



Salisbury Diocesan Board of Finance

Directors' and Trustees' Report
&
Consolidated Financial Statements
For the year ended 31st December 2020

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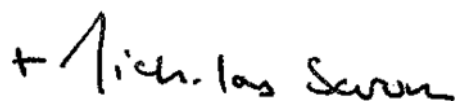
Foreword by Bishop Nicholas

The year began with as strong a sense of shape and purpose as any I remember. The Diocese had a full and interesting programme, much of it organised around the fifth mark of mission and care of creation. In mid-Lent the year changed shape.

What happened next demonstrated why Christianity is a great missionary religion. There are major implications for us as a Church but I am grateful that our own survival was not uppermost in our minds. Most churches moved worship online and immersed themselves in the care of the local community. Our schools remained open throughout for the children of key workers. Christianity quickly adapted to a new context. The successful appeal in July for the Sudan and South Sudan raised £83,500 and prompted an additional gift of £50,000 and was an indication of outward looking Christian love and service. Good progress has been made towards the attachment to this Diocese of the Channel Island Deaneries of Jersey and Guernsey.

The pandemic has accelerated changes that were already happening. Its significance is not yet clear but clearly it is enormous. For us as a Diocese there have been Deanery meetings to think ourselves 'Beyond the Present'. Diocesan Synod met online and agreed the framework of a five-year financial plan to balance the budget. We also have a Mission and Pastoral Plan to support and sustain a Christian presence in every community. It will require adaptability and is bound to involve change. The task is to see what God is teaching us in new circumstances in a Church that is both local and global. We have reached what feels a staging post and the next phase will benefit from new leadership that has a longer perspective than I am now able to give. It is time for me to leave and for Bishop Karen to become the acting Bishop of Salisbury until a successor is appointed.

Thank you for our partnership in the Gospel these last ten years. I remain convinced that the Christian Church bears witness to life in all its fulness and that the world has never needed this more. This Annual Report is testimony to the small miracle that is the Diocese of Salisbury. Thanks be to God and much gratitude to all the amazing people who are a part of it. May God continue to bless you.



+Nicholas Sarum

Bishop of Salisbury May 2021

Chairman's letter

2020 has been an extraordinarily difficult year throughout the world, and for people in our own communities and parishes, as elsewhere, the Covid-19 pandemic has impacted just about every aspect of life. Loss of loved ones to the virus, its impact upon health and well-being, and the economic, social and financial pressures caused by lockdown have all left lasting damage and significant uncertainties about the future.

Besides the human cost, the impact of lockdown, periods of church closure, and lack of fundraising events have inevitably hit parish income and this in turn has meant that Diocesan Share receipts were down around seven percentage points from the 97% received in recent years, and this together with reduced income from investments and fees is the primary reason for the reduction in income of nearly £845k on prior year to £13.01m.

Expenses at £14.52m were held broadly at the level of 2019 as we put a freeze on stipend and salary increases, cut non-essential expenditure and made savings on Church House staff through furlough and a restructuring of the team leading to a small reduction in headcount.

Our operating deficit for the year therefore rose to £1.51m against £781k in 2019. Taking account sale of assets, revaluation of the Glebe and movement in pension liability this translated into a net movement in funds of -£730k for the year and therefore a reduction in funds carried forward to £125.67m against £126.40m in 2019.

Our relatively strong balance sheet however cannot conceal the significant financial challenges ahead for the Diocese since most of our assets are held as clergy housing, Glebe and restricted investments rather than as free reserves that we can call upon to fund repeated deficits.

As an immediate step we have dipped into our limited unrestricted reserves to cover essential payments for stipends, clergy pension contributions, housing, central Church and other support costs, whilst our cash flow has also been helped by a Covid loan so we can continue to meet our financial obligations without further sales of assets when market conditions may not be at their best.

Otherwise, we are now operating within a Five-Year Financial Framework agreed with Synod in early 2020 (before the pandemic) and a Mission and Pastoral Plan outlining our priorities ahead, the combination of which will see us move towards eliminating the deficit and achieving a balanced budget by 2025, through managing deployment to achieve sustainable, creative and flexible modes of ministry across the Diocese involving stipendiary, self-supporting and lay leadership.

Like the country as a whole and pretty much every organisation within it the Diocese is wrestling with the immediate economic, financial and social consequences of the pandemic, without knowing its medium- and longer-term impact. The wish to find early solutions to our immediate financial challenges needs to be weighed against the risk that in acting precipitously, we damage the more important longer-term recovery.

Given that the largest financial commitment of the Diocese is to the provision of stipendiary clergy, the key decisions are about how long it is prudent to hold off larger scale reductions in stipendiary clergy – do that too quickly and we damage the local church; delay it too long and we will damage the capacity of the Diocese to support and sustain the provision of stipendiary ministry as local leadership and organising resource.

This Diocese continues to show amongst the highest rates of church attendance in the country in relation to its population (4th highest of 41 dioceses at 2.3%) and there is clearly a strong correlation between this

figure and the numbers of clergy deployed per head of population (2nd highest at 2 clergy per 10,000 people).

But our Diocesan planned giving figures show a less favourable comparison (£10 per head per week – 27th out of 41 dioceses) as does giving as a percentage of income (2.9% which ranks us as 36th out of 41 dioceses). That is why we will also be providing resources and support for the Generous Giving Diocesan stewardship campaign to encourage financial support to our parishes and thus indirectly to the Diocese.

We continue to be driven by the wish to avoid making significant cuts to parish clergy numbers, but the geography and type of deployment will continue to evolve, and our bishops and archdeacons are working hard with rural deans and others to develop sustainable and reimagined patterns of ministry to serve the needs of the local church and the surrounding population.

We are continuing to be a Diocese that manages to recruit clergy, including House for Duty, and have made some creative appointments in the last year, which have both saved money and developed new mission and ministry. Alongside this our vocations for licensed lay and other forms of ministry are increasing.

For the current year our deployment plan does reflect a loss of four stipendiary posts followed by a further five in 2022 to be achieved as part of this ongoing pastoral reorganisation. Even after these cuts we will still be operating at a level of stipendiary clergy that stands at 95% of the level of recent years and compares very favourably with other dioceses in the Church of England (C of E).

Beyond a gradual evolution of clergy deployment, other actions we are taking to strengthen our financial position include:

- Ongoing scrutiny of central costs to enable further reductions where possible
- A review of office and meeting room requirements and future use of Church House
- A more proactive approach to management of our Glebe
- Diligent stewardship of our housing stock
- Maximising income opportunities from our Property Company
- Review of investments to ensure they are managed for optimum value in the long term
- Working with parishes to embrace the digital world including better IT support and communications
- Helping as many parishes as possible adopt the Parish Giving Scheme
- Exploring grants and other funding available including funding from National Church
- Looking for ways to work collaboratively and more cost effectively across all Church institutions
- Revisiting the Five-Year Financial framework to show a steady return to a balanced budget

Looking ahead to the remainder of 2021, whilst we remain optimistic about a gradual return to more normal pre-lockdown rhythms of Church and community life, we must also be realistic and recognise that a further significant deficit in 2021 is inevitable as our Church communities and already stretched finances face up to the challenges of working towards a sustainable recovery.

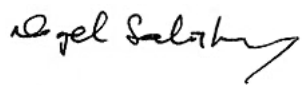
In summary, our Diocesan finances have suffered an inevitable hit in 2020 and we have had to fall back on our reserves and a Covid loan to help us through. This adds to an already challenging disparity between income and expenditure in recent years.

We have plans in place to move us back to a sustainable footing for the future, but remain dependent, like all dioceses, upon the goodwill and generosity of our parishes for a high proportion of our income. Fundamentally we need to ensure that Parish Share covers the cost of parish ministry, or our numbers of stipendiary clergy and houses will need to be further reduced.

Reflecting back on such a momentous year it is cause for deep gratitude and thanksgiving that our parishes ultimately contributed nearly 90% of the Share we requested. Some parishes have clearly weathered the pandemic better than others but to all our parishioners, worshippers, donors and volunteers we offer warm and sincere thanks for their continued support through such a difficult year.

Thanks to the creativity, flexibility and great efforts of our staff under the leadership of Diocesan Secretary David Pain, we were able to maintain Church House operations on a “business as usual” basis, in spite of most people working from home for most of the year. To all our staff and clergy, I would like to publicly recognise and thank them for their unfailing dedication and resilience during these most difficult of times.

Finally, as we prepare to bid farewell to our Diocesan Bishop Nick after ten years of hugely successful episcopal leadership in this Diocese we give thanks to God for his ministry and wish both him and his wife Helen all the very best for a long, happy and well-deserved retirement.



Nigel Salisbury

Chair of the DBF May 2021

Our Purpose

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 across the 434 parishes of the Diocese. The Board also provides advice, training and resources to clergy, laity and parishes all to support the life of the Church and the advancement of Christ's Kingdom.

Public Benefit

The Diocesan Board of Finance (DBF) takes account of the Charity Commission general guidance on public benefit when reviewing its purpose and in considering how planned activities meet that aim.

Throughout this report we endeavour to explain how our purpose, objectives and activities benefit the public. As the Church of England, we aim for our mission, ministry and worship to be open to all. Our goal is a thriving Christian presence serving God in every part of the Diocese.

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.

Through social action, we aim to respond to the needs of local communities and the wider world. The Diocese makes grants at a local and national level to have a positive wider influence.

Strategic Report

Refreshed vision 2020

Since the introduction of the Diocesan Vision in 2014, **Renewing Hope: Pray Serve Grow**, there has been a strong commitment to these aspirations, which allow for interpretation and application in a variety of ways and provide direction and inspiration for our growth.

In 2019 the Bishop's Council worked on a planned interim review of the Diocesan vision. February 2020 saw Diocesan Synod reaffirm **Renewing Hope: Pray, Serve, Grow** with its simple questions of 'What do you pray for? Whom do you serve? And how will you grow?' This continues to provide a shared focus across the Diocese.

The review identified three new priorities for growth which have been agreed by Diocesan Synod:

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, 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.

We invite churches and schools to interpret and live out this shared vision in ways relevant to their local context. We will provide Diocesan-wide support from the DBF and Diocesan Board of Education (DBE), reshaping our work so that it serves the needs of churches and schools in a changing context.

It is fundamental that our work must be grounded in the gift of the places we serve. During 2021 we are developing a Diocesan Mission and Pastoral Plan to guide this approach and frame our Financial Framework.

Communities reacted with courage and inspiration to the challenges of lockdown and the closure of churches seeking to sustain the vision of **Renewing Hope: Pray, Serve Grow**.

