



SALISBURY DIOCESAN BOARD OF FINANCE

Directors' and Trustees' Report and Consolidated Financial Statements For the year ended 31 December 2019

Registered Charity No: 240833

Companies House Registration: 17442

Registered and
Principal
Office:

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Chairman's Letter



On behalf of the Trustees, I am pleased to introduce this annual report and audited financial statements for the year ended 31 December 2019.

Whilst we can look back on 2019 as a year of progress in many areas, the extraordinary events caused by the coronavirus pandemic during the first half of 2020 continue to force us to re-evaluate much of what we have previously taken for granted.

Our early focus in 2020 to date has therefore been to take steps to secure the immediate future, to curtail non-essential expenditure, to ensure we have sufficient cash for the year ahead, and to provide practical help and support to our parishes where we can.

We recognise that Covid-19 may have significant impact on our future financial health and that of our parishes and communities. This adds renewed impetus to our change programme and longer term financial planning, both of which were already underway at the start of the year.

Seeds of change were planted in 2019 with reviews of our vision, priorities, structures and activities, all with the aim of becoming a more streamlined, efficient and outward facing organisation focused on serving our parishes and our local church.

This work continues in 2020 alongside a comprehensive re-evaluation of our financial position, future strategy and of our approach to Fairer Share.

Some highlights of 2019....

With the four Rural Field Officers (one in each archdeaconry area) now in post, our diocesan Rural Hope programme (funded by the National Church) saw its first full year of operation. The intent is for us to become a beacon Diocese for creating a sustainable rural church across the country.

The aim is to identify, nurture and train rural church leaders who, working collaboratively together and with local congregations, will take hold of mission opportunities and move the church into growth. In collaboration with Sarum College, we have developed a rural pathway through ordination (and licensed lay ministry) training, the only course of its kind in the country, with 16 students enrolled.

The Diocese recognises and values the privilege and opportunity of growing and nurturing educational communities that are deeply Christian, serving the common good. Our 194 church schools, offering education to 43,000 children, are a fundamental part of our vision for a thriving Christian presence serving God in every community.

The Director of Education has become the diocesan champion for Growing Faith. This initiative recognises that children and young people are missing from the church, and influences and guides diocesan decision-making through the lens of children, young people, their households and families. We look forward to sharing our learning about growing faith nationally.

The Diocesan Environment Group continued to develop its work, building on the Bronze Eco Diocese status awarded at the end of 2018. The Church of England's General Synod has set new targets for all parts of the church to work to become carbon 'net zero' by 2030. This will accelerate our efforts and actions to reduce emissions and encourage care for God's Creation.

We are committed to making our churches a safe and welcoming place for all. In 2019 Salisbury conducted a past cases review of all safeguarding cases going back to the 1950s. The outcome of this has yet to be published, but the Diocese is committed to resourcing safeguarding properly with an extensive three-year rolling programme as part of our response to national recommendations.

2019 was a difficult year for the Diocesan Advisory Committee (DAC) with staff turnover hampering its work. We unreservedly apologise for delays in processing applications. The DAC is now fully operational with online applications being processed successfully.

In November 2019, our Diocesan Synod welcomed the recommendation that the Channel Islands should join with the Diocese. Following the recommendations from the Archbishop of Canterbury's Commission's Report published in October 2019, it concluded that, for several reasons - from ease of transport links to episcopal capacity for oversight - the Channel Islands would be strengthened through joining the Diocese of Salisbury. We look forward to welcoming and integrating the Channel Islands during the year ahead.

Turning to the figures, 2019 saw an overall increase in funds of £4.3m compared to a decrease in funds of £1.6m in 2018. This was due, in essence, to an increase in the capital value of our investments of £2.6m and a large credit from the Clergy Pensions Board of £2.5m reducing the long term creditor on the Balance Sheet from £3.6m to £1.1m. More details are in the Financial Review section and Financial Statements below.

The operational deficit was £712k for the year and although reduced from the previous year (2018: -£1m), spending more than we receive in income is clearly unsustainable. Now more than ever it is essential that the DBF is financially sound and able to react to changed and changing circumstances.

Work has begun on a 5 year financial framework with the over-riding objective of eliminating the operating deficit and plotting a course towards financial sustainability. This has received new context and urgency from the coronavirus pandemic and work continues on our financial plans and budgets for 2021 and beyond.


We said goodbye to Lucinda Herklots at the end of 2018 and welcomed David Pain in January 2019 as the new Diocesan Secretary. David started a series of reviews as part of the wider programme of work to refresh our Diocesan vision. Continuing to work with Renewing Hope: Pray Serve Grow, we are focused particularly on the areas which will enable us to grow.

Our vision anticipates a localised strategy through which ministry resources and mission challenges can be more closely mapped and matched, and where churches, schools and diocese work ever more closely together to nourish and grow the flame of Christian faith across our communities.

All of this is currently subsumed in the need to help the elderly, vulnerable and those at risk, without endangering our own clergy, volunteers, staff and others, and without spreading the virus further.

It remains especially true at this time that our work must be grounded in service, and I extend our heartfelt thanks to all those whose faith, dedication, commitment and hard work continue to make this possible through these challenging times.

With every blessing and good wish.





A. Our Purpose

Salisbury Diocesan Board of Finance (SDBF) aims to identify and manage the financial aspects of delivering ministry within the Diocese.

In 2019 the Diocese reviewed its vision and objectives starting with an independent review by Bishop John Gladwin of Renewing Hope, Pray, Serve Grow. This work was endorsed by Diocesan Synod in February 2020 and key elements of the new vision are included below

B. Public Benefit

SDBF takes account of the Charity Commission general guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim.

Throughout this report we endeavour to explain how our purpose, objectives and activities benefit the public. The Church of England is open to all and we aim for our mission, ministry and our worship to be open to as wide a section of the community as possible, as we want a thriving Christian presence serving God in every part of the diocese through which our hope will be constantly renewed.

Our authorised ministers provide spiritual welfare to all individuals within the community. In addition to regular weekday / Sunday services that are open to all, a wide range of events, workshops and courses are available for those seeking to explore their relationship with God.

The diocese makes grants at a local and national level to have a positive wider influence.

Through social action, we aim to respond to the needs of local communities and the wider world.

C. Our Objectives

The 2019 objectives were to progress our vision 'Renewing Hope' through:

- **Deepening Discipleship**
- **Nurturing Vocations**
- **Sustaining Ministry**
- **Engaging and serving children and young people**

Refreshed vision 2019

Hope is a defining characteristic of the Christian Church, founded upon the saving work of God in Christ. This hope, for the renewal of all things in the coming Kingdom of Heaven, gives meaning and purpose to the life of each Christian community.

To renew hope, then, is to refresh our Christian vision, so we may see the Kingdom come.

Since the introduction of the Diocesan Vision in 2014, **Renewing Hope: Pray Serve Grow**, there has been a strong commitment across our Diocese to these aspirations, not least because they are not top-down and directive but allow for interpretation and application in a variety of ways. Our shared vision provides direction and inspiration as we grow in faith, number and impact.

In 2019 the Bishop's Council worked on refreshing the Diocesan vision. This work was endorsed by Diocesan Synod in February 2020. While continuing to work with **Renewing Hope: Pray Serve Grow**, focus is now on the areas which will enable us to grow. In doing so, the Council seeks to:

- Identify and commit to diocesan priorities for growth that are the outworking of our ambition
- Invite churches and schools to interpret and live out the shared vision in ways relevant to the local context
- Provide diocesan-wide support from the DBF and DBE, and reshape our work so that it serves the needs of churches and schools in a changing context
- Answer a call for action on the climate crisis and in all we do strive to "safeguard the integrity of creation and sustain and renew the life of the earth" – 5th mark of mission

Through this, we will continue to build a flourishing Christian presence in every community.

Priorities for growth will be to:

- **Develop discipleship and evangelism**
 - We want to grow **Faith** in order to renew **Hope** and live in **Love**. Therefore, we will develop our approach to discipleship and evangelism in churches, schools and households across all generations.
- **Encourage dynamic and collaborative leadership**
 - We want to enable a flourishing Christian presence in every community: therefore, we will need to develop dynamic and collaborative leadership. This must be leadership at all levels, inspiring people to work together across boundaries.
- **Transform lives and communities**
 - We all want our Christian presence to transform lives and communities, as together we pursue all that makes for peace and builds up the common good.

It is fundamental that our work must be grounded in the gift of the places we serve. Our shared vision needs to give room for the 'God of surprises' to do new things and allow the local context to inform and guide our decisions about resourcing.



D. Strategic Report

D.1 Activities and Performance during the year

Mission and Ministry





Rural Hope

2019 saw the Rural Hope Programme in full operation. The 4 Rural Field Officers (RFOs) are supporting the formation of teams of lay and ordained people from multi-parish benefices to participate in THRIVE collaborative leadership training. The first two training cohorts of 55 people are now underway. The RFOs are working with benefices to facilitate the development of new worshipping initiatives. These can take the form of new additions to church worship (such as the re-introduction of Plough Sunday to encourage more farming families to come to church) or developing worship in the community by

combining outreach with praise (for instance, through Café Church aimed at unchurched people seeking to explore their spirituality).

The inaugural Rural Ministry and Mission Day took place at Kingston Maurward College in September 2019. The 155 attendees from across the Diocese heard talks from the National Rural Officer, the Principal of Kingston Maurward and participated in a panel session with leading rural ministry experts. A choice of workshops was available to provide practical advice on a range of rural ministry and mission topics.

A key aim of Rural Hope is to encourage clergy to consider a career in rural ministry. Working with the programme funded Rural Ministry Tutor at Sarum College, a rural pathway through ordination (and licensed lay ministry) training has been developed. This is currently the only course of its kind in the country, with 16 students in training which is ahead of target.

Further programme strands on this theme include the Curate Rural Placement Scheme (a rural placement undertaken in July by 10 curates and 3 ordinands from outside the Diocese) and the Rural Ministry Experience Scheme (a 10-month rural placement scheme for 18-30 year olds exploring whether they might have a call to rural ministry).



Deepening Discipleship: Discipleship is the seedbed out of which churches grow and individual vocations emerge. Our Deepening Discipleship webpages carries a rich selection of resources for all ages and stages of life.

It has been a busy year with facilitating days on Deepening Discipleship for parishes, benefices, deaneries and lay leaders in venues around the Diocese. Training for authorised lay ministries continues to be a major part of the remit of deepening discipleship.

A 12-week course for prospective Commissioned Lay Pioneers was piloted during the year. Two groups met during the autumn, in Dorchester and Warminster and a total of 16 out of the 18 attendees were discerned for Commissioning.

The theme for this year's successful Clergy Day was 'Transforming Lives and Communities: Discipleship in the 21st century' with Canon Mark Russell CEO of Church Army as the key-note speaker.

The spiritual life is a crucial part of being a disciple of Christ. During 2019, the Spiritual Accompanier Advisor team delivered sessions to support and resource the 90 Spiritual Accompaniers in the Diocesan Network, including training on: Celebration and Renewal of Ministry, Increased Self Knowledge and Spiritual Enrichment, Addiction & Spirituality, Discerning Vocation, Accompaniment

on the margins and Accompanying those in last stages of life. At the end of 2019, 276 people in the diocese met with the Spiritual Accompaniers who are part of the Diocesan Network.



Nurturing Vocations: Responding to God's call flows out of our ongoing discipleship as God's children. Investing in the ongoing ministerial training of both lay and ordained leaders release skills and gifts that enable these leaders to encourage others in their own discipleship.

With a network of 36 vocation volunteers supported by the Diocesan Vocations coordinator, the team currently supports over 100 people who are actively discerning a call to a licensed ministry within our churches and communities. We need good role models in each of these ministries to encourage others to wonder if God may be nudging them. We have enjoyed hearing the vocational stories of Lay Pastoral Assistants, Lay Worship Leaders, Church Army

Evangelists, Licenced Lay Ministers and clergy at four vocations days across the Diocese. Many then go on to train and exercise lay ministry in their own parishes, others to discern a call as a licensed lay or to ordained ministry. 14 Ordinands entered training in September 2019.

Nationally there has been a real effort in recent years to encourage younger vocations. Within the Diocese, two young people commenced the Ministry Experience Scheme in September 2019 that gives 18-30 year olds a year's placement to work in ministry.



Sustaining Ministry: The Diocese is committed to encourage a culture of life-long learning among its clergy and laity. Almost 2,400 attendees participated in the 131 events offered through the Continuous Ministerial Development (CMD) programme in 2019. Highlights included the Clergy Day, the first Rural Ministry day, four sessions of Trustworthy Leader training for all the licensed clergy, as well as Retired clergy and Associate Ministry days. Regional consultations were offered to those at points of transition in their ministry.

