	-	5,851
	<b>631,628</b>	<b>-</b>	<b>4,569</b>	<b>636,197</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 11 Staff costs

	2021	2020
	£	£
Salaries	439,950	477,764
Social security costs	40,976	38,638
Other pension costs	49,292	46,968
Redundancy	-	3,125
	<u>530,218</u>	<u>566,495</u>

	2021	2020
Average number included in staff costs above during the year:	<u>10.7</u>	<u>11.3</u>
Average number of Full Time Equivalents in the year:	<u>9.0</u>	<u>10.0</u>

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

	2021 Number	2020 Number
£60,001 - £70,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

### Remuneration of Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling activities of the Diocese. The remuneration totalled £91,132 (2020: £91,143).

The Diocesan and Suffragan Bishops are stipended office holders in the Diocese, however unlike other stipended office holders, the Diocese is not asked directly to reimburse the Bishops' costs. Instead these are met by the Church Commissioners and thus the costs not included in these accounts. The three full time and one part time Archdeacon are paid a stipend and these costs are included in the Charitable Activities Note 8, under Ministry and Mission costs and not included in this Staff costs note. The comparatives have been restated to remove the costs of the Archdeacons and contractors working for the DBF as they are not employees.

### Trustees reimbursed expenses and remuneration

All trustees usually attend a minimum two meetings a year, in June and October and receive reimbursement for travel and accommodation costs. However due to the pandemic inter alia the Diocesan Synod, Bishop's Council and Finance and Personnel and Audit Committee meetings were not held in person but on line with the result no costs were incurred. In 2020 six trustees were reimbursed expenses totalling £2,874.

No trustee was paid any remuneration from the DBF as a result of their position.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 12 Analysis of transfers between funds

	Unrestricted Funds		Restricted funds
	General funds	Designated funds	
	2021	2021	2021
	£	£	£
Transfer from unrestricted to designated funds:			
- Grants	(10,000)	10,000	
- Hardship Fund	(150,000)	150,000	
- Safeguarding Past Case review 2	(100,000)	100,000	
Transfer from unrestricted to restricted funds:			
- Digital Diocese	(12,695)	-	12,695
	<b>(272,695)</b>	<b>260,000</b>	<b>12,695</b>

	Unrestricted Funds		Restricted funds
	General funds	Designated funds	
	2020	2020	2020
	£	£	£
Transfer from unrestricted to designated funds:			
- Ordination Candidates Fund	(11,243)	11,243	-
- Hardship Fund	(200,000)	200,000	-
- Safeguarding Past Case review 2	(25,000)	25,000	-
	<b>(236,243)</b>	<b>236,243</b>	<b>-</b>

### 13 Tangible Fixed Assets

	Freehold	Leasehold	Equipment	Total
	£	£	£	£
<b>Cost</b>				
Brought forward 1 January 2021	685,012	53,390	40,322	778,724
Additions	-	-	2,614	2,614
Disposals	-	-	(749)	(749)
Carry forward 31 December 2021	<b>685,012</b>	<b>53,390</b>	<b>42,187</b>	<b>780,589</b>
<b>Depreciation</b>				
Brought forward 1 January 2021	142,120	53,390	31,334	226,844
Depreciation charge for the year	6,850	-	3,645	10,495
Written back on disposal	-	-	(749)	(749)
Carry forward 31 December 2021	<b>148,970</b>	<b>53,390</b>	<b>34,230</b>	<b>236,590</b>
<b>Net book value</b>				
At 31 December 2021	<b>536,042</b>	<b>-</b>	<b>7,957</b>	<b>543,999</b>
At 1 January 2021	<b>542,892</b>	<b>-</b>	<b>8,988</b>	<b>551,880</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

#### 14 Investments

	Listed investments		Social investments	Total
	Unrestricted	Restricted	Unrestricted	
	£	£	£	£
Brought forward 1 January 2020	4,491,458	6,162,455	200,000	10,853,913
Net gain on investments	648,190	757,545	-	1,405,735
Carry forward 31 December 2021	<b>5,139,648</b>	<b>6,920,000</b>	<b>200,000</b>	<b>12,259,648</b>

The majority of the listed investments are held in collective investment funds managed by CCLA.

The historic cost of these investments at 31st December 2021 was £6,475,031 (2020: £6,767,767).

#### 15 Debtors

	2021	2020
	£	£
Amounts due from chaplaincies	125,000	125,000
Prepayments and accrued income	71,630	209,875
Other debtors	266,734	282,224
	<b>463,364</b>	<b>617,099</b>

#### 16 Creditors: falling due within 1 year

	2021	2020
	£	£
Amounts owed to chaplaincies	1,157,970	1,192,632
Other creditors	73,945	105,217
Accruals and deferred income	259,058	282,411
	<b>1,490,973</b>	<b>1,580,260</b>

#### 17 Creditors: falling due after more than 1 year

	2021	2020
	£	£
Loan (see note below)	450,000	-
Pension deficit repayment creditor (see note 26)	938	3,696
	<b>450,938</b>	<b>3,696</b>

In January 2021 a loan of £500,000 was obtained from CCLA, the DBF's investment managers, under the Diocesan Loan Scheme. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years, with no requirement of repayment of capital in the interim. The DBF anticipates repaying the loan in equal instalments over the 10 year period. The interest is payable every six months.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 18 (a) Summary of fund movements - current year

	As at 1.1.21	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.21
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<i>General funds:</i>						
Diocesan Fund	4,455,051	1,290,442	(1,318,979)	648,190	(272,695)	4,802,009
<i>Designated funds:</i>						
Ordination Candidates Fund	51,274	16,784	(22,418)	-	-	45,640
Mission Opportunities Fund	194,497	-	(28,063)	-	-	166,434
Hardship Fund	79,986	16,317	(133,661)	-	150,000	112,642
Safeguarding Past Case Review 2	2,055	-	(100,280)	-	100,000	1,775
Diocesan grants	-	-	(2,900)	-	10,000	7,100
<b>Total Unrestricted Funds</b>	<b>4,782,863</b>	<b>1,323,543</b>	<b>(1,606,301)</b>	<b>648,190</b>	<b>(12,695)</b>	<b>5,135,600</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,303	(1,303)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,632	(4,632)	-	-	-
Armstrong Trust (Istanbul)	65,236	5,741	(5,292)	-	-	65,684
Bagneres de Bigorre Fund (France)	-	1,684	(1,684)	-	-	-
Bertie Watson (Algarve)	86,430	13,855	(64,178)	-	-	36,107
Clement Jones (Suffragan Bishop)	2,935	2,697	(922)	-	-	4,710
Col Doughty Wylie Fund (FCO)	15,050	10	(578)	-	-	14,482
Crimean Memorial Church (Istanbul)	-	2,494	(2,494)	-	-	-
Daphne Willoughby - Waters (Palma)	8,257	2,128	(5,106)	-	-	5,279
Diocesan Development Fund	66,895	14,625	(2,781)	-	-	78,739
Emma Tebbs Trust (Rome)	-	3,638	(3,638)	-	-	-
Frank Pratt Barlow (Monte Carlo)	-	35,075	(1,765)	-	-	33,310
Houlton Fund (Malta)	-	1,203	(1,203)	-	-	-
Lindley Fund (Germany)	-	1,666	(1,666)	-	-	-
MMS (Gibraltar & Marseilles)	(13,909)	10,045	(11,502)	-	-	(15,366)
Overseas Bishopricks Fund	20,122	6,055	(303)	-	-	25,874
Philip Coleman Trust (Palma)	-	1,303	(1,303)	-	-	-
Riga Mission Trust	14,416	20,322	(9,134)	-	-	25,603
Spicer Trust (Needy clergy)	11,427	3,154	(1,494)	-	-	13,087
St Andrew's (Tangier)	4,642	14,014	(9,498)	-	-	9,158
St Georges (Berlin)	-	2,879	(2,879)	-	-	-
Stephenson Bequest (Malaga)	-	2,606	(2,606)	-	-	-
Ministry division RME Ordinands' gran	29,656	210,798	(208,791)	-	-	31,663
UKNSF (FCDO) grant	-	255,467	(248,986)	-	-	6,481
Strategic ministry fund	-	159,071	(157,071)	-	-	2,000
Digital Diocese (Allchurches grant)	110,000	-	(6,832)	-	12,695	115,864
Ministry Experience Scheme	-	54,488	(20,559)	-	-	33,929
	<b>421,157</b>	<b>830,953</b>	<b>(778,200)</b>	<b>-</b>	<b>12,695</b>	<b>486,605</b>
<b>Balance c/f</b>	<b>5,204,020</b>	<b>2,154,496</b>	<b>(2,384,501)</b>	<b>648,190</b>	<b>-</b>	<b>5,622,205</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 18 (a) Summary of fund movements - current year (continued)

	As at 1.1.21	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.21
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>5,204,020</b>	<b>2,154,496</b>	<b>(2,384,501)</b>	<b>648,190</b>	<b>-</b>	<b>5,622,205</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	44,533	-	-	6,403	-	50,936
All Saints (Dresden) Trust (Germany)	159,260	-	-	22,900	-	182,160
Armstrong Trust (Istanbul)	156,853	-	-	20,479	-	177,332
Bagneres de Bigorre Fund (France)	48,010	-	-	6,903	-	54,913
Bertie Watson (Algarve)	532,104	-	-	68,157	-	600,261
Clement Jones (Suffragan Bishop)	93,461	-	-	7,193	-	100,655
Col Doughty Wylie Fund (FCO)	121,099	-	-	13,452	-	134,551
Continental Chaplaincies	1,139,363	-	-	98,937	-	1,238,300
Crimean Memorial Church (Istanbul)	85,797	-	-	12,337	-	98,134
Daphne Willoughby - Waters (Palma)	117,323	1,064	-	11,663	-	130,050
Diocesan Development Fund	410,419	-	-	65,828	-	476,247
Emma Tebbs Trust (Rome)	125,174	-	-	17,999	-	143,173
Frank Pratt Barlow (Monte Carlo)	1,453,190	-	-	216,439	-	1,669,629
Houlton Endowment Fund (Malta)	41,384	-	-	5,951	-	47,335
Lindley Endowment Fund (Germany)	57,306	-	-	8,240	-	65,546
MMS (Gibraltar & Marseilles)	371,395	-	-	46,881	-	418,276
Overseas Bishoprics Fund	238,913	-	-	29,953	-	268,865
Philip Coleman Trust (Palma)	49,520	-	-	(3,267)	-	46,253
Riga Mission Trust	505,500	-	-	13,608	-	519,108
Spicer Trust (Needy clergy)	31,522	-	-	2,840	-	34,362
St Andrew's (Tangier)	491,460	-	-	69,327	-	560,787
St. George's (Berlin)	157,046	-	-	13,205	-	170,251
Stephenson Bequest (Malaga)	91,865	-	-	2,117	-	93,982
	<b>6,522,497</b>	<b>1,064</b>	<b>-</b>	<b>757,545</b>	<b>-</b>	<b>7,281,106</b>
<b>Total funds</b>	<b>11,726,517</b>	<b>2,155,560</b>	<b>(2,384,501)</b>	<b>1,405,735</b>	<b>-</b>	<b>12,903,311</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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#### Details of Funds

##### Unrestricted

###### *Diocesan Fund*

The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.

###### *Ordination Candidates Fund*

This designated fund is available to support ordination candidates.

###### *Mission Opportunities Fund*

The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese.

###### *Hardship Fund*

A designated fund established to support chaplaincies with insolvency or the inability to pay their clergy following the outbreak of COVID-19.

###### *Safeguarding Past Case Review 2*

A designated fund to cover the cost of the requirement to independently review files relating to all serving and past (living) clergy & church officers, to ensure safeguarding matters have been appropriately handled.

##### Restricted

Restricted funds may only be applied for the purposes specified in the measures, trust deeds and the ecclesiastical statutory regulations. Generally all income generated on restricted funds is paid to the chaplaincies to which the fund relates. Grants and expenditure includes a 5% management fee levied by the Diocese.

The management charge is applied to all trusts to cover accountancy and administration for those trusts. This charge has been accounted for as income to the unrestricted general fund, and as a cost to the funds concerned. The total charge within restricted funds was £6,386 (2020: £4,569).

###### *Diocesan Development Fund*

A Special Trust for the purposes of Charities Act 2011.

###### *Ministry Division RME Ordinand's Grant*

Block grant received from the ministry division, Archbishops' Council, to fund the training of Ordinands.

###### *UKNSF (FCDO) grant*

A restricted grant from the Foreign Commonwealth and Development Office to help UK nationals with their residency applications in France following Brexit.

###### *Strategic ministry fund*

A fund from the Archbishops' Council to provide financial support for growth in the number of clergy.

###### *Digital Diocese (Allchurches grant)*

A transformational grant to create and distribute inspiring content that seeks to build and grow congregations across demographic groups.

###### *Ministry Experience Scheme*

A scheme for people aged 18 to 30, who desire to discern their vocation in the Church of England.

##### Endowment

Endowment funds may only be applied for the purposes specified in the measures, trust deeds and the ecclesiastical statutory regulations. They are only generally available for specified purposes.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 18 (b) Summary of fund movements - previous year

	As at 1.1.20	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.20
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<i>General funds:</i>						
Diocesan Fund	4,255,170	1,516,740	(1,349,436)	268,820	(236,243)	4,455,051
<i>Designated funds:</i>						
Ordination Candidates Fund	44,187	18,394	(22,550)	-	11,243	51,274
Mission Opportunities Fund	204,695	-	(10,198)	-	-	194,497
Hardship Fund	-	68,654	(188,668)	-	200,000	79,986
Safeguarding Past Case Review 2	-	-	(22,945)	-	25,000	2,055
<b>Total Unrestricted Funds</b>	<b>4,504,052</b>	<b>1,603,788</b>	<b>(1,593,797)</b>	<b>268,820</b>	<b>-</b>	<b>4,782,863</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,250	(1,250)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,491	(4,491)	-	-	-
Armstrong Trust (Istanbul)	65,685	5,843	(6,292)	-	-	65,236
Bagneres de Bigorre Fund (France)	-	1,347	(1,347)	-	-	-
Bertie Watson (Algarve)	96,567	13,936	(24,073)	-	-	86,430
Clement Jones (Suffragan Bishop)	1,802	2,836	(1,703)	-	-	2,935
Col Doughty Wylie Fund (FCO)	15,747	85	(782)	-	-	15,050
Crimean Memorial Church (Istanbul)	-	2,408	(2,408)	-	-	-
Daphne Willoughby - Waters (Palma)	6,206	2,159	(108)	-	-	8,257
Diocesan Development Fund	65,250	15,626	(13,981)	-	-	66,895
Emma Tebbs Trust (Rome)	-	3,513	(3,513)	-	-	-
Frank Pratt Barlow (Monte Carlo)	-	34,982	(34,982)	-	-	-
Houlton Fund (Malta)	-	1,161	(1,161)	-	-	-
Lindley Fund (Germany)	-	1,608	(1,608)	-	-	-
MMS (Gibraltar & Marseilles)	(11,232)	9,814	(12,491)	-	-	(13,909)
Overseas Bishoprics Fund	17,837	5,847	(3,562)	-	-	20,122
Philip Coleman Trust (Palma)	-	1,625	(1,625)	-	-	-
Riga Mission Trust	12,867	18,717	(17,168)	-	-	14,416
Spicer Trust (Needy clergy)	8,584	2,993	(150)	-	-	11,427
St Andrew's (Tangier)	2,259	13,533	(11,150)	-	-	4,642
St Georges (Berlin)	-	2,819	(2,819)	-	-	-
Stephenson Bequest (Malaga)	-	3,034	(3,034)	-	-	-
Ministry division RME Ordinands' grant	-	230,480	(200,824)	-	-	29,656
UKNSF (FCDO) grant	-	93,867	(93,867)	-	-	-
Strategic ministry fund	-	36,400	(36,400)	-	-	-
Digital Diocese (Allchurches grant)	-	110,000	-	-	-	110,000
<b>Total Restricted Funds</b>	<b>281,572</b>	<b>620,374</b>	<b>(480,789)</b>	<b>-</b>	<b>-</b>	<b>421,157</b>
<b>Balance c/f</b>	<b>4,785,624</b>	<b>2,224,162</b>	<b>(2,074,586)</b>	<b>268,820</b>	<b>-</b>	<b>5,204,020</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