Discipleship & Evangelism

The pandemic without doubt brought considerable pain, disruption, and disturbance, yet at the same time it released creativity, imagination, and innovation.

From the beginning of the pandemic, most of our churches moved worship online. Overnight, worship became more accessible to the wider population, with many church leaders reflecting that the number of people attending services from daily Morning Prayer to Sunday worship had grown significantly. Online worship enabled and encouraged more creativity and imagination in how to engage people of all ages. In many places this was warmly received.

Connected to online services many new people have either re-connected with a church community or chosen to visit for the first time. During this season, faith has been kindled, hearts and minds have been inquisitive, and people have looked to the church at a time of uncertainty. The result has been several churches and deaneries offering online courses such as Alpha, the Prayer Course and the Bible Course as a way of enabling people to discover more about Jesus Christ and the good news of the Gospel.

The challenge ahead is how we build on these new opportunities and relationships. There is clearly an appetite for a 'mixed economy' of church, and this has brought new energy and possibilities.

Collaborative Leadership

During the pandemic, our relationships with the DBE, Sarum College and neighbouring dioceses have strengthened and flourished, providing a strong foundation for our future working together. There is a recognition of the need to be creative with our resources and to be more generous in our relationships.

Central to our working with the DBE has been the growing connectedness between the work of the Diocesan Children's & Young People's Advisers and the Mission Co-ordinator. This has found expression in the development of our work around Community Hubs, Chaplaincy and the integration of mission, discipleship, and social justice.

The Mission Ministry & Communications Teams have been working closely with Sarum College in Continual Ministerial Development. One of our aspirations is to develop a fresh approach to the delivery of CMD through our partnership with Sarum and the work within the regional partnership.

We have experienced a significant increase in our engagement with neighbouring dioceses, particularly Bath & Wells, as well as other dioceses and National Church Institutions. Included within this has been the sharing of resources, including posts across diocesan borders. We have aligned the training of Licensed Lay Ministers (LLMs) with the Sarum 2-year pathway to match those from Bath & Wells. Other conversations about future working and resourcing are taking place regarding pioneering ministry, chaplaincy, collaborative leadership in other key functions including HR, DAC and buildings.

The pandemic context and the need to be good stewards of our resources has enabled the flourishing of these relationships.

Community Transformation

During the pandemic, local churches immersed themselves in the care of their communities. In many places the local church has rediscovered her pastoral heart and missional imperative. During the 'Beyond the Present' Episcopal meetings in autumn 2020, story after story was shared of local churches and Christians engaging in local acts of service including providing meals, doing shopping, befriending the lonely, collecting prescriptions, sending cards and gifts to key workers. All these actions demonstrated care and compassion and reflected the heart of God for those who live and work within our borders.

The development of the Community Hubs as a key to interaction between church, school and the household was affected by the pandemic. Our schools were focussed on continuing to provide quality education both online and in-person, whilst caring for our most vulnerable children and the children of key workers. Despite the various planned projects being postponed, conversations have continued in identifying the next three Community Hubs. This also fits well within our role as a Growing Faith Trailblazer Diocese. An important element of our Community Hub work has been around responding to issues in the mental health and wellbeing of children and young adults. We continue to work creatively with schools and other agencies including the Children's Society who will be undertaking a significant piece of research within the Diocese over the coming months.

Rural Hope programme

The restrictions caused by Covid-19 had a significant impact on our Strategic Development Funded Rural Hope activities, but the team rose to the challenge. The four Rural Field Officers supported local ministry teams in developing their online and outdoor services including running a series of webinars on 'Celebrating the Rural Seasons' with lots of worship ideas and takeaway materials.

Our collaborative ministry training course, Thrive, went online encouraging training cohorts to consider a digital approach to new worshipping initiatives. The Rural Ministry Training Pathway at Sarum College went from strength to strength with 15 students joining the Pathway in September 2020, a mix of eight Ordinands and seven LLM/ Reader trainees, modelling a collaborative approach to training for rural ministry. Our Rural Ministry Experience Scheme Explorer, based in Lyme Bay Deanery, had a more diverse experience than he was expecting with a short period of in-person Community Hub activity followed by online participation in worship, prayer groups and even Deanery Chapter meetings.

As a whole, Rural Hope continues to demonstrate that mission is an essential element in rural ministry, one that is most powerful when clergy and laity work together.

The Channel Islands

Following the recommendations of the Archbishop of Canterbury's Commission on the Relationship Between the Channel Islands and the wider Church of England, it was agreed that the Deaneries of Guernsey and Jersey will be attached to the Diocese of Salisbury. A great deal has already been achieved in building a positive relationship and we look forward to finalising the legal arrangements in the coming year.

The Sudans

The Diocese has had a link with what is now the Provinces of the Episcopal Church of Sudan and South Sudan for 48 years. This partnership is a core part of our Diocesan identity.

With the suspension of episcopal events across the Diocese because of the Covid-19 pandemic, the regular income of our Sudans Partnership has been significantly reduced. We have therefore focussed on our core priorities of basic health care through the Medical Link, and Education at the principal theological colleges and a number of church schools.

The international health crisis gave us an opportunity to launch an appeal which demonstrated the generosity of the people of our Diocese across Dorset and Wiltshire, raising £83.5k for the people of Sudan and South Sudan. Divided equally, and at the two primates' request, the Episcopal Church in Sudan and South Sudan (ECSSS) prioritised the provision of water and sanitation supplies in South Sudan, and in the ECS in Sudan, the higher priority was for essential foods stuffs where because of floods, droughts, and political unrest there remains a high risk of famine for many people. A further gift of £50k was made to the Bishop Holtam Fund.

Our deanery links continue despite the challenges, and our advocacy initiatives with our government have been sustained, though the reduction in Official Development Assistance for the Sudans is disappointing. We are introducing regular giving schemes and pray that the latter part of 2021 will see a decline in the pandemic and a resurgence of giving and support to the Sudans Partnership.

We continue to work closely with our Cathedral as the mother church of our Partnership, and with Christian Aid and other agencies, and we look forward to a renewal of our efforts in 2022 when we will hopefully be hosting many of the bishops prior to the Lambeth Conference. Income raised in the year was £248k – expenditure paid out £241k.

Safeguarding

Safeguarding has continued to be high on the DBF agenda throughout 2020. Despite the restrictions of the pandemic all areas of Safeguarding service have been maintained.

Survivor Support

One of the recommendations from the recent Independent Inquiry into Child Sexual Abuse (IICSA) report on the Church of England called for more robust systems for supporting victims and survivors. The Salisbury Safeguarding team has been developing a practitioner's guide on responding well to survivors of abuse and crystallising our own approach with regards ongoing support for those who make disclosures of this nature.

Channel Islands

The Salisbury Safeguarding team took on the provision of Safeguarding advice to the Channel Islands in October 2020, in advance of the formal attachment of the Islands to the Diocese of Salisbury. A strong and productive working relationship has been established with the Deans and other key people on the Islands. The Deanery Safeguarding Officers from both Islands have regular meetings with the respective Diocesan Safeguarding Adviser (DSA) lead for their Island. Effective Safeguarding provision during Covid has continued through online consultations. It is anticipated members of the Safeguarding team will visit the Islands as soon as current restrictions allow.

Training

Over the course of lockdown, the Safeguarding team had to suspend face-to-face Safeguarding training, which inevitably created a backlog of people whose training had expired. The Diocese embraced the new NST online modules as soon as they were released and brought in external support to bolster our provision and course availability. The bulk of our training backlog has now been cleared.

Working remotely and investing in IT

Thanks to IT investment at the start of 2020, the transition to remote working was relatively seamless. This was followed by a major and long overdue investment programme.

In March 2020, Bishop's Council approved a significant two-year IT transformation programme to the value of £329,000, including the implementation of five new IT initiatives and the upgrade of the Diocesan website:

- **Microsoft Business Central** – DBF Accounting and Property Management software package
- **People System** – adopt the National Church integration software as part of an initiative to create a national clergy database and meet legal requirements
- **CMS** – adopt this contact management system that will integrate with “People System”
- **Pathways** – adopt this online clergy recruitment tool as part of the “People System”
- **National safeguarding cases management system** – align with national systems, integration, and reporting

In addition, the DBF has migrated its IT infrastructure to a Microsoft Office 365 cloud-based solution that has enabled staff to continue working throughout the pandemic. We are in the process of moving away from VPN/ network drives to cloud-based infrastructure, by implementing Microsoft Office365 and SharePoint. This will enable staff to work 'anywhere, anytime, any device', improving collaboration, knowledge management and business continuity. This infrastructure has been invaluable during the pandemic as all staff transitioned to working from home without any business disruption. Following the roll-out to staff, we will explore the potential benefits of making the software available to clergy and parishes.

The IT changes are the most efficient and cost-effective way to adopt national systems and to support new ways of working. Aligning and working in partnership with the Church of England on IT solutions will build relationships, share development costs across several dioceses. As an active participant in change the Diocese is able to influence potential future national systems developments, and ensure the Diocese is able to pro-actively respond to future change.

The Accounting system and Pathways system were implemented during 2020. The upgrade of the Diocesan website has been postponed to Autumn 2021, following the conclusion of an internal Communications review, and the National Safeguarding Case Management System launch date has not yet been confirmed. The programme remains within budget.

DBF staff restructure

The staff teams based at Church House in Salisbury completed a restructure during 2020, responding to changing external and internal contexts and development of our Diocesan approach. The staff restructure has resulted in an overall reduction of staff costs of 8%.

As a result of the restructure the four teams that serve the Diocese are:

- 1) Mission, Ministry and Communications (MMC)** which is refocussing resources to encourage mission and ministry across our communities and parishes to be locally led and centrally supported, in line with the Diocesan priorities for growth. This includes fostering a culture of vocation (lay and ordained) investing in ministerial formation, supporting a localised strategy for mission (including discipleship and social justice) and developing the potential of our digital engagement.
- 2) The Parish Support, Governance and Administration Team** provides first point of contact for those we serve, via parishsupport@salisbury.anglican.org . The team will act as a resource and information hub for our churches, clergy and their local communities to support, resource and enable good management and administration at every level of the Diocesan structure. This includes the Church Buildings team which supports the work of the Diocesan Advisory Committee (DAC) in advising and assisting parishes in their care for church buildings.
- 3) The Finance and Asset Management Team** is responsible for all financial functions of the DBF with an annual expenditure budget of £14m. The team is responsible for the procurement and maintenance of all clergy property, recognising the importance of the home to clergy wellbeing and ability to provide ministry. The team is also responsible for fundraising and working with parishes to increase giving. This work will be partly financed by the National Church.
- 4) The Safeguarding Team** seeks to ensure best practice is followed in safeguarding and making the church a safe and welcoming place for all.