As the church, visible in the Diocese, we affirm that our wellbeing is essential to our ministry and mission as the people of God. The Crompton fund makes significant contribution every year towards clergy wellbeing.



Funds for Mission: The number of projects supported by the Aldhelm fund significantly increased in 2019, totalling 10 with a combined grant value of £57,700. The Fund continues to provide financial and mentoring support to several parish or deanery mission projects. New projects included a significant commitment to community café at Christchurch, Creekmoor, resources for prayer spaces in schools, and training materials for pioneer ministry.



The Sudans

The Diocesan Partnership with the Episcopal Churches in Sudan and South Sudan continues to be amongst the oldest and the most active in the Church of England and is rooted in the DNA of our diocese. We are hugely grateful for the wonderful support we receive from our Deaneries and so many parishes, Church schools and Mothers' Union groups as well as individuals across our diocese. We are grateful that funds are also provided from collections taken at Episcopal events including confirmations and ordinations etc. Our priorities remain focussed on health and education. We support theological colleges including the new Episcopal University in South Sudan and church schools; on health care through our Medical Link and developing local

partnerships through our deanery links and parishes. We support development initiatives and encourage local management capacity and accountability through the provincial offices in Khartoum and Juba and peace initiatives particularly with the South Sudan Church's Justice Peace and Reconciliation Board.

We continue to work with our long-term partner Christian Aid on a number of projects. Both Sudans have experienced violent changes in their governments in the past year. Ethnic violence continues but at somewhat decreasing levels. The UK government is a guarantor with the USA and Norway (the Troika) of the Comprehensive Peace Agreement and we continue to work with the Sudans unit in the Foreign and Commonwealth Office and the parliamentary group on the Sudans on peace and advocacy matters. There is hope that the two transitional governments will, through their fragile peace arrangements, enable a stable and abiding peace in which both nations will flourish and prosper. The ongoing conflicts have hindered our ability to support those in need in the Sudans and to organize visits, but we trust and pray that with improvingly safer conditions more visits from Salisbury to the Sudans and vice-versa will be possible in the future.

Canon Ian Woodward Chair Salisbury-Sudans Partnership

Services to Parishes



Safeguarding



We are committed to making our churches a safe and welcoming place for all. Our Safeguarding team is fully qualified and equipped to take the lead when allegations are made against Church Officers or members of the Clergy.

With emphasis on safeguarding training, a new three-year rolling programme of activity has been agreed for the Diocese. This will be delivered by the team as well as accredited Parish representatives. Specialist modules in Domestic Abuse and Safer Recruitment are now mandatory for all licensed Clergy.

The Diocese has fully participated and cooperated with the Past Cases Review process during 2019.



Social Justice

Our Social Justice programme identified priority areas covering food, finance, environment, and sanctuary. Over 60% of parishes reported involvement in food-related projects including foodbanks and community meals. We continued encouraging people to support the development of mutually owned banks in the expectation that these will help tackle the poverty premium paid by people who are currently excluded from financial services. 97 of our parishes have now registered and taken up the challenge to become more environmentally friendly, with 33 having achieved an award. Sanctuary includes initiatives to welcome refugees and in 2019 local church-members completed the purchase of a house and helped house families in rented accommodation. Other activity included partnerships with the two local Community Foundations to

promote their Surviving Winter appeals, and projects on homelessness and community development.



Environment

The Diocesan Environment Group continued to develop its work in 2019, following the Eco Diocese awarded to the Diocese under the A Rocha UK scheme. A network of Eco champions is working across the Diocese to participate in events, provide updates and ideas for parishes work through the EcoChurch process.



Engaging and serving children and young people in our church schools and communities (Board of Education – DBE):

It is vitally important that we prepare now for the future of the church. How we engage and serve our children and young people has great bearing on the spiritual commitment of the next generation. The Diocese unreservedly supports the work of the DBE through an Annual Grant - £323k in 2019.

This year the DBE focus has been on the provision of support for new clergy, new and acting head teachers, for new and returning foundation governors and building strong

relationships with academy trusts.

A successful pilot 'commissioning service' was implemented across all training courses for both returning and new Foundation governors, focused on governance as spiritual leadership; over 84 new Foundation governors have been commissioned in these services.

The Children and Young People (CYP) and schools work has continued to move closer together. Work has begun on developing 4 Community Hubs across the Diocese in which the DBE comes alongside schools and churches to support them in being an engine for change in their communities.

We are celebrating the largest ever take up of the Partnership Service Agreement with 172 of the 194 schools subscribing; schools evaluate that they are enriched by significant opportunities to grow in learning as church schools.

Our new diocesan SIAMS Protocol has been praised nationally. We were honoured that Her Majesty's Chief Inspector of Schools (Ofsted) chose to shadow a SIAMS inspection in our diocese as part of Ofsted's learning of the SIAMS process in order to serve a common good for all schools nationwide.

We are committed to support the development of a deeply Christian ethos within every church school, which underpins strong outcomes for children and young people. At any given time, there will be schools who struggle with the challenges of achieving those outcomes. Our schools' causing concern strategy has been further reviewed and developed and the impact of this work can be tracked in the stories of individual school's causing concern; the number of schools at the highest level of concern reduced during the year from 15 to 12 and we remain instrumental in the identification of school's causing high level concern to their statutory body.

The new Growing Faith initiative offers the opportunity to bring together a raft of national and diocesan level work in Education, Evangelism and Discipleship, Ministry, Renewal and Reform and

Setting God's People Free and give us the freedom to shape work with children and young people in ways that children and young people are seeking.

The performance of the DBE as a separately registered charity, is covered more fully in its own annual accounts which can be accessed via the Diocesan website.

Salisbury Board of Patronage: In 2019 three pastoral schemes or Orders came into effect uniting benefices to share ministry and mission, ensuring better care for the cure of souls. Two pastoral schemes came into effect to terminate teams which had outlived their purpose.



A new Bishop's Mission Order was created for the Point in Wimborne which will pioneer work with non-churched young people in the area and the Poole Missional Communities Mission Order was renewed and extended deanery wide to build on its ongoing success. A section 17 Order came into effect which altered the parish boundaries between Bemerton and Wilton and will allow the ministry team in Bemerton to further develop the work they have done in the new St Peter's housing estate and in the school.

No church closures took place, reflecting the determination of small, rural congregations to pull together to keep their churches going.

The Pastoral Secretary has looked at how changes to the Church of England Measures and the Church Representation Rules can be used to simplify procedures in order to reduce the administrative burden placed on clergy and volunteer church officers. The Archbishop's simplification agenda has been welcomed but there is still more work to be done to simplify legislation governing our procedures.

There has been a steady reduction in the number of benefices which are suspended and there are currently fourteen suspended benefices in which pastoral re-organisation is either underway or proposed. No new suspensions were created.



Our Diocesan Advisory Committee (DAC) for the care of Churches:

In May Sarah Baines joined the team as DAC Secretary following the retirement of Sue Canning. The team has been expanded to include 2 DAC Assistant Officers as of January 2020. 2019 was a challenging year, evidence that reliance on long serving staff who carry too much in their heads is not a sustainable way of working. There was a problem with a major backlog of work and a need to move to less staff-dependent ways of working.

In September the DAC started accepting and processing applications using the online faculty system. In July the General Synod agreed amendments to the Faculty Jurisdiction Rules 2015 which take effect from 1st April 2020. The amendments seek to further simplify the rules and include the substitution of a new Part 4 dealing with consultation and advice and the revision and expansion of List A and List B works.

In November the DAC agreed Delegated Powers for DAC officers which allows most minor faculty applications to be processed 'out of committee'. As a result, the number of DAC meetings have reduced to 6 per year.

Metal theft continues to be a problem across the country and work continues at national level, with police forces and with parliament to bear down on this crime. A Police task force has been set up to address this issue in the Diocese.



The Diocesan Trust Officer: The Finance Committee considered 39 requests for Board approval during 2019. This is in line with the number of requests from the previous year. Just over two thirds of these requests were from parishes to release capital for major projects such as church repairs, re-ordering or churchyard projects. Included in this total, were 9 requests to wind up small charities vested in the Board.

There were only 2 requests to sell sites or part sites no longer required by PCCs. There were 4 leases of PCC property.



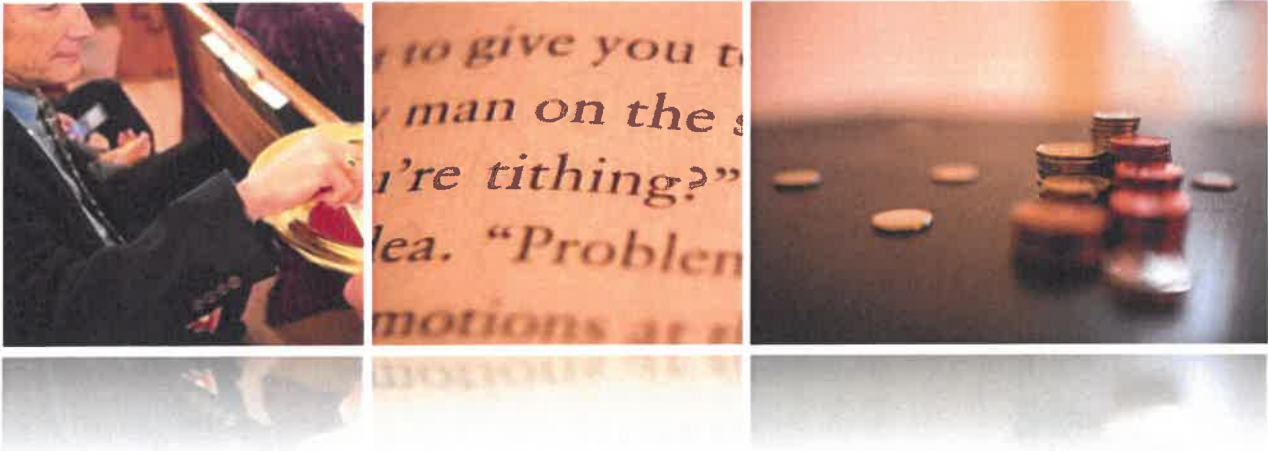
The Property Department: The team is responsible for the management of 235 clergy houses. In 2019, there have been some 18 changes of occupancy which resulted in consequential improvement works.

The department currently rents out 27 properties during vacancies bringing in a net income of over £280,000. In addition to its statutory core work the Property Department now works with over 70 Voluntary Aided Schools and Academies via a separately incorporated SDBF Building Consultancy Trading Company. The Consultancy has had another successful year bringing in a fee income of over £350,000. In order to continue and grow, the SDBF Building Consultancy Ltd is now advertising a range of surveying and

architectural services and its own website launches in January 2020.



Communications: Our two distinct publications, launched in 2019, alongside our increased social media output have resulted in a doubling of our engagement. Our weekly Grapevine inspires, educates and informs both external and internal audiences with its stories. Our monthly Working Together now resources our parishes and ministry teams in their work. As part of the reviews being undertaken, the Diocesan website will be re-developed during 2020.



D.2 Financial Review

Background: The members of the Bishop’s Council are the trustees of the DBF registered charity and act as custodian trustee for parochial trusts and other diocesan based charities. There have been no significant changes in these activities during the year.

Charitable contributions have been made as part of normal expenditure in the exercise of the Board’s objectives. No political contributions have been made.

Comparison with last year:

In 2019 funds have increased by £4.3m as opposed to 2018 – decrease £1.66m.

	2019	2018
	£,000	£,000
Operating Deficit	(712)	(1,040)
Investment gains	2,592	(1,208)
Reduction in pension deficit creditor	2,482	586
Increase / (Decrease) in funds	4,362	(1,662)

The above table shows clearly why there is an increase in funds in 2019.

- 1) Decrease in operating deficit which is most encouraging
- 2) Portfolio investments performed extremely well in 2019. Events in 2020 have shown that increase in investments cannot be relied on to provide extra funding as the gains made in 2019 were rapidly reversed by March 2020 although investments have since staged a small recovery.
- 3) The clergy pensions liability has reduced in 2019 by £2.5m from £3.6m to £1.1m in line with the Church of England Pension Board’s aim to eliminate the deficit by 2022.

Salisbury DBF Building Consultancy Ltd, wholly owned subsidiary of SDBF is a separate trading company that works with over 70 Voluntary Aided Schools and Academies. The Consultancy has had another successful year bringing in a fee income of over £350,000 and a grant to SDBF of £191k.

The below chart explains where the income originates and what it is spent on.



Going Concern

Clearly the outbreak of the Coronavirus pandemic has led to some fundamental challenges to day-to-day operations with threats to most areas of income.