#### 18 (b) Summary of fund movements - previous year (continued)

	As at 1.1.20	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.20
	£	£	£	£	£	£
<b>Balance c/f</b>	<b>4,785,624</b>	<b>2,224,162</b>	<b>(2,074,586)</b>	<b>268,820</b>	<b>-</b>	<b>5,204,020</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	41,657	-	-	2,876	-	44,533
All Saints (Dresden) Trust (Germany)	148,973	-	-	10,287	-	159,260
Armstrong Trust (Istanbul)	145,101	-	-	11,752	-	156,853
Bagneres de Bigorre Fund (France)	44,909	-	-	3,101	-	48,010
Bertie Watson (Algarve)	501,487	-	-	30,617	-	532,104
Clement Jones (Suffragan Bishop)	88,248	-	-	5,213	-	93,461
Col Doughty Wylie Fund (FCO)	132,695	-	-	(11,596)	-	121,099
Continental Chaplaincies	1,085,405	-	-	53,958	-	1,139,363
Crimean Memorial Church (Istanbul)	80,254	-	-	5,543	-	85,797
Daphne Willoughby - Waters (Palma)	110,753	-	-	6,570	-	117,323
Diocesan Development Fund	384,086	-	-	26,333	-	410,419
Emma Tebbs Trust (Rome)	117,089	-	-	8,085	-	125,174
Frank Pratt Barlow (Monte Carlo)	1,374,322	-	-	78,868	-	1,453,190
Houlton Endowment Fund (Malta)	38,711	-	-	2,673	-	41,384
Lindley Endowment Fund (Germany)	53,605	-	-	3,701	-	57,306
MMS (Gibraltar & Marseilles)	351,838	-	-	19,557	-	371,395
Overseas Bishopricks Fund	225,458	-	-	13,455	-	238,913
Phillip Coleman Trust (Palma)	47,857	-	-	1,663	-	49,520
Riga Mission Trust	526,638	-	-	(21,138)	-	505,500
Spicer Trust (Needy clergy)	29,640	-	-	1,882	-	31,522
St Andrew's (Tangier)	460,317	-	-	31,143	-	491,460
St. George's (Berlin)	150,780	-	-	6,266	-	157,046
Stephenson Bequest (Malaga)	87,664	-	-	4,201	-	91,865
	<b>6,227,487</b>	<b>-</b>	<b>-</b>	<b>295,010</b>	<b>-</b>	<b>6,522,497</b>
<b>Total funds</b>	<b>11,013,111</b>	<b>2,224,162</b>	<b>(2,074,586)</b>	<b>563,830</b>	<b>-</b>	<b>11,726,517</b>

For details on the funds held see Note 18(a) for further information

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

#### 19 Commitments under operating leases

At 31 December 2021, the DBF had future minimum payments under non cancellable operating lease as follows:

	2021	2020
	£	£
Land and Buildings		
Not later than 1 year	30,000	-

#### 20 Net assets by fund

	Tangible fixed assets	Investments	Current assets	Current liabilities	Amounts falling due after 1 year	Total Funds
	£	£	£	£	£	£
<b><u>2021</u></b>						
<b>Unrestricted</b>						
General	543,999	5,339,648	860,272	(1,490,973)	(450,938)	4,802,009
Designated	-	-	333,591	-	-	333,591
Endowment	-	6,920,000	361,106	-	-	7,281,106
<b>Restricted</b>	-	-	486,605	-	-	486,605
<b>Total Funds</b>	<b>543,999</b>	<b>12,259,648</b>	<b>2,041,574</b>	<b>(1,490,973)</b>	<b>(450,938)</b>	<b>12,903,311</b>
<b><u>2020</u></b>						
<b>Unrestricted</b>						
General	551,880	4,691,458	795,669	(1,580,260)	(3,696)	4,455,051
Designated	-	-	327,812	-	-	327,812
Endowment	-	6,162,455	360,042	-	-	6,522,497
<b>Restricted</b>	-	-	421,157	-	-	421,157
<b>Total Funds</b>	<b>551,880</b>	<b>10,853,913</b>	<b>1,904,680</b>	<b>(1,580,260)</b>	<b>(3,696)</b>	<b>11,726,517</b>

#### 21 Funds held as custodian trustee

	2021	2020
	£	£
Investments (at Market Value 31st December)	1,794,792	1,676,141
Cash on deposit	511,465	521,141
<b>Total assets held on behalf of chaplaincies</b>	<b>2,306,257</b>	<b>2,197,282</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2021*

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#### **22 Capital commitments**

As at 31 December 2021 there were no capital commitments.

#### **23 Post balance sheet events and contingent liabilities**

The war in Ukraine has had a financial impact on chaplaincies and the DBF. Both Moscow and Kyiv chaplaincies have seen dramatic reductions in numbers. Chaplaincies across the diocese have offered hospitality and support to refugees. Financial markets have reacted to the uncertainty as well as fuel price rises and the investments have lost 8% (as at 15 May 2022) of their value post year end. Due to the war, the end of the pandemic and fuel prices rises in particular, inflation has risen sharply and will put stress on the financial plan to 2025 .

#### **24 Pensions**

The DBF participates in two pension schemes

These are:

1. Church of England Funded Pensions Scheme ("CEFPS") for stipendiary clergy and
2. Church Workers Pension Fund ("CWPF") for Diocesan lay employees

##### **(a) Church of England Funded Pensions Scheme ("CEFPS")**

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, therefore contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year. In 2021 these amounted to £49,779 (2020: £20,645), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge in the year of £47,021 (2020: £19,040).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

**24 Pensions (continued)**

**(a) Church of England Funded Pensions Scheme (“CEFPS”)**

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a “smoothing parameter” of 7 and an initial addition to mortality improvements of 0.5% pa.

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

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at years 31 December 2019, 2020 and 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Normally entities are required to bring on to the balance sheet the assets and liabilities (and therefore the surplus or deficit) relating to defined benefit schemes. However, an exception to this is where the scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. In this case, where the assets and liabilities within a scheme are pooled, they cannot be separately ascribed to individual participating employers. Where this is the case Section 28.11A of FRS 102 requires the DBF to account for deficit recovery payments as a liability.

The scheme actuaries have calculated that the total liability for deficit payments relating to the DBF’s 37 (2020: 44) members of the scheme amounts to £66,000 (2020: £168,000) including a change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

**24 Pensions (continued)**

**(a) Church of England Funded Pensions Scheme (“CEFPS”) (continued)**

The DBF is different to many other English Diocesan Boards of Finance in that the clergy for overseas churches are legal employees of those local churches in order to comply with the different legal and tax frameworks in place across the wide geographical area in which the DBF operates. Consistent with this practice the relevant stipendiary and pension expenses for overseas clergy are recognised in the financial statements of the local churches and not in the financial statements of the DBF.

The Trustees consider that, while the DBF is the legal member of the scheme responsible for making contributions to the Church of England Pension scheme, the substance of the arrangements in place is that the DBF only acts as a conduit for pension contributions for overseas clergy and therefore the liability lies with those overseas churches. On this basis the Trustees consider that it is appropriate to only recognise the deficit for those members of the clergy that the DBF is directly responsible for. At the Balance Sheet date and prior year there were four individuals.

The DBF has estimated the liability to be recognised in its financial statements by pro-rating the calculations provided by the Church of England Pension Scheme actuaries for the current and prior year.

The movement in the provision is set out in the table below:

	2021	2020
	£	£
Balance Sheet liability at 1 January	3,695	5,423
Deficit contribution paid	(2,027)	(2,500)
Interest costs (recognised in SOFA)	-	45
Remaining change to the balance sheet liability *	(730)	727
Balance Sheet liability at 31 December	<u>937</u>	<u>3,695</u>

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

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

#### 24 Pensions (continued)

##### (a) Church of England Funded Pensions Scheme ("CEFPS") (continued)

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0% pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5% pa	1.6% pa	1.3% pa

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

##### (b) Church Workers Pension Fund ("CWPF")

The DBF participates in the Pension Builder Scheme section of CWPF for lay staff and is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

The Church Workers Pension Fund has two sections

1. The Defined Benefits Scheme
2. The Pension Builder Scheme, which has two subsections;
  - i) a deferred annuity section known as Pension Builder Classic and
  - ii) a cash balance section known as Pension Builder 2014.

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 December 2021*

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**24 Pensions (continued)**

**(b) Church Workers Pension Fund (“CWPF”) (continued)**

**Pension Builder Scheme**

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

1. *Pension Builder Classic* provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.
2. *Pension Builder 2014* is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced, from age 65.

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme’s assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are the contributions payable of £49,292 (2020: £44,149).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

**25 Related party transactions**

The Chair of the DBF received £6,300 for professional consultancy provided during the year (2020: £6,300). This sum was unpaid at the end of both financial years and included in accruals. There were no other related party transactions. See Note 11.

**26 Prior year comparative SOFA**

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2020 £
<b>Income and endowments from:</b>					
Donations and legacies					
- Common Fund		912,771	-	-	912,771
- Archbishops' Council grant		167,072	-	-	167,072
- Archbishops' Council sustainability grant		210,000	-	-	210,000
- Other donations	4	120,462	376,880	-	497,342
Charitable activities	5	-	93,867	-	93,867
Investments	6	190,009	149,627	-	339,636
Other	7	3,474	-	-	3,474
<b>Total income</b>		<b>1,603,788</b>	<b>620,374</b>	<b>-</b>	<b>2,224,162</b>
Expenditure on:					
Charitable activities	8 / 9	(1,593,797)	(480,789)	-	(2,074,586)
<b>Net surplus before gain on investments</b>		<b>9,991</b>	<b>139,585</b>	<b>-</b>	<b>149,576</b>
Net gain on fixed asset investments	14	268,820	-	295,010	563,830
<b>Net movement in funds</b>		<b>278,811</b>	<b>139,585</b>	<b>295,010</b>	<b>713,406</b>



**THE DIOCESE IN EUROPE BOARD OF FINANCE**

England & Wales - Charity number 250186

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# Accounts

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# DIOCESE IN EUROPE

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THE CHURCH  
OF ENGLAND



**THE DIOCESE IN EUROPE BOARD OF FINANCE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

*for the year ended 31 December 2020*

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*Company No. 106580*  
*Registered Charity No. 250186*

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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*for the year ended 31 December 2020*

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# THE DIOCESE IN EUROPE BOARD OF FINANCE

## BISHOP'S INTRODUCTION

*for the year ended 31 December 2020*

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It is with great thankfulness and gratitude that I introduce this annual report for the Diocese in Europe. At one level, 2020 was an impossibly difficult year. Church is about communities animated by the Holy Spirit gathering for worship. Yet close to the start of 2020 this was abruptly prohibited across the great majority of the countries of our Diocese. Life for many of our people who are living in a 'home from home' suddenly became doubly isolated with both gatherings and international travel forbidden.

Yet this report bears testimony to remarkable endurance, resilience...and indeed success. Our clergy and lay leaders rapidly adapted to worship conducted on Zoom, Facebook and YouTube. Communities worked hard to stay in touch with those who are particularly vulnerable. Social mission such as feeding projects for migrants and refugees continued in the most challenging of circumstances.

To be sure, there have been great social, psychological and economic costs. We have lost loved ones and not been able to attend their funerals. Our young people and children have been isolated from their friends and missed school or a normal experience of university. Businesses – especially those in the hospitality and tourism sectors – have been massively affected. Yet the spiritual life of our chaplaincies has endured and in many cases deepened. People have found a renewed faith in God, a new appreciation of the basics of life, a new delight in creation, a fresh appreciation for the importance of physical community.

Our diocese is fundamentally about people, and we have some really excellent people! I pay tribute to our exceptional clergy, our dedicated lay officers, and our highly skilled central administrative staff. If there has been one particular development over the year that is making a difference, it is the realisation of our ambition to appoint a team of freestanding stipended archdeacons. As bishops, David Hamid and I see what a difference this makes to our ministry and to the wellbeing of all our chaplaincies. I am also deeply impressed by the quality of our safeguarding team, delivering a professional safeguarding service across a continent and beyond, and our communications capability which is now transformed beyond recognition.

The pages of this report necessarily talk a lot about money. 2020 was surprisingly healthy on that front – due both to significant help from the central church and also to an astonishingly high Common Fund contribution rate of 97%. Along with this, we set up a Hardship Fund that enabled cross-chaplaincy support over and beyond the Common Fund. All of this reflects strong levels of trust and confidence within and beyond our diocese as well as significant generosity, for which I express my deepest thanks.

Looking to the remainder of 2021 and beyond, we are of course longing for the rollout of vaccines and the resumption of physical gatherings. We have an important agenda ahead of us: to appoint and elect more people from Black, Asian and Minority Ethnic backgrounds, to engage with the *Living in Love and Faith* materials, to continue to appoint women clergy to major chaplaincies, to work out the implications of becoming a carbon-neutral church by 2030, to work out the 'wellbeing covenant' we have made between bishops, clergy and laity.

I hope you enjoy reading this report. I trust that, at least, you are encouraged and reassured by the great care that is taken over the management of our relatively slender resources, and the way these are deployed for maximum effect. I thank God for the vitality of our Diocese in Europe as evidenced by this report and pray for its abundant fruitfulness and flourishing in the future.

The Right Reverend Dr. Robert Innes  
Bishop of Gibraltar in Europe

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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The Trustees, who are also Directors for the purposes of company law, present their annual report together with the audited financial statements, for the year ended 31 December 2020.

### OBJECTIVES

The Diocese in Europe has almost 300 congregations in 40 countries in Europe, Russia and North Africa. These congregations are organised within 147 (2019:148) separate chaplaincies. The Company's principal activity is to promote, assist and advance the mission and ministry of the Church of England in the Diocese in Europe by acting as the financial executive of the Diocesan Synod.