SDBF Building Consultancy Ltd

Our property trading company (SDBF BC Ltd) is a 100% owned subsidiary of Salisbury DBF. It gift aids its profits back to the DBF each year. Despite the challenges of lockdown and a halt to all works, the company managed to complete its year successfully achieving a profit of £201k. The company is looking to expand into new markets in 2021 with the aim of increasing its profits.

Work with children and young people

The DBF supported the work of the DBE via an annual grant – £330k in 2020. Closer collaboration between the DBF and the DBE continued in 2020 and has been a source of mutual benefit.

The Deputy Director of Education/ Director of Finance for DBE explains the DBE's work below:

“Engaging and serving children and young people in our church schools and communities

The Diocese by population is the 28th largest of the 41 dioceses yet for the number of children in church schools it is 7th (43,000 children) and in terms of numbers of church schools it is 5th (194 schools). This puts the DBE in a great starting position for achieving the vision of a thriving Christian presence serving God in every community.

2020 was a uniquely challenging year especially for church schools, children and young people and the DBE from the start made the strongest commitment to unwavering service to schools and parishes. It is humbling to write of the excellent work of our school and parish leaders throughout this year and of the way the DBE team has worked with them to support them and progress its core vision in this difficult year.

Innovative practice supported by new IT platforms has enabled the DBE to lead and contribute to a range of activities vital to schools and multi-academy trusts. In April 2020 school leaders noted the DBE as the ‘steady voice beside them’ – and their trust and confidence in its work has continued to be expressed across the year. We highlight especially the way the DBE has supported the virtual appointment of headteachers; developed an online CPD programme; developed materials for schools for worship and crucially for bereavement; and maximised the innovative role of school-based Hub Lead Practitioners for RE and collective worship. The DBE also proactively launched the online foundation governance appointment process (a national first), ensuring the appointment of governors to ensure its core vision and service for schools and parishes was fulfilled. Direct support to individual schools through its partnership service agreement continued through online meetings, and when it has been possible, through actual visits.

The DBE knew how important it would be to hold key strategic roles across the year, working with a range of partners. This has seen them further build their relationship with the National Education Office of the Church of England, taking a leading role in the innovative ‘Teach Rural’ project; support the re-definition of the national programme ‘Growing Faith’ – the drawing together of church and school partnership and a focus on the spiritual development of young people within the home and school.

The DBE has continued to lead with confidence on the development of the multi-academy trust (MAT) system, exercising careful judgement to further enable the growth in system capacity through MAT mergers and school conversions to academies within MATs. Over 53% of our Church schools are now academies. The DBE has been consistent in working strategically with the statutory bodies holding responsibility for school improvement – whether Local Authorities or MATs – and has worked tirelessly to support and, when appropriate, challenge the Regional Schools Commissioner and Department for

Education to secure decision-making for the common good, around individual schools and, in two instances, MATs causing concern.

Close partnership with the DBF has continued to develop and is particularly seen in the ongoing development of community hubs and the engagement of the DBE in shaping the Mission and Pastoral Plan. Small steps, but a beginning that is setting strong foundations for a re-imagined future with children and young people at the heart of Diocesan decision-making.

The DBE supports the Diocesan MAT, the Diocese of Salisbury Academy Trust (DSAT), through Trusteeship and the Members' group. We are proud of DSAT's growth to 22 schools and of the leadership of the CEO and Trust Board. The influence of the Trust continues to grow across our Diocese but also the south west; crucially throughout the year we have seen the depth of the Trust's practical support of church schools and the development of the Trust's spiritual leadership.

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."

Financial Review

As described in the Chairman's letter, 2020 has been a difficult year with our operating deficit increasing to £1.5m as income diminished. The DBF remains committed to its five-year plan of eliminating the operating deficit by 2025.

Background

The members of the Bishop's Council are the trustees of the DBF registered charity and act as custodian trustees 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.

Summary of Statement of Financial Activities (SOFA)

Summary of SOFA for year ended 31 December 2020	2020	2019	Variance
	£,000	£,000	£,000
Operating deficit	(1,513)	(781)	(732)
Net gains/(losses) on investments/properties/Glebe	300	2,661	(2,361)
Reduction in pension deficit creditor	483	2,482	(1,999)
(Decrease)/increase in funds	(730)	4,362	5,092

Operating Deficit

Summary of operating deficit for year ended 31 December 2020	2020	2019	Variance
	£,000	£,000	£,000
Total income	13,011	13,854	(843)
Total expenditure	14,524	14,635	(111)
Operating deficit	(1,513)	(781)	(732)

The operating deficit for 2020 was budgeted to be £900k. Unsurprisingly income was adversely affected by the several Coronavirus lockdowns.

Income

Summary of income for year ended 31 December 2020	2020	2019	Variance
	£,000	£,000	£,000
Donations:			
Parish Share	9,604	10,354	(750)
Archbishops' Council & Church Commissioners	691	592	99
Other donations	430	374	56
Charitable activities	683	771	(88)
Other activities	684	663	21
Investments	919	1,100	(181)
Total income	13,011	13,854	(843)

- **Parish Share contribution** was down £750k against 2019 but the trustees are extremely grateful to have received 89.8% of Share receipts for 2020 – an excellent and welcome achievement in straitened circumstances.
- **Contributions from the National Church** were increased in 2020 by Strategic Ministry Funding towards curates and a contribution towards Past Cases Review.
- **Other donations** include grants from the All Churches Trust and contributions towards the Sudans and is slightly up on 2019.
- **Charitable activities** comprise parochial fees, third-party stipend contributions and management fees. Increase in third party and management fees compensated for the loss of fees from parishes for services caused by lockdowns.
- **Other activities** comprise rental income from clergy properties – this income stream held up well in 2020 and increased fees were received from the property company SDBF BC Ltd – a real achievement in difficult circumstances.
- **Investment income** comprises yield from our investments with fund managers – down on 2020 as CCLA property funds and M&G charifund dropped their distributions per unit; income from Glebe and Church House flats was also slightly down on 2019. See page 20 for summary of investment performance.

Expenditure

Summary of expenditure for year ended 31 December 2020	2020	2019	Variance
	£,000	£,000	£,000
Raising Funds	161	169	(8)
Charitable activities	14,155	14,296	(141)
SDBF BC Ltd	208	170	38
Total expenditure	14,524	14,635	(111)

- Raising funds comprises expenditure on achieving rental incomes and on fundraising, and there is no significant change on 2019.
- Charitable activities comprise:
 - **Contributions to Archbishops' Council** – small decrease on 2019
 - **Direct ministry costs** – comprises the cost of clergy and housing costs. **Total costs 2020 were £9.3m compared to £9.6m in 2019.** There was an increase in direct provision of clergy costs of £205k, partly balanced by a drop in clergy expenses due to lack of movement around the parishes. Stipends for incumbents and archdeacons were held at 2019 levels. However, there was a decrease in vacancies and reduction in expected retirements meaning costs rose for the year. There was a significant reduction in property repairs due to the inability to get to houses during lockdown. All emergency repairs and ingoing works were still completed as far as possible
 - **Ministerial support and support for parishes - £2.2m in 2020 v £2.1m in 2019-** ministry and mission costs down £203k and investment in new parish support team drawing in administrative costs from other areas.
 - **Work with children and young people** - small rise of 2% on 2019.
 - **Diocesan administration costs - £887k in 2020 v £850k in 2019-** increased investment in IT offset by some administrative costs going to Parish Support.
 - **Diocesan links overseas** - due to the successful appeal we were able to send more funds to the Sudans than in 2019.
 - **Expenditure on Milton Abbey** dropped in 2020 with only essential expenditure being done.

The five-year plan – currently being reviewed – seeks to achieve break even by 2025, notwithstanding the worse out-turn in 2020. Total return and reserves will be used in the interim to fund gradually decreasing operating deficits.

Investment Gains/ Losses

Net gains and losses- investments, properties and Glebe	2020	2019
	£,000	£,000
Realised gains and losses on properties, Glebe and investments	(38)	69
Decrease / increase in value of investments (capital value)	(722)	2,592
Increase in value of Glebe	1,060	-
Total movement	300	2,661

2019 had realised gains of £69k and a very significant increase in capital value of £2.6m.

2020 saw an overall realised loss in sale of properties, Glebe and investments of £39k. Investments fell in value during 2020 -spectacularly at first but recovered latterly. The movements in capital value are only book values and the first three months of 2020 saw the DBF lose all gains it made in 2019.

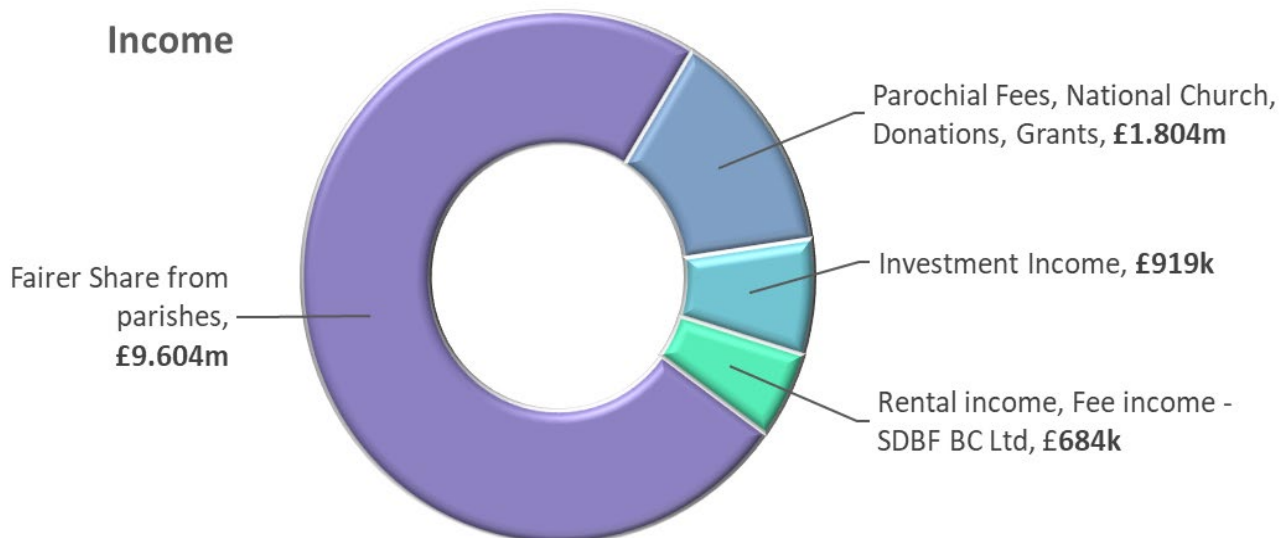
Movement in pension creditor

2019 saw a very significant movement downwards in the clergy pension deficit of £2.5m. While the movement was only £483k in 2020 this is still a significant reduction to our liabilities going forward. The Clergy Pension Board are still on track to eliminate the clergy pension deficit by end of 2022. This does significantly help our budgets going forward with a material drop in clergy pension costs.