The Trustees have taken a number of measures to ensure that there continues to be no fundamental uncertainty on the going concern status of the Charity. These include:

- Scenario planning to identify worst case outcomes
- Immediate cessation of purchasing fixed assets with exception of IT purchases essential to facilitate remote working
- Cutting all non-essential expenditure and taking advantage of any Government initiatives
- Looking at future reductions in all key expenditure areas for 2021
- Identifying borrowing opportunities to offset likely reduction in income across most areas especially in parish share and parochial fees
- Investments have been sold to the value of £923k

A successful application has been made for a £2.5m Coronavirus loan

As a significant post balance sheet event (see note 35), the pandemic has had the following impact on the Charity's balance sheet after the year-end. Equity Investments and Bonds fell sharply in value to March 2020 but have since staged a partial recovery.

At the date of signing the investments are 10% down on December 2019. As the trustees view their investments under a long-term strategy this fall in value has not been reflected in the balance sheet for the year ended 31 December 2019.

Following valuation work by Strutt and Parker it is clear that there is no indication of a permanent impairment in the values of the investment Properties as a result of Covid19.

The trustees are confident that sufficient measures have been taken to ensure liquidity in 2020 and that therefore the charity is a going concern.

D.3 New Ways of Working : Looking Ahead



In March 2020 four new diocesan office teams are starting work; collectively their goal is to provide an excellent service to the local church and to do this in close collaboration with the Board of Education. We will be building on the feedback you have already given us on the service we give in the various areas of diocesan life; we recognise in particular the challenges we have faced in the capacity of the DAC office and in all that we learnt in the clergy property survey. We have recognised that our IT system needed a major overhaul both to be legally compliant within the national church and in order to be more efficient and effective in our support for governance, finance, communication and property management. Our new ways of working will all be based on serving the local church, whether in appropriate support for mission and ministry or working with the local church to inspire generous giving or ensure the church is a safe place for all.

Bishop John encouraged us to 'travel light', to 'go local', to 'work collaboratively' and to 'learn as we go'. We know that the context in which our ministry and mission is lived out is changing rapidly. It is fundamental that our work must be grounded in the gift of the places we serve. Our shared vision needs to give room for the 'God of surprises' to do new things and allow the local context to inform and guide our decisions about resourcing.

I look forward to working with colleagues across the diocese in taking this forward.

David Pain

Diocesan Secretary



D.4 Principal Risks and Uncertainties

The trustees of SDBF have overall responsibility for ensuring that appropriate systems and controls are in place, financial and otherwise. A register of risks is maintained and gives rise to mitigation and minimization plans. Recent events have proved that the need for significant disaster recovery plans.

The main risks identified are:

- Global events outside our control
- Significant shortfall in Share income
- Operational deficit
- Reduction in investment income
- Incident(s) of abuse by somebody working for or on behalf of the Church

Mitigations include:

- Disaster plan is in place and is being thoroughly tested by Covid 19
- Share income: monthly monitoring of receipts throughout the collection year, and a review group to ensure that the allocation and collection processes remain fit for purpose. A full provision is made for Share arrears at the end of January of the year following the year they are due. An in-depth Share Review started in 2019 to review the method of share calculation and ideology. This review has been postponed in 2020 as the next step was consultation with parishes. It seemed inappropriate to launch a consultative process at a time when parishes are facing both financial and challenges and are focussed on helping parishioners in need. The process will be renewed when it is sensible to do so.
- Strong balance sheet means that borrowing is possible where needed
- Operational deficit: Running at a continual deficit is unsustainable in the long term and actions are being taken now with the introduction of a 5-year financial framework to eliminate the deficit by 2025.
- Investment income: a committee reviews the placement of investments, including the ethical requirements of the Board and the income level desired. The Finance Committee reviews income and valuations throughout the year.
- Safeguarding: the Board has Safeguarding Officers in place and an Independent Safeguarding Management Panel. The officers and the panel review all processes and procedures, as well as coordinating training. The Diocese also participates in a national church audit scheme as a founding member of the process and has plans in place to act upon any finding. Significant resources have been made available to allow for a systematic diocese-wide "Past Cases Review" intended to measure the effectiveness of our provision in past years.



D.5 Fundraising

The DBF does not engage in active fundraising activities of its own. Its activities are limited to providing advice and support to parishes to assist them in adhering to best practice in their own fundraising activities. The DBF does not engage with any direct marketing activities or professional fundraisers. Management periodically agree a fundraising strategy and monitor performance against this strategy. No complaints have been received in the year in relation to fundraising."



E. Structure, Governance and Management

The Diocese of Salisbury is an administrative and pastoral area of the Church of England. It covers most of Dorset, three-quarters of Wiltshire, the unitary authority of Poole and small parts of Hampshire and Devon. The Diocese is mainly rural in character with many small villages, but also a few areas of urban development, including the Poole conurbation, one of the fastest growing areas of the country. There are over 570 places of worship of which nearly 90% are listed grade I or II*.





Definitions:

The Parish is the smallest pastoral area in the Church of England. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease.

A **Benefice** is a parish or group of parishes served by a single stipendiary minister.

A **Deanery** is a group of benefices over which a rural dean has oversight and an **Archdeaconry** is a group of deaneries for which an archdeacon is responsible.

A **Diocese** is the main administrative and pastoral area of the Church of England and may contain several archdeaconries under the leadership of a diocesan bishop. In Salisbury diocese the Diocesan Bishop is assisted by 2 suffragan bishops. The duty of a suffragan bishop is "faithfully to execute such things pertaining to the episcopal office as shall be delegated to him by the bishop of the diocese" (Canon C20.1). Numbers of suffragan bishops may vary across Dioceses.

Parochial Church Councils: A **parochial church council** (PCC) is the executive committee of a **Church of England parish** and consists of clergy and churchwardens of the **parish**, together with representatives of the laity.

Deanery Synod: Deanery Synods have two houses; laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy in the deanery. The role of Deanery Synod is to consider matters concerning the Church of England; to bring together the views of the parishes of the deanery; to effect decisions made by Diocesan Synod; to act as a channel of communication to express the views of Deanery Synod to Diocesan Synod and thence to General Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod and to General Synod. Deanery Synods do not generally have significant financial transactions.

Diocesan Synod: The Diocesan Synod is the statutory governing body of a diocese. Its members are also the members of the Board of Finance. It is elected with representation from all parts of the diocese and roughly equal numbers of clergy and lay people (laity), who meet together in Synod with the Bishop and other senior clergy.

The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter (religious or public interest); to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod and to refer matters to the General Synod; and to make provision for the financing of the diocese as the Diocesan Board of Finance.

General Synod: The General Synod is the legislative and deliberative body of the Church of England at national level. It makes decisions on doctrinal matters, liturgical matters and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The General Synod contains three groups or Houses of members with members from every Diocese; the Houses of Bishops, of Clergy and of Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York.

Reporting to General Synod, but not subordinate to it, is the Archbishops' Council. This is the Church of England's policy discussion forum. Independent of the Archbishops' Council, but co-operating closely with it, the Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the parochial clergy. The financial transactions of General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

Bishops: The costs of episcopal administration, other than office equipment and IT support, are met by the Church Commissioners through grant funding to the Diocesan Bishop.



Management

The Diocesan Synod: Synod met three times in 2019 in February, June and November. As well as fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- Discussions around refreshing the Diocesan Vision and a 5-year financial framework to eliminate the operational deficit.
- Update on the review of the Fairer Share scheme mechanism.
- Approval of the appointment of Haysmacintyre as the auditors for the Diocesan Board of Finance
- Synod welcomed the report of the Archbishop of Canterbury's Commission regarding episcopal oversight of the Channel Islands and commits to working with the report's recommendations
- Recognises that there is a Climate Emergency and encourage every part of the Diocese to engage with the Fifth Mark of Mission as exemplified in the Strategic Aims set out in the Diocesan Environment Policy.
- Welcomes the Archbishop of Canterbury's Lent Book 2020, "Saying Yes to Life" and recommends it for use in the parishes of the Diocese of Salisbury.
- Outlining changes to safeguarding training and received the Safeguarding Report.
- The Annual Reports of the Cathedral, Board of Education and Social Justice Programme.
- The presentation of Diocesan Advisory Committee awards
- The AGM of the SDBF including adoption of the Report and Accounts, appointment of auditors and agreement of the 2020 budget.

Bishop's Council: This met eight times and the main areas of business included:

- On-going scrutiny of finance, mission and pastoral matters.

- Discuss the Safeguarding objectives, actions and activities to ensure our churches are a safe and welcoming place for all; note progress of Past Cases Review.
- Continued development of refreshing the Diocesan Vision and a 5-year financial framework to eliminate the operational deficit.
- Budget and Finance: a) approve Report and Accounts for year ending 31 December 2018 b) receive the auditor's report c) approve the movement of funds d) approve Budget 2020 and the revised Budget Guide.
- Council invited to discuss what it might mean to have a thriving Christian presence in every community within the Diocese of Salisbury in 2030.
- Review of the Fairer Share scheme mechanism.
- Approval of £50,000 for grants from the Aldhelm Mission Fund.
- The Council was briefed on the creation of Mission Oversight Groups in the Sherborne and Ramsbury areas.
- Endorse the updated Diocesan Environment Group (DEG) Strategic Aims and support a study of the implications of moving towards carbon neutrality. Ask the DEG to prepare a strategy to achieving this by 2030.
- The January residential meeting was a partial joint meeting with the Board of Education to consider matters of shared interest.

The Diocesan Board of Finance: The DBF held its annual general meeting in June as part of the Diocesan Synod. The Finance Committee met nine times. The Board of Finance Executive and the Finance Committee carried out regular analysis of income and expenditure, risks, reserves, loans and investments, trusts, property and staff. In addition they:

- Approve Report and Accounts for year ending 31 December 2018 and receive the auditor's report.
- Approve Budget 2020 and the revised Budget Guide.
- Discuss and agree fairer share matters arising.

The Environment Group: This Group supports parishes and individuals in developing environmental awareness and action across the diocese. Activities in 2019 included:

- Continuing to promote parish participation in the Eco Church and Big Switch schemes.
- Continuing to grow a network of parish "Eco Champions".
- Update Strategic Aims and initiate a study of the implications of moving towards carbon neutrality with a view to prepare a strategy to achieve this by 2030.

The Bishop's Council is the Diocesan Mission and Pastoral Committee, and the four archidiaconal mission and pastoral committees (ADMPCs) have been delegated to work as its sub-committees, chaired by their respective area archdeacon. ADMPCs also share meetings each year with the Mission Oversight Groups (MOGs) led by the 2 suffragan bishops.

This year the mission and pastoral committees have looked at:

- Opportunities for collaboration in ministry and mission, including the union of parishes and benefices and boundary changes
- Mission to new housing in line and at opportunities for church planting
- Focussed on the message of Renewing Hope; Pray, Serve and Grow, through deaneries and their deanery mission plans
- Considered alternative uses for church buildings and opportunities for church planting
- Been notified of bids for coastal and community funding, rural ministry to farmers, school chaplaincies and the Army rebasing project on Salisbury plain.

Diocesan Board of Patronage: The Board met once during the year, which was for the Annual Meeting on the 23rd of January 2019 and the main areas of business included:

- Following national trends, Board members noted that clergy posts often had to be advertised several times, in order to attract interest.
- Suspensions of Presentation & pastoral re-organisation in the 26 benefices in which it is a patron.
- Board members have received training in appointment procedure this year, which has helped them to understand the legal aspects of church appointments. Other items of the Board's business were conducted by phone or by e-mail.



F. Legal and Financial Information

The Salisbury Diocesan Board of Finance was incorporated in 1882 and is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee, and without share capital. The guarantors are the members of the Board and the limit of their liability is £1. The governing instruments are the company's memorandum and articles of association. The Board is also a registered charity and is not liable to Corporation Tax on its charitable activities.

The Board's principal activity is to promote and assist the work and purposes of the Church of England in the diocese of Salisbury. This is achieved principally through the provision and support of ministry in the parishes of the diocese. The DBF Executive (which has the same membership as Bishop's Council) acts as the financial executive of Diocesan Synod and as custodian trustee for parochial trusts and other diocesan based charities. There have been no significant changes in these activities during the year.

Charitable contributions have been made as part of normal expenditure in the exercise of the Board's objectives. No political contributions have been made. The Directors are satisfied that sufficient measures have been taken in 2020 to ensure that the company has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

The Board continues to have significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board, the parochial church councils within the Diocese of Salisbury and other charitable organisations whose activities extend over the Diocese. None of these is a connected charity in the sense defined by charity law.

Salisbury Diocesan Board of Finance has one subsidiary company, SDBF Building Consultancy Ltd. The company was established in June 2017. It is a company limited by guarantee, and without share capital. The sole member is the Board of Finance. The governing instruments are the company's memorandum and articles of association. The Object of the Company is to carry on business as a general commercial company to procure profits and gains for the purpose of paying them to The Salisbury Diocesan Board of Finance or any other charitable body which succeeds to its charitable purposes.