The main objectives of the Company and of the charity are:

- to manage the financial aspects of providing a priestly and pastoral presence where needs arise and as resources permit across the Diocese;
- to provide appropriate personnel, financial grants and other resources including safeguarding to support the mission of the Diocese;
- to engage with the community as part of the Church's response to God's mission to His people in the area covered by the Diocese;
- to manage funds on behalf of the churches in the Diocese, and related trust funds;
- to provide services to churches and help the flow of communications across the Diocese, including the provision of various publications;

Funds and other support are given to encourage fresh expressions for worship and mission; to support the ongoing mission of the Diocese, and to provide a service to our chaplaincies. Priorities for diocesan support are identified at regular meetings of the Bishop's staff and at the diocesan and archdeaconry synods. Significant financial issues are delegated to the Finance, Audit and Personnel Committee ("FAPC") between meetings of the Diocesan Synod and the Bishop's Council. Revised Terms of Reference for that committee including spending thresholds were agreed by the Trustees at the Bishop's Council in October 2019.

The Trustees aim to operate a balanced budget, meeting current expenditure from current income, so that capital growth can be set aside to support the work of the Diocese in future years and be available at times of particular hardship. This aim became increasingly difficult to achieve as the costs of the Diocese escalated during the last decade. At the Bishop's Council in 2018 a financial plan was approved which aimed to achieve break-even over the next three years. The plan accommodates required increases in costs, principally in the areas of safeguarding, archdeacons and communications. It also incorporated increases in Common Fund contributions from chaplaincies in the three years up to and including 2020. As a result of the Covid-19 pandemic the plan was revised at the Bishop's Council in 2020 and a new plan through to 2024 was approved.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### STRATEGIC AIMS

The diocesan strategy commits us to:

- Building up the Body of Christ and fostering growth
- Sharing with other churches and agencies in the evangelisation of Europe
- Striving for the creation of a just society and a sustainable environment
- Working for Reconciliation in communities and in the wider world
- Providing the Resources to do these things

Across our far-flung diocese, the diocesan staff team and the chaplaincies work together in fulfilling this strategic vision by making good clergy appointments; fostering vocations; forging partnerships with mission agencies; working with refugees; providing encouragement and support to our people. The achievement in continuing this work in the context of Brexit and COVID-19 is gratifying.

The strategy was reviewed in detail by the Trustees at the Bishop's Council in October 2019. It was unanimously still regarded as being fit for purpose and was not considered in need of amendment. However, some key priorities for activity emerged at the Council and subsequent Diocesan Synod meetings over the past year. These are:

1. The environment and the stewardship of creation
2. Growing ministry to young people
3. Growing training and development of both lay leaders and clergy with a particular focus on the Ministry of Women and of Black, Asian and Minority Ethnic people both lay and ordained
4. Embracing lower income groups and learning how to function better with less

Some but not all of this work has been constrained by the pandemic. However well these priorities may be understood and agreed, progress on the work depends on financial stability and growth along with the commitment of people across the Diocese to work towards these objectives.

### FINANCIAL EXECUTIVE SUMMARY FOR THE YEAR 2020

The outcome for the year is a surplus in Unrestricted Funds before investment gains of £9,991. This result would have been a deficit of £200,009 but for a Covid-19 sustainability grant of £210,000 which was received from the Archbishop's Council.

The pre-pandemic budget set for 2020 by Bishop's Council in 2019 was ambitious, with a £35,000 deficit based on 100% receipt of the planned, increased Common Fund contributions. As a result of Covid-19, the Common Fund request for 2020 was frozen at 2019 levels, reducing budgeted income by £236,000. In addition, £200,000 was set aside out of unrestricted funds in the Hardship fund. £79,986 remained to be allocated to chaplaincies at the year end as it became clear that the needs in 2021 were likely to be as great as in 2020. It is planned that these funds will therefore be distributed in 2021.

The surplus of £9,991 has been achieved through a combination of generous contributions from chaplaincies to the Common Fund, tight financial management, with much reduced travel costs and significant extra funding from the Archbishop's Council. This brought the DBF much closer to achieving break even than could have been envisaged at the start of the pandemic and even as the final quarter of the year began.

The financial position of the DBF is further bolstered by the strong performance of the unrestricted investments. This is outlined in detail in Note 15 on page 46 of these accounts.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### FINANCIAL EXECUTIVE SUMMARY FOR THE YEAR 2020 (continued)

It is notable that changes in budget planning and the approach to Common Fund have helped the Diocese withstand the significant economic shock of the pandemic. In November 2020 a new 4-year financial plan was agreed by the Bishop's Council in response to the changed circumstances. This will still rely on increases in Common Fund payments in 2022, 2023 and 2024 and forecasts a cumulative deficit from 2020 – 2024 to be funded from reserves of £1.4million.

### 2020 IN CONTEXT

#### Covid-19

The Pandemic took hold across the Diocese in Europe earlier than in the UK. It dominated the worshipping and pastoral life of every chaplaincy as well as posing huge personal and financial challenges for all clergy and church officers. For DBF staff in London and in the Bishop's Office in Brussels, it required all employees to work from home for most of the year and increased the workload in several departments. Whilst the pandemic may have restricted growth and development in some areas of activity in other ways it promoted developments that will be of benefit in the future. These include:

1. The growth of online worship both with Diocesan services and from chaplaincies which engaged people in new ways and brought them together on a scale never previously envisaged.
2. The use of video conferencing increased attendance at gatherings, saved money and reduced the DBF's carbon footprint as the Church of England works towards the target of carbon neutrality by 2030. At times online meetings clearly improved and accelerated decision making.
3. The ability of staff to work flexibly has enabled attention to be paid to work life balance and wellbeing.

However, the economic challenge of Covid-19 is already considerable and the full extent of it is not yet fully apparent:

1. Many chaplaincies still rely on 'in person' giving at services for a big portion of their income and regular online giving has only been adopted at an uneven rate across the Diocese.
2. Popular though online worship has been, there is concern that some people will not come back to 'in person' church.
3. Many chaplaincy events and commercial ventures were cancelled in 2020 and face uncertainty in 2021.
4. In Southern Europe, in particular, visitors and residents who split their lives between the UK and elsewhere have been unable to travel.
5. It is clear that 'normal life' will not return as soon as expected in 2021 and indeed the effects of the pandemic will continue to be felt for several years to come.

There is a big task ahead in rebuilding and in some cases reimagining chaplaincy life. Despite that, the resilience of the Diocese is very apparent as ministry has developed in new and exciting ways. Appointments have been made to many significant clergy positions. Enquiries about ordination are at a high level. The balance of optimism and anxiety about the post Covid era is a delicate one and the picture is by no means uniform across the Diocese.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### 2020 IN CONTEXT (continued)

#### **Brexit**

The long-term, practical and economic impact of Brexit on life in Europe could be greater than that of Covid-19, though the pandemic has obscured much of the impact of Brexit from public discourse in 2020. The role and profile of the Diocese in Europe has been enhanced in the process. The Diocese is an enduring UK institution in the EU and it is continuing its work post Brexit. The work with UK nationals seeking help with their residency applications in France through the UK Nationals Support Fund ("UKNSF") run by the Diocese is a practical example. The task of advocacy and lobbying for UK nationals continues to be very significant.

The DBF made detailed plans to respond to changes in Data Protection practice. These have not had to be enacted as yet. The offices in Brussels and London are well placed to represent one another in the EU and outside it respectively in accordance with the Data Protection laws.

Practical concerns continue about the visas required for licenced and locum clergy seeking to serve in the Schengen area as well as ordinands from the EU seeking to train in the UK. The issues are not insurmountable, but they take time and resources to resolve. This remains a work in progress. The '90-day in 180 rule' that applies to UK nationals visiting the EU threatens some engagement with chaplaincies by temporary residents and may restrict some locum ministry, and the internship scheme (MES).

It is not clear whether the predicted flow of UK nationals into the EU to work for UK companies will materialise at the rates predicted prior to the pandemic. The replacement for the EHIC card has reduced some concerns about health cover though insurance is still needed for many licenced clergy and those costs look set to rise. Economic concerns centred on the value of Sterling against the Euro have not yet materialised as feared. The big decline in the value of sterling came after the referendum. Rates fell marginally in 2020 and have recovered in 2021. The long-term trend is very hard to predict though not the uncertainty, which is palpable. How significant the numbers of UK nationals returning to live in the UK will be is unclear partly due to Covid-19.

#### **The Church of England**

In 2020 meetings of the House of Bishops and of Diocesan Secretaries were more frequent than ever before and the perspective from Europe is regularly heard in these gatherings. The Diocesan Safeguarding Team is now represented on all the working groups organised by the National Team. A seat at these tables helps to move policy in a direction that can be better suited to the needs of the Diocese.

In responding to lockdowns and the resulting changes in regulations around worship, the Diocese has been required to take account of guidance in England and reinterpret it in the context of the varying circumstances and legal positions of chaplaincies in differing circumstances. This has involved painstaking drafting of guidance documents on the part of the Bishops, Director of Communications and the Diocesan Secretary.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### 2020 IN CONTEXT (continued)

#### The Church of England (continued)

The Diocese is actively engaged in work on the developing governance, strategy and operations in the National Church which has accelerated through 2020. Some changes will have an impact on the Diocese in Europe though others can feel less relevant due to the practices and legal structures that are not the same outside England in comparison with the rest of the Church of England.

The Church of England General Synod has demanded urgent action in response to the Church's own record on racism and racial justice as well as answering the challenges posed by the Black Lives Matter movement following the killing of George Floyd in the USA. The diocesan strategy *Breathing Life* was well received by the Archbishops and the Church of England Task Group on Anti Racism in England.

The Church is responding rapidly to the recommendations for safeguarding practice and organisation prompted by the IICSA report. In addition, the work on discerning a way forward for the Church of England in relation to matters of identity, sexuality, relationships and marriage has moved on with the publication of *Living in Love and Faith* and the consultations based on the associated resources. The Diocese is engaged with this work under the leadership of the 'LLF Advocate' Canon Prof Jack McDonald.

The range of strategic initiatives from the General Synod represents an agenda of scale and ambition for the years ahead but also a challenge to chaplaincies emerging from Covid-19 and Brexit with big local issues to deal with as well as these matters.

The active engagement of the Diocese with the national church is fruitful both in influence and in finance. The Archbishops' Council awarded Sustainability Funding of £210,000 and Strategic Ministry Funding towards the costs of 3 stipendiary curates of £105,000 per year for three years in addition to the grant of a similar amount agreed in 2019. Subject to posts being filled this funding amounts to £645,000 coming into the Diocese between 2020 and 2024 in support of ministry in chaplaincies. This funding is restricted for the chaplaincies and does not form part of the DBF's unrestricted income.

### ACTIVITIES AND ACHIEVEMENTS

#### Ministry

The number of clergy in the Diocese holding a Bishop's licence as at 31 December 2020 was 138 (2019:141). This includes 101 clergy in post as Chaplains (2019: 105) and 29 assistant priests who hold a licence in a chaplaincy (2019: 31) as well as the Dean, the Archdeacons and the Director of Ministerial Development. At the close of 2020 the Diocese had 33 vacancies (2019: 41) which, when filled, will have licensed clergy (including both Chaplains and assistant priests). Posts requiring a licensed priest total 174 (2019: 182). There were 19 new appointments (out of 22 vacancies advertised) during 2020 (2019: 13).

118 Readers held a Bishop's licence or Permission to Officiate on 31 December 2020 (2019: 102).

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Ministry (continued)

At the end of December 2020 there were 17 ordinands on either residential or non-residential training (2019: 22), and there were 14 Readers in training (2019: 30).

The Diocese was successful for the second year running in its bid to the Strategic Ministry Fund established by the Church Commissioners to support stipendiary curacies. This provided 70% of the costs of curates in the Diocese for three years from the Summer of 2020. The posts for the 2020 cohort are in Voorschoten, Brussels and Norway (Bergen). In 2020, funding was agreed for three curates to take up their roles in 2021.

#### Chaplaincy membership and attendance

All figures for 'in person' attendance and life events in the Diocese fell dramatically in 2020 as a result of Covid-19. In many parts of the Diocese, lockdowns began sooner than in the UK and continued for longer. Gatherings of all kinds were severely restricted and even when churches have reopened this has been with very limited numbers and often with booking systems required. There are no Usual Sunday Attendance (USA) figures or numbers recorded for Easter Day 2020.

Many chaplaincies across the Diocese reported an encouraging response to online worship. Platforms used varied considerably. Zoom, YouTube and Facebook Live all report figures for usage in very different ways and not always reliable. Statistics gathered for the Church of England indicate that across the Diocese, during lockdown, 109 online Sunday services were being offered every week with a worshipping community of 13,545. Many chaplaincies reported significant online engagement with streamed services of Morning Prayer and Compline. The innovation and ingenuity shown by clergy and church officers who may not have previously considered themselves to be 'technologically savvy' has been remarkable. The challenge now is how to continue to provide online worship and pastoral care effectively for new members who may never attend in person for reasons of health or geography.

2020 was the first year after the new electoral rolls were completed. Total electoral roll numbers were 9,894 a 3.9% decrease from 10,299 in 2019. The pandemic prevented the usual process of making up numbers lost in the 2019 full roll revision, so the decrease is understandable.

There were 120 baptisms (2019: 411) and 10 marriages (2019: 89) recorded in the Diocese. The reduction in marriages in particular, represents a significant financial issue for some chaplaincies. These events are a source of engagement and income particularly when families travel from the UK for ceremonies.

9 confirmation services were held across the Diocese (2019: 24) with 61 candidates (2019: 192). Services held in 2021 may be extensive enough to make up for the reduction in 2020. This is reliant on the capacity and ability of Bishops to travel as well as communities gathering in greater numbers than has been possible in the first half of the year.

The Church of England has not yet published figures for 2020 so comparisons are not possible this year.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### ACTIVITIES AND ACHIEVEMENTS

#### Finance

Financial oversight was offered to the DBF by the Finance, Audit and Personnel Committee (FAPC) which met 10 times, as opposed to the normal 4 occasions during the year.

The 2018 financial plan gave the DBF a stable financial basis on which to pivot its plans when the pandemic hit Europe. The Common Fund request, including the agreed 25% increase was published just as the Covid-19 reached Europe in February 2020. By April it was clear that very many chaplaincies would, understandably, be neither willing nor able to pay such amounts. The FAPC agreed to reduce the request to the 2019 levels. This was greeted warmly by chaplaincies and 97% of the revised request was received.

In addition to reducing the Common Fund Request for all, the DBF also established a Covid-19 Hardship Fund of £200,000 from Diocesan Reserves targeted at chaplaincies facing particular hardship as a result of the pandemic. Priority was given to applications from chaplaincies who were struggling to pay clergy costs. Formal applications to the FAPC were invited. 31 grants have been made in two rounds of applications benefitting 20 chaplaincies.

28 chaplaincies and a generous personal donation contributed a total of £68,654 to the Hardship Fund. Many donations amounted to the difference between the original and the reduced Common Fund request to the relevant chaplaincy. Such donations represent a powerful gesture of mutual support across the Diocese.

In June 2020, the reduced Common Fund request and the Hardship Fund caused the DBF to revise the forecast deficit for the year to £471,000. The outcome for the year was much better than this forecast as a result of The Archbishops' Council grant of £210,000, costs savings due to reductions in activity and better than expected Common Fund receipts (97% of the request). Common Fund equates to 67% of the 2019 agreed diocesan budget. The Common Fund total receipt includes a small amount given in response to the previous year's request. In some cases, the provision of hardship funding towards clergy costs made it easier for chaplaincies to pay their share. These two factors account for approximately 5% of the funds received. The income from investments held by CCLA was £20,000 higher than forecast.