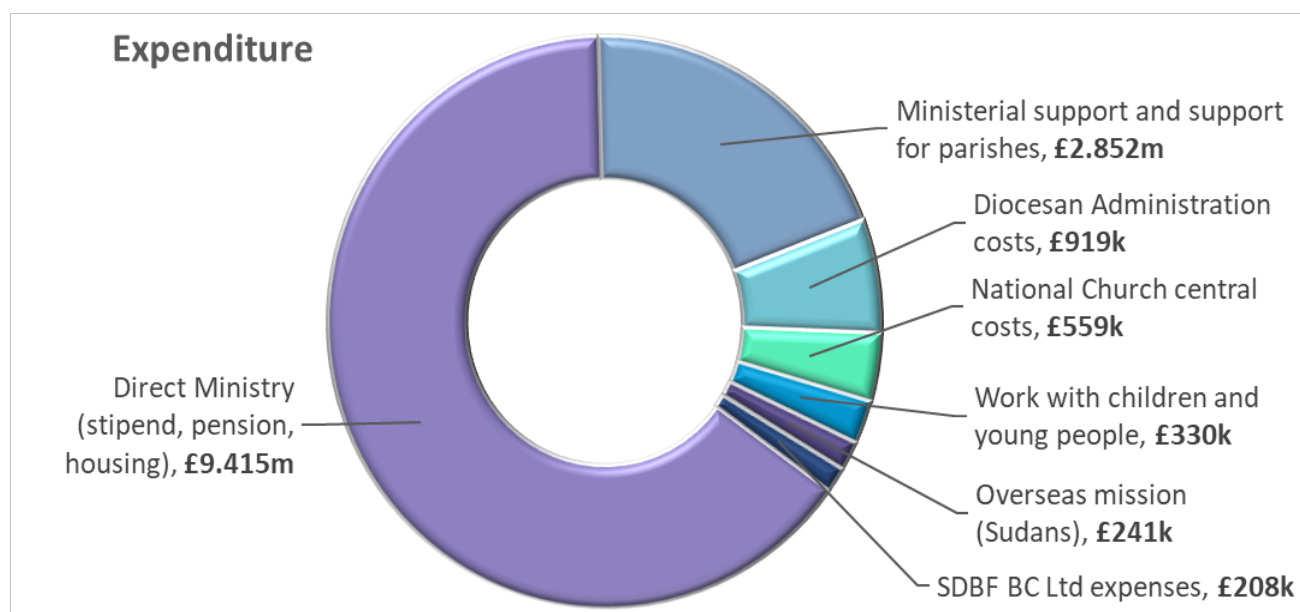
Different view of income and expenditure

The below pie charts give a birds' eye view of income and expenditure in 2020. Appendix 1 reconciles this back to the statutory accounts.

Income



Expenditure



Income	£,000	%
Fairer Share from parishes	9,604	73.8%
Parochial Fees, National Church, Donations, Grants	1,804	13.9%
Investment Income	919	7.1%
Rental income, Fee income - SDBF BC Ltd	684	5.2%
	13,011	100%

Expenditure	£,000	%
Direct Ministry (stipend, pension, housing)	9,415	64.8%
Ministerial support and support for parishes	2,852	19.6%
Diocesan Administration costs	919	6.3%
National Church central costs	559	3.9%
Work with children and young people	330	2.3%
Overseas mission (Sudans)	241	1.7%
SDBF BC Ltd expenses	208	1.4%
	14,524	100%

Summary of Balance Sheet

Balance sheet 31.12.2020	2020	2019	Variance
	£,000	£,000	£,000
Fixed assets	93,555	94,264	(709)
Investments	31,179	31,901	(722)
Current assets	1,227	1,279	(52)
Bank and cash	3,704	1,347	2,357
Current liabilities	(730)	(1,018)	288
Long term liabilities	(3,269)	(1,377)	(1,892)
Net assets	125,666	126,396	(730)

- Fixed assets movement **-£709k**: 3 curates houses sold in year £834k: £222k spent on IT less depreciation £97k
- Investments **-£722k**:
 - Decrease capital value portfolio investments **-£722k**
 - Sale of St James Place Bonds **-£1,070k**
 - Purchase of investments **£10k**
 - Increase in value of Glebe **£1,060k**
 - Overall decrease **-£722k**
- Current assets **-£52k**: no material change
- Bank and cash **+£2.3m**: as described below
- Current liabilities **-£288k**: at end of 2019 DBF had to delay 1 month of stipend payments
- Long-term liabilities **+£1,892k**: comprises Coronavirus bank loan £2.375m (£125k is in current liabilities) and reduction in clergy pension deficit of £483k.

Despite the balance sheet looking strong at £125.67m there are significant points to note

- £93.5m is tied up in houses
- Unrestricted funds are only 3% of the total balance sheet value
- Equity investments are reasonably liquid and total £18.8m but £16m are in restricted or endowed funds
- Current assets in the General Fund are not sufficient for repayment of the bank loan and this will require movements from other funds

Cash movement

£4.3m of cash was raised in 2020 through a combination of selling houses; investments and raising money through the Coronavirus bank loan. Some was used to purchase IT and a very small investment. The balance was used to fund the deficit of £1.5m and leaving an increased balance with which to start 2021.

Cashflow movement 2020	2020
	£,000
Cash raised:-	
Proceeds sales fixed assets	878
Proceeds sales investments	988
Coronavirus bank loan	2,500
	<hr/> 4,366
Spent on:-	
Purchase of computer technology	(222)
Purchase of investments	(10)
Funded operating deficit (£1,513k + add back depreciation- non cash)	(1,416)
Net decrease in debtors/creditors	(361)
	<hr/> 2,357
Increase in cash	<hr/> 2,357

Going Concern

Despite the strong balance sheet, the majority of the funds are tied up in housing and subject to restrictions to their use. Continuing to run with an operating deficit is clearly unsustainable but the trustees are of the opinion that there is an achievable plan to return to breakeven by 2025 based on:

- Increasing Share income to above pre-pandemic levels with the support of a generous giving campaign
- Developing a financially sustainable pattern of ministerial deployment with a balance of stipendiary and non-stipendiary ministry based upon the Mission and Pastoral plan
- Continuing to exercise a tight control on costs
- Moving to a total return approach to release assets from Glebe
- Releasing further surplus housing for sale or rental
- Ongoing review of all assets to optimise returns and realise development and other opportunities

Investments and performance

The DBF has the power to invest surplus funds in appropriate investments and to this end, principally makes use of the investment funds managed by CCLA and M&G. The DBF invests in CCLA's CBF Investment fund and Property fund and in M&G's Charifund. At the start of the year the DBF held some money in bonds managed by St James Place Wealth Management. These were sold in March 2020 to provide liquidity in view of the uncertainties posed by Coronavirus. The investment aim is long-term capital and income growth with a greater emphasis on income to minimise the burden of Share on parishes. Performance of these investments is shown below. M&G has taken longer to recover from the substantial drop January-March 2020. Investment monitoring is devolved to the investment Review Group which meets regularly to monitor performance. An external review has been commissioned in 2021.

Investments	2020	2019	Movement	2020	2020	2020	2019
	£,000	£,000		Capital % mvmnt	Income yield	Total Return	Total Return
CCLA CBF Investment Fund	10,327	9,660	667	6.9%	3.0%	9.9%	22.2%
CCLA CBF Property Fund	2,284	2,404	(120)	-5.0%	5.0%	0.0%	2.8%
M&G Charifund	6,043	7,312	(1,269)	-17.36%	4.88%	-12.48%	22.4%
St James Place Corporate Bond	Nil	719	(719)		Sold in year		10.6%
St James Place International Corporate Bond	Nil	351	(351)				8.5%
Total with fund managers	18,654	20,446	(1,792)				
Other investments	55	45	10				
Glebe lands	12,381	11,321	1,060				
Total investments	31,090	31,812	(722)				
Programme investments	89	89	0				

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 £3.3m and cash of £1.2m at 31 December 2020 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 31st December 2020 the General Fund free reserves include some readily realisable investments amounting to £2.3m and cash of £1m. This equates to over three months of expenditure and the Board considers that this is in line with its policy and better than reported a year ago. The Board has procedures in place to monitor parish Share collection and any deviation from agreed budgets in the year. The net current assets of the General Fund do not cover the Coronavirus bank loan but repayment is over six years and therefore the Board considers that there will be sufficient liquidity each year to achieve repayment and if not there are contingency plans in place by use of total return.
- 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 has been to retain the investments for capital growth and for the purchase of houses, and to generate income for these purposes. The Board is actively looking at Total Return in 2021 in order to release funds from any

Glebe Sales in order to finance the deficit over the next few years and to reduce the burden on parish Share.

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, this will be reassessed in 2020-21 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 £30m at 31 December 2020 (2019 £27m). 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.

Principal risks and uncertainties

Salisbury Diocesan Board of Finance (SDBF) is committed to maintaining a robust risk management framework, which complies with Charity Commission regulatory and good practice requirements.

As recommended in the 2019 Peer Review, SDBF is refreshing its risk management processes to make it more agile and valuable through focussing on the most important risks, identifying the key mitigation actions, and then monitoring progress on these actions.

The legal responsibility of the SDBF trustees is to oversee risk associated with strategy, reputation, assets and liabilities of SDBF as a registered charity. In addition, in its wider relationship to the Diocese, the Bishop's Council seeks to encourage effective risk management in the Diocese as a whole, recognising that there are other registered charities and bodies which also carry their own responsibilities for risk management.

As part of the refresh, SDBF has developed a Risk Management Policy that provides guidance on the risk management approach and principles adopted by SDBF, enabling the DBF trustees, the DBF Leadership team and staff to make every effort to manage risk appropriately by maximising potential opportunities whilst minimising the adverse effects of risks in achieving its purpose, vision and objectives.