Investment policies: The Board has the power to invest surplus funds in appropriate investments and for this purpose principally makes use of the unlisted common investment funds managed by CCLA Investment Management Ltd, St James's Place Wealth Management via Grove Wealth Management, and M&G Investment.

The Board holds unlisted investments in funds with outcomes as follows:-

	2019			2018
	Capital growth (loss)	Income yield	Total Return	Total Return
	%	%	%	%
CCLA Investment	18.7	3.5	22.2	1.8
CCLA Property	(2.6)	5.4	2.8	8.4
M&G	16.6	5.8	22.4	(8.5)
SJP Corporate Bond	4.8	5.8	10.6	(3.6)
SJP International Corporate Bond	4.9	3.6	8.5	(3.1)

The aim for each Fund's investment is long term capital and income growth, though with a greater emphasis on income to minimise the burden of Share on parishes. In addition, the Board holds real property as an investment. Principally this is historic glebe property held for the Stipends Fund Capital Account, but clergy houses and former church buildings may also be classified as investment property when they are let commercially on a long-term basis.

Reserves policies: The Board has reserve policies for three of its Funds:

- **Diocesan Pastoral Fund:** As this Fund is often used principally to buy houses, the Board's policy is to have a reserve expressed in terms of the cost of six clergy houses. Based on recent experience an average cost of £300,000 gives a reserve requirement of £1.8m. The reserve is defined as the Fund's net assets excluding the amounts held as tangible fixed assets, loans granted to parishes and commitments given for loans. The fund has investments of £3.1m so reserves are fully adequate.
- **General Fund:** The Board's policy is to have a reserve equating to three months of expenditure at any one time to maintain working capital requirements and to provide adequate safeguards in respect of unforeseen deficits. At 31 December 2019 the General Fund free reserves include some readily realisable investments amounting to £2.7m and cash of £219k. This equates to just under 3 months of expenditure and the Board considers that this is sufficiently in line with its policy and is in fact slightly better than reported a year ago. Cashflow is helped by the fact that a large part of parish share is received in the early part of the year. The Board also has procedures in place to monitor parish share collection and any deviation from agreed budgets in the year.
- **Stipend Capital Fund:** The purpose of this endowment account is tightly prescribed and is primarily to provide an income towards the cost of clergy stipends. The Board's policy is to retain the investments for capital growth and for the purchase of houses, and to generate income for these purposes.
- **Grant making policies:** The Board makes a variety of grants to the clergy and parishes of the Diocese, the Archbishops' Council and the Episcopal Church of the Sudan, all in furtherance of its charitable objects.

The full extent of the Covid-19 pandemic is yet to be known, including its impact on operations over the forthcoming years. The Trustees are confident that the Charity is managing its free reserves on a sustainable basis in line with the above policy. However, in 2020/21, this will be re-assessed, once the full longer term implications of the pandemic are known.

Custodian trusteeship: The Board is custodian trustee for trust financial assets with a market value of approximately £27m at 31 December 2019 (2018- £24m). These assets are held for parishes in the diocese and other charities whose area of benefit is the Diocese of Salisbury. Certificates detailing all holdings and balances as at 31 December 2019 have been sent to parishes. The Board is also custodian trustee for all parish real property. As custodian the Board is responsible for the safe custody of all trust assets but does not control them. Trust assets are held separately from the assets of the Board.



Relationships with other church bodies:

- **General Synod, Archbishops' Council and Church Commissioners:** While the Board is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the Board reimburses regularly for the costs of stipendiary clergy deployed in the diocese. The Church Commissioners also make grants to the Archbishops' Council of the Church of England for ministry in some dioceses. The Archbishops' Council, a charity and the executive body of the General Synod, funds the administration of the ordinands training on behalf of the Church nationally, and the Board contributes to these costs annually according to a formula agreed by General Synod.
- **Parochial Church Councils (PCCs):** The main part of the Board's income is the contribution of parish Share from the parishes in the diocese, with each parish being governed by its PCC. The Board assesses the parish Share to PCCs under the "Fairer Share" method of apportionment introduced in 2005, but the payment of the parish Share is essentially a voluntary donation by PCCs to the Board. As referred to above, the Board also acts under Measure as custodian trustee in relation to PCC property and endowments.
- **Salisbury Diocesan Board of Education Ltd (SDBEL):** The trustees consider that SDBEL is a connected charity, having related objects and a shared management. SDBEL is a company limited by guarantee and a registered charity. Although the synodical work of the Board of Education is undertaken under the statutory umbrella of the Board of Finance, SDBEL retains its separate corporate identity for its role as trustee of the Uniform Statutory Trust funds (held for the improvement of the fabric of the church school buildings in the diocese) as well as a large number of church school and educational trusts. SDBEL has established a wholly owned trading subsidiary, SALED Ltd, to raise funds in support of its charitable purposes. Details of the financial transactions between the Board and SDBEL are reported in note 22 to the accounts. SDBEL's address is The Diocesan Education Centre, The Avenue, Wilton, Wiltshire SP2 0FG.

Changes to Trustees:

The Canon T M B Woodhouse resigned as ex officio, Chairman of the House of Clergy in September 2019. The Canon Jonathan Triffitt, Chairman was appointed ex officio, Chairman of the House of Clergy in September 2019.

Trustees' responsibilities:

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the SDBF and of the surplus or deficit of the SDBF 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 Statement of Recommended Practice for Charities (SORP 2015)
- 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
- Assess whether the financial statements can be prepared on a going concern basis with adequate disclosure outlining their reasons for doing so

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 SDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the SDBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

Statement of disclosure to the auditors:

So far as the Trustees are aware: there is no relevant audit information of which the charitable company's auditors are unaware, and we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors: At the AGM Haysmacintyre LLP were re-appointed as the company's auditors.

G. Reference and administrative details

Company Information:

Registered Office:	Church House Crane Street Salisbury SP1 2QB
Website:	www.salisbury.anglican.org
Company Registration Number:	17442 (in England and Wales)
Charity Registration Number:	240833
Auditors:	Haysmacintyre LLP 10 Queen St Place, London EC4R 1AG
Solicitors:	Wilson LLP, Alexandra House, St Johns St, Salisbury SP1 2SB
Diocesan Registrar:	Batt Broadbent, Minster Chambers, 42/44 Castle Street, Salisbury SP1 3TX
Bankers:	Lloyds PLC, 38 Blue Boar Row, Salisbury SP1 1DB
Insurers:	Ecclesiastical Insurance Office plc, Beaufort House, Brunswick Road, Gloucester GL1 1JZ
Investment Managers:	CCLA Investment Management Ltd, Senator House, 85 Queen Victoria Street, London EC4V 4ET M&G Investment Management Ltd M&G House, Victoria Road, Chelmsford CM1 1FB St James's Place Wealth 1 Tetbury Road, Cirencester GL7 1FP
Property & Land Agents:	Strutt & Parker 41 Milford Street Salisbury SP1 2BP

Directors and Trustees during 2019:

The members of Bishop's Council are the Executive Committee of the Board of Finance and its Directors and Trustees. The members of Salisbury Diocesan Synod are the members of the Board of Finance. The following are the Directors and Trustees who served during the year and to the date of this report:

The Rt Rev N Holtam	Ex officio, President of Synod, Bishop of Salisbury
Mr N Salisbury	Ex officio, Chairman
The Rt Rev K Gorham	Ex officio, Bishop of Sherborne
The Rt Rev Dr A Rumsey	Ex officio, Bishop of Ramsbury
The Very Rev N Papadopoulos	Ex officio, Dean of Salisbury Cathedral
The Ven A P Jeans	Ex officio, Archdeacon of Sarum
The Ven P Sayer	Ex officio, Archdeacon of Sherborne
The Ven S Groom	Ex officio, Archdeacon of Wilts
The Ven A C MacRow-Wood	Ex officio, Archdeacon of Dorset, Vice Chairman DBF, Ex officio, Chairman Diocesan Board of Education
Canon T M B Woodhouse	Ex officio, Chairman of the House of Clergy (resigned Sep 2019)
Canon Jonathan Triffitt	Ex officio Chairman of the House of Clergy (from Sep 2019)
Canon D Baldwin	Elected clerical member
Canon A Perry	Elected clerical member
Canon P Richardson	Elected clerical member
Mrs G Clarke	Elected lay member and Ex officio Chairman of the House of Laity
Mrs D Mclsaac	Elected lay member
Mrs R Cook	Elected lay member
Mr D Howshall	Elected lay member
Mrs M Morrissey	Elected lay member
Mrs E Oderstone	Elected lay member
Mrs J Jackson	Elected lay member
Mr R Chitty	Elected lay member

Principal Officers of the Board:

Mr D Pain	Secretary and Treasurer (from 1 Jan 2019)
Mr S Dawson	Deputy Secretary to December 18 th 2019
Ms E Ashmead	Head of Finance

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 19 within their capacity as company directors.

By order of the Trustees:



Mr N Salisbury DBF Chairman

18th September 2020

H. Independent auditor's report to the members of Salisbury Diocesan Board of Finance

Opinion:

We have audited the financial statements of Salisbury Diocesan Board of Finance for the year ended 31 December 2019 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Statement of Cash Flow and 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).

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, 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 group 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.

Responsibilities of trustees for the financial statements:

As explained more fully in the trustees' responsibilities statement (set out on pages 20-21) 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 group's and the parent 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 group or the parent 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.

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.

Conclusions relating to going concern:

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where: the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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: information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Annual Report (which incorporates the strategic report and the directors' report) 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 parent charitable company; or the parent 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.

Use of this 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 the 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 Auditors: 10 Queen St Place London EC4R 1AG

I. Financial Statements for the year ending 31 December 2019

SALISBURY DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
		General	Designated				
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations							
Parish Share	2	10,273	-	-	-	10,273	9,916
Archbishops' Council & Church Commissioners	3	69	-	476	-	545	299
Other donations	4	136	-	238	-	374	662
Charitable activities	5	18	-	742	-	760	812
Other trading activities	6	663	-	-	-	663	590
Investments	7	223	16	861	-	1,100	1,120
Other incoming resources	8	-	-	68	-	68	126
Total		11,382	16	2,385	-	13,783	13,525
Expenditure on							
Raising Funds	9	57	-	46	-	103	121
Charitable activities	10	12,959	227	1,036	-	14,222	14,282
Other	11	170	-	-	-	170	162
Total	12	13,186	227	1,082	-	14,495	14,565
Net income/(expenditure) before investment gains		(1,804)	(211)	1,303	0	(712)	(1,040)
Net gains/(losses) on investments	18	322	75	926	1,269	2,592	(1,208)
Movement on Clergy Pension Liability	34				2,482	2,482	586
Net income/(expenditure)		(1,482)	(136)	2,229	3,751	4,362	(1,662)
Gross transfers between funds	32	1,305	175	573	(2,053)	-	-
Net movement in funds		(177)	39	2,802	1,698	4,362	(1,662)
Total funds brought forward		5,045	429	24,080	92,480	122,034	123,696
Total funds carried forward	27	4,868	468	26,882	94,178	126,396	122,034

All activities derive from continuing activities. The notes on pages 40 to 59 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT : YEAR ENDED 31 DECEMBER 2019

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Total incoming resources	13,784	13,463
Resources expended	<u>(14,496)</u>	<u>(13,980)</u>
Operating surplus/(deficit) for the year	(712)	(517)
Net gains on investments	<u>1,323</u>	<u>(405)</u>
Net income/(expenditure) for the year	611	(922)
Other comprehensive income:		
Net assets transferred from endowments	2,053	(47)
Total recognised gains for the year	<u>2,664</u>	<u>(969)</u>

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.

All activities derive from continuing activities. The notes on pages 40 to 59 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2019

	Notes	Group	Parent	Group	Parent
		Total funds	Total funds	Total funds	Total funds
		<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible Assets	16	94,264	94,264	92,313	92,313
Investments:					
Investments	18	31,812	31,812	30,946	30,946
Programme related investments	19	89	89	89	89
		<u>126,165</u>	<u>126,165</u>	<u>123,348</u>	<u>123,348</u>
CURRENT ASSETS					
Clergy houses for sale	20	-	-	600	600
Debtors due within one year	21	1,279	1,232	913	907
Cash at bank and in hand	22	1,347	1,207	1,356	1,289
		<u>2,626</u>	<u>2,439</u>	<u>2,869</u>	<u>2,796</u>
CREDITORS: amounts falling due within one year	23	(1,018)	(991)	(324)	(310)
NET CURRENT ASSETS		<u>1,608</u>	<u>1,448</u>	<u>2,545</u>	<u>2,486</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>127,773</u>	<u>127,613</u>	<u>125,893</u>	<u>125,834</u>
CREDITORS: amounts falling due in more than one year					
Pension	24	(1,165)	(1,165)	(3,647)	(3,647)
Other creditors	24	(212)	(212)	(212)	(212)
NET ASSETS	27	<u>126,396</u>	<u>126,236</u>	<u>122,034</u>	<u>121,975</u>
representing:					
General Fund	28/30	4,868	4,708	5,045	4,988
Designated funds	28/30	468	468	429	428
Restricted funds	28/30	26,882	26,882	24,080	24,080
Endowment funds	28/30	94,178	94,178	92,480	92,479
Total funds	28/30	<u>126,396</u>	<u>126,236</u>	<u>122,034</u>	<u>121,975</u>

The Board does not have a separate revaluation reserve as the historic cost of most of its unrestricted assets is not known. Valuation gains or losses are added to or deducted from the appropriate fund.

