

# DIOCESE IN EUROPE

---

THE CHURCH  
OF ENGLAND



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

*for the year ended 31 December 2020*

*Company No. 106580*  
*Registered Charity No. 250186*

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## CONTENTS

*for the year ended 31 December 2020*

---

*Page No.*

### ***Annual report***

Bishop's introduction	1
Objectives	2
Strategic aims	3
Financial Executive Summary for the year 2020	3
2020 in context	4
Activities and achievements	6
Future plans	15
Financial review	16
Principal risks	20
Structure and governance	21
Statement of Trustees' responsibilities	24
Administrative details	25

### ***Financial Statements***

Independent auditor's report	27
Statement of financial activities	31
Income and expenditure account	32
Balance sheet	33
Cash flow statement	34
Notes to the financial statements	35

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## BISHOP'S INTRODUCTION

*for the year ended 31 December 2020*

---

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*

---

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*

---

### 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.

## ANNUAL REPORT

*for the year ended 31 December 2020*

---

### 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*

---

### 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*

---

### 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*

---

### 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*

---

### 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.

## ANNUAL REPORT

*for the year ended 31 December 2020*

---

### 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*

---

### 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.

## ANNUAL REPORT

*for the year ended 31 December 2020*

---

### 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.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

---

### 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.

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

---

### 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

---

### 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 Creationtide, 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*

---

### 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*

---

### 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 in to 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*

---

### 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*

---

#### 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

*for the year ended 31 December 2020*

---

### 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

## ANNUAL REPORT

*for the year ended 31 December 2020*

---

### 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

### ANNUAL REPORT

*for the year ended 31 December 2020*

---

#### 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

*for the year ended 31 December 2020*

---

#### 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*

---

### 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*

---

### 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

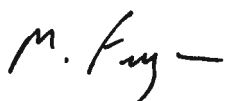
As far as the Trustees are aware, there is no relevant audit information of which the charitable Company's auditor is unaware. The Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable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

## ANNUAL REPORT

*for the year ended 31 December 2020*

---

### 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 Prasad

Mr. D White

# THE DIOCESE IN EUROPE BOARD OF FINANCE

## ANNUAL REPORT

*for the year ended 31 December 2020*

---

### 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*

---

#### **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.

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

*for the year ended 31 December 2020*

---

#### **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.

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

*for the year ended 31 December 2020*

---

#### **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

		Unrestricted funds	Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
Note		£	£	£	£	£
<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>						
	12					
- Donation of property		-	-	-	-	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
		-	745,946
<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	(200,000)		-	
<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	-		(179,445)	
<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>1,287,581</b>		<b>486,003</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>165,776</b>		<b>(508,738)</b>
<b>Analysis of cash and cash equivalents</b>				
Short term deposits and cash at bank		<b>1,287,581</b>		<b>486,003</b>

No separate analysis of changes in net funds has been presented as the charitable company has no borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2020*

---

### 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

---

**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

---

**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 26.

**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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

---

**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

---

**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>-</b>	<b>-</b>	<b>-</b>	<b>377,072</b>
	<b>2019 £</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2019 £</b>
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: £nil).

### 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>-</b>	<b>497,342</b>
	<b>2019 £</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2019 £</b>
Ordination candidates donations	-	34,169	-	-	34,169
Other donations	23,155	-	-	100,000	123,155
Ministry division RME Ordinands' grant	-	-	218,348	-	218,348
	<b>23,155</b>	<b>34,169</b>	<b>218,348</b>	<b>100,000</b>	<b>375,672</b>

# 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	-	93,867

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	-	323,425
Interest receivable	16,211	-	-	-	16,211
	<b>190,009</b>	<b>-</b>	<b>149,627</b>	<b>-</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>-</b>	<b>161,476</b>	<b>-</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	£3,474	-	-	-	£3,474
	2019 £	2019 £	2019 £	2019 £	2019 £
Sundry income	£10,448	-	-	-	£10,448

# 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 investments	Total
	Unrestricted	Restricted	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*

---

### 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
Bagnères 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)

	As at 1.1.20	Income	Grants & Expenditure	Investment gains and losses	Transfers	As at 31.12.20
	£	£	£	£	£	£
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>

<b>Diocesan Fund</b>	The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.
<b>Ordination Candidates Fund</b>	This designated fund is available to support ordination candidates.
<b>Mission Opportunities Fund</b>	The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese.
<b>Diocesan Development Fund</b>	A Special Trust for the purposes of Charities Act 2011.
<b>Ministry Division RME Ordinand's Grant</b>	Block grant received from the ministry division, Archbishops' Council, to fund the training of Ordinands.
<b>Hardship Fund</b>	A designated fund established to support chaplaincies with insolvency or the inability to pay their clergy following the outbreak of COVID-19.
<b>Safeguarding Past Case Review 2</b>	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.
<b>UKNSF (FCDO) grant</b>	A restricted grant from the Foreign Commonwealth and Development Office to help UK nationals with their residency applications in France following Brexit.
<b>Strategic ministry fund</b>	A restricted fund from the Archbishops' Council to provide financial support for growth in the number of clergy.
<b>Digital Diocese (Allchurches grant)</b>	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
Bagnères 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 Bishops 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
Bagnères 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 Bishops 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>

<b>Diocesan Fund</b>	The general fund is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction
<b>Ordination Candidates Fund</b>	This designated fund is available to support ordination candidates
<b>Mission Opportunities Fund</b>	The Mission Opportunities Fund has been established to fund projects which have the specific objective of growing congregations in the Diocese
<b>Diocesan Development Fund</b>	The Diocesan Development Fund is a Special Trust for the purposes of Charities Act 2011
<b>Ministry Division RME Ordinand's Grant</b>	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	2020 £	2019 £
	-	50,303

#### 22 Net assets by fund

	Tangible fixed assets £	Investments £	Current assets £	Current liabilities £	Amounts falling due after 1 year £	Total Funds £
<b>2020</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>2019</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*

---

#### 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*

#### 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%



NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2020*

---

**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.

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*

---

**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.

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
Total income before exceptional items		<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>
<b>Expenditure</b>					
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>