The policy design is in line with Charities (Accounts and Reports) Regulations 2008, Charity Commission guidance – charities and risk management (CC26) and corporate governance requirements, FRC risk guidance (2014).

The SDBF Risk Register has been reviewed and split between principal and all other risks to ensure a comprehensive but focussed approach, concentrating efforts on identifying, managing and monitoring our most important risks.

Risk management is an organisation-wide function that is built into the culture of the Diocese. We are changing our approach to involve all staff in risk management and foster a culture where risks can be identified and escalated.

The main risks identified are:

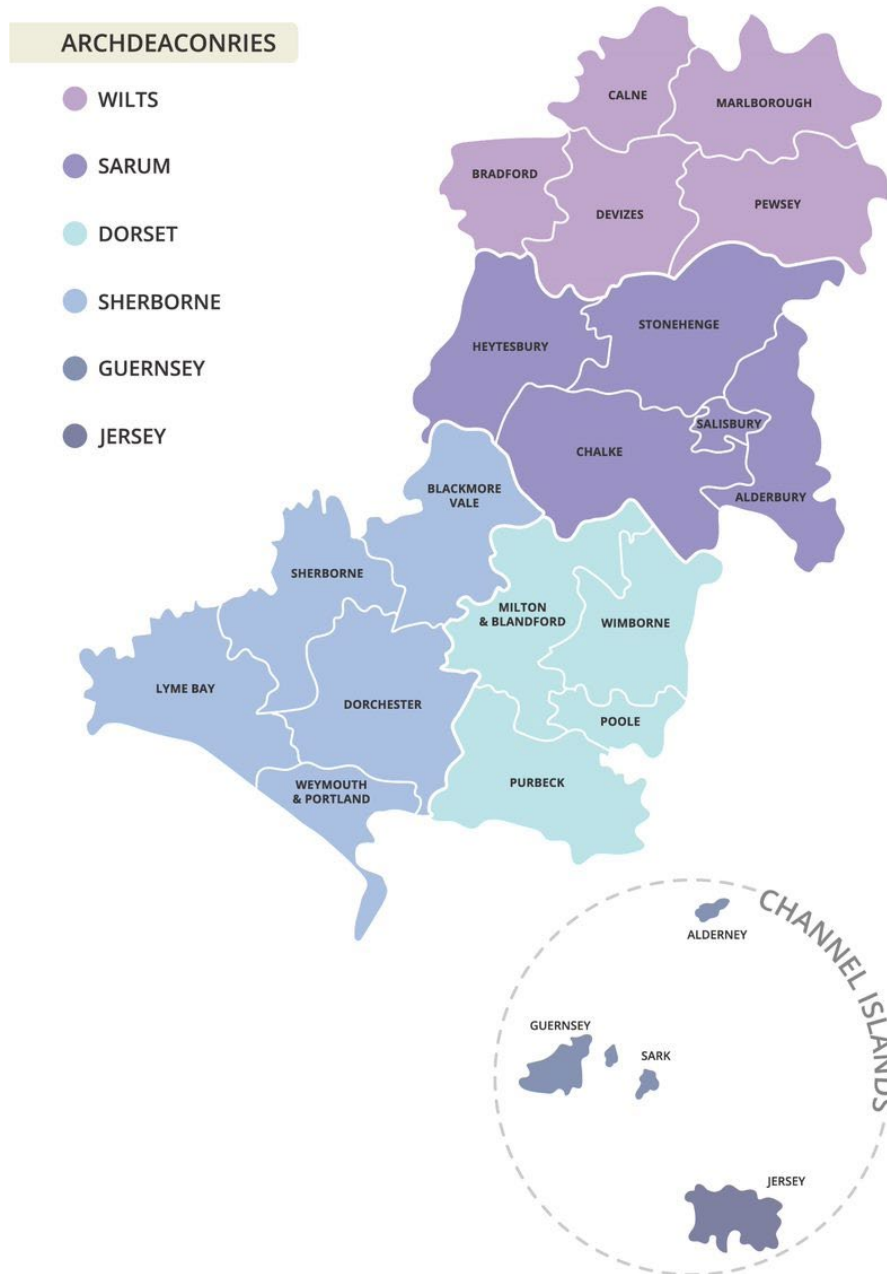
- A significant loss of parish Share and other forms of income
- Diocesan Mission and Pastoral plan and priorities not aligned with the financial framework
- Incident(s) of inappropriate behaviour and/ or abuse by somebody working for or on behalf of the Diocese
- Significant external event outside SDBF control – Covid-19

Mitigations include:

- **Significant loss of income:** monthly monitoring of share receipts and reporting to raise awareness and identify issues. A full provision is made for Share arrears. The Share Review started in 2019 has been put on hold due to the pandemic
- **Operating loss and cash deficiency:** The DBF is running at an unsustainable operating loss and actions are being taken with the introduction of a five-year financial framework supported by Diocesan Synod to eliminate the deficit. SDBF secured a £2.5m Covid loan against its strong balance sheet to address cash deficiency
- **Alignment of the Diocesan Mission and Pastoral Plan and priorities with the five-year financial framework:** The Mission & Pastoral Plan is being prepared by the Mission & Ministry Council of the Diocese to help re-imagine mission and ministry and sets some strategic aspirations for its funding and development over the next five years. The Plan, which will be overseen by Bishop's Council, is grounded in our confidence in God's provision, and the conviction that our Christian vision must lead, shape and align to the five-year financial framework
- **Safeguarding:** SDBF has Safeguarding Officers in place and an Independent Safeguarding Management panel. The officers and the panel review all processes and procedures, as well as coordinate 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 findings. Significant resources have been made available to allow for a systematic diocesan-wide 'Past Cases Review' intended to measure the effectiveness of our provision in past years
- **Covid-19:** IT and telephony infrastructure in place enabling SDBF to continue all business-critical activities, whilst staff relocated to working from home. The Bishops and Diocesan Secretary agreed an approach to ensure that all relevant Covid guidelines relating to parishes, clergy and staff were communicated in a timely manner that enabled compliance

Governance and Management

The Diocese of Salisbury is the Church of England in an area that covers three-quarters of Wiltshire, nearly all of Dorset, Poole and part of Bournemouth, one of the fastest growing conurbations in the country.



The Bishop has pastoral oversight of the Channel Island Deaneries of Jersey and Guernsey and we look forward to their becoming formally attached in the coming year.

The 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, who meet together in Synod with the Bishops 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 the 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.

Synod met three times in 2020 in February, September and November. As well as fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- Identifying Diocesan priorities and developing a five-year financial framework aimed at eliminating the operational deficit
- Continuing discussions on the Fairer Share scheme mechanism
- The AGM of the SDBF including adoption of the Report and Accounts, approval of the appointment of Haysmacintyre as the auditors for the DBF, and agreement of the 2021 budget
- Introduction to the Pastoral Principles of Living Well Together
- Approval of a revised Quinquennial Inspection Scheme and Constitution for the Diocesan Advisory Committee
- Determining numbers and method of voting for the Diocesan Synod elections in 2021
- Approving Instruments of Delegation of Clergy Discipline functions to the Area Bishops
- Introduction to the Clergy Covenant
- Discussing and receiving the annual report of the Diocesan Board of Education

Bishop's Council

The Bishop's Council is the Executive of the Synod, as well as being the Trustees of the DBF and the Diocesan Mission and Pastoral Committee. Its members are elected by the Synod as well as ex officio the Bishop's Staff. It met nine times in 2020 and the main areas of business included:

- Ongoing scrutiny of finance, mission and pastoral matters
- Continuing discussion around Diocesan priorities, refreshing the Diocesan Vision and a five-year financial framework to eliminate the operational deficit
- Discussing a Pastoral Plan to align with the financial framework
- Continuing discussion on the Fairer Share scheme mechanism
- Approving the implementation of five new IT initiatives and one upgrade to address historic under-investment in Diocesan IT infrastructure and systems
- Discussing changes to Church and the likely repercussions caused by Coronavirus
- Receiving the Past Cases Review report; welcoming and endorsing the recommendations
- Approving the Report and Accounts for year ending 31 December 2019 and budget 2021 for presentation to Synod; receiving the auditor's report
- Approving Memoranda of Understanding relating to the Channel Islands' move to become attached to the Diocese of Salisbury; also approving related changes to the Functions, Constitution and Standing Orders for Salisbury Diocesan Synod
- Agreeing a proposed Diocesan response to the C of E's consultation on the definition of Net Zero
- Reviewing sub-committee membership and putting in place a "light touch" governance review
- Considering a draft Risk Policy and Framework
- The January two-day meeting was a partial joint meeting with the Board of Education to consider matters of shared interest including the C of E's Growing Faith project

The Diocesan Board of Finance

The DBF held its annual general meeting in September as part of the Diocesan Synod. The Finance Committee met eleven times in 2020. 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:

- Approved Report and Accounts for year ending 31 December 2019 and received the auditor's report
- Approved Budget 2021 and the revised Budget Guide
- Discussed and agreed fairer share matters arising
- Agreed the Coronavirus bank loan

The Environment Group

This Group supports parishes and individuals in developing environmental awareness and action across the Diocese. Activities in 2020 included:

- Encouraging wider adoption of the Eco Church scheme and reviewing new Eco Diocese criteria with a view to achieving Silver status
- Supporting a growing network of local Eco Champions, providing regular newsletters, social media updates, and opportunities for online advice sessions
- Working alongside the Diocesan Net Zero Task Force supporting the Diocese's aim to achieve carbon neutrality by 2030

Salisbury Diocesan Mission and Pastoral Committee

The Bishop's Council is the Diocesan Mission and Pastoral Committee for the Diocese of Salisbury and the four area mission and pastoral committees (ADMPCs) act as its sub-committees, chaired by their respective Archdeacon. Archdeacons, Rural Deans and Deanery Lay Chairmen, and three members nominated by Bishop's Council, are all ex officio members. Rural and Ecumenical officers, Assistant Rural Deans, and Rural Field Officers are also invited to attend meetings. The ADMPCs share joint meetings with the two area Mission Oversight Groups (MOGs) led by the Bishop of Ramsbury and the Bishop of Sherborne. The four ADMPCs deal with pastoral matters in their area including noting all clergy vacancies and appointments, parish re-organisation, suspensions of presentation, boundary changes, deanery and presence mapping, clergy deployment and have input into strategic planning.