The Parent's Charitable Company's total income for the year, before net gains on investment was £13.6m (2018:£13.3m); total expenditure was £12m (2018: £13.8m), resulting in net expenditure before investment gains of £1.61m (2018: net expenditure £512k). Net income after investment gains was £4.2m (2018: (net expenditure £1.66m)

These accounts were approved by the Board on 10th Sept 2020
 Member of the Board
 (signed by Mr N Salisbury - DBF Chairman)

The notes on pages 40 to 59 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>2019</u> £'000	<u>2018</u> £'000
Net cash inflow/(outflow) from operating activities	(1,525)	(2,193)
Cash flows from investing activities		
Dividends, interest and rent from investments	1,099	1,121
Proceeds from the sale of:		
Tangible fixed assets	317	
Fixed asset investments	1,200	
Current assets	629	843
Purchase of:		
Tangible assets for the use of SDBF	(1,727)	(686)
Corporation tax payment	(2)	
Net cash provided by investing activities	1,516	1,278
Change in cash and cash equivalents in the reporting period	(9)	(915)
Cash and cash equivalents at 1 January	1,356	2,271
Cash and cash equivalents at 31 December	1,347	1,356
Reconciliation of net movements in funds to net cash flow from operating activities	<u>2019</u> £'000	<u>2018</u> £'000
Net movement in funds for the year ended 31 December	4,362	(1,663)
Adjustments for:		
Depreciation charges	26	25
Dividends, interest and rent from investments	(1,099)	(1,121)
(Profit) on sale of functional assets	(69)	(126)
Decrease/(increase) in debtors	(367)	52
Increase/(decrease) in creditors	695	18
Pension deficit provision movement	(2,482)	(586)
Net (loss)/ gain on investments	(2,591)	1,208
Net cash provided by / (used in) operating activities	(1,525)	(2,193)
Analysis of cash and cash equivalents		
Cash in hand	1,347	1,356
	1,347	1,356

The notes on pages 40 to 59 form an integral part of the financial statements.

I.5 Accounting Policies and Notes to the Financial Statements for the year ending 31 December 2019

Statement of compliance: Salisbury Diocesan Board of Finance is a company limited by guarantee (registered number 17442) and a charity (registered number 240833) registered in England & Wales. The registered office and principal place of business is Church House, Crane Street, Salisbury, SP1 2QB. The principal activities of the charitable company are set out in the Trustees' Report.

The financial statements, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance sheet, the Cash Flow Statement and the related notes constitute the individual financial statements of Salisbury Diocesan Board of Finance for the year ended 31 December 2019. The financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the charitable company for the year ended 31 December 2019. Salisbury Diocesan Board of Finance meets the definition of a public benefit entity under FRS102.

The financial statements have been presented in Pound Sterling as this is functional currency of the board and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Basis of preparation: The financial statements have been prepared under the historical cost convention, with the exception of fixed 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 2015), the Companies Act 2006 and applicable accounting standards (FRS102), and Diocesan Financial Statements Guide 5th edition 2015 (the DFS guide).

Going concern: The trustees have reviewed the anticipated performance for a period of at least twelve months from the date of approval of the financial statements which demonstrate that there is no material uncertainty regarding the board's ability to meet its liabilities as they fall due, and to continue as a going concern. This is because mitigating measures have been taken to ensure liquidity. On this basis, the trustees consider it appropriate to prepare the financial statements on a going concern basis.

Basis of Consolidation: The financial statements consolidate the results of the charity and its wholly owned subsidiary, SDBF Building Consultancy Limited, on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

SDBF Building Consultancy Limited was incorporated on 13 June 2017 and started trading on 1 July 2017. Its results have been accounted for on a line by line basis. Intergroup transactions and balances are eliminated on consolidation.

Income: including legacies, is generally included in the Statement of Financial Activities (SOFA) when the Board is entitled to the income, where receipt is probable, and the amount can be quantified with reasonable accuracy. The categories of incoming resources in the SOFA are those set down in the DFS guide.

- Share paid by parishes is treated as income of the year in which it is received except that amounts received up to the end of January of the following year in respect of the previous year are included as income of the year.
- Rent receivable is recognised as income in the period with respect to which it relates.
- Interest and dividends are recognised as income when receivable.
- Grants received that are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- Parochial fees are recognised as income of the year to which they relate.
- Donations other than grants are recognised when receivable.
- Gains on disposal of fixed assets for the MDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

- Services rendered: Revenues from a contract to provide services is recognized in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:
- the amount of revenue that can be measured reliably;
- it is probable that the charitable company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Expenditure: All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The categories of resources expended in the SOFA are those set down in the DFS guide augmented to reflect the Diocese's Sudan and Latvia links and Milton Abbey Church.

- Expenditure on raising funds is the costs attributable to generating incoming resources from all sources other than undertaking charitable activities.
- Expenditure on charitable activities comprises all the resources applied by the Board in undertaking its work to meet its charitable objectives.
- Governance costs are the costs which relate to the strategic planning and the public accountability of the Board and its compliance with legislation and regulations.
- Support costs are those costs incurred in the administration of the Board, which whilst not themselves delivering a charitable activity are necessary to its proper administration, and are apportioned on an estimated basis of staff time engaged in such support activities.
- Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure where the conditions attaching are fulfilled.

Funds: The Board's funds have been grouped under the following headings:

Unrestricted Funds are available for use at the discretion of the trustees. The General Fund is the principal fund for use in furtherance of the general objectives of the Board. There are also a number of other designated funds established by the Board for particular purposes.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by donors or restricted by Measure. The cost of raising and administering such funds are charged against the specific fund.

Endowment Funds are a category of restricted funds the capital of which may be either expendable or permanent.

The purpose of every Fund under each heading is set out in notes 29-31 to the financial statements. All income, expenditure and gains and losses are allocated to the appropriate fund.

Tangible fixed assets and depreciation: Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition. All freehold properties are included in the balance sheet at cost, properties acquired before the date of transition to FRS102 have been recognised using the revaluation as deemed cost exemption. The previous GAAP valuation was performed on 31 December 2012. Mixed-use property held by the Board comprises the offices at Church House and residential property at the same site. This property is not valued by its separate functions, as the Board believes that such a valuation would not be materially different.

The Board has decided no depreciation is required on the freehold properties as:

- Estimated economic life far exceeds 50 years,
- Any depreciation charges and accumulated depreciation would not be material and
- Buildings are maintained in a sound condition by a continual repairs and improvements programme, the cost of which is charged to the income and expenditure account.

As a result of the policy of non-depreciation, the Board performs annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value of the properties is not more than the recoverable amount.

Depreciation on furniture, fittings and office equipment is charged on a straight-line basis at a rate of 33.3% in order to write off assets over their useful lives. A full year's charge is made in the year of acquisition. Other equipment includes photovoltaic solar installations, which are depreciated over their useful economic life as defined by the contracts for feed-in payments.

Fixed Asset Investments: Unlisted investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals during the year.

Land and properties that are held for investment purposes have been included at their fair value.

Programme related investments are included at the sum originally invested, less any impairments and, in the case of loans, repayments.

Stocks: are included at the lower of cost or net realisable value.

Pension Costs: The Board participates in a pension scheme for employees. The assets of the scheme are held separately from those of the company. Contributions are assessed by a qualified actuary so as to spread the cost over employees working lives. Details of clergy pensions are given in note 34.

Financial Instruments: The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognized at transaction value and subsequently measured at their settlement value with the exception of loans, which are subsequently measured at amortisation cost using the effective interest method.

Public benefit entity concessionary loans: The Charity initially measures public benefit concessionary loans at the amount received or paid. Subsequently the carrying amount of concessionary loans are adjusted to reflect any accrued interest payable or receivable. To the extent that a loan that has been made is irrecoverable, an impairment loss is recognized in income and expenditure.

Judgements and key sources or estimation uncertainty: The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amount recognised in the financial statements:

Fair value of investment properties: Investment properties are included at fair market value, as assessed by the Property manager. Further details can be found in note 18.

Pension and other post-employment benefits: Pension provisions relating to lay staff and clergy are valued every three years on an actuarial basis. Any shortfall in funding pensions and post-retirement benefits is recognised as a liability in the accounts. Further details can be found in note 34.

Benefice houses recognition: Benefice houses are legally vested in the incumbent of the benefice. However, the board has recognised these as functional assets of the board on the basis that the board carries both obligations in terms of maintenance and improvement and object related benefits of ownership.

Depreciation of freehold properties: The board does not depreciate its freehold properties, as it judges any depreciation charge to be immaterial on the basis of the long life of the asset and high residual value on the basis of the board policy of regular maintenance. The Board carries out an impairment review when signs of impairment exists.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Unrestricted Funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated				
	£'000	£'000	£'000	£'000	2019 £'000	2018 £'000
2. PARISH SHARE						
Share for the year per the Budget	10,538	-	-	-	10,538	10,279
Less: credit adjustments allowed	-	-	-	-	-	-
Request for the year	10,538	-	-	-	10,538	10,279
Less: discounts for early / Direct Debit payment	(81)	-	-	-	(81)	(78)
Less: provision for shortfall in contributions	(240)	-	-	-	(240)	(341)
	10,217	-	-	-	10,217	9,860
Plus: arrears for previous years	56	-	-	-	56	56
	<u>10,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,273</u>	<u>9,916</u>
Current year parish share receipts represent 96.9% of the total apportioned (2018 - 95.9%), or, when receipts for previous years are included, 97.5% of the total apportioned (2017 - 98.7%)						
3. THE NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Strategic development funding	-	-	211	-	211	84
RME	-	-	265	-	265	148
The Church Commissioners						
Area Bishops' secretaries	69	-	-	-	69	67
	<u>69</u>	<u>-</u>	<u>476</u>	<u>-</u>	<u>545</u>	<u>299</u>
4. OTHER DONATIONS						
All Churches Trust	109	-	-	-	109	155
Milton Abbey grants and donations	-	-	-	-	-	307
Sudan grants and donations	-	-	-	-	-	168
Other donations and grants	27	-	238	-	265	32
	<u>136</u>	<u>-</u>	<u>238</u>	<u>-</u>	<u>374</u>	<u>662</u>
5. CHARITABLE ACTIVITIES						
Statutory fees and chaplaincy income	-	-	741	-	741	797
Provision of services in accordance with the Board's charitable objectives	19	-	-	-	19	15
	<u>19</u>	<u>-</u>	<u>741</u>	<u>-</u>	<u>760</u>	<u>812</u>
Income raised from property projects is now shown under other activities from January 2017 onwards. This incorporates the income from the subsidiary from 1.7.2017.						
6. OTHER ACTIVITIES						
Rental income from let clergy houses	299	-	-	-	299	257
Fee income from property projects	364	-	-	-	364	333
Fundraising events	-	-	-	-	-	-
	<u>663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>663</u>	<u>590</u>
7. INVESTMENT INCOME						
Dividends receivable	192	15	674	-	881	881
Interest receivable	2	1	5	-	8	7
Rents from investment properties	-	-	182	-	182	199
Rents from other properties	29	-	-	-	29	33
	<u>223</u>	<u>16</u>	<u>861</u>	<u>-</u>	<u>1,100</u>	<u>1,120</u>
8. OTHER INCOMING RESOURCES						
Gain on disposal of properties & equipment	-	-	68	-	68	126

