



Diocese in Europe

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

for the year ended 31 December 2023

Company No. 106580
Registered Charity No. 250186

THE DIOCESE IN EUROPE BOARD OF FINANCE

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ANNUAL REPORT

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Foreword from Bishop Robert

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

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

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

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

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

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

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

+Robert Gibraltar

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

OBJECTIVES

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

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

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

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

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

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

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STRATEGIC AIMS

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

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

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

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

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

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

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

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

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ACTIVITIES AND ACHIEVEMENTS

Ministry

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

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

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

Chaplaincy membership and attendance

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

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

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

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

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

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

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ACTIVITIES AND ACHIEVEMENTS (continued)

Staff Changes

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

Suffragan Bishop

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

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

Safeguarding and the Past Cases Review 2 (PCR2)

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

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

The report made a series of recommendations which focus on:

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

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ACTIVITIES AND ACHIEVEMENTS (continued)

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

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

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

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

Progress towards Net Zero Carbon Target

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

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

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

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

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

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ACTIVITIES AND ACHIEVEMENTS (continued)

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

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

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

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

Racial Justice Conference in Freiburg

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

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

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

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

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ACTIVITIES AND ACHIEVEMENTS (continued)

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

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

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

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

New diocesan website at www.europe.anglican.org

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

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

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

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

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ACTIVITIES AND ACHIEVEMENTS (continued)

Fundraising advice and resources for chaplaincies

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

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

2023 Priorities and Activities

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

Digital giving

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

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ACTIVITIES AND ACHIEVEMENTS (continued)

Events

Ministry

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

New initiatives

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

Public Profile

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

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ACTIVITIES AND ACHIEVEMENTS (continued)

Events (continued)

Celebrations

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

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FUTURE PLANS

These include:

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

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EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE

War in Ukraine and the appeal for funds

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

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

The Coronation

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

Cost of living and inflation

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

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EXTERNAL EVENTS WITH AN IMPACT ON DIOCESAN LIFE (continued)

Brexit

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

The Wider Church of England

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

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

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

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FINANCIAL REVIEW

Summary

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

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

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

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

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

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

FINANCIAL REVIEW (continued)

Common Fund and other Income

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

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

Support from the National Church

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

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

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

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

FINANCIAL REVIEW (continued)

Support from the National Church (continued)

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

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

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

Expenditure

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

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

Financial Governance

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

FINANCIAL REVIEW (continued)

Financial Governance (continued)

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

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

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

Loans and Liquidity

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

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

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

Diocesan Investments

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

FINANCIAL REVIEW (continued)

Remuneration of key management personnel

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

Grant making policy

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

Investment policy

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

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

Reserves policy

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

FINANCIAL REVIEW (continued)

Pensions

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

Sources of funding

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

Volunteers

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

FINANCIAL REVIEW (continued)

Going concern

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

PRINCIPAL RISKS

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

The most significant risks are as follows:

Safeguarding failure

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

Investment underperformance

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

Chaplaincy finances

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

Reliance on key staff

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

Global pandemic

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

PRINCIPAL RISKS (continued)

Insurance

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

Hazards

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

Costs related to property held by the DBF

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

Funds held as custodian Trustee

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

STRUCTURE AND GOVERNANCE

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

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

Directors and Trustees

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

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

Constitution

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

Organisation and decision-making structure

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

STRUCTURE AND GOVERNANCE (continued)

Appointment and induction of Trustees

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

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

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

Decision making and delegation policy

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

Funds held as Custodian Trustee on behalf of others

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

Public benefit

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

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

Trustees' indemnity

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the DBF and of the surplus or deficit of the DBF for that period.

In preparing these financial statements the Trustees are required to:

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

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

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

Statement of disclosure to the Auditor

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

Appointment of Auditor

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

On behalf of the Board of Trustees on 12 June 2024



M Fegan – Chair

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

ADMINISTRATIVE DETAILS

Trustees

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

Ex officio

Mr. M Fegan (Chair)

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

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

The Venerable P Hooper – Archdeacon of France

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

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

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

Ms. M Talbot (Chair, House of Laity)

The Very Rev'd I Tarrant – The Dean

The Venerable S Van Leer – Archdeacon of North West Europe

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

Elected - House of Laity

Ms S. Boyd

Mr. D Bean

Mrs. J Berry

Ms. J Cole

Mr R. Hall

Mrs. M Kopetzky

Mr S Urquhart

Elected – House of Clergy

The Rev'd Canon C Cooke

The Rev'd Canon D Flach

The Rev'd R Gardener

The Rev'd G Read

The Rev'd R Seabrook

The Rev'd R Warren

The Rev'd Nathaniel Nathaniel

THE DIOCESE IN EUROPE BOARD OF FINANCE

ANNUAL REPORT

for the year ended 31 December 2023

ADMINISTRATIVE DETAILS (continued)

Trustees (continued)

Nominated by the Bishop of Gibraltar in Europe

Mr. D Coulston

Mr. D White

The Revd T Makipää

Finance, Audit and Personnel Committee ("FAPC")