#### New Financial Plan

At Bishop's Council in November 2020, a new financial plan was approved without opposition. The plan freezes the Common Fund request for 2021 at the 2020 level, with proposed increases of 10%, 15% and 20% in the subsequent years. The plan is designed to bring chaplaincy contributions back into line with the levels agreed in 2018, but not until 2024 and will achieve the agreed objective of a balanced budget by the end of 2024. The plan requires the DBF to draw on £1.4million of reserves between 2020 and 2024. Risks to the plan lie in the ability of chaplaincies to pay Common Fund, the continued ability of the DBF to control its costs and the continued good performance of the DBF's investments both in terms of income and capital value. The FAPC and the Trustees took the view that these risks are manageable. The DBF is reliant on the renewal in 2023 of the annual Low Income Communities Funding grant from the Archbishops' Council. £167,072 was received in 2020.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### New Sources of Income

The Archbishops' Council Covid-19 sustainability grant of £210,000 was awarded after several months of careful consideration and close cooperation between the DBF and the Strategy and Development team of the Church Commissioners. Such funding may not be available again in 2021 and it is not included in the budget for 2021.

In December 2020, the Allchurches Trust awarded the DBF a 'Transformational Grant' of £250,000, paid over the three years 2020 to 2022. This is described in further detail on Page 13. It will support a range of digital projects including a new website. The funding is granted on the condition that it is not used for 'Business as Usual' but for new project work. £110,000 was received in December and is disclosed as Restricted income in Note 20 (a).

A further new funding bid may be made to the Church Commissioners Strategic Development Fund late in 2021 should innovation bids be invited.

#### Loan and Liquidity

In the Autumn of 2020, the Finance Audit and Personnel Committee decided that the DBF should increase the proportion of funds it holds as liquid assets. As a result, £500,000 worth of investment units were sold in December. In addition, a low interest 10-year loan of £500,000 was taken out with CCLA in January 2021. The interest payable on this loan when it was agreed was 0.85%pa. The rate floats in relation to CCLA's own fund and at the end of April 2021 was 0.65%. This improves the liquidity of the Diocese whilst at the same time reducing the market risk attached to the DBF's investments. The income from the investment portfolio will be marginally reduced as a result. The DBF plans to repay the loan in bi-annual equal instalments over the 10-year period from May 2021.

The DBF holds and administers funds on behalf of chaplaincies. A review was conducted by the FAPC into this practice during 2020 and resolved that it is an appropriate and well managed activity. Safeguards were suggested and are in place to ensure continued financial security and compliance for all parties.

#### Rent on the offices at 14, Tufton Street

The DBF has negotiated terms for a short-term extension of the lease of the office space in Tufton Street. This continues to be let on very favourable terms but the DBF may have to relocate to new offices from the end of 2022 depending upon the plans of the landlord, which is the Corporation of Church House.

#### Furlough

The DBF operates with a small staff team of 14 FTE who were fully occupied during the peak of the pandemic. One member of staff was furloughed for 3 months, which resulted in £5,010 being received by the DBF from the HMRC.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Diocesan Investments

The diocesan investments were closely monitored throughout the year and their value was reported regularly to the FAPC. The DBF's investment manager, CCLA, attended several FAPC meetings to update the committee on investment performance and strategy. The investments dropped in value by nearly 15% in March 2020 as the pandemic hit but had fully recovered by the year end and were slightly ahead of the opening position. See Note 15.

The majority of DBF's investments are managed by CCLA, whose performance outperformed those of many large fund managers. This performance has also benefited many chaplaincies and trust funds of which the DBF is the custodian trustee. See Note 20 (a), Summary of Fund Movements.

#### Pensions

No issues arose in the year regarding pension liabilities of the DBF or for staff and clergy enrolled in the Clergy Pension Scheme of the Church Workers Pension Scheme.

#### Common Fund Allocation Working Group

A Working Group made up of clergy, laity, archdeacons and senior staff, with financial expertise from across the Diocese, completed its work examining all aspects of the Common Fund allocation. Diocesan Synod has agreed with recommendations that were made to improve the Common Fund process.

In 2020, the FAPC agreed the following additional recommendations of the Working Party:

1. To consult on a proposal to measure membership as a combination of Electoral Roll and Usual Sunday Attendance from 2021.
2. Bringing under the calculation the small chaplaincies who have hitherto paid a nominal sum outside the scheme.

These proposals are likely to be introduced in 2022.

The Working Group will continue to meet at least once a year to monitor the Common Fund process. Some members are also joining a new Stewardship Working Party.

The Common Fund Exemptions Committee (a sub-committee of the FAPC) now meets each year to agree items of income and expenditure which will not be included in the calculation for individual chaplaincies.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

*for the year ended 31 December 2020*

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#### ACTIVITIES AND ACHIEVEMENTS (continued)

##### Senior Staff Changes

The team of stand-alone stipendiary archdeacons was completed with the appointment of Rev'd Dr. Peter Hooper to be Archdeacon of France from February 2021. He will take on responsibility for the Archdeaconry of Switzerland in January 2022 when Rev'd Canon Adèle Kelham retires.

Rev'd Sam Van Leer became Acting Archdeacon of North West Europe in November 2020 following the resignation of the Ven. Dr. Paul Vrolijk to return to his position of Senior Chaplain at Holy Trinity Brussels on a full-time basis.

The Ven. Meurig Williams took up a new position in Ireland, leaving a vacancy at the end of 2020 as Bishop's Chaplain. Rev'd Canon Alan Strange was appointed to this full-time position and started work in April 2021.

The new Dean of Gibraltar, Rev. Canon Ian Tarrant took up his position early in 2020 and was licenced in October.

There were no changes in the lay senior staff team. Following her successful introduction to the Diocese in November 2019, the Head of Safeguarding, Grace Fagan agreed a new long-term contract in July 2020.

##### Safeguarding

The Diocesan Safeguarding Team ("DST") has continued to develop the service with an objective to ensure a 'Safe Church for All' across the Diocese. A number of important matters have informed the process.

##### 1. *Independent Inquiry into Child Sexual Abuse (IICSA)*

The IICSA published its report into safeguarding in the Anglican Church on 6<sup>th</sup> October 2020. The link to the full report is here: <https://www.iicsa.org.uk/publications/investigation/anglican-church>. A joint open letter of response to the report was published on the Diocesan website by Bishop Robert and Bishop David Hamid at: <https://europe.anglican.org/main/latest-news/post/1608-iicsa>. As part of recommendation 1, in the Diocese in Europe the DSA (Diocesan Safeguarding Adviser) title has been changed to Head of Safeguarding better to reflect the range of responsibilities and status of the role which goes well beyond giving advice. The Diocese is represented on all the NST workstreams to ensure that the exceptional circumstances of chaplaincies operating in jurisdictions beyond the UK are recognised in any new regulations and structures introduced. The Bishop, COO and the Chair of the Diocesan Safeguarding Advisory Committee have also been actively engaged in discussions with senior NST and Archbishops' Council representatives about the changes.

##### 2. *Staffing*

The structure of the DST was reviewed and amended during the year to improve the response to safeguarding concerns and meet the needs of the new online training programmes.

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## ANNUAL REPORT

*for the year ended 31 December 2020*

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Safeguarding (continued)

##### 3. Cases

Case Work continues to increase. 47 formal referrals were received in the year (2019: 17). A more formal triaging process has been introduced for all concerns.

##### 4. Training

Europe was one of the first dioceses to adopt the new national C2 Virtual Leadership training programme. 262 people have taken the course and surveys reveal a very positive response. The DST has ended the previous costly face to face sessions. Training is now more agile and reaches more people. Over a hundred Chaplaincy Safeguarding Officers attended the first bi-annual online safeguarding conference. CSO conferences are supplemented by regular online workshops.

##### 5. Past Cases Review 2

The Diocese is planning to complete this mandatory project by early 2022. It will incur costs to the DBF of between £100,000 and £150,000 as all clergy and church officer files are independently reviewed. Progress was delayed due to the inaccessibility of both the London and Brussels offices during the lockdown.

##### 6. DSAC

The Safeguarding Advisory Committee continues to provide an essential layer of governance. Two new independent members have been appointed following a review of the skills on the committee, a public recruitment process and interviews.

#### Communications

The pandemic underlined and increased the need for effective online communications across the Diocese. Over 100 web articles were published in 2020. These contributed to the success of the online *European Anglicans* magazine. A monthly online e-News bulletin was launched in September 2020 and acquired 2,300 subscribers. At the same time, the Diocese re-launched its Facebook and Instagram profiles, and followers on both platforms is growing rapidly. Followers on Facebook grew to 900 in the last quarter of 2020.

Five Pan-Diocesan services were held on Zoom during the year. These were also live streamed and made accessible on demand on the diocesan YouTube channel. Online training sessions were provided to chaplaincies on innovative use of Zoom, social media platforms and chaplaincy social media planning. Communications have been enhanced by the recruitment of a part-time Diocesan Digital Communications Officer to assist with our online publications and social media.

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## ANNUAL REPORT

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Communications (continued)

The Director of Communications has also focused on linking key advocacy areas on European Institutions to communications opportunities in Diocesan and wider Church and international media, with notable successes so far on the Impact of Brexit on the Diocese, Gender Justice, and Freedom of Religion and Belief in Europe.

#### *Digital Diocese*

The Allchurches Trust grant of £250,000 described on page 9 will provide for a new website, the presentation of a significant online lay training initiative, support for development of social media platforms, training, new digital networks for ministry and mission and, in 2022/23 a new white label template for chaplaincy websites.

#### *UK Nationals Support Fund: Diocese in Europe Residency Support Project ("UKNSF")*

In September 2020, the Diocese was contracted by the UK Government Project to support UK nationals in applying for future residency in France. The project is fully funded by a grant of £250,000 from the UK Foreign, Commonwealth and Development Office. The Project has an expert team of professional caseworkers. 6,000 people accessed services by May 2021 via a bespoke website and helpline. <https://www.frenchresidency-support.org/>. Caseworkers have assisted over 900 people with their applications. Covid constraints mean that most of the support has been virtual. The Project has been extended with additional funding for a further 6 months by the FCDO and now runs to the end of 2021.

#### Diocesan Synod and Bishop's Council

The pandemic prevented in person meetings of the Diocesan Synod and the Bishop's Council. The Diocesan Synod met twice on Zoom initially in June 2020 as a gathering of members and then in full session over 2 days in December under constitutional provisions published in a Bishop's Instrument.

At the June meeting, the Diocesan Synod considered the challenges presented by the pandemic and how these had been addressed thus far. Meeting formally as the members of the DBF the Synod members approved the Annual Report for 2019 and the revised forecast for 2020.

The Trustees of the DBF met over 2 days in November at the Bishop's Council. This meeting approved the new financial plan and forecasts described above including the schedule of Common Fund increases up to and including 2024 and the likely cumulative budget deficit.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

for the year ended 31 December 2020

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### ACTIVITIES AND ACHIEVEMENTS (continued)

#### Diocesan Synod and Bishop's Council (continued)

In December, the Diocesan Synod met and focussed on the future. Presentations and breakout groups considered the approach to the challenge of being net carbon neutral as a Diocese by 2030, the Diocesan Strategy on Racial Justice, *Breathing Life*, and the Church of England consultation process on issues of human sexuality *Living in Love and Faith*. The Synod also adopted the Clergy Covenant with commitments made by Clergy, Laity and Bishops which will enhance the wellbeing of the Clergy in all chaplaincies. The meeting was also an opportunity to offer thanks and good wishes to the Ven. Meurig Williams as he moved on to his new post in the Diocese of Cork, Cloyne and Ross in the Church of Ireland. It is likely that governance meetings will continue to be held online through much of 2021.

#### Events

The pandemic has curtailed the number and range of large gatherings and celebrations that would normally be a part of the year in the Diocese. Some events of note include:

- A series of pan diocesan online services were held: The renewal of vows by the clergy (Holy Week), 8 minutes and 46 seconds of prayer for racial justice, A service for the Commissioning of the People of God (Pentecost), A Service Marking Creatiiontide, An Advent Service of Prayer and Teaching,
- The Annual Service for the Friends of the Diocese including a briefing on developments over the past year
- The installation of the Dean of Gibraltar on 13th October
- The death of a former Dean and Archdeacon of Gibraltar, Ken Robinson
- The dedication of the refurbished church in Oostende
- Ordination services (with few attendees but also streaming) in Ghent and Rome

#### Volunteers

The DBF is dependent on the huge number of people involved in chaplaincies. The number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the DBF greatly values the considerable time given by all committee members and other volunteers across the Diocese in pursuit of the church's mission.

Measuring in a meaningful way the in-kind value of volunteer time to the operations of the DBF is particularly difficult. It is for this reason that no estimate of the value of this time has been included in the financial statements.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### FUTURE PLANS

It is salutary to look back at last year's annual report for the Diocese in Europe and read the following passage:

*'It is very challenging to assess the financial impact of COVID-19 in any one country. For the Diocese in Europe across 40 countries, prediction of the income of chaplaincies or of the DBF is impossible.*

*At present (June 2020) most churches are still closed and will reopen in very different ways in different countries. There will not be a return to any sense of 'normal' for many months. Chaplaincies' ability to pay Common Fund to the DBF may be hampered by:*

- 1. Reduced giving in collections due to fewer services*
- 2. Cancelled big events such as weddings*
- 3. Cancelled chaplaincy fund raisers*
- 4. Loss of income from commercial activities such as shops, concerts and property rental*
- 5. Lack of clarity as to whether older or less healthy members will wish to attend church post lockdown*
- 6. Uncertainty about the duration of the COVID-19 impact*

*Chaplaincies are nervous about their financial position in 2021 giving a potential longer-term threat to DBF income.'*

Much of the above still pertains at the time of writing, although Common Fund contributions continue to be generous. The Diocese is refreshingly resilient across all its chaplaincies. Online engagement is at a high level, very good appointments have been made, the number of enquiries regarding vocations remains healthy and varied and the profile of the Diocese within and beyond the Church of England has seldom been so high. As a result, two funders have made significant amounts available to help the Diocese move forward in difficult but exciting times. Though the financial outcome for 2020 is encouraging, the long term financial challenges faced by the DBF are real and will require prudence from the DBF and generosity from chaplaincies in the years ahead.

The agenda ahead is long and challenging but invigorating. Despite the resilience, the challenge of long-term financial stability for some chaplaincies is real and can only be met by increasing both membership and giving. The Diocese will strive for growth and depth in its mission. It will seek to build a church that is inclusive and broad in its demographics within the clergy and the laity. The Diocese will hear and act on the call for racial justice and seek to show dynamic leadership in the battle to combat climate change. It is a church which, despite the pandemic, will continue to inspire people across 40 countries to *Walk Together in Faith*.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### FINANCIAL REVIEW

#### Financial performance

The overall surplus for the year including all funds (before investment gains,) per the Statement of Financial Activities on page 31 was £149,576 (2019: £597,632). There was no exceptional income in 2020, although the one off £210,000 grant from the Archbishops' Council was crucial to the outcome. In 2019 exceptional items of £745,946 transformed a deficit of £248,314 into the surplus of £597,632 before investment gains. See Income and Expenditure Account on page 32. Investments regained the substantial losses incurred earlier in the year, to produce a total gain of £563,830 (2019: £1,399,982).