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Unrestricted General	Designated	Restricted funds	Endowment funds	Total funds 2019 £'000	Total funds 2018 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
9. FUND RAISING COSTS						
Glebe agent's fees	-	-	22	-	22	24
Other glebe expenses	-	-	24	-	24	21
Agents' fees on other let property	31	-	-	-	31	28
Other expenses on other let property	26	-	-	-	26	48
	<u>57</u>	<u>-</u>	<u>46</u>	<u>-</u>	<u>103</u>	<u>121</u>
10. CHARITABLE ACTIVITIES						
Contributions to Archbishops' Council						
The Archbishops' Council						
Training for ministry	453	-	-	-	453	496
National Church responsibilities	360	-	-	-	360	284
Grants and provisions	38	-	-	-	38	40
Mission agency pension contributions	5	-	-	-	5	25
Retired clergy housing costs (CHARM)	155	-	-	-	155	136
Pooling of ordinand candidates' costs	86	-	-	-	86	59
	<u>1,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,097</u>	<u>1,040</u>
Resourcing Ministry and Mission						
Parish ministry:						
Stipends, NI and Apprenticeship Levy	5,209	-	-	-	5,209	5,272
Pension contributions	1,769	-	-	-	1,769	1,779
Housing costs	1,971	-	234	-	2,205	2,358
Removal, resettlement and other grants	183	-	-	-	183	204
Other expenses	242	-	-	-	242	245
Strategic Development Funding	-	-	210	-	210	86
	<u>9,374</u>	<u>-</u>	<u>444</u>	<u>-</u>	<u>9,818</u>	<u>9,944</u>
Support for ministry and mission:						
RME	-	-	259	-	259	139
Ministry and learning development	542	167	-	-	709	649
Area Offices and diocesan resources	246	-	-	-	246	240
Board of Education	323	-	-	-	323	296
Other support for ministry and mission	700	60	46	-	806	761
Support costs	650	-	-	-	650	594
	<u>11,835</u>	<u>227</u>	<u>749</u>	<u>-</u>	<u>12,811</u>	<u>12,623</u>
Diocesan Links Overseas						
Episcopal Church of South Sudan and Sudan						
Grants	-	-	154	-	154	98
Support activities	-	-	52	-	52	99
The Church in Latvia and Evreux	-	-	-	-	-	-
Support costs	-	-	1	-	1	4
	<u>-</u>	<u>-</u>	<u>207</u>	<u>-</u>	<u>207</u>	<u>201</u>
Milton Abbey Fund Activity						
Insurance	-	-	22	-	22	23
Repairs and other costs	-	-	58	-	58	374
	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>80</u>	<u>397</u>
Governance Costs						
Audit fees	19	-	-	-	19	15
Other Support costs	8	-	-	-	8	6
	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>21</u>
	<u>12,959</u>	<u>227</u>	<u>1,036</u>	<u>-</u>	<u>14,222</u>	<u>14,282</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Unrestricted General	Designated	Restricted funds	Endowment funds	Total funds <u>2019</u>	Total funds <u>2018</u>
	£'000	£'000	£'000	£'000	£'000	£'000
11. OTHER RESOURCES EXPENDED						
Expenditure on property projects	170	-	-	-	170	162
Loss on sale of properties	-	-	-	-	-	-
	<u>170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170</u>	<u>162</u>

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total <u>2019</u> £'000	Total <u>2018</u> £'000
12. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS					
Raising funds	103	-	-	103	121
Contributions to national church institutions	-	1,098	-	1,098	1,040
Resourcing ministry and mission	11,490	671	650	12,810	12,624
Diocesan overseas links	52	154	1	207	201
Milton Abbey	80	-	-	80	397
Governance costs	-	-	26	26	20
Other resources expended	171	-	-	171	162
	<u>11,896</u>	<u>1,923</u>	<u>677</u>	<u>14,495</u>	<u>14,565</u>

	Activities undertaken directly £'000	Grant funding of activities £'000	Governance costs £'000	Total <u>2019</u> £'000	Total <u>2018</u> £'000
ALLOCATION OF SUPPORT COSTS					
Staff costs	430	-	-	430	399
Office administrative costs	105	-	27	132	175
Office premises costs	92	-	-	92	12
Finance costs	(3)	-	-	(3)	6
Depreciation	26	-	-	26	25
less already recharged to departments	-	-	-	-	-
	<u>650</u>	<u>-</u>	<u>27</u>	<u>677</u>	<u>617</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. ANALYSIS OF GRANTS PAYABLE	Number of grants		<u>2019</u>	<u>2018</u>
	<u>2019</u>	<u>2018</u>	£'000	£'000
To Institutions				
National Church Responsibilities				
The Archbishops Council (see note 10)	1	1	1,097	1,041
Salisbury Diocesan Board of Education	1	1	323	297
	<u>2</u>	<u>2</u>	<u>1,420</u>	<u>1,338</u>
Diocesan Links Overseas				
Sudanese dioceses / schools / colleges	38	25	145	79
	<u>38</u>	<u>25</u>	<u>145</u>	<u>79</u>
Within the Diocese				
PCCs	4	7	2	37
Other mission bodies	13	3	60	13
County ecumenical bodies	1	1	6	6
	<u>18</u>	<u>11</u>	<u>68</u>	<u>56</u>
To Individuals				
Diocesan Links Overseas				
Sudanese clergy & laity	4	4	8	9
Within the Diocese				
Individual training for ministry	78	68	176	143
Clergy taking up appointments	41	44	103	107
	<u>119</u>	<u>112</u>	<u>279</u>	<u>250</u>
Totals for all grants	<u>181</u>	<u>154</u>	<u>1,920</u>	<u>1,732</u>

14. STAFF COSTS

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Salaries & stipends	1,395	1,381
Social security costs	129	126
Pension costs	260	253
	<u>1,784</u>	<u>1,760</u>

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

	<u>2019</u>	<u>2018</u>
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1

Pension payments of £40,357 (2018 - £41,682) were made for these employees.

The average numbers of employees, based on full time equivalents, were as follows:

	<u>2019</u>	<u>2018</u>
Property	4	5
Parish Support	12	12
Gen Admin	6	6
Ministry	7	7
Trading Company	3	3
Rural Hope	4	4
Area office	4	4
	<u>40</u>	<u>41</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

STAFF COSTS (continued)

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 the activities of the Diocese. During 2019 they were:-

Diocesan Secretary	David Pain
Diocesan Head of Finance	Elizabeth Ashmead
Diocesan Surveyor	Shawn Donneky
Director, LDMT	The Revd Canon Jane Charman

Remuneration, pensions and expenses for these four employees amounted to £329,533 (2018 £323,978)

TRUSTEES REMUNERATION AND EXPENSES

No trustee has received from the Board any remuneration for services as a trustee. Trustees received travelling and out-of-pocket expenses as trustees of £3,544 (2018: £2,229).

The table below identifies Trustees who were in receipt of a stipend funded by the Board and/or housing provided by the Board in the year.

	Stipend	Housing
The Rt Rev K Gorham	No	Yes
The Rt Rev A Rumsey	No	Yes
The Ven A P Jeans	Yes	Yes
The Ven A C MacRow-Wood	Yes	Yes
The Ven P Sayer	Yes	Yes
The Ven S Groom	Yes	Yes
The Rev T M B Woodhouse	Yes	Yes
The Rev D Baldwin	Yes	Yes
Canon A Perry	Yes	Yes
Canon P Richardson	Yes	Yes
The Rev J Triffit	Yes	Yes

CLERGY STIPENDS

The Board is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The Board is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishops but excluding the Diocesan Bishop and the Cathedral staff.

The Board paid an average of 187 (2017 - 192) stipendiary clergy as office-holders, and the costs were as follows:

	<u>2019</u> £'000	<u>2018</u> £'000
Stipends	4,887	4,846
National Insurance contributions	388	391
Apprenticeship levy	22	22
	<u>5,297</u>	<u>5,259</u>

The annual rate of stipend, funded by the Board, paid to Archdeacons in 2019 was in the range £36,500- £37,230 (2018 range £35,780 – £36,500). Other clergy who were Trustees were paid in the range £26,440-£26,969 (2018 range £25,920 – £26,440). Housing allowance for 2019 was £7,995 (2018 £7,838).

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. CONNECTED CHARITIES

The trustees consider that Salisbury Diocesan Board of Education Ltd (SDBEL) is a connected charity. The work of education and support of children and young people in the Diocese is undertaken by the Board through the Board of Education as a department. Salisbury DBF pays an annual grant to SDBEL to help fund its work. makes grants to, and receives grant from the Board for education work in the Diocese.

Transactions with SDBEL and SALED Ltd	<u>2019</u>	<u>2018</u>
Charged by SDBF:	£'000	£'000
to SDBEL for services in accordance with the Board's charitable objectives	14	16
to SALED Ltd for office services	<u>1</u>	<u>-</u>
	<u>15</u>	<u>16</u>
Grants made by SDBF to SDBEL	<u>324</u>	<u>296</u>
Inter-company debtor/(creditor) balances at 31 December		
SDBEL	<u>5</u>	<u>3</u>

16. TANGIBLE ASSETS

	Unrestricted Property	Equipment	Restricted Assistant staff houses and other property	Endowment Team Vicarages	Benefice Houses	Totals
<u>Cost or valuation</u>	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	1,815	595	17,838	15,624	56,942	92,814
Additions	-	34	1,168	-	525	1,727
Disposals	-	-	(275)	-	-	(275)
Transfer between funds	-	-	2,053	(400)	(1,653)	-
Transfer from Investments Properties	-	-	-	-	525	525
At 31 December 2019	<u>1,815</u>	<u>629</u>	<u>20,784</u>	<u>15,224</u>	<u>56,339</u>	<u>94,791</u>
<u>Accumulated depreciation</u>						
At 1 January 2019	-	501	-	-	-	501
Charge for the year	-	26	-	-	-	26
At 31 December 2019	<u>-</u>	<u>527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527</u>
<u>Net Book Value</u>						
At 31 December 2019	<u>1,815</u>	<u>102</u>	<u>20,784</u>	<u>15,224</u>	<u>56,339</u>	<u>94,264</u>
At 31 December 2018	<u>1,815</u>	<u>94</u>	<u>17,838</u>	<u>15,624</u>	<u>56,942</u>	<u>92,313</u>

Two properties have been purchased with the help of value-linked loans from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the properties included above amounts to £355,000 (2018: £355,000)

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. HERITAGE ASSETS

The Board owns Milton Abbey Church which has a nil valuation attributed to it because of its restricted use, its restricted access and the long term maintenance liabilities which attach to it.

18. INVESTMENT FIXED ASSETS

	<u>2019</u>	<u>2018</u>
a. Unlisted Investments	£'000	£'000
Market value at 1 January	19,099	20,307
Disposals at carrying value	(1,200)	-
Net investment gains	2,591	(1,208)
Market value at 31 December	<u>20,490</u>	<u>19,099</u>
b. Investment Properties		
Carrying value at 1 January	11,847	11,847
Transfer (to)/from functional properties	(525)	-
Carrying value at 31 December	<u>11,322</u>	<u>11,847</u>
Total Investment Fixed Assets at 31 December	<u>31,812</u>	<u>30,946</u>
For both investments and investment properties the historical cost is not known.		
Unlisted Investments comprise:-		
CBF Church of England		
505,075 Investment Fund shares (2018 - 505,075)	9,659	8,136
1,792,094 Property Fund shares (2018 - 1,792,094)	2,403	2,467
440,284 M&G "Charifund" units (2018 - 440,284 units)	7,312	6,270
Grove Wealth Management Unit Trust		
368,502 International Corporate Bond units (2018 - 1,638,880)	352	1,495
657,318 Corporate Bond units (2018 - 657,318 units)	719	686
Clergy Mutual Credit Union Deferred Shares	5	5
Community Solar projects	40	40
	<u>20,490</u>	<u>19,099</u>
Investment Property		
Land with Development Potential	549	549
Agricultural Land	234	234
Tenanted Dwellings	1,343	1,343
Easement	7	7
Recreational Land and Properties	285	285
Urban Ground rent	3	3
Non-agricultural commercial property	157	157
Let agricultural land	8,689	8,689
Vicarages	55	580
Total	<u>11,322</u>	<u>11,847</u>
Total investments	<u>31,812</u>	<u>30,946</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. PROGRAMME RELATED INVESTMENTS

Programme related investments comprise a total of £89,000 equity share loans in three properties for clergy at retirement. Such investments are made directly in pursuit of the Board's charitable purposes rather than for financial investment purposes. The amounts shown represent the sums originally advanced as required under FRS102. The loans are not expected to be repaid in the short term.