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

Mr. M Fegan (Chair)

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

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

Ms. J Almvang

Mr. D Bean

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

Ms R Pearce

Fr R Seabrook

Rev'd R Williams (resigned December 2023)

Senior staff and principal advisers

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

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e-mail:

bron.panter@churchofengland.org

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Bankers

Barclays Bank plc

Media, 27 Soho Square

London W1D 3QR

Independent Auditor

Haysmacintyre LLP

10 Queen Street Place

London EC4R 1AG

Investment manager

CCLA Investment Management Ltd

Senator House

85 Queen Victoria Street

London EC4V 4ET

Legal registrar

Aiden Hargreaves-Smith

Partner, Winckworth Sherwood

Minerva House, 5 Montague Close

London SE1 9BB

THE DIOCESE IN EUROPE BOARD OF FINANCE

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

for the year ended 31 December 2023

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

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

for the year ended 31 December 2023

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

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

for the year ended 31 December 2023

Responsibilities of Trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

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

for the year ended 31 December 2023

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

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

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

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

Use of our report

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



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

Date: 27 August 2024

10 Queen Street Place
London
EC4R 1AG

THE DIOCESE IN EUROPE BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2023

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2023

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

BALANCE SHEET

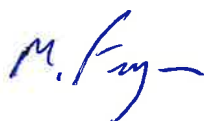
for the year ended 31 December 2023

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

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

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

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



Mike Fegan
Chair

Company reg. number: 106580

THE DIOCESE IN EUROPE BOARD OF FINANCE

CASH FLOW STATEMENT

for the year ended 31 December 2023

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 2023

	2023		2022
	£		£
Reconciliation of net income to net cash flow from operating activities			
A Net income before investment gains for the year	786,983		(1,539,665)
Adjustments for:			
Depreciation	10,482		9,278
(Gain) / loss on investments	(899,772)		1,372,812
Investment income	(416,494)		(372,558)
Decrease / (increase) in debtors	20,759		(69,521)
Increase in creditors	113,190		448,813
Net cash (outflow) from operating activities	(384,853)		(150,841)
	2023		2022
	£		£
B Analysis of cash and cash equivalents			
Short term deposits and cash at bank	2,051,288		1,747,830
	At 1	Cash	At 31
	Jan 23	flows	Dec 23
	£	£	£
Analysis of changes in net debt			
Short term deposits and cash at bank	1,747,830	303,458	2,051,288
Loans falling due after more than one year	(400,000)	50,000	(350,000)
	1,347,830	353,458	1,701,288

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

1. Accounting Policies

a) General information

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

b) Accounting convention and basis of preparation

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

c) Going concern

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

d) Income

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

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

Investment income is recognised when receivable.

e) Expenditure

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

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

1 Accounting Policies (continued)

f) Tangible fixed assets

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

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

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

g) Investments

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

h) Social investments

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

i) Leases

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

j) Foreign exchange

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

k) Chaplaincy accounts

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

1 Accounting Policies (continued)

l) Pensions

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

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

m) Financial instruments – assets and liabilities

Debtors: Debtors are recognised at the settlement amount due.

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

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

n) Fund balances

Unrestricted Funds

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

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

Restricted Funds

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

Endowment Funds

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

2 Critical accounting judgements and estimates

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

Key area subject to judgement and estimation:

Recognition of defined benefit pension scheme creditor

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

3 Archbishops' Council income

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

4 Other donations income

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

5 Charitable activities income

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

6 Investment Income

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

7 Other Income

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

8 Expenditure on Charitable Activities

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

9 Analysis of expenditure including allocation of support costs

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

10 Analysis of support costs

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

11 Staff costs

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

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

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

Remuneration of Key Management Personnel

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

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

Trustees reimbursed expenses and remuneration

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

12 Analysis of transfers between funds

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

13 Tangible Fixed Assets

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

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for the year ended 31 December 2023

14 Investments

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

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

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

15 Debtors

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

16 Creditors: falling due within 1 year

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

17 Creditors: falling due after more than 1 year

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

18 (a) Summary of fund movements - current year

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

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

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

Details of Funds

Unrestricted

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

Details of Funds- continued

Unrestricted - continued

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

Restricted

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

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

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

Endowment

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

18 (b) Summary of fund movements - previous year

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

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for the year ended 31 December 2023

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

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

19 Commitments under operating leases

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

20 Net assets by fund

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

21 Funds held as custodian trustee

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

22 Capital commitments

As at 31 December 2023 there were no capital commitments.

23 Post balance sheet events and contingent liabilities

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

24 Pensions

The DBF participates in two pension schemes.

These are:

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

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

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

24 Pensions (continued)

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

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

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

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

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

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

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

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

24 Pensions (continued)

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

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

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

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

The Church Workers Pension Fund has two sections

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

Pension Builder Scheme

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

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

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

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

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

THE DIOCESE IN EUROPE BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

25 Related party transactions

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

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

26 Prior year comparative SOFA

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