#### Income

Total income for the year, including the sustainability grant of £210,000 and increased restricted income, was £2,224,162 (2019: £1,787,695, before exceptional items).

The contribution from chaplaincies through the Common Fund of £912,771 (2019: £883,885) made up 57% (2019: 68%, excluding exceptional items) of the £1,603,788 unrestricted income (2019: £1,307,871 before exceptional items). The Archbishop's Council grant of £210,000 made up a further 13%. In April 2020 the original Common Fund request was reduced by 20%, in response to the pandemic.

Restricted income increased by £240,550 to £620,374 (2019: £379,824). This includes the Allchurches grant for the 'Digital Diocese' of £110,000 received in December 2020 and £93,867 from the Foreign, Commonwealth and Development Office for the UKNSF project. See Page 13 under the Communications paragraph for further information. No endowment income was received in the year (2019: £100,000).

#### Expenditure

During the year total charitable expenditure was £2,074,586 (2019: £1,936,009), made up largely of direct ministry and mission costs and grants. See Note 8 on Page 42 for further details.

Designated grants of £244,361 (2019: £127,484) were made in the year. They included a new Covid-19 Hardship Fund of £200,000, established in April 2020 to support those chaplaincies hit hardest by Covid-19 to enable them to pay in particular clergy costs. £188,668 was paid in the year. The fund was greatly helped by the £68,654 donated by chaplaincies and individuals. Additionally, a designated fund of £25,000 was created to cover the costs of the Past Cases Review 2 of which £22,945 was spent in the year. See Note 20(a).

Restricted expenditure totalled £480,789 (2019: £414,117), including £93,867 matching the restricted income for the new Foreign, Commonwealth and Development Office project as detailed above.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### FINANCIAL REVIEW (continued)

#### Balance sheet

Net assets as at December 31<sup>st</sup> 2020 were £11,726,517 (2019: £11,013,111).

The total gain in the value of investments was £563,830 in total (2019: £1,399,982) (see Note 15). In Quarter 4 £500,000 value of units were sold. Despite this, there was an increase in the value of listed investments of £63,830. This was achieved against the backdrop of the extremely volatile markets which resulted from the Covid-19 pandemic. The proceeds of the asset sales were held as cash at the year end.

The £200,000 spent by the DBF in Florence in 2009 and previously described as a loan to the chaplaincy, has now been reclassified as a social investment. The purpose of the expenditure was to enable the DBF to support the redevelopment of apartments that are part of the church building, St Mark's Florence, which is owned by the DBF. The apartments will continue to benefit both the chaplaincy and the DBF.

As at 31 December 2020 unrestricted funds were £4,782,863 (2019: £4,504,052). Restricted funds were £421,157 (2019: £281,572). Endowment funds were £6,522,497 (2019: £6,227,487), an increase of £295,010 which is due solely to the gain on investments in the year.

#### Budgets

In October 2019, Bishop's Council agreed a near breakeven 2020 budget for unrestricted general funds. Considering the turbulent year, the result for the year was much better than anticipated at the outbreak of Covid-19 due in large part to the receipt of the £210,000 sustainability grant, as well as careful financial stewardship. The overall result has also benefitted from unbudgeted investment gains of £268,820.

A new four year budget, covering the period 2021 to 2024, was approved at Bishop's Council 2020. Only by 2024 will the request of the Common Fund be at the level envisaged under the financial plan in 2018. A substantial deficit of £1.4m was forecast for the five year period 2020-2024, to be funded from the unrestricted General Fund. It was unanimously agreed by the Trustees that by the end of 2024 the DBF should be breaking even.

#### Legacies

A small number of chaplaincies benefitted from legacy income in the past year. The promotion of giving by legacy to chaplaincies or to the Diocese, will be a focus for more activity in the future, as such giving can make a significant impact.

#### Remuneration of key management personnel

The responsibility for setting salaries for all staff, including senior personnel, lies with the FAPC, which is always mindful of prevailing market conditions.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### FINANCIAL REVIEW (continued)

#### Grant making policy

The Trustees award grants principally through FAPC. These are normally to establish new chaplaincies via the Diocesan Development Fund or develop new mission initiatives within a chaplaincy or archdeaconry or in support of agencies or organisations which directly benefit the DBF but which do not charge fees, via the Mission Opportunity Fund.

#### Investment policy

The policy of the Trustees is to invest in a diversified portfolio of quoted equity and fixed interest securities. They take into account the requirements of the law in relation to the investment of charitable monies, while seeking the best possible returns and having due regard to preservation of capital. Investment decisions also take account of the funds' ethical policies and ensure that these fall within the guidelines approved by Church of England General Synod. The Company invests through common investment funds and does not invest directly in the stock market. For operational reasons, it also has certain interests in property.

The portfolio held is diverse and designed to withstand pressures that may come in various parts of the global economy.

The FAPC meets quarterly and is updated on the portfolio's performance. The need to draw down on investments is approved at these meetings. Representatives of CCLA, who manage all the Diocese's investments and the vast majority of the Endowment Funds, regularly attend FAPC meetings and provide updates.

#### Reserves policy

The Trustees consider it important to carry reserves to cover unforeseen eventualities and the possibility of future operating deficits, taking into account the fact that more than half of all funds are endowed for specific purposes. In the case of unrestricted funds, the Trustees seek to maintain general reserves that will support the ongoing mission of the Diocese and allow the Company to operate as a going concern. The Unrestricted General Fund was £4,455,051 (2019: £4,255,170) at the end of the year. The DBF has been accustomed to holding two years' operating costs in reserves. Within unrestricted reserves, the Trustees also have four designated funds totalling £327,812 (2019: £248,882) at the end of the year. See Note 20(a) and Note 20 (b) for further details. Current accounts with chaplaincies, which are not matched with specific investments, are retained in the DBF's balance sheet as creditors due within one year. These amounted to £1,192,632 at the year end (2019: £1,143,861). See Note 18.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### FINANCIAL REVIEW (continued)

#### Other funding which has an influence on the life of the Diocese

All chaplaincies in the Diocese are required to be financially self-sufficient. They are funded largely by electoral rolls members and visitors and in some cases by returns on investments and local commercial activity. Thanks are also given to mission agencies working in the Diocese, including Mission to Seafarers (which funds several port chaplains), USPG (major funders, property owners and former patrons of the majority of chaplaincies), ICS (which retains patronage of 23 churches and supports some seasonal work), and the Allchurches Trust which supported both the DBF and the See Cathedral. Following the pandemic, attention is being given to online giving and moving away from the reliance of giving in person.

#### Going concern

In light of the financial impact of COVID-19, the financial position and forecasts have been reviewed, taking into account the levels of investment reserves and cash. As a result of this review, the Trustees believe that the Diocese will be able to manage operational and financial risks successfully.

As explained in the Investment Policy above, the portfolio is very diverse and is designed to withstand adverse market conditions, such as those currently being experienced. The DBF will seek to avoid selling investments at low points in market valuations.

In January 2021, a ten-year loan of £500,000 was obtained from CCLA, the DBF's investment managers, on favourable terms. See Note 25 for further details.

It continues to be the Trustees' policy to invest surplus funds in fixed asset investments for the long-term so that the best returns are achieved. The Trustees are confident that the DBF can access these resources at short notice should the need arise to satisfy current liabilities.

Accordingly, the Trustees have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis of accounting in preparing the annual accounts.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### PRINCIPAL RISKS

The Trustees are responsible for maintaining a sound system of financial control to safeguard the Company's assets. The FAPC identifies the major risks to which the Company is exposed, and such systems and procedures as are practicable are in place to mitigate those risks. A formal risk assessment review is conducted annually at the Winter meeting of FAPC, which monitors the risks and the effectiveness of the system of internal control operated by the Company.

The most significant risks are as follows:

#### *Safeguarding failure*

A big case could have a significant reputational or financial impact. This is mitigated by a strongly led Safeguarding Advisory Committee, the engagement of professional safeguarding staff, diocesan safeguarding policy and training and the DBF's insurance.

#### *Investment underperformance*

Poor investment performance could have an adverse effect on the ability of the DBF to meet its financial commitments. However, to reduce the chance of this, funds are invested with an established and reputable fund manager. Funds are widely spread, and performance is monitored. £500,000 worth of units have been liquidated on the advice of the FAPC in 2020.

#### *Hazards*

Fire, flood and computer failure. The Diocese has insurance in place with a reputable insurer to cover these risks. The Diocese is also a tenant of Church House in Westminster and uses services provided by Church House. It can therefore rely on disaster recovery and computer back-up routines employed by the National Church Institutions.

#### *Chaplaincy finances*

Chaplaincies face a range of issues which in some cases make payment of Common Fund very challenging. This is mitigated by prudent financial planning and encouragement of appropriate stewardship and giving. In addition, the work of the Common Fund Allocation Working party and improvements in communication have assisted chaplaincies better understand the diocesan finances and more willing to pay their share.

#### *Funds held as custodian Trustee*

The DBF holds investments and cash on behalf of chaplaincy councils. Care is taken to ensure the funds are managed correctly and that sufficient liquidity is maintained to ensure any demands for repayment can be met. This matter was reviewed by the FAPC in the past year 2020.

#### *Global pandemic*

The effects of a significant disaster were covered by the risk register when it was last reviewed though a global pandemic was not specified. The widespread impact of the virus may continue for 2-5 years with an impact on chaplaincy and hence diocesan income. This might be partially mitigated by improved stewardship by chaplaincies and improved cost control at all levels within the Diocese as well as some changes in the pattern and deployment of ministry in chaplaincies.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### STRUCTURE AND GOVERNANCE

The Diocese in Europe is a Diocese of the Church of England in the Province of Canterbury. The legal framework for the Diocese is the 'Diocese in Europe Measure 1980' and the Constitution of the Diocese 1995. While the Diocese in Europe Board of Finance is autonomous for most practical purposes, decisions may be influenced by those taken by the Church of England.

The DBF is a Company which is limited by guarantee and which does not have share capital. It is incorporated in England and Wales with the registration number: 106580.

#### Directors and Trustees

Under the Memorandum and Articles of Association, members of the Bishop's Council are designated as Directors for the purposes of the Companies Act 2006 and are Trustees under charity law. The members of the Diocesan Synod are the members of the Company.

The members of the board may derive no benefit, income or capital interest from the Company's affairs from their position, other than the reimbursement of out-of-pocket expenses. In the event of the Company being wound up, each member, who is a member at that time, has undertaken to contribute £1 to the Company. The FAPC agreed to the management contracting the current Chair of the DBF to offer some financial consultancy during the year outside of his trustee duties.

#### Constitution

The constitution of the DBF is set out in its memorandum and articles of association. Episcopally led, the DBF's activities are directed by the Diocesan Synod and Bishop's Council which also meets as the Board of the DBF and as the Trustees of the charity (together "The Trustees").

#### Organisation and decision-making structure

Members of Diocesan Synod are also members of the Company and the charity. They set priorities and the overall financial strategy for the DBF in its prime imperative to participate in God's mission by and to Anglicans across the area covered by the Diocese in Europe.

The Trustees meet once a year at Bishop's Council to approve the budget for the following year; to consider strategic financial matters and monitor the implementation of financial policies. Members of the Company meet annually during Diocesan Synod to consider and approve the annual report and forecasts.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

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### **STRUCTURE AND GOVERNANCE (continued)**

#### **Organisation and decision-making structure (continued)**

The FAPC meets at least four times a year to review the DBF's overall activities against budget, consider investment policy and performance, and approve requests for grants. It also reviews the budgets prior to their presentation to Bishop's Council and the Annual Report prior to its presentation to the DBF members at the Diocesan Synod. Membership of the committee is a balance of ex-officio appointments and members elected by the Trustees every three years. It is proposed to co-opt a personnel expert following a review of the skills available to the committee.

#### **Appointment and induction of Trustees**

At the start of each new triennium new Trustees and members participate in an induction process and receive information about roles and responsibilities. Trustees are periodically provided with updates on best practice.

#### **Other organisations with which the Board co-operates in achieving its objectives**

The Company's activities involve regular and routine financial transactions with chaplaincy councils in the Diocese as well as the central Church authorities, though none of these bodies are a connected charity as defined by charity law. In addition, there are links (in respect of finance and activities) with various related agencies, together with diocesan-wide voluntary and statutory organisations.

#### **Decision making and delegation policy**

Diocesan Synod sets and approves strategy and policies. The Board sets the annual budget and makes decisions on the financial policy for the Diocese. The day-to-day management and implementation of agreed strategies and policies is undertaken by senior staff.

#### **Funds held as Custodian Trustee on behalf of others**

The Board holds investments and cash as custodian trustee on behalf of its chaplaincy councils and trusts. Where amounts owed to chaplaincies and trusts are matched by specific investment and cash balances these are excluded from the DBF's balance sheet and are recorded in Note 23.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### ANNUAL REPORT

*for the year ended 31 December 2020*

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#### **STRUCTURE AND GOVERNANCE (continued)**

##### **Public benefit**

The Trustees are aware of the Charity Commission's guidance on public benefit "The Advancement of Religion for the Public Benefit" and have regard to that guidance in their administration of the charity. The DBF believes that this report provides evidence of the public benefit of the charity's work in 2020.

As described more fully throughout the report, the DBF provides funds to support the work of Anglican Chaplaincies in Europe part of North Africa and Russia. The vast majority of churches are available to the public at large and none is restricted to members of the Church of England.

##### **Trustees' indemnity**

The DBF provides insurance to Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity insurance remains in force as of the date of approving the Trustees' Annual Report.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the charitable company for the purpose of Company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires 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 (UK 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 DBF and of the surplus or deficit of the DBF for that period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in operation

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

#### Statement of disclosure to the Auditor

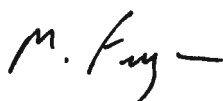
As far as the Trustees are aware, there is no relevant audit information of which the charitable Company's auditor is unaware. The Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable Company's auditor is aware of that information.

#### Appointment of Auditor

A resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the Annual General Meeting.