20. CLERGY HOUSES FOR SALE

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Carrying value as fixed assets	-	600
Held as current asset	-	600
	<u>-</u>	<u>600</u>

21. DEBTORS

	<u>2019</u>		<u>2018</u>	
	£'000		£'000	
	Group	Parent	Group	Parent
Loans to parishes	135	135	188	188
Parish Share	195	195	144	144
Accrued income	339	320	275	276
Sundry debtors	610	582	306	299
Totals	<u>1,279</u>	<u>1,232</u>	<u>913</u>	<u>907</u>

22. CASH AND DEPOSIT ACCOUNTS

	<u>2019</u>		<u>2018</u>	
	£'000		£'000	
	Group	Parent	Group	Parent
Cash at bank and in hand	1,347	1,207	1,356	1,289
	<u>1,347</u>	<u>1,207</u>	<u>1,356</u>	<u>1,289</u>

23. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2019</u>		<u>2018</u>	
	£'000		£'000	
	Group	Parent	Group	Parent
HM Revenue & Customs	22	4	32	32
Accruals	60	56	78	74
Other creditors	936	931	214	204
Total other creditors	<u>1,018</u>	<u>991</u>	<u>324</u>	<u>310</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

24. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

a. Clergy pension deficit	<u>2019</u>		<u>2018</u>	
	£'000		£'000	
	<u>Group</u>	<u>Parent</u>	<u>Group</u>	<u>Parent</u>
	<u>1,165</u>	<u>1,165</u>	<u>3,647</u>	<u>3,647</u>
	Group	Parent	Group	Parent
b. Loans				
Talbot Village Trust	92	92	92	92
Church Commissioners	120	120	120	120
Total loans	<u>212</u>	<u>212</u>	<u>212</u>	<u>212</u>
Loans due after more than one year fall due as follows:			<u>2019</u>	<u>2018</u>
			£'000	£'000
1 - 2 years			-	-
2 - 5 years (note 24a)			1,165	3,647
after 5 years (note 24b)			212	212
			<u>1,377</u>	<u>3,859</u>

The loan from the Church Commissioners is a value linked loan representing an amount advanced to the Board for the the purchase of a property on a equity sharing basis and is repayable on the disposal of the property.

25. FINANCIAL INSTRUMENTS

		Group	Parent	Group	Parent
		<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
		£'000	£'000	£'000	£'000
Cash		1,347	1,207	1,356	1,289
Financial assets held at fair value	a)	31,901	31,901	31,035	31,035
Financial assets held at amortised cost	b)	1,042	995	671	665
Financial liabilities held at amortised cost	c)	(2,156)	(2,147)	(3,877)	(3,871)
Financial liabilities held at fair value	d)	(212)	(212)	(212)	(212)
Net financial assets		<u>31,922</u>	<u>31,744</u>	<u>28,973</u>	<u>28,906</u>

a) Financial assets held at fair value include listed and unlisted investments.

b) Financial assets held at amortised cost includes accrued income, loans to parishes and other debtors but excludes prepayments.

c) Financial liabilities held at amortised cost includes trade creditors, accruals, loans and other creditors but excludes deferred income and statutory taxes and valued linked loans.

d) Financial liabilities measured at fair value are value-linked loans to the charity.

26. FINANCIAL COMMITMENTS

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Capital expenditure authorised by the Board but not yet contracted for	<u>-</u>	<u>-</u>
Loans to parishes and Salisbury DBE Ltd authorised by the Board but not yet taken up	<u>-</u>	<u>77</u>
Estimate of grants to parishes, approved in principle by the Board subject to conditions	<u>-</u>	<u>3</u>

None of the above amounts has been charged in the accounts. No commitments approved by the Board but not paid during the year have been charged to expenditure in 2019 (2018- nil). There are no obligations under leases.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

27. FUND MOVEMENTS FOR THE YEAR

	Notes	At 1 January <u>2019</u>	Income	Expenditure	Transfers (Note 40)	Gains & losses	At 31 December <u>2019</u>
		£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds							
	30						
General Fund		5,045	11,382	(13,186)	1,305	322	4,868
Designated funds							
Clergy Conference Fund		23	-	-	22	-	45
Aldhelm Mission Fund		253	8	(60)	-	38	239
Ordinands Support Fund		-	-	(167)	167	-	-
Crompton Fund		153	8	-	(14)	37	184
Totals for designated funds		429	16	(227)	175	75	468
Totals for unrestricted funds		5,474	11,398	(13,413)	1,480	397	5,336
Restricted funds							
	31						
Pastoral & Development Fund [DPA]		22,283	77	(281)	2,053	721	24,853
Diocesan Stipends Fund Income Account		-	1,526	(46)	(1,480)	-	-
The Sudan Funds		-	-	-	-	-	-
Sudan General Fund		152	96	(164)	-	-	84
Sudan Relief & Development Fund		14	1	-	-	-	15
Sudan Medical Link Fund		49	58	(40)	-	-	67
Sudan Bilal Fund		3	-	(3)	-	-	-
Sudan Grace Secondary School Fund		-	-	-	-	-	-
Milton Abbey Fund		(113)	84	(80)	-	-	(109)
Latvia Fund		(3)	-	-	-	-	(3)
Diocesan Choral Fund		12	1	-	-	1	14
RME		6	264	(259)	-	-	11
IME Pilgrimage		6	-	-	-	-	6
Strategic Development Funding		-	210	(210)	-	-	-
Bishops' Office Equipment Fund		(1)	-	1	-	-	-
Restricted funds for ministry in parishes		798	-	-	-	111	909
Restricted funds for support of ministry in parishes		296	-	-	-	53	349
Restricted funds for general purposes		578	-	-	-	108	686
Totals for restricted funds		24,080	2,317	(1,082)	573	994	26,882
Expendable endowment							
	32						
Diocesan Stipends Fund Capital Account		32,636	-	-	(925)	3,245	34,956
Benefice Houses		57,147	-	-	(1,128)	-	56,019
		89,783	-	-	(2,053)	3,245	90,975
Permanent endowment							
	32						
Endowments for ministry in parishes		2,264	-	-	-	425	2,689
Endowments for support of ministry in parishes		97	-	-	-	18	115
Endowments for general purposes		336	-	-	-	63	399
		2,697	-	-	-	506	3,203
Total endowment funds		92,480	-	-	(2,053)	3,751	94,178
Grand totals for all funds		122,034	13,715	(14,495)	-	5,142	126,396

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

28. SUMMARY OF ASSETS BY FUND

	Notes	Fixed assets		Current assets	Creditors	Net assets
		Tangible £'000	Investments £'000	£'000	£'000	£'000
Unrestricted funds	30					
General Fund		1,917	2,630	1,139	(818)	4,868
Designated funds						
Clergy Conference Fund		-	-	46	-	46
Aldhelm Mission Fund		-	238	-	-	238
Ordinands Support Fund		-	-	-	-	-
Crompton Fund		-	239	(55)	-	184
Totals for designated funds		-	477	(9)	-	468
Totals for unrestricted funds		1,917	3,107	1,130	(818)	5,336
Restricted funds	31					
Pastoral & Development Fund [DPA]		20,786	3,153	1,006	(92)	24,853
Diocesan Stipends Fund Income Account		-	-	-	-	-
The Sudan Funds						
Sudan General Fund		-	-	84	-	84
Sudan Relief & Development Fund		-	-	15	-	15
Sudan Medical Link Fund		-	-	67	-	67
Sudan Bilal Fund		-	-	-	-	-
Sudan Grace Secondary School Fund		-	-	-	-	-
Milton Abbey Fund		-	-	(109)	-	(109)
Latvia Fund		-	-	(3)	-	(3)
Diocesan Choral Fund		-	4	10	-	14
RME		-	-	11	-	11
Strategic Development Funding		-	-	-	-	-
IME pilgrimage		-	-	6	-	6
Bishops' Office Equipment Fund		-	-	-	-	-
Restricted funds for ministry in parishes		-	787	122	-	909
Restricted funds for support of ministry in parishes		-	332	17	-	349
Restricted funds for general purposes		-	686	-	-	686
Totals for restricted funds		20,786	4,962	1,226	(92)	26,882
Expendable endowment	32					
Diocesan Stipends Fund Capital Account		15,224	20,627	271	(1,165)	34,957
Benefice Houses		56,337	-	1	(320)	56,018
Totals for expendable endowment		71,561	20,627	272	(1,485)	90,975
Permanent endowment	32					
Endowments for ministry in parishes		-	2,692	(4)	-	2,688
Endowments for support of ministry in parishes		-	113	1	-	114
Endowments for general purposes		-	400	-	-	400
Total for permanent endowment		-	3,205	(2)	-	3,203
Total endowment funds		71,561	23,832	270	(1,485)	94,178
Grand totals for all funds		94,264	31,901	2,626	(2,395)	126,396

SALISBURY DIOCESAN BOARD OF FINANCE

29a PRIOR YEAR CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018

	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations						
Parish Share	9,916	-	-	-	9,916	9,895
Archbishops' Council & Church Commissioners	67	-	232	-	299	118
Other donations	184	-	478	-	662	729
Charitable activities	15	-	797	-	812	814
Other trading activities	590	-	-	-	590	807
Investments	230	14	876	-	1,120	1,081
Other incoming resources	-	-	63	63	126	264
Total	11,002	14	2,446	63	13,525	13,708
Expenditure on						
Raising Funds	76	-	45	-	121	95
Charitable activities	10,651	183	2,862	-	13,696	13,232
Other	162	-	-	-	162	212
Total	10,889	183	2,907	-	13,979	13,539
Net income/(expenditure) before investment gains	113	(169)	(461)	63	(454)	169
Net gains/(losses) on investments	(243)	(6)	(156)	(803)	(1,208)	2,311
Net income/(expenditure)	(130)	(175)	(617)	(740)	(1,662)	2,480
Gross transfers between funds	1,253	141	(1,441)	47	-	-
Net movement in funds	1,123	(34)	(2,058)	(693)	(1,662)	2,480
Total funds brought forward	3,922	463	26,138	93,173	123,696	121,216
Total funds carried forward	5,045	429	24,080	92,480	122,034	123,696

SALISBURY DIOCESAN BOARD OF FINANCE

29b PRIOR YEAR MOVEMENT ON FUNDS FOR YEAR ENDED 31 DECEMBER 2018

	At 1 January <u>2018</u>	Income	Expenditure	Transfers (Note 40)	Gains & losses	At 31 December <u>2018</u>
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>						
General Fund	3,922	11,002	(10,890)	1,253	(242)	5,045
<u>Designated funds</u>						
Clergy Conference Fund	1	-	(1)	22	-	22
Aldhelm Mission Fund	265	7	(12)	(4)	(3)	253
Ordinands Support Fund	-	-	(137)	137	-	-
Crompton Fund	197	7	(33)	(14)	(3)	154
Totals for designated funds	463	14	(183)	141	(6)	429
Totals for unrestricted funds	4,385	11,016	(11,073)	1,394	(248)	5,474
<u>Restricted funds</u>						
Pastoral & Development Fund [DPA]	24,212	74	(532)	(1,400)	(71)	22,283
Diocesan Stipends Fund Income Account	-	1,599	(1,552)	(47)	-	-
The Sudan Funds	-	-	-	-	-	-
Sudan General Fund	178	111	(137)	-	-	152
Sudan Relief & Development Fund	12	2	-	-	-	14
Sudan Medical Link Fund	57	56	(64)	-	-	49
Sudan Bilal Fund	4	-	(1)	-	-	3
Sudan Grace Secondary School Fund	-	-	-	-	-	-
Milton Abbey Fund	(25)	309	(396)	-	-	(112)
Latvia Fund	(3)	-	-	-	-	(3)
Diocesan Choral Fund	10	2	-	-	-	12
Strategic Development Fund	(4)	147	(138)	-	-	5
RME	2	83	(85)	6	-	6
Bishops' Office Equipment Fund	-	-	(1)	-	-	(1)
Restricted funds for ministry in parishes	808	-	-	-	(10)	798
Restricted funds for support of ministry in parishes	300	-	-	-	(4)	296
Restricted funds for general purposes	587	-	-	-	(9)	578
Restricted funds for IME pilgrimage	-	-	-	-	-	-
Totals for restricted funds	26,138	2,383	(2,906)	(1,441)	(94)	24,080
<u>Expendable endowment</u>						
Diocesan Stipends Fund Capital Account	29,037	-	-	4,363	(764)	32,636
Benefice Houses	61,400	-	-	(4,316)	63	57,147
	90,437	-	-	47	(701)	89,783
<u>Permanent endowment</u>						
Endowments for ministry in parishes	2,298	-	-	-	(34)	2,264
Endowments for support of ministry in parishes	97	-	-	-	-	97
Endowments for general purposes	341	-	-	-	(5)	336
	2,736	-	-	-	(39)	2,697
<u>Total endowment funds</u>	93,173	-	-	47	(740)	92,480
<u>Grand totals for all funds</u>	123,696	13,399	(13,979)	-	(1,082)	122,034

SALISBURY DIOCESAN BOARD OF FINANCE

29b PRIOR YEAR NET ASSETS BY FUNDS FOR YEAR ENDED 31 DECEMBER 2018

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	assets		assets
	£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>					
General Fund	1,908	2,308	1,219	(390)	5,045
<u>Designated funds</u>					
Clergy Conference Fund	-	-	23	-	23
Aldhelm Mission Fund	-	200	53	-	253
Ordinands Support Fund	-	-	-	-	-
Crompton Fund	-	201	(48)	-	153
Totals for designated funds	-	401	28	-	429
Totals for unrestricted funds	1,908	2,709	1,247	(390)	5,474
<u>Restricted funds</u>					
Pastoral & Development Fund [DPA]	17,840	3,699	836	(92)	22,283
Diocesan Stipends Fund Income Account	-	-	-	-	-
The Sudan Funds					
Sudan General Fund	-	-	152	-	152
Sudan Relief & Development Fund	-	-	14	-	14
Sudan Medical Link Fund	-	-	49	-	49
Sudan Bilal Fund	-	-	3	-	3
Sudan Grace Secondary School Fund	-	-	-	-	-
Milton Abbey Fund	-	-	(59)	(54)	(113)
Latvia Fund	-	-	(3)	-	(3)
Diocesan Choral Fund	-	3	9	-	12
RME	-	-	6	-	6
Strategic Development Funding	-	-	-	-	-
IME pilgrimage	-	-	6	-	6
Bishops' Office Equipment Fund	-	-	(1)	-	(1)
Restricted funds for ministry in parishes	-	677	121	-	798
Restricted funds for support of ministry in parishes	-	280	16	-	296
Restricted funds for general purposes	-	578	-	-	578
Totals for restricted funds	17,840	5,237	1,149	(146)	24,080
<u>Expendable endowment</u>					
Diocesan Stipends Fund Capital Account	15,624	20,389	271	(3,647)	32,637
Benefice Houses	56,941	-	205	-	57,146
Totals for expendable endowment	72,565	20,389	476	(3,647)	89,783
<u>Permanent endowment</u>					
Endowments for ministry in parishes	-	2,268	(4)	-	2,264
Endowments for support of ministry in parishes	-	95	1	-	96
Endowments for general purposes	-	337	-	-	337
Total for permanent endowment	-	2,700	(3)	-	2,697
Total endowment funds	72,565	23,089	473	(3,647)	92,480
Grand totals for all funds	92,313	31,035	2,869	(4,183)	122,034

30. UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which are available for application for the general purposes of the Bard as set out in its governing document.