From March 2020, Covid-19 has meant that meetings could no longer be held in person, and they have transitioned to online via Zoom. An emphasis has been placed on clergy well-being, discovering ways in which parishes could be helped with the many challenges of Covid, and acting as a conduit for information, guidance and examples of good practice. Discussions have taken place around the effect which the loss of parish income will have on the Diocesan ability to pay for parish ministry in the future, bringing deanery planning and ministry provision into sharper focus. Pastoral consultations at public level stopped in March 2020 when the Church Commissioners advised that dioceses did not comply with the requirements of the Mission and Pastoral Measure 2011, and several schemes halted. There is renewed interest in creating joint councils (known as benefice councils), team councils and uniting parishes, as both clergy and parish officers consider simplification due to lack of church officers. Revised Church Representation Rules came into effect on 1st January 2020.

Pastoral Schemes and Orders: Due to Covid-19 restrictions, it was only possible to bring three pastoral schemes into effect during the year:

Canalside Benefice – union of the parishes of Hilperton with Whaddon and Staverton with Hilperton Marsh came into effect on 1st February 2020.

Wimborne Minster and the Northern Villages – Union of four northern parishes and closure of Holt St James Church came into effect on 1st July 2020.

West Purbeck – Union of former West Purbeck benefice and the benefice of the Lulworths, Winfrith Newburgh and Chaldon came into effect on 1st November 2020.

A Bishop's Mission Order for Milton Abbey was revoked on 14th January 2020.

Benefices in which Presentation is Suspended: On 31st December 2020 there were a total of 11 suspended benefices. Suspension in Bourne Valley had been allowed to lapse and in Wylve and Till Valley suspension had been lifted. Suspension was renewed in the four benefices of Sixpenny Handley with Gussage St Andrew and Pentridge, Amesbury, the Bridge Parishes and Marnhull. A one-year Bishop's suspension Order was made in the Chase benefice. In all cases pastoral changes are either underway or are under discussion.

Salisbury Diocesan Board of Patronage

Ex officio members of the Board of Patronage are the Bishop of Salisbury, the Bishop of Sherborne and the Bishop of Ramsbury, the Archdeacons of Wilts, Sarum, Sherborne and Dorset, Mr Perry Chadwyck-Healey (elected Chairman), Lady Sarah Gooch, Mrs Margaret Morrissey, Mr Andrew Curtis, Dr John Waldsax, Revd Sarah Pix, and Revd Sarah Hillman. Members stand for a term of six years which started on 1st January 2019.

The Board is a patron to 26 benefices; they are sole patron in the three benefices, share patronage rights in 15 others and take turns with other patrons in eight benefices. Members review new and pending vacancies, receive reports from the appointed link representatives, consider pastoral proposals and note any suspensions of presentation. Members are notified of shortlisting and interview dates for all relevant vacancies and had been involved with interviews in the benefices of Melksham, Lytchett Minster and Upton and Savernake.

The Board met for its Annual Meeting on 28th January 2020. The Patronage Secretary notifies link members of all relevant matters by email or phone and sends periodic updates.

Changes to Trustees: The Revd Canon Jonathan Triffitt resigned as ex officio Chairman of the House of Clergy in September 2020. The Revd Lydia Cook was appointed ex officio Chairman of the House of Clergy in November 2020.

Diocesan Advisory Committee (DAC)

The Diocesan Advisory Committee for the Care of Churches (DAC) is a statutory body that exists to support parishes in the care and development of their church buildings, and to advise the Diocesan Chancellor and Archdeacons on all Faculty or List B Applications.

Following the introductions of Delegated Powers for DAC officers which allows most minor faculty applications to be processed 'out of committee', the number of DAC meetings reduced from ten in 2019 to six in 2020. The committee successfully transitioned to online meetings via Zoom during lockdown and casework continued with a total of 158 faculty applications discussed at the 2020 meetings, of which 105 (66%) progressed and 53 were deferred. The Salisbury DAC Committee and Church Building Team was recognised by the Church Building Council as the busiest team in England in 2020. The Team received over double the number of faculty and List B applications compared to all other dioceses.

Company Information and Trustees' Responsibilities

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.

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.

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
- Make judgements and estimates that are reasonable and prudent
- Follow applicable accounting standards and the Charities SORP FRS102, 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.

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.

A resolution to reappoint Haysmacintyre LLP will be proposed at the Annual General Meeting in June 2021.

Looking forward

The pandemic has accelerated the pace of change for the Church, but also wider society. Though this has at times been very disorientating, some foundations have been laid that will help to shape the future landscape of the Diocese and the local church. We have recognised the need to be agile, flexible, responsive in our systems and structures to local needs. We have learnt to put people before buildings, and relationship before processes, we have discovered the joy of new partnerships and the wonders of technology.

Until this year, established posts for stipendiary clergy in the Diocese have remained at a fairly consistent level over recent years, but a reduction of four posts was agreed for 2021 and a commitment to a further reduction of five posts in 2022 will help to ease the financial pressures in due course.

The shape of clergy deployment will now be determined by the Mission and Pastoral Plan launched in 2020, ensuring that our vision to serve and resource the local church leads our discussions around finance. Close working on this between the Bishop's Staff and the Finance team will ensure the financial implications of all future deployment plans are considered at an early stage.

A Generous Giving Campaign is being launched in 2021 to assist parishes to greater financial sustainability and seeks to equip every church in the Diocese to actively engage their congregation on the topic of giving and generosity.

The DBF is actively looking to increase other forms of income. We are considering adopting 'total return' on the sale of investments, continue in our programme of sensitive Glebe development, increase the profit-making work of the SDBF BC and the implementation of a property strategy and better managed procurement.

The significant investment in the Diocesan IT transformation programme is due to complete in 2021 and is forecast to be within budget.

Lockdown has significantly changed our ways of working and as the country come out of lockdown we will consult with staff on 'flexible home working'. We are also actively considering the future of office and meeting room requirements and the future use of Church House, our Diocesan Office. There is a significant financial challenge before us: the arrival of our new Bishop will provide a timely opportunity for a re-appraisal of the current Diocesan financial position and plans are underway to address this.



David Pain

Diocesan Secretary May 2021

Directors and Trustees during 2020

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 Papadopulos	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 J Triffitt	Ex officio, Chairman of the House of Clergy (resigned Sep 2020)
The Rev L Cook	Ex officio, Chairman of the House of Clergy (from Nov 2020)
Canon D Baldwin	Elected clerical member
Canon A Perry	Elected clerical member
Canon P Richardson	Elected clerical member (resigned Oct 2020)
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
Ms E Ashmead	Director of Finance and Asset management

In approving this Trustees' Report, the Trustees are also approving the Strategic Report -page 6- within their capacity as company directors.

By order of the Trustees:

Nigel Salisbury

Mr N Salisbury DBF Chairman
Date: 14 June 2021

Reference and Administrative Details

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 (ceased March 2020)
Property & Land Agents:	Strutt & Parker 41 Milford Street Salisbury SP1 2BP

Audit report for the year ended 31.12.2020

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

Opinion

We have audited the financial statements of the Salisbury Diocesan Board of Finance for the year ended 31 December 2020 which comprise the Group Statement of Financial Activities, the Group Income and Expenditure Account, 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).

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 2020 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have 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 parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 27, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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.

Use of our report

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

Date: 14 June 2021

10 Queen Street Place
London
EC4R 1AG

SALISBURY DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
		General	Designated			2020	2019
		2020	2020	2020	2020	2020	2019
		£,000	£,000	£,000	£,000	£,000	£,000
Income and Endowments from							
Donations:							
Parish Share	2	9,604	-	-	-	9,604	10,354
Archbishops' Council & Church Commissioners	3	207	-	484	-	691	592
Other donations	4	163	-	267	-	430	374
Charitable activities	5	79	-	604	-	683	771
Other activities	6	684	-	-	-	684	663
Investments	7	139	16	280	484	919	1,100
Total		10,876	16	1,635	484	13,011	13,854
Expenditure on							
Raising Funds	8	98	-	63	-	161	169
Charitable activities	9	13,099	160	896	-	14,155	14,296
Other	10	208	-	-	-	208	170
Total	12	13,405	160	959	-	14,524	14,635
Net income/(expenditure) before investment gains		(2,529)	(144)	676	484	(1,513)	(781)
Net gains/(losses) on investments/property/Glebe	11	(315)	32	372	211	300	2,661
Net income/(expenditure)		(2,844)	(112)	1,048	695	(1,213)	1,880
Gross transfers between funds		1,139	139	(794)	(484)	-	-
Other recognised gains / (losses)							
Pension Movement		-	-	-	483	483	2,482
Net movement in funds		(1,705)	27	254	694	(730)	4,362
Total funds brought forward		4,868	468	26,883	94,177	126,396	122,034
Total funds carried forward	26	3,163	495	27,137	94,871	125,666	126,396

The notes on pages 38 to 55 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>2020</u>	<u>2019</u>
	£,000	£,000
Total incoming resources	12,527	13,854
Resources expended	<u>(14,524)</u>	<u>(14,635)</u>
Operating surplus/(deficit) for the year	(1,997)	(781)
Net gains on investments	<u>89</u>	<u>1,391</u>
Net income/(expenditure) for the year	(1,908)	610
Other comprehensive income:		
Net assets transferred from endowments	484	2,054
	<u> </u>	<u> </u>
Total recognised (losses)/gains for the year	<u>(1,424)</u>	<u>2,664</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 current activities.

The notes on pages 38 to 55 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE


CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

		Group	Parent	Group	Parent
	Notes	Total funds <u>2020</u>	Total funds <u>2020</u>	Total funds <u>2019</u>	Total funds <u>2019</u>
		£,000	£,000	£,000	£,000
FIXED ASSETS					
Tangible Assets	16	93,555	93,555	94,264	94,264
Investments:					
Investments	18	31,090	31,090	31,812	31,812
Programme related investments	19	89	89	89	89
		<u>124,734</u>	<u>124,734</u>	<u>126,165</u>	<u>126,165</u>
CURRENT ASSETS					
Debtors due within one year	20	1,227	1,184	1,279	1,232
Cash at bank and in hand	21	3,704	3,531	1,347	1,207
		<u>4,931</u>	<u>4,715</u>	<u>2,626</u>	<u>2,439</u>
CREDITORS: amounts falling due within one year	22	(730)	(684)	(1,018)	(991)
NET CURRENT ASSETS		<u>4,201</u>	<u>4,031</u>	<u>1,608</u>	<u>1,448</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>128,935</u>	<u>128,765</u>	<u>127,773</u>	<u>127,613</u>
CREDITORS: amounts falling due in more than one year	23	(3,269)	(3,269)	(1,377)	(1,377)
NET ASSETS	25	<u>125,666</u>	<u>125,496</u>	<u>126,396</u>	<u>126,236</u>
Represented by:					
General Fund	26/27	3,163	2,993	4,868	4,708
Designated funds	26/27	495	495	468	468
Restricted funds	26/27	27,137	27,137	26,882	26,882
Endowment funds	26/27	94,871	94,871	94,178	94,178
Total funds	26/27	<u>125,666</u>	<u>125,496</u>	<u>126,396</u>	<u>126,236</u>

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

Parent company movement in funds in 2020 was £10k less than the group company representing movement on gift aid payments of profit not yet made in the year. (2019 movement in funds was £101k less than the group company).