On behalf of the Board of Trustees on 9 June 2021

M Fegan – Chair



# THE DIOCESE IN EUROPE BOARD OF FINANCE

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### ADMINISTRATIVE DETAILS

#### Trustees

No trustee had any beneficial interest in the Company during the year. The following served as Directors and Trustees throughout the year, except where stated:

#### Ex officio

Mr. M Fegan (Chair)

The Right Rev'd Dr. R Innes – Bishop of Gibraltar in Europe

The Right Rev'd Dr. D Hamid – Suffragan Bishop

The Rev'd T Makipää (Chair, House of Clergy)

Mr. D Coulston (Chair, House of Laity)

The Venerable L Nathaniel – Archdeacon of the East, Germany & Northern Europe

The Venerable P Vrolijk – Archdeacon of North West Europe – resigned 22 November 2020

The Venerable D Waller – Archdeacon of Gibraltar (formerly Elected to House of Clergy)

The Venerable M Williams – Archdeacon of France – resigned 31 December 2020

#### *Elected - House of Laity*

Ms S. Boyd

Mr. D Bean

Mrs. J Berry

Mrs. M Kopetzky

Ms. M Talbot

Mr. P Tillbrook

Mr S Urquhart

#### *Elected– House of Clergy*

The Rev'd Canon A Dickinson

The Rev'd Canon D Flach

The Rev'd Dr. F Hegedus

The Rev'd A Lowen

The Rev'd R Seabrook

The Rev'd A Strange

#### *Nominated by the Bishop of Gibraltar in Europe*

The Rev'd Canon S Godfrey

The Rev'd P Jackson

The Rev'd S Prasadam

Mr. D White

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

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### ADMINISTRATIVE DETAILS (continued)

#### Finance, Audit and Personnel Committee ("FAPC")

The following served on the FAPC throughout the year and to date, except where otherwise stated:

Mr. M Fegan (Chair)

The Rt Rev'd Dr. R Innes – Bishop of Gibraltar in Europe

The Rt Rev'd Dr. D Hamid – Suffragan Bishop

Mr. D Bean – Elected House of Laity

The Rev'd Canon Dr. P Hooper – Acting Archdeacon of France - appointed 14 February 2021

The Rev'd P Jackson – Elected House of Clergy

Ms. H Thomas

The Venerable P Vrolijk – Archdeacon of North West Europe – resigned 22 November 2020

The Rev'd R Williams

#### Senior staff and principal advisers

A Caspari – Chief Operating Officer (Diocesan Secretary) / Company Secretary

#### Registered office

14 Tufton Street

London, SW1P 3QZ

Telephone: 00 44 (0)207 898 1155

e-mail: [bron.panter@churchofengland.org](mailto:bron.panter@churchofengland.org)

[www.europe.anglican.org](http://www.europe.anglican.org)

#### Bankers

Barclays Bank plc

Media, 27 Soho Square,

London W1D 3QR

National Westminster Bank plc

PO Box 34, 15 Bishopsgate

London EC2N 3NW

#### Independent Auditor

Haysmacintyre LLP

10 Queen Street Place

London EC4R 1AG

#### Investment manager

CCLA Investment Management Ltd

Senator House

85 Queen Victoria Street

London EC4V 4ET

#### Legal registrar

Aiden Hargreaves-Smith

Partner, Winckworth Sherwood

Minerva House

5 Montague Close

London SE1 9BB

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2020*

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#### **Opinion**

We have audited the financial statements of The Diocese in Europe Board of Finance for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2020*

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#### **Other information**

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

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2020*

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#### **Responsibilities of Trustees for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE IN EUROPE BOARD OF FINANCE

*for the year ended 31 December 2020*

- 
- Inspecting correspondence with regulators and tax authorities;
  - Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
  - Evaluating management's controls designed to prevent and detect irregularities;
  - Identifying and testing journals, in particular journal entries posted that significantly impact on the result for the year, posting in areas subject to significant judgements or estimates, postings in accounts that are considered higher risk; and
  - Challenging assumptions and judgements made by management in their critical accounting estimates.

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

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 23 June 2021

10 Queen Street Place  
London  
EC4R 1AG

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2020 £	Total funds 2019 £
<b>Income and endowments from:</b>						
Donations and legacies						
- Common Fund		912,771	-	-	912,771	883,885
- Archbishops' Council grant	3	167,072	-	-	167,072	161,500
- Archbishops' Council sustainability grant	3	210,000	-	-	210,000	-
- Other donations	4	120,462	376,880	-	497,342	375,672
Charitable activities	5	-	93,867	-	93,867	-
Investments	6	190,009	149,627	-	339,636	356,190
Other	7	3,474	-	-	3,474	10,448
<b>Total income before exceptional items</b>		<b>1,603,788</b>	<b>620,374</b>	<b>-</b>	<b>2,224,162</b>	<b>1,787,695</b>
<b>Exceptional items</b>						
- Donation of property	12	-	-	-	-	97,033
- Donation of funds		-	-	-	-	648,913
		-	-	-	-	745,946
<b>Total income</b>		<b>1,603,788</b>	<b>620,374</b>	<b>-</b>	<b>2,224,162</b>	<b>2,533,641</b>
<b>Expenditure on:</b>						
Charitable activities	8 / 9	(1,593,797)	(480,789)	-	(2,074,586)	(1,936,009)
<b>Net surplus before gain on investments</b>		<b>9,991</b>	<b>139,585</b>	<b>-</b>	<b>149,576</b>	<b>597,632</b>
Net gain on fixed asset investments	15	268,820	-	295,010	563,830	1,399,982
<b>Net income in year</b>		<b>278,811</b>	<b>139,585</b>	<b>295,010</b>	<b>713,406</b>	<b>1,997,614</b>
<b>Transfers between funds</b>	13	-	-	-	-	-
<b>Net movement in funds</b>		<b>278,811</b>	<b>139,585</b>	<b>295,010</b>	<b>713,406</b>	<b>1,997,614</b>
<b>Total funds brought forward</b>		<b>4,504,052</b>	<b>281,572</b>	<b>6,227,487</b>	<b>11,013,111</b>	<b>9,015,497</b>
<b>Total funds carried forward</b>	20	<b>4,782,863</b>	<b>421,157</b>	<b>6,522,497</b>	<b>11,726,517</b>	<b>11,013,111</b>

All activities derive from continuing activities. The Notes on pages 35 to 58 form part of these financial statements.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2020

	Note	2020 £	2019 £
Total income before exceptional items	8	2,224,162	1,687,695
Total expenditure		(2,074,586)	(1,936,009)
<b>Operating surplus / (deficit) before exceptional items</b>		<b>149,576</b>	<b>(248,314)</b>
Exceptional items	12		
- Donation of property		-	97,033
- Donation of funds		-	648,913
		<u>-</u>	<u>745,946</u>
<b>Net income before gain on investments</b>		<b>149,576</b>	<b>497,632</b>
Net gain on investments	15	268,820	623,874
<b>Total comprehensive income</b>		<b>418,396</b>	<b>1,121,506</b>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## BALANCE SHEET

as at 31 December 2020

	Note	2020		2019	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	14		551,880		560,687
Investments	15		<u>10,853,913</u>		<u>10,590,083</u>
			11,405,793		11,150,770
Debtors	17	617,099		755,034	
Short term deposits and cash at bank		<u>1,287,581</u>		<u>486,003</u>	
		1,904,680		1,241,037	
Creditors: amounts falling due within one year	18	<u>(1,580,260)</u>		<u>(1,373,273)</u>	
<b>Net current assets / (liabilities)</b>			<u>324,420</u>		<u>(132,236)</u>
<b>Total assets less current liabilities</b>			11,730,213		11,018,534
Creditors: amounts falling due after one year	19		<u>(3,696)</u>		<u>(5,423)</u>
<b>Net Assets</b>			<u><b>11,726,517</b></u>		<u><b>11,013,111</b></u>
<b>Funds</b>					
Unrestricted Funds					
- General		4,455,051		4,255,170	
- Designated Funds		<u>327,812</u>		<u>248,882</u>	
	20		4,782,863		4,504,052
Restricted Funds	20		421,157		281,572
Endowment Funds	20		6,522,497		6,227,487
			<u><b>11,726,517</b></u>		<u><b>11,013,111</b></u>

The notes on pages 35 to 58 form part of these financial statements.

The financial statements were approved by the Board of Trustees, and authorised for issue on 9 June 2021.

The financial statements are signed on behalf of the Board of Trustees by:

Mike Fegan  
Chair



Company reg. number: 106580

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### CASH FLOW STATEMENT

for the year ended 31 December 2020

	2020		2019	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Net cash (outflow) from operating activities		<b>165,776</b>		<b>(508,738)</b>
<b>Cash flows from investing activities</b>				
Interest and dividends received	339,636		356,190	
Proceeds from the sale of:				
Investments	500,000		295,074	
Purchase of:				
Tangible fixed assets	(3,834)		(624)	
Investments	-		(100,000)	
Reclassification of current asset debtor as social investment	<u>(200,000)</u>		<u>-</u>	
<b>Net cash provided by investing activities</b>		<b>635,802</b>		<b>550,640</b>
<b>Cash flows from financing activities</b>				
Repayment of equity share loan	<u>-</u>		<u>(179,445)</u>	
<b>Net cash used in financing activities</b>		<b>-</b>		<b>(179,445)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>801,578</b>		<b>(137,543)</b>
Cash and cash equivalents at 1 January		486,003		623,546
<b>Cash and cash equivalents at 31 December</b>		<b><u>1,287,581</u></b>		<b><u>486,003</u></b>
<b>Reconciliation of net cash flow from operating activities</b>				
<b>Net income</b>		<b>713,406</b>		<b>1,997,614</b>
Adjustments for:				
Depreciation		12,641		14,376
(Gain) on investments		(563,830)		(1,399,982)
Investment funds transferred from USPG		-		(648,913)
Investment income		(339,636)		(356,190)
Decrease in current asset investment		-		179,445
Decrease / (increase) in debtors		137,935		(32,557)
Increase /(decrease) in creditors		205,260		(262,531)
<b>Net cash (outflow) from operating activities</b>		<b><u>165,776</u></b>		<b><u>(508,738)</u></b>
<b>Analysis of cash and cash equivalents</b>				
Short term deposits and cash at bank		<b><u>1,287,581</u></b>		<b><u>486,003</u></b>

No separate analysis of changes in net funds has been presented as the charitable company has no borrowings.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### 1. Accounting Policies

#### a) General information

The DBF is a charitable Company limited by guarantee incorporated in England and Wales and registered with the Charity Commission.

#### b) Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of fixed and current asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP FRS 102), second edition effective 1 January 2019, the Companies Act 2006, and applicable accounting standards (FRS102). The DBF meets the definition of a public benefit entity under FRS102.

#### c) Going concern

The Trustees consider that there are no material uncertainties regarding the DBF's ability to continue as a going concern (see page 19 for further details).

#### d) Income

All incoming resources are included in the Statement of Financial Activities ("SOFA") when the Board is legally entitled to them as income or capital respectively, when ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy.

The principal source of income of the DBF is Common Fund donations. These monies are recognised in the SOFA in the period for which they are receivable. Monies received after the new Common Fund request is made are included in the current year on an entitlement basis.

Grants received which are subject to pre-conditions for entitlement or where use is specified by the donor are included in creditors where these pre-conditions have not been met at the balance sheet date.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met.

Investment income is recognised when receivable.

#### e) Expenditure

Expenditure is accounted for on an accruals basis and has been aggregated under the relevant SOFA category. Expenditure includes irrecoverable VAT.

*Charitable expenditure* consists of expenditure on resourcing ministry and mission in the chaplaincies of the Diocese.

*Grants payable* are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF. These grants are recognised as expenditure when the conditions attaching to the grant are fulfilled. Grants offered which are subject to conditions which have not been met at the year-end are noted as commitments, but not accrued as expenditure.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### 1 Accounting Policies (continued)

#### e) Expenditure (continued)

*Support costs* consist of central management, administration and governance costs. Administrative support associated with making grants is insignificant and all costs are allocated to resourcing ministry and mission charitable expenditure.

#### f) Tangible fixed assets

Assets in excess of £300 are capitalised as tangible fixed assets and are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	100 years
Leasehold property	Over the term of lease
Leasehold improvements	21 years or term of lease
Equipment	5 years

Properties included in fixed assets only include those properties acquired after 1974. The details of properties owned by the DBF prior to 1974 are recorded in a property register, but the historic cost is not known and therefore not included in the balance sheet. None of these are "Heritage Assets".

#### g) Investments

Investments are included in the balance sheet at market value with the gain or loss taken to the SOFA.

#### h) Social investments

Social investments are at cost less any necessary impairment. They are not amortised.

#### i) Leases

The DBF is only party to operating leases and has no finance leases. The rental on these operating leases is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is included in the SOFA over the shorter of the overall lease term or the period until the first break clause.

#### j) Foreign exchange

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Foreign currency balances are translated at the balance sheet date and any differences are included in the SOFA.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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**1 Accounting Policies (continued)**

**k) Chaplaincy accounts**

Where the Diocese invests money on behalf of individual chaplaincies, these assets and the associated liability to the chaplaincy are not included in the balance sheet. However, where the Diocese operates a "current account" with a chaplaincy, and the amount owed to a chaplaincy is not covered with specific assets in the chaplaincy name, these liabilities to the chaplaincies are recorded in creditors. If these obligations to chaplaincies were required to be settled, they would be settled out of the general unrestricted assets of the Diocese.

**l) Pensions**

The accounting treatment for the pension schemes in which the DBF participates is described in Note26.

**m) Financial instruments – assets and liabilities**

*Debtors*

Debtors are recognised at the settlement amount due.

*Cash and cash equivalents*

Cash at bank and cash in hand held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

*Creditors and provisions*

Creditors and provisions are recognised where the DBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

*Equity share loan*

The DBF had one loan for which the settlement proceeds were based on the value of the equity in a property. As this constituted a non-basic financial instrument under FRS 102 this loan was recognised at fair value and revalued at each reporting date. Any gains and losses arising at each year end were recognised in the SOFA.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### 1 Accounting Policies (continued)

#### n) Fund balances

##### *Unrestricted Funds*

Unrestricted Funds are the DBF's corporate funds and they are freely available for any purpose within the Company's objects, at the discretion of the DBF.

There are two types of unrestricted funds:

- *General Funds* which the Diocese intends to use for the general purposes of the Diocese.
- *Designated Funds* which are allocated to a specific purpose but which are, nonetheless, unrestricted.

##### *Restricted Funds*

Restricted Funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

##### *Endowment Funds*

Endowment funds are held on trust to be retained for the benefit of the donor charity as a capital fund. In the case of endowment funds administered by the DBF, there is no provision for expenditure of capital and all are classed as permanent endowments.

A management charge of 5% of income is applied to all funds to cover accountancy and administration costs.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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**2 Critical accounting judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the DBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to judgement and estimation are as follows:

***Recognition of defined benefit pension scheme creditor***

The DBF is different to many other English diocesan boards of finance in that the clergy for overseas churches are legal employees of those local churches in order to comply with the different legal and tax frameworks in place across the wide geographical area in which the DBF operates. Consistent with this practice the relevant stipendiary and pension expenses for overseas clergy are recognised in the financial statements of the local churches and not in the financial statements of the DBF.

FRS102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS102 section 28.13 and 28.13A. The DBF has a payment plan with the Church of England's Pensions Board to make additional contributions to the clergy pension scheme to fund the estimated deficit under the recovery plan until 31 December 2022.

The Trustees consider that, while the DBF is the legal member of the scheme responsible for making contributions to the Church of England pension scheme, the substance of the arrangements in place is that the DBF only acts as a conduit for pension contributions for overseas clergy and therefore the liability lies with those overseas churches. On this basis the Trustees consider it appropriate to recognise the deficit only for those members of the clergy that the DBF is directly responsible for. At the balance sheet date this was one individual.

The DBF has estimated the liability to be recognised in its financial statements by pro-rating the calculations provided by the Church of England pension scheme actuaries for the current year. This has resulted in the recognition of a liability at the balance sheet date of £3,696 (2019: £5,423). If the full liability to make deficit repayments was to be recognised in these accounts, the liability at the balance sheet date would be £168,000 (2019: £244,000). A full explanation of the DBF's pension arrangements and the presentation in the financial statements is included in Note 23.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 3 Archbishops' Council income

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Lower income communities funds	167,072	-	-	-	167,072
Sustainability grant	210,000	-	-	-	210,000
	<b>377,072</b>	-	-	-	<b>377,072</b>
	2019 £	2019 £	2019 £	2019 £	2019 £
Lower income communities funds	161,500	-	-	-	161,500

In 2019 a further three year award was approved by the Church Commissioners, £167,072 was received in the year (2019: £161,500). Following the impact of Covid-19 on the Diocese, the Church Commissioners created the one off opportunity to apply for a Sustainability Grant. £210,000 was awarded (2019: Enil).