The General Fund meets or receives the balance on activities funded by the Parish Share through the diocesan budget. These activities include principally the costs of stipendiary ministry in the parishes of the diocese, including clergy housing, as well as all diocesan activities in support of parish ministry. The General Fund also meets all governance costs.

The Clergy Conference Fund meets the costs of the clergy residential conference, which is held every three or four years, with the most recent being held during 2017. The diocesan budget includes a provision each year (£22,000 in 2019) for the Fund, which is then used to meet the conference costs.

The Aldhelm Mission Fund was established in 2004, to commemorate, in 2005, the 1300th anniversary of the consecration of Aldhelm as first Bishop of Sherborne. The purpose of the Fund is to support new expressions of church in the diocese and to help fund mission posts. Applications are invited from within the diocese for projects that connect the church to the wider community for the purpose of proclaiming the gospel.

The Ordinands' Support Fund was established by the Board in 2005, to provide a fund out of which the unpredictable costs of supporting ordinands and their families being sponsored by the diocese can be met. A sum of £168k for transfer to the Fund was provided for in 2019.

The Crompton Fund was established by the Board in 2005, from a generous bequest from Col John Crompton. The Fund is used for clergy work-based learning, ministry skills development and special situations.

The Diocesan Pastoral Designated Fund was established in 2004, to act as a buffer between the General Fund and the restricted Pastoral and Development Fund. In accordance with the reserves policy (described in the Trustees Annual Report) the Fund is to allow for transfers to or from the Fund and the General Fund, thereby providing flexibility for both Pastoral and Development Funds, when considered together, against the Pastoral and Development Fund reserve requirement. No transfer has been made to this fund for 2019, as the PDF is deemed to have sufficient assets as a result of the capital review.

31. RESTRICTED FUNDS

The income funds of the Board include restricted funds comprising the following unexpended balances of donations, grants and investment income to be applied for specific purposes:

The Diocesan Pastoral Account -DPA - its purposes are laid down in the Pastoral Measure 1983, the main ones being:

- to meet costs incurred for the purposes of the Measure or any scheme or order made by the Measure except for salaries of regular diocesan employees.
- to meet costs of disposing of or maintaining houses or churches vested in the DBF or Church Commissioners.
- to benefit another diocese.
- for transfer to the DSF Capital or Income Funds.

The Board uses the Fund principally for capital housing costs, redundant churches and for grants and loans to parishes for capital projects.

Stipends Fund Income Account (DSF Income) receives the income arising from the Stipends Fund Capital Account and other income restricted to provide for stipends of clergy in the diocese. As so far this has always been less than the cost of stipends, the income has always fully expended with no balance carried forward.

The Sudan Funds constitute the funds of the Board established to promote and manage the link between

the Diocese of Salisbury and the Episcopal Church of the Sudan (ECS) which was established in 1973. The detailed management of the Sudan Funds is delegated to the Diocesan Sudan Committee which reports to the Board and is represented on it. The Committee's activities are channelled through five separate funds:

- Sudan General Fund's primary purpose is the theological education and education more generally of Sudanese, both through supporting individuals in their training for ministry, and also the institutions and schools providing such training and education. The General Fund also receives and passes on donations from parishes in Salisbury Diocese which have established links with the Church in Sudan, mainly through visits from Sudanese bishops and other clergy.
- Sudan Relief and Development Fund provides relief aid and grant aids development projects.
- Sudan Medical Link Fund was established in 1986 through an initiative of Mrs Jill Baker. It funds and ships medical supplies into clinics in Sudan and supports training for health workers.
- Sudan Bilal Fund was established to fund and support the training of Reverend Joseph Bilal during his theological training in the UK. The fund was also used to support his family during this period. The balance is retained to assist the Bilal family in their eventual return to Sudan.
- Sudan Grace Secondary School Fund was established in 2008 through an initiative of Richard and Claire Budd. The purpose of the fund is to provide a new secondary school in the Diocese of Kadugli.

Milton Abbey Fund holds the funds of the Milton Abbey Church Standing Committee whose purpose is to administer and maintain the Abbey Church of St Sampson and the chapel of St Catherine at Milton Abbas.

Latvia Fund holds the funds received to promote the diocesan link with the Evangelical Lutheran Church of Latvia.

Diocesan Choral Fund dates from 1861 and holds the funds of the Group engaged with the running of choral festivals and the promotion of high standards of church music in the diocese. The detailed management of the Fund is delegated to the Diocesan Choral Group which reports to the Board.

Bishops' Office Equipment Fund was established in 2007 following the Church Commissioners decision to devolve certain responsibilities for bishops' office equipment and IT support to dioceses. This responsibility was accompanied by funding which is restricted to this specific purpose and an annual grant in future years is anticipated to cover the Board's costs in this area.

Other Restricted Funds are a number of trusts for or to support parochial ministry.

32. ENDOWMENT FUNDS

Endowment funds represent those assets which must be held either long term or permanently by the Board.

a. EXPENDABLE ENDOWMENTS

Stipend Capital Account (DSF Capital). This account is governed by Measure and represents the value of glebe property and other investments held for the benefit of stipends as well as the value of team vicarages acquired with DSF Capital. Income from DSF Capital investments is applied to the DSF Income account.

Benefice Houses. This represents the value of the benefice houses in the diocese. When, following pastoral reorganisation, benefice houses are no longer required they are transferred either to the Pastoral and Development Fund (DPA) or to DSF Capital as glebe according to the terms of the Order in Council.

b. PERMANENT ENDOWMENTS

The Board holds a number of permanent endowments for or to support parochial ministry.

33. ANALYSIS OF TRANSFERS BETWEEN FUNDS

Transfers between funds	Unrestricted funds		Restricted funds	Endowment	Total
	General	Designated			
	£'000	£'000	£'000	£'000	2019 £'000
Ordinands' support	-167	167			0
Clergy Conference Fund	-22	22			0
Contribution to General from Crompton Fund	14	-14			0
Transfer Clergy houses			2053	-2053	0
Transfer from Stipend Capital Income to General Funds	1480		-1480		0
Transfer from Stipend Capital to Benefice houses				-925	-925
Transfer to Benefice houses from Stipend Capital				925	925
Total	1,305	175	573	-2,053	0

34. PENSIONS

1. Lay Staff

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

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

2. Clergy Pension

Salisbury DBF 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, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

	2019	2018
Balance sheet liability at 1 January	3,647,000	4,233,000
Deficit contribution paid	-537,000	-539,000
Interest cost (recognised in SoFA)	71,000	56,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-2,016,000	-103,000
Balance sheet liability at 31 December	1,165,000	3,647,000

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% pa

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

35. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

Covid 19 in 2020 is a significant post balance sheet event. There is serious risk of diminution of income in 2020. Measures have been taken to ensure liquidity described above under Going Concern. There is however no indication so far in 2020 of significant impact on balance sheet worth at 31 December 2019. Equity investments and bonds have decreased in value in the first few months of 2020 but are beginning to improve. At the date of signing investments have decreased in value by 10%. Professional valuation of investment properties since the year end indicates that there is no impairment to values at 31 December 2019.

36. FUNDS HELD AS CUSTODIAN TRUSTEE

The Board acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the DBF does not control them. The financial assets managed in this way are held principally in unlisted investments managed by CCLA and M&G. They have a total value of approximately £27m. (2018: £24m).

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Date: 18 September 2020

Dear Sirs

During the course of your audit of our financial statements for the year ended 31 December 2019, the following representations were made to you by management and Trustees of the charitable company, and on behalf of the group:

- 1 We have fulfilled our responsibilities as trustees under the Companies Act 2006 ("the Act") for preparing financial statements, in accordance with FRS102 and the Act, that give a true and fair view and for making accurate representations to you as auditors.
- 2 We confirm that all accounting records have been made available to you for the purpose of your audit, in accordance with your terms of engagement, and that all the transactions undertaken by the charitable company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and Trustees' meetings, have been made available to you. We have given you unrestricted access to persons within the charitable company in order to obtain audit evidence and have provided any additional information that you have requested for the purposes of your audit.
- 3 We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4 We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with FRS102 and the Act.
- 5 We confirm that we have informed you of the details of all correspondence with the charitable company's regulators during the year and, in particular, the details of all Serious Incident Reports that we have made to the Charity Commission.
- 6 We confirm that there have been no events since the balance sheet date which require disclosing or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts.
- 7 We confirm that we are aware of the definition of a related party set out in FRS102. We confirm that the related party forms have been completed by all trustees and made available to you as part of the audit.

We confirm that the related party relationships and transactions set out in the declarations provided to you are a complete list of such relationships and transactions and that we are not aware of any further related parties or transactions and the

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Phone 01722 411955

transactions have been accounted for and disclosed in accordance with FRS102 and the Act.

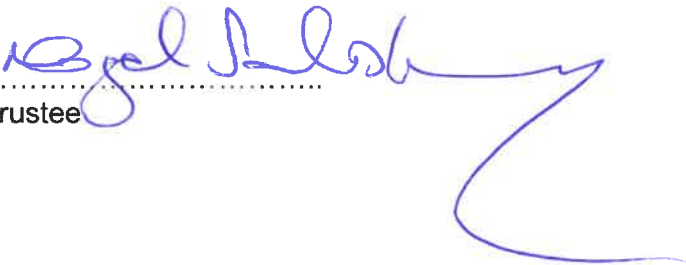
- 8 We confirm that the financial statements correctly disclose the Trustees' remuneration and reimbursement of expenses, and are drawn up in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities*.
- 9 We confirm that the charitable company has not had, at any time during the year, an arrangement, transaction or agreement to provide credit facilities (including advances and credits granted by the charitable company) for Trustees, nor to provide guarantees of any kind on behalf of the Trustees, except as disclosed in the financial statements.
- 10 We confirm that the charitable company has not contracted for any capital expenditure other than as disclosed in the financial statements.
- 11 We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the charitable company conducts its business and which are central to the charitable company's ability to conduct its business.
- 12 We acknowledge our responsibility for the design and implementation of controls to prevent and detect fraud. We confirm that we have provided you with the latest copy of our risk assessment. We confirm that we have considered the risk of fraud and disclosed to you any actual or suspected instances of fraud involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by former employees, regulators or others.
- 13 We confirm that, having considered our expectations and intentions for the next twelve months and the availability of working capital, the charitable company is a going concern.
- 14 We confirm that in our opinion the effects of unadjusted misstatements as listed in the Audit Findings Report are immaterial, both individually and in aggregate, to the financial statements as a whole.
- 15 All grants, donations and other incoming resources, receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.
- 16 We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that:
 - So far as each Trustee is aware, there is no relevant audit information of which you as auditors are unaware; and
 - Each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that you are aware of that information.

- 17 We confirm that we have reviewed the transfers between funds recognised in the financial statements and are satisfied that all transfers are in accordance with our understanding of the underlying history and current use of the charitable company's assets.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and expertise (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make these representations to you and that to the best of our knowledge and belief they accurately reflect the representations made to you by the trustees during the course of your audit.

Yours faithfully

Signed on behalf of the Board Trustees by:


.....
Trustee