Total funds of the parent company at 31 December were £170k less than the Group representing gift aided profits not yet paid over. (2019 £160k less).


 Member of the Board
 (signed by Mr N Salisbury - DBF Chairman)
 Date: 14 June 2021

The notes on pages 38 to 55 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>2020</u>	<u>2019</u>
	£,000	£,000
Net cash inflow/(outflow) from operating activities	(2,696)	(1,523)
Cash flows from investing activities		
Dividends, interest and rent from investments	919	1,099
Proceeds from the sale of:		
Tangible fixed assets and Glebe investments	878	315
Fixed asset portfolio investments	988	1,200
Current assets	-	629
Purchase of:		
Tangible assets for the use of SDBF	(222)	(1,727)
Investments	(10)	-
Payment of corporation tax on overage		(2)
Net cash provided by / (used in) investing activities	2,553	1,514
Cash flows from financing activities		
Loans repaid to SDBF	2,500	-
Net cash provided by / (used in) financing activities	2,500	-
Change in cash and cash equivalents in the reporting period	<u>2,357</u>	<u>(9)</u>
Cash and cash equivalents at 1 January	<u>1,347</u>	<u>1,356</u>
Cash and cash equivalent at 31 December	<u>3,704</u>	<u>1,347</u>

	<u>2020</u>	<u>2019</u>
	£'000	£'000
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended 31 December	(730)	4,362
Adjustments for:		
Depreciation charges	97	25
Dividends, interest and rent from investments+B25+B25	(919)	(1,099)
Decrease/(increase) in debtors	52	(364)
(Decrease)/Increase in creditors	(413)	695
Pension deficit provision movement	(483)	(2,482)
Movement in investments and fixed assets	(300)	(2,660)
Net cash provided by / (used in) operating activities	(2,696)	(1,523)

Analysis of cash and cash equivalents		
Cash in hand	<u>3,704</u>	<u>1,347</u>

Analysis of changes in net debt

	at 1 Jan 2020	Cashflows	Other changes	at 31 Dec 2020
	£,000	£,000	£,000	£,000
Cash and cash equivalents				
Cash and deposit accounts	1,347	2,357	-	3,704
	1,347	2,357	-	3,704
Borrowings				
Debt due within one year	-	-	(125)	(125)
Debt due after one year	(212)	-	(2,375)	(2,587)
	(212)	0	(2,500)	(2,712)
Total	<u>1,135</u>	<u>2,357</u>	<u>(2,500)</u>	<u>992</u>

The notes on pages 38 to 55 form an integral part of the financial statements.

Note 1 Accounting Policies and Notes to the Financial Statements for the year ending 31 December 2020

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 2020. 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 2020. 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 the functional currency of the board and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Restatement of prior year comparatives: there has been further analysis of 2019 expenditure in notes 8 and 9 to provide a more detailed understanding of where money has been spent in 2019 and how this compares to 2020. Details are in Appendix 2.

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

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
- Parochial fees are recognised as income of the year to which they relate
- Donations other than grants are recognised when receivable
- Realised gains and losses on disposals of clergy properties and Glebe are included in the net gains and losses on properties, investments and Glebe
- 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 can be measured reliably
 - The probability 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
 - 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.
- 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 pages 56-57 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
- 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.

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 page 59.

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 the amount recognised in the financial statements:

Fair value of investment properties

Investment properties are included at fair market value.

Strutt & Parker were commissioned in 2021 to provide an independent valuation of investment properties, they were able to value 93% of the portfolio. The previous valuation was concluded in 2017 and completed by the internal property manager of the Diocese with assistance from Savills. The basis for the Strutt & Parker valuation is defined below:

Accordingly, and as instructed, the Property is to be valued on the following basis:

Market Value on the basis of restricted information, of the freehold interest in the Property, in its existing condition, as at the valuation date and on the assumption of vacant possession and subject to any leasehold arrangements that we have been notified of.

Market Value – the RICS Valuation – Global Standards 2020, defines this as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The valuation specifically excludes any hope valuation.

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 based on 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 2020

	Unrestricted Funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated				
2. PARISH SHARE	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
Share for the year per the Budget	10,692	-	-	-	10,692	10,538
Less: provision for shortfall in contributions	(1,092)	-	-	-	(1,092)	(240)
	9,600	-	-	-	9,600	10,298
Plus: arrears for previous years	4	-	-	-	4	56
	<u>9,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,604</u>	<u>10,354</u>
Current year parish share receipts represent 89.8% of the total apportioned (2019 - 97.7%), or, when receipts for previous years are included, 89.8% of the total apportioned (2019 - 98.2%)						
3. THE NATIONAL CHURCH INSTITUTIONS	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
The Archbishops' Council						
Strategic Development funding	-	-	190	-	190	211
RME	-	-	294	-	294	265
Strategic Ministry Funding	42	-	-	-	42	-
The Church Commissioners						
Area Bishops' secretaries	92	-	-	-	92	69
Past Case Review (PCR)	23	-	-	-	23	-
Bishop's secretaries	50	-	-	-	50	47
	<u>207</u>	<u>-</u>	<u>484</u>	<u>-</u>	<u>691</u>	<u>592</u>
4. OTHER DONATIONS	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
All Churches Trust	127	-	-	-	127	109
Other donations and grants	36	-	267	-	303	265
	<u>163</u>	<u>-</u>	<u>267</u>	<u>-</u>	<u>430</u>	<u>374</u>
5. CHARITABLE ACTIVITIES	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
Statutory fees and chaplaincy income	-	-	596	-	596	741
Management Fees	79	-	8	-	87	30
	<u>79</u>	<u>-</u>	<u>604</u>	<u>-</u>	<u>683</u>	<u>771</u>
6. OTHER ACTIVITIES	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
Rental income from let clergy houses	275	-	-	-	275	299
Fee income from property projects	409	-	-	-	409	364
	<u>684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>684</u>	<u>663</u>
7. INVESTMENT INCOME	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
Dividends receivable	105	14	116	484	719	881
Interest receivable	7	2	4	-	13	8
Rents from investment properties	-	-	160	-	160	182
Rents from other properties	27	-	-	-	27	29
	<u>139</u>	<u>16</u>	<u>280</u>	<u>484</u>	<u>919</u>	<u>1,100</u>

SALISBURY DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Unrestricted		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
8 FUND RAISING COSTS						
Glebe agent's fees	-	-	63	-	63	46
Agents' fees on other let property	25	-	-	-	25	31
Other expenses on other let property	23	-	-	-	23	26
Fund Raising	50	-	-	-	50	66
	<u>98</u>	<u>-</u>	<u>63</u>	<u>-</u>	<u>161</u>	<u>169</u>
9 CHARITABLE ACTIVITIES						
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
Contributions to Archbishops' Council						
The Archbishops' Council						
Training for ministry	453	-	-	-	453	453
National Church responsibilities	341	-	-	-	341	360
Grants and provisions	38	-	-	-	38	38
Mission agency pension contributions	17	-	-	-	17	5
Retired clergy housing costs (CHARM)	163	-	-	-	163	155
Pooling of ordinand candidates' costs	65	-	-	-	65	86
	<u>1,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077</u>	<u>1,097</u>
Resourcing Ministry and Mission						
Direct ministry						
Stipends and national insurance	5,284	-	-	-	5,284	5,209
Parochial salaries	187	-	-	-	187	88
Pension contributions	1,800	-	-	-	1,800	1,769
Clergy Expenses	17	-	-	-	17	48
Clergy grants paid and removal costs	175	-	(3)	-	172	183
Clergy Housing costs	1,704	-	140	-	1,844	2,264
	<u>9,167</u>	<u>-</u>	<u>137</u>	<u>-</u>	<u>9,304</u>	<u>9,561</u>
Ministerial support and support for parishes						
Strategic Development Funding	-	-	191	-	191	210
RME	-	-	271	-	271	259
Ministry and Mission, Comms and Social Justice	620	160	8	-	788	991
Area Offices	157	-	-	-	157	145
Church Buildings	186	-	-	-	186	168
Trusts	19	-	-	-	19	21
Choral	-	-	1	-	1	1
Parish support, pastoral and governance (new team 2020)	265	-	-	-	265	-
Safeguarding	178	-	-	-	178	178
Legal fees : registrar; Bishop's secretary; core groups; PGS	199	-	-	-	199	178
	<u>1,624</u>	<u>160</u>	<u>471</u>	<u>-</u>	<u>2,255</u>	<u>2,151</u>
Work with Children and young people						
	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330</u>	<u>323</u>
Diocesan administration costs						
Investment in IT	144	-	-	-	144	32
Human resources, Health and safety	61	-	18	-	79	70
Share discount	80	-	-	-	80	81
Pastoral reorganisation (within parish support 2020)	-	-	-	-	-	34
Finance and central salaries, Church House costs and depreciation	584	-	-	-	584	633
	<u>869</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>887</u>	<u>850</u>
Diocesan Links Overseas						
Episcopal Church of South Sudan and Sudan	-	-	241	-	241	207
	<u>-</u>	<u>-</u>	<u>241</u>	<u>-</u>	<u>241</u>	<u>207</u>
Milton Abbey						
Insurance, repairs and other costs	-	-	29	-	29	80
	<u>-</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>29</u>	<u>80</u>
Governance Costs						
Audit fees	19	-	-	-	19	19
Diocesan Synod expenses	13	-	-	-	13	8
	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32</u>	<u>27</u>
	<u>13,099</u>	<u>160</u>	<u>896</u>	<u>-</u>	<u>14,155</u>	<u>14,296</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10 OTHER RESOURCES EXPENDED	Unrestricted		Restricted Endowment		Total	Total
	General	Designated	funds	funds	funds	funds
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
Expenses on property projects	208	-	-	-	208	170
	208	-	-	-	208	170