### 4 Other donations income

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Ordination candidates donations	-	18,394	-	-	18,394
Other donations	33,414	68,654	-	-	102,068
Ministry division RME Ordinands' grant	-	-	230,480	-	230,480
Digital Diocese (Allchurches grant)	-	-	110,000	-	110,000
Strategic ministry fund	-	-	36,400	-	36,400
	<b>33,414</b>	<b>87,048</b>	<b>376,880</b>	-	<b>497,342</b>
	2019 £	2019 £	2019 £	2019 £	2019 £
Ordination candidates donations	-	34,169	-	-	34,169
Other donations	23,155	-	-	100,000	123,155
Ministry division RME Ordinands' grant	-	-	218,348	-	218,348
	23,155	34,169	218,348	100,000	375,672

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 5 Charitable activities

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
UKNSF (FCDO) grant	-	-	93,867	-	<b>93,867</b>

There was no income from Charitable Activities in 2019.

### 6 Investment Income

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Income from listed investments	173,798	-	149,627	-	<b>323,425</b>
Interest receivable	16,211	-	-	-	<b>16,211</b>
	<b>190,009</b>	-	<b>149,627</b>	-	<b>339,636</b>

	2019 £	2019 £	2019 £	2019 £	2019 £
Income from listed investments	177,904	-	161,476	-	339,380
Interest receivable	16,810	-	-	-	16,810
	<b>194,714</b>	-	<b>161,476</b>	-	<b>356,190</b>

### 7 Other Income

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Sundry income	<b>£3,474</b>	-	-	-	<b>£3,474</b>

	2019 £	2019 £	2019 £	2019 £	2019 £
Sundry income	<b>£10,448</b>	-	-	-	<b>£10,448</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 8 Expenditure on Charitable Activities

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Ministry and mission costs	697,803	22,945	237,224	-	957,972
Housing costs	8,718	-	-	-	8,718
Grants	11,287	32,748	145,129	-	189,164
Charitable activities	-	188,668	93,867	-	282,535
Allocated support costs	631,628	-	4,569	-	636,197
	<b>1,349,436</b>	<b>244,361</b>	<b>480,789</b>	<b>-</b>	<b>2,074,586</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	£	£	£	£	£
Ministry and mission costs	650,833	-	245,221	-	896,054
Housing costs	9,456	-	-	-	9,456
Grants	15,438	127,484	163,989	-	306,911
Allocated support costs	718,681	-	4,907	-	723,588
	<b>1,394,408</b>	<b>127,484</b>	<b>414,117</b>	<b>-</b>	<b>1,936,009</b>

### 9 Analysis of expenditure including allocation of support costs

	Activities undertaken directly 2020 £	Grant funding of activities 2020 £	Charitable activities 2020 £	Support Costs 2020 £	Total funds 2020 £
<u>Charitable Activities</u>					
Ministry and mission costs	957,972	-	93,867	636,197	1,688,036
Housing	8,718	-	-	-	8,718
Grants	-	377,832	-	-	377,832
	<b>966,690</b>	<b>377,832</b>	<b>93,867</b>	<b>636,197</b>	<b>2,074,586</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	£	£	£	£	£
<u>Charitable Activities</u>					
Ministry and mission costs	896,054	-	-	723,588	1,619,642
Housing	9,456	-	-	-	9,456
Grants	-	306,911	-	-	306,911
	<b>905,510</b>	<b>306,911</b>	<b>-</b>	<b>723,588</b>	<b>1,936,009</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 10 Analysis of support costs

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Central staff costs	359,279	-	-	359,279
Central office and premises	79,923	-	-	79,923
Depreciation	12,641	-	-	12,641
Legal and professional fees	77,091	-	-	77,091
Trust management costs	-	-	4,569	4,569
Other support costs	78,820	-	-	78,820
Governance				
Auditors fee:				
- Current year statutory audit	14,760	-	-	14,760
- Prior year statutory audit	1,200	-	-	1,200
- Non audit fee payroll services	2,064	-	-	2,064
Synod and Bishop's Council	5,851	-	-	5,851
	<b>631,628</b>	<b>-</b>	<b>4,569</b>	<b>636,197</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	£	£	£	£
Central staff costs	406,605	-	-	406,605
Central office and premises	76,583	-	-	76,583
Depreciation	14,376	-	-	14,376
Legal and professional fees	60,834	-	-	60,834
Trust management costs	-	-	4,907	4,907
Publications	139	-	-	139
Other support costs	70,708	-	-	70,708
Governance				
Auditors fee:				
- Current year statutory audit	14,160	-	-	14,160
- Prior year statutory audit	568	-	-	568
- Non audit fee payroll services	1,944	-	-	1,944
Synod and Bishop's Council	72,764	-	-	72,764
	<b>718,681</b>	<b>-</b>	<b>4,907</b>	<b>723,588</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 11 Staff costs

	2020	2019
	£	£
Salaries	672,422	549,218
Social security costs	50,487	48,319
Other pension costs	67,613	44,149
Redundancy	3,125	-
Benefits	28,357	-
	<b>822,004</b>	<b>641,686</b>

	2020	2019
Average number of staff employed by the Diocese during the year:	16.1	14.6
Average number of staff employed during the year (Full Time Equivalents):	14.3	12.2

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

	2020 Number	2019 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

#### Remuneration of Key Management Personnel

Key management personnel are deemed to be members of the Bishop's senior staff. During the year remuneration for these employees totalled £225,971(2019: £127,425).

#### Trustees reimbursed expenses and remuneration

All trustees attend a minimum two meetings a year, in June and October. They are reimbursed for travel and accommodation costs. During the year 6 trustees were reimbursed expenses totalling £2,874 (2019: 23 trustees reimbursed £14,664).

### 12 Exceptional items

	2020	2019
	£	£
Donation of property	-	97,033
Donation of funds	-	648,913
		<b>745,946</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 12 Exceptional items (continued)

In 2018 the Diocese was gifted a one third interest of a property which was sold in 2019 generating proceeds for the Diocese of £97,033. Due to the materiality, this income has been shown as exceptional.

In March 2019 USPG passed its final interests in the chaplaincies of the Diocese over to the Diocese in Europe, including church buildings and various trusts for which they had been hitherto responsible. £648,913 was received and is held as an investment.

### 13 Analysis of transfers between funds

	Unrestricted Funds	
	General funds £	Designated funds £
Transfer from unrestricted to designated funds:		
- Ordination Candidates Fund	(11,243)	11,243
- Hardship Fund	(200,000)	200,000
- Safeguarding Past Case review 2	(25,000)	25,000
	<b>(236,243)</b>	<b>236,243</b>

### 14 Tangible Fixed Assets

	Freehold £	Leasehold £	Equipment £	Total £
<b>Cost</b>				
Brought forward 1 January 2020	685,012	53,390	38,926	777,328
Additions	-	-	3,834	3,834
Disposals	-	-	(2,438)	(2,438)
Carry forward 31 December 2020	<b>685,012</b>	<b>53,390</b>	<b>40,322</b>	<b>778,724</b>
<b>Depreciation</b>				
Brought forward 1 January 2020	135,270	50,636	30,735	216,641
Depreciation charge for the year	6,850	2,754	3,037	12,641
Written back on disposal	-	-	(2,438)	(2,438)
Carry forward 31 December 2020	<b>142,120</b>	<b>53,390</b>	<b>31,334</b>	<b>226,844</b>
<b>Net book value</b>				
At 31 December 2020	<b>542,892</b>	<b>-</b>	<b>8,988</b>	<b>551,880</b>
At 1 January 2020	<b>549,742</b>	<b>2,754</b>	<b>8,191</b>	<b>560,687</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

#### 15 Investments

	Listed investments		Social	Total
	Unrestricted	Restricted	investments	
	£	£	Unrestricted	£
			£	
Brought forward 1 January 2020	4,722,638	5,867,445	-	10,590,083
Reclassified from current asset debtors	-	-	200,000	200,000
Disposals	(500,000)	-	-	(500,000)
Net gain on investments	268,820	295,010	-	563,830
Carry forward 31 December 2020	<b>4,491,458</b>	<b>6,162,455</b>	<b>200,000</b>	<b>10,853,913</b>

The majority of the listed investments are held in collective investment funds managed by CCLA.

The historic cost of these investments at 31st December 2020 was £6,767,767 (2019: £6,530,179).

The sum of £200,000 previously spent in Florence in 2009 has now been reclassified from Current Assets to Social Investments. The purpose was to help redevelop apartments that are within the church building in St Mark's Florence, which is owned by the DBF. The £200,000 has been reclassified as an investment which will further the charitable activities in Florence and a share of the revenue from the apartments will be paid to the DBF.

#### 16 Current asset investment

	2020	2019
	£	£
Brought forward 1st January	-	179,445
Disposal	-	(179,445)
Carry forward 31st December	-	-

#### 17 Debtors

	2020	2019
	£	£
Amounts due from chaplaincies	125,000	325,000
Prepayments and accrued income	209,875	110,701
Other debtors	282,224	319,333
	<b>617,099</b>	<b>755,034</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2020*

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### 18 Creditors: falling due within 1 year

	2020	2019
	£	£
Amounts owed to chaplaincies	1,192,632	1,143,861
Other creditors	105,217	76,451
Accruals and deferred income	282,411	152,961
	<u>1,580,260</u>	<u>1,373,273</u>

### 19 Creditors: falling due after more than 1 year

	2020	2019
	£	£
Pension deficit repayment creditor (see note 26)	<u>3,696</u>	<u>5,423</u>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 20 (a) Summary of fund movements - current year

	As at 1.1.20	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.20
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<i>General funds:</i>						
Diocesan Fund	4,255,170	1,516,740	(1,349,436)	268,820	(236,243)	4,455,051
<i>Designated funds:</i>						
Ordination Candidates Fund	44,187	18,394	(22,550)	-	11,243	51,274
Mission Opportunities Fund	204,695	-	(10,198)	-	-	194,497
Hardship Fund	-	68,654	(188,668)	-	200,000	79,986
Safeguarding Past Case Review 2	-	-	(22,945)	-	25,000	2,055
<b>Total Unrestricted Funds</b>	<b>4,504,052</b>	<b>1,603,788</b>	<b>(1,593,797)</b>	<b>268,820</b>	<b>-</b>	<b>4,782,863</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,250	(1,250)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,491	(4,491)	-	-	-
Armstrong Trust (Istanbul)	65,685	5,843	(6,292)	-	-	65,236
Bagneres de Bigorre Fund (France)	-	1,347	(1,347)	-	-	-
Bertie Watson (Algarve)	96,567	13,936	(24,073)	-	-	86,430
Clement Jones (Suffragan Bishop)	1,802	2,836	(1,703)	-	-	2,935
Col Doughty Wylie Fund (FCO)	15,747	85	(782)	-	-	15,050
Crimean Memorial Church (Istanbul)	-	2,408	(2,408)	-	-	-
Daphne Willoughby - Waters (Palma)	6,206	2,159	(108)	-	-	8,257
Diocesan Development Fund	65,250	15,626	(13,981)	-	-	66,895
Emma Tebbs Trust (Rome)	-	3,513	(3,513)	-	-	-
Frank Pratt Barlow (Monte Carlo)	-	34,982	(34,982)	-	-	-
Houlton Fund (Malta)	-	1,161	(1,161)	-	-	-
Lindley Fund (Germany)	-	1,608	(1,608)	-	-	-
MMS (Gibraltar & Marseilles)	(11,232)	9,814	(12,491)	-	-	(13,909)
Overseas Bishops Fund	17,837	5,847	(3,562)	-	-	20,122
Philip Coleman Trust (Palma)	-	1,625	(1,625)	-	-	-
Riga Mission Trust	12,867	18,717	(17,168)	-	-	14,416
Spicer Trust (Needy clergy)	8,584	2,993	(150)	-	-	11,427
St Andrew's (Tangier)	2,259	13,533	(11,150)	-	-	4,642
St Georges (Berlin)	-	2,819	(2,819)	-	-	-
Stephenson Bequest (Malaga)	-	3,034	(3,034)	-	-	-
Ministry division RME Ordinands' grant	-	230,480	(200,824)	-	-	29,656
UKNSF (FCDO) grant	-	93,867	(93,867)	-	-	-
Strategic ministry fund	-	36,400	(36,400)	-	-	-
Digital Diocese (Allchurches grant)	-	110,000	-	-	-	110,000
	<b>281,572</b>	<b>620,374</b>	<b>(480,789)</b>	<b>-</b>	<b>-</b>	<b>421,157</b>
<b>Balance c/f</b>	<b>4,785,624</b>	<b>2,224,162</b>	<b>(2,074,586)</b>	<b>268,820</b>	<b>-</b>	<b>5,204,020</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 20 (a) Summary of fund movements - current year (continued)

	Investment					As at 31.12.20 £
	As at 1.1.20 £	Income £	Grants & Expenditure £	gains and losses £	Transfers £	
Balance c/f	4,785,624	2,224,162	(2,074,586)	268,820	-	5,204,020
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	41,657	-	-	2,876	-	44,533
All Saints (Dresden) Trust (Germany)	148,973	-	-	10,287	-	159,260
Armstrong Trust (Istanbul)	145,101	-	-	11,752	-	156,853
Bagneres de Bigorre Fund (France)	44,909	-	-	3,101	-	48,010
Bertie Watson (Algarve)	501,487	-	-	30,617	-	532,104
Clement Jones (Suffragan Bishop)	88,248	-	-	5,213	-	93,461
Col Doughty Wylie Fund (FCO)	132,695	-	-	(11,596)	-	121,099
Continental Chaplaincies	1,085,405	-	-	53,958	-	1,139,363
Crimean Memorial Church (Istanbul)	80,254	-	-	5,543	-	85,797
Daphne Willoughby - Waters (Palma)	110,753	-	-	6,570	-	117,323
Diocesan Development Fund	384,086	-	-	26,333	-	410,419
Emma Tebbs Trust (Rome)	117,089	-	-	8,085	-	125,174
Frank Pratt Barlow (Monte Carlo)	1,374,322	-	-	78,868	-	1,453,190
Houlton Endowment Fund (Malta)	38,711	-	-	2,673	-	41,384
Lindley Endowment Fund (Germany)	53,605	-	-	3,701	-	57,306
MMS (Gibraltar & Marseilles)	351,838	-	-	19,557	-	371,395
Overseas Bishoprics Fund	225,458	-	-	13,455	-	238,913
Philip Coleman Trust (Palma)	47,857	-	-	1,663	-	49,520
Riga Mission Trust	526,638	-	-	(21,138)	-	505,500
Spicer Trust (Needy clergy)	29,640	-	-	1,882	-	31,522
St Andrew's (Tangier)	460,317	-	-	31,143	-	491,460
St. George's (Berlin)	150,780	-	-	6,266	-	157,046
Stephenson Bequest (Malaga)	87,664	-	-	4,201	-	91,865
	<b>6,227,487</b>	<b>-</b>	<b>-</b>	<b>295,010</b>	<b>-</b>	<b>6,522,497</b>
<b>Total funds</b>	<b>11,013,111</b>	<b>2,224,162</b>	<b>(2,074,586)</b>	<b>563,830</b>	<b>-</b>	<b>11,726,517</b>

#### Diocesan Fund

The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.

#### Ordination Candidates Fund

This designated fund is available to support ordination candidates.

#### Mission Opportunities Fund

The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese.

#### Diocesan Development Fund

A Special Trust for the purposes of Charities Act 2011.

#### Ministry Division RME Ordinand's Grant

Block grant received from the ministry division, Archbishops' Council, to fund the training of Ordinands.

#### Hardship Fund

A designated fund established to support chaplaincies with insolvency or the inability to pay their clergy following the outbreak of COVID-19.

#### Safeguarding Past Case Review 2

A designated fund to cover the cost of the requirement to independently review files relating to all serving and past (living) clergy & church officers, to ensure safeguarding matters have been appropriately handled.

#### UKNSF (FCDO) grant

A restricted grant from the Foreign Commonwealth and Development Office to help UK nationals with their residency applications in France following Brexit.

#### Strategic ministry fund

A restricted fund from the Archbishops' Council to provide financial support for growth in the number of clergy.

#### Digital Diocese (Allchurches grant)

Digital Diocese is a Transformational grant to create and distribute inspiring content that seeks to build and grow congregations across demographic groups

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 20 (a) Summary of fund movements - current year (continued)

Restricted funds may only be applied for the purposes specified in the measures, trust deeds and the ecclesiastical statutory regulations. Generally all income generated on restricted funds is paid to the chaplaincies to which the fund relates. Grants and expenditure includes a 5% management fee levied by the Diocese.

### 20(b) Summary of fund movements - previous year

	As at 1.1.19	Income	Grants & Expenditure	Other gains and losses	Transfers	As at 31.12.19
	£	£	£	£	£	£
<b>Unrestricted Funds:</b>						
<i>General funds:</i>						
Diocesan Fund	3,032,929	2,019,648	(1,394,408)	623,874	(26,873)	4,255,170
<i>Designated funds:</i>						
Ordination Candidates Fund	56,005	34,169	(45,987)	-		44,187
Mission Opportunities Fund	286,192	-	(81,497)	-		204,695
<b>Total Unrestricted Funds</b>	<b>3,375,126</b>	<b>2,053,817</b>	<b>(1,521,892)</b>	<b>623,874</b>	<b>(26,873)</b>	<b>4,504,052</b>
<b>Restricted funds</b>						
Ackland Troyte Trust (Pau)	-	1,214	(1,214)	-	-	-
All Saints (Dresden) Trust (Germany)	-	4,377	(4,377)	-	-	-
Armstrong Trust (Istanbul)	66,021	5,962	(6,298)	-		65,685
Bagneres de Bigorre Fund (France)	-	1,308	(1,308)	-	-	-
Bertie Watson (Algarve)	96,518	14,027	(13,978)	-		96,567
Clement Jones (Suffragan Bishop)	1,471	2,978	(2,647)	-		1,802
Col Doughty Wylie Fund (FCO)	14,717	2,624	(1,594)	-		15,747
Crimean Memorial Church (Istanbul)	-	2,338	(2,338)	-	-	-
Daphne Willoughby - Waters (Palma)	4,119	2,197	(110)	-		6,206
Diocesan Development Fund	68,729	15,270	(18,749)	-		65,250
Emma Tebbs Trust (Rome)	-	3,411	(3,411)	-	-	-
Frank Pratt Barlow (Monte Carlo)	-	39,816	(39,816)	-	-	-
Houlton Fund (Malta)	-	1,128	(1,128)	-	-	-
Lindley Fund (Germany)	-	1,562	(1,562)	-	-	-
MMS (Gibraltar & Marseilles)	(9,496)	9,752	(11,488)	-		(11,232)
Overseas Bishoprics Fund	14,296	5,677	(2,136)	-		17,837
Philip Coleman Trust (Palma)	-	1,932	(1,932)	-	-	-
Riga Mission Trust	16,415	25,708	(29,256)	-		12,867
Spicer Trust (Needy clergy)	6,403	3,032	(851)	-		8,584
St Andrew's (Tangier)	9,799	10,915	(18,455)	-		2,259
St Georges (Berlin)	-	2,775	(2,775)	-	-	-
Stephenson Bequest (Malaga)	-	3,473	(3,473)	-	-	-
Ministry division RME Ordinands' grant	-	218,348	(245,221)	-	26,873	-
	<b>288,992</b>	<b>379,824</b>	<b>(414,117)</b>	<b>-</b>	<b>26,873</b>	<b>281,572</b>
<b>Balance c/f</b>	<b>3,664,118</b>	<b>2,433,641</b>	<b>(1,936,009)</b>	<b>623,874</b>	<b>-</b>	<b>4,785,624</b>

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 20 (b) Summary of fund movements - previous year (continued)

	As at 1.1.19	Income	Grants & Expenditure	Other gains and losses	Transfers	As at 31.12.19
	£	£	£	£	£	£
<b>Balance b/f</b>	<b>3,664,118</b>	<b>2,433,641</b>	<b>(1,936,009)</b>	<b>623,874</b>	<b>-</b>	<b>4,785,624</b>
<b>Endowment Funds:</b>						
Ackland Troyte Trust (Pau)	35,087	-	-	6,570	-	41,657
All Saints (Dresden) Trust (Germany)	125,478	-	-	23,495	-	148,973
Armstrong Trust (Istanbul)	120,517	-	-	24,584	-	145,101
Bagneres de Bigorre Fund (France)	37,826	-	-	7,083	-	44,909
Bertie Watson (Algarve)	431,559	-	-	69,928	-	501,487
Clement Jones (Suffragan Bishop)	78,093	-	-	10,155	-	88,248
Col Doughty Wylie Fund (FCO)	117,991	-	-	14,704	-	132,695
Continental Chaplaincies	970,579	-	-	114,826	-	1,085,405
Crimean Memorial Church (Istanbul)	67,598	-	-	12,656	-	80,254
Daphne Willoughby - Waters (Palma)	96,924	-	-	13,829	-	110,753
Diocesan Development Fund	323,357	-	-	60,729	-	384,086
Emma Tebbs Trust (Rome)	98,623	-	-	18,466	-	117,089
Frank Pratt Barlow (Monte Carlo)	1,186,775	-	-	187,547	-	1,374,322
Houlton Endowment Fund (Malta)	32,606	-	-	6,105	-	38,711
Lindley Endowment Fund (Germany)	45,150	-	-	8,454	-	53,604
MMS (Gibraltar & Marseilles)	306,856	-	-	44,982	-	351,838
Overseas Bishopricks Fund	194,727	-	-	30,731	-	225,458
Philip Coleman Trust (Palma)	46,826	-	-	1,031	-	47,857
Riga Mission Trust	487,650	-	-	38,988	-	526,638
Spicer Trust (Needy clergy)	25,877	-	-	3,763	-	29,640
St Andrew's (Tangier)	303,574	100,000	-	56,743	-	460,317
St. George's (Berlin)	136,764	-	-	14,016	-	150,780
Stephenson Bequest (Malaga)	80,942	-	-	6,722	-	87,664
	<b>5,351,379</b>	<b>100,000</b>	<b>-</b>	<b>776,108</b>	<b>-</b>	<b>6,227,487</b>
<b>Total funds</b>	<b>9,015,497</b>	<b>2,533,641</b>	<b>(1,936,009)</b>	<b>1,399,982</b>	<b>-</b>	<b>11,013,111</b>

#### Diocesan Fund

The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction

#### Ordination Candidates Fund

This designated fund is available to support ordination candidates

#### Mission Opportunities Fund

The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese

#### Diocesan Development Fund

The Diocesan Development Fund is a Special Trust for the purposes of Charities Act 2011

#### Ministry Division RME Ordinand's Grant

Block grant received from the ministry division, Archbishops' Council to fund the training of Ordinands

**THE DIOCESE IN EUROPE BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 December 2020*

**21 Commitments under operating leases**

At 31 December 2020, there were no commitments under non cancellable operating leases. A heads of terms have been agreed and the lease through to the end of 2022 is to be signed.

Land and Buildings	<b>2020</b>	<b>2019</b>
	£	£
	-	50,303

**22 Net assets by fund**

	Tangible fixed assets	Investments	Current assets	Current liabilities	Amounts falling due after 1 year	Total Funds
	£	£	£	£	£	£
<b><u>2020</u></b>						
<b>Unrestricted</b>						
General	551,880	4,691,458	795,669	(1,580,260)	(3,696)	4,455,051
Designated	-	-	327,812	-	-	327,812
<b>Endowment</b>	-	6,162,455	360,042	-	-	6,522,497
<b>Restricted</b>	-	-	421,157	-	-	421,157
<b>Total Funds</b>	<b>551,880</b>	<b>10,853,913</b>	<b>1,904,680</b>	<b>(1,580,260)</b>	<b>(3,696)</b>	<b>11,726,517</b>
<b><u>2019</u></b>						
<b>Unrestricted</b>						
General	560,687	4,722,641	350,539	(1,373,273)	(5,423)	4,255,171
Designated	-	-	248,882	-	-	248,882
<b>Endowment</b>	-	5,867,442	360,044	-	-	6,227,486
<b>Restricted</b>	-	-	281,572	-	-	281,572
<b>Total Funds</b>	<b>560,687</b>	<b>10,590,083</b>	<b>1,241,037</b>	<b>(1,373,273)</b>	<b>(5,423)</b>	<b>11,013,111</b>

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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#### 23 Funds held as custodian trustee

	2020	2019
	£	£
Investments (at Market Value 31st December)	1,676,141	1,640,804
Cash on deposit	521,141	567,541
<b>Total assets held on behalf of chaplaincies</b>	<b>2,197,282</b>	<b>2,208,345</b>

#### 24 Capital commitments

As at 31<sup>st</sup> December 2020 there were no capital commitments.

#### 25 Post balance sheet events and contingent liabilities

In January 2021, a loan of £500,000 was obtained from CCLA, the DBF's investment managers. The terms are favourable with an interest rate of the average daily rate declared by their fund over the month plus 0.55%. The maximum term of the loan is ten years with no requirement of repayment of capital in the interim. DBF anticipates repaying the loan in even instalments over the 10 year period.

#### 26 Pensions

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. These are:

Church of England Funded Pensions Scheme ("CEFPS") for stipendiary clergy and Church Workers Pension Fund ("CWPF") for diocesan employees. The Pension Builder Scheme of the CWPF has two sections known as the Pension Builder Classic, and the Pension Builder 2014, both of which are classified as defined benefit schemes.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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#### 26 Pensions (continued)

##### (a) Church of England Funded Pensions Scheme ("CEFPS")

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, therefore contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year. In 2020 these amounted to £20,645 (2019: £4,903), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge in the year of £19,040 (2019: credit £(9,141)).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a "smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

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

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

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## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2020*

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#### 26 Pensions (continued)

##### (a) Church of England Funded Pensions Scheme (“CEFPS”) (continued)

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

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Normally entities are required to bring on to the balance sheet the assets and liabilities (and therefore the surplus or deficit) relating to defined benefit schemes. However, an exception to this is where the scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. In this case, where the assets and liabilities within a scheme are pooled, they cannot be separately ascribed to individual participating employers. Where this is the case Section 28.11A of FRS 102 requires the DBF to account for deficit recovery payments as a liability.

The scheme actuaries have calculated that the total liability for deficit payments relating to the DBF’s 44 (2019: 39) members of the scheme amounts to £168,000 (2019: £244,000) including a change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

The DBF is different to many other English diocesan Boards of Finance in that the clergy for overseas churches are legal employees of those local churches in order to comply with the different legal and tax frameworks in place across the wide geographical area in which the DBF operates. Consistent with this practice the relevant stipendiary and pension expenses for overseas clergy are recognised in the financial statements of the local churches and not in the financial statements of the DBF.

The Trustees consider that, while the DBF is the legal member of the scheme responsible for making contributions to the Church of England Pension scheme, the substance of the arrangements in place is that the DBF only acts as a conduit for pension contributions for overseas clergy and therefore the liability lies with those overseas churches. On this basis the Trustees consider that it is appropriate to only recognise the deficit for those members of the clergy that the DBF is directly responsible for. At the Balance Sheet date and prior year this was one individual.

The DBF has estimated the liability to be recognised in its financial statements by pro-rating the calculations provided by the Church of England Pension Scheme actuaries for the current and prior year.

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

#### 26 Pensions (continued)

##### (a) Church of England Funded Pensions Scheme (“CEFPS”) (continued)

The movement in the provision is set out in the table below.

	2020	2019
	£	£
Balance Sheet liability at 1 January	5,423	19,467
Deficit contribution paid	(2,500)	(2,733)
Interest costs (recognised in SOFA)	45	378
Remaining change to the balance sheet liability	727	(11,689)
Balance Sheet liability at 31 December	<b>3,695</b>	<b>5,423</b>

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1% pa	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.3% pa	1.6% pa

The legal structure of the scheme is such that if another Responsible Body fails, the Diocese in Europe could become responsible for paying a share of that Responsible Body’s pension liabilities.

**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 December 2020*

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**26 Pensions (continued)**

**(b) Church Workers Pension Fund ("CWPF")**

The DBF participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

**Pension Builder Scheme**

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable of £67,613 (2019: £44,149).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was underway as at 31 December 2020.

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

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

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

## THE DIOCESE IN EUROPE BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

#### 27 Related party transactions

The Chair of the DBF received £6,300 for professional consultancy provided during the year. This sum was unpaid at the end of the financial year and included in accruals. There were no other related party transactions. See Note 11 for details of key management personnel remuneration and Trustees reimbursed expenses.

#### 28 Prior year comparative SOFA

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2019 £
<b>Income and endowments</b>					
Donations and legacies					
- Common Fund		883,885	-	-	883,885
- Archbishops' Council grant		161,500	-	-	161,500
- Other donations	4	57,324	218,348	100,000	375,672
Investments	5	194,714	161,476	-	356,190
Other	7	10,448	-	-	10,448
<b>Total income before exceptional items</b>		<b>1,307,871</b>	<b>379,824</b>	<b>100,000</b>	<b>1,787,695</b>
<b>Exceptional items</b>					
	12				
- Donation of property		97,033	-	-	97,033
- Donation of funds		648,913	-	-	648,913
		<b>745,946</b>	<b>-</b>	<b>-</b>	<b>745,946</b>
<b>Total income</b>		<b>2,053,817</b>	<b>379,824</b>	<b>100,000</b>	<b>2,533,641</b>
Expenditure					
Charitable activities	8 / 9	(1,521,892)	(414,117)	-	(1,936,009)
<b>Net surplus / (deficit) before gain on investments</b>		<b>531,925</b>	<b>(34,293)</b>	<b>100,000</b>	<b>597,632</b>
Net gain on fixed asset investments	15	623,874	-	776,108	1,399,982
<b>Net income / (expenditure) in year</b>		<b>1,155,799</b>	<b>(34,293)</b>	<b>876,108</b>	<b>1,997,614</b>
Transfers between funds		(26,873)	26,873	-	-
<b>Net movement in funds</b>		<b>1,128,926</b>	<b>(7,420)</b>	<b>876,108</b>	<b>1,997,614</b>