NET GAINS/LOSSES

11 INVESTMENTS/PROPERTY/GLEBE	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000	£,000
Realised Loss on sale of investments	-	-	-	(148)	(148)	-
Movement in value of investments	(315)	32	327	(766)	(722)	2,592
Realised Gain on sale of clergy property	-	-	45	-	45	69
Realised Gain on sale of Glebe	-	-	-	65	65	-
Movement in value of Glebe	-	-	-	1,060	1,060	-
	(315)	32	372	211	300	2,661

12. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS	Activities	Grant	Support costs	Total	Total
	undertaken	funding of			
	directly	activities			
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000
Raising funds	161	-	-	161	169
Contributions to national church institutions	-	1,077	-	1,077	1,097
Direct ministry	9,304	-	-	9,304	9,561
Ministerial support and support for parishes	1,963	292	-	2,255	2,151
Work with children and young people	-	330	-	330	323
Diocesan administration costs	303	-	584	887	850
Diocesan overseas links	-	238	3	241	207
Milton Abbey	29	-	-	29	80
Governance	-	-	32	32	27
Other resources expended	208	-	-	208	170
	11,968	1,937	619	14,524	14,635

ALLOCATION OF SUPPORT COSTS	Activities	Grant	Governance costs	Total	Total
	undertaken	funding of			
	directly	activities			
	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	£,000	£,000	£,000	£,000	£,000
Staff Costs & Office	487	-	-	487	607
Governance	-	-	32	32	27
Depreciation	97	-	-	97	26
Diocesan overseas links	-	-	3	3	-
	584	-	35	619	660

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. ANALYSIS OF GRANTS PAYABLE	<u>2020</u>	<u>2019</u>
	£,000	£,000
To Institutions		
National Church Responsibilities		
The Archbishops Council	1,077	1,097
Salisbury Diocesan Board of Education	330	323
	<u>1,407</u>	<u>1,420</u>
Diocesan Links Overseas		
Sudanese dioceses / schools / colleges/clergy and laity	238	153
	<u>238</u>	<u>153</u>
Within the Diocese:		
PCCs	27	2
Other mission bodies	8	60
County ecumenical bodies	6	6
	<u>41</u>	<u>68</u>
To Individuals		
Individual training for ministry	118	176
Hardship	34	-
Clergy taking up appointments	99	103
	<u>251</u>	<u>279</u>
Totals for all grants	<u>1,937</u>	<u>1,920</u>

14. STAFF AND STIPENDIARY COSTS	<u>2020</u>	<u>2019</u>
	£,000	£,000
Gross Salaries	1,600	1,480
Social security costs	152	137
Pension costs	293	274
	<u>2,045</u>	<u>1,891</u>
Split of staff costs		
Rural Hope and fully reimbursed under Strategic Development Funding	144	134
Part of clergy deployment or recharged to parishes	144	88
SDBF BC Ltd	142	110
Remaining DBF staff	1,615	1,559
	<u>2,045</u>	<u>1,891</u>

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

	<u>2020</u>	<u>2019</u>
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

Pension payments of £23,603 (2019 £22,658) were made for these employees.

	£,000	£,000
Redundancy payments made in the year were as follows :-	116	-

	<u>2020</u>	<u>2019</u>
The average numbers of employees, based on full time equivalents, were as follows:	<u>46</u>	<u>48</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. STAFF AND STIPENDIARY 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 2020 they were

Diocesan Secretary	David Pain	
Director of Finance and Asset Management	Elizabeth Ashmead	
Diocesan Surveyor	Shawn Donneky	
Director LDMT	Jane Charman	Left in 2020
Director Mission and Ministry	Jonathan Triffitt	Started in 2020

Remuneration, pensions and expenses for these employees amounted to £314,829 (2019 £329,534).

TRUSTEES REMUNERATION AND EXPENSES

No trustee has received from the Board any remuneration for services as a trustee. Expenses paid to trustees in pursuance of their duties were £643 in 2020: (2019 £3,544).

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 Dr A Rumsey	No	Yes
The Ven A P Jeans	Yes	Yes
The Ven P Sayer	Yes	Yes
The Ven S Groom	Yes	Yes
The Ven A C MacRow-Wood	Yes	Yes
Canon J Triffitt	Yes	Yes
The Rev L Cook	Yes	Yes
Canon D Baldwin	Yes	Yes
Canon A Perry	Yes	Yes
Canon P Richardson	Yes	Yes

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 Diocesan Bishop and Cathedral staff.

The Board paid an average of 181 (2019 - 179) stipendiary clergy as office-holders, and the costs were as follows:

Total stipends costs	<u>2020</u>	<u>2019</u>
	£,000	£,000
Stipends	4,898	4,830
National Insurance contributions	393	390
Apprenticeship levy	22	22
	<u>5,313</u>	<u>5,242</u>
Split of stipendiary costs		
Rural Hope and fully reimbursed	29	33
Direct cost of clergy	5,284	5,209
Total	<u>5,313</u>	<u>5,242</u>

The annual rate of stipend, funded by the Board, paid to Archdeacons in 2020 was in the range £36,070- £37,230 (2019 range £35,360,- £37,230). Other clergy who were Trustees were paid in the range £26,970-£27,000 (2019 range £26,440 – £26,970). Housing allowance for 2020 was £8,154 (2019 £7,995).

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. CONNECTED CHARITIES

The trustees consider that Salisbury Diocesan Board of Education Ltd (SDBEL) is a connected charity. The work of education in the Diocese is undertaken by the Board through the Board of Education as a department. SDBEL employs no staff of its own, though its trading subsidiary, SALED Ltd, does. SDBEL makes grants to, and receives grants from, the Board for education work in the Diocese.

Transactions with SDBEL and SALED Ltd	<u>2020</u>	<u>2019</u>
Charged by SDBF:	£,000	£,000
to SDBEL for services in accordance with the Board's charitable objectives	-	14
to SALED Ltd for office services	<u>4</u>	<u>1</u>
	<u>4</u>	<u>15</u>
Grants made by SDBF to SDBEL	330	324
Inter-company debtor/(creditor) balances at 31 December		
SDBEL	4	5

16. TANGIBLE ASSETS

	---- Unrestricted ---- Property	Equipment	- Restricted - Assistant staff houses and other property	--- Endowment --- Team Vicarages	Benefice Houses	Totals
Cost or Valuation	£,000	£,000	£,000	£,000	£,000	£,000
At 1 January 2020 (note i below)	1,815	629	20,784	15,224	56,339	94,791
Additions	-	222	-	-	-	222
Disposals	-	-	(834)	-	-	(834)
At 31 December 2020	<u>1,815</u>	<u>851</u>	<u>19,950</u>	<u>15,224</u>	<u>56,339</u>	<u>94,179</u>
<u>Accumulated depreciation</u>						
At 1 January 2020	-	527	-	-	-	527
Charge for the year	-	97	-	-	-	97
At 31 December 2020	<u>-</u>	<u>624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624</u>
<u>Net Book Value</u>						
At 31 December 2020	<u>1,815</u>	<u>227</u>	<u>19,950</u>	<u>15,224</u>	<u>56,339</u>	<u>93,555</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>

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 (2019: £355,000)

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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>2020</u>	<u>2019</u>
a. Unlisted Investments	£,000	£,000
Market value at 1 January	20,491	19,099
Additions at cost	10	-
Disposals at carrying value	(1,072)	(1,200)
Net investment gains / losses	(720)	2,591
Market value at 31 December	<u>18,709</u>	<u>20,490</u>
b. Investment Properties		
Carrying value at 1 January	11,321	11,847
Transfer to functional properties	-	(525)
Revaluation at 31 December	1,060	-
Carrying value at 31 December	<u>12,381</u>	<u>11,322</u>
Total Investment Fixed Assets at 31 December	<u><u>31,090</u></u>	<u><u>31,812</u></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 (2019 - 505,075)	10,328	9,659
1,792,094 Property Fund shares (2019 - 1,792,094)	2,283	2,403
440,284 M&G Charifund units (2019-440284)	6,043	7,312
Grove Wealth Management Unit Trust		
Zero International Corporate Bond units (2019 - 368501)	-	352
Zero Corporate Bond units (2019 - 657,318)	-	719
Clergy Mutual Credit Union Deferred Shares	5	5
Community Solar projects	40	40
Schools Energy Cooperative	10	-
	<u>18,709</u>	<u>20,490</u>
Investment Lands and buildings known as Glebe comprise:-	12,381	11,322
Total investments	<u><u>31,090</u></u>	<u><u>31,812</u></u>

Investment Lands and buildings known as Glebe has been valued in 2021 by Strutt & Parker.

The basis for the Strutt & Parker valuation is defined below:

Accordingly, and as instructed, the Property is to be valued on the following basis:

Market Value on the basis of restricted information, of the freehold interest in the Property, in its existing condition, as at the valuation date and on the assumption of vacant possession and subject to any leasehold arrangements that we have been notified of. No hope value is included in the valuation.

Strutt & Parker have valued 93% of the portfolio and are qualified to undertake this work and have good experience of the location and class of property being valued.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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. DEBTORS

	<u>2020</u>		<u>2019</u>	
	£,000		£,000	
	Group	Parent	Group	Parent
Loans to parishes	190	190	135	135
Parish Share	110	110	195	195
Accrued income	270	163	339	320
Sundry debtors	657	721	610	582
Totals	1,227	1,184	1,279	1,232

Included in debtors are £190k loans to parishes due in more than one year (2019: £135k)

21. CASH AND DEPOSIT ACCOUNTS

	<u>2020</u>		<u>2019</u>	
	£,000		£,000	
	Group	Parent	Group	Parent
Cash at bank and in hand	3,704	3,531	1,347	1,207
Totals	3,704	3,531	1,347	1,207

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2020</u>		<u>2019</u>	
	£,000		£,000	
	Group	Parent	Group	Parent
HM Revenue & Customs	25	5	22	4
Accruals	91	67	60	56
Other creditors	489	487	936	931
Coronavirus Business Interruption Loan	125	125	-	-
Totals	730	684	1,018	991

23. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	<u>2020</u>		<u>2019</u>	
	£,000		£,000	
	Group	Parent	Group	Parent
a. Clergy pension deficit	682	682	1,165	1,165

	<u>2020</u>		<u>2019</u>	
	£'000		£'000	
	Group	Parent	Group	Parent
b. Loans				
Talbot Village Trust	92	92	92	92
Church Commissioners	120	120	120	120
Coronavirus Business Interruption Loan	2,375	2,375	-	-
Total loans	2,587	2,587	212	212

Loans from the Talbot Village Trust and the Church Commissioners are value linked loans on 2 properties and are due to be repaid on sale of the properties.

The Coronavirus interruption loan was taken out in Autumn 2020. A 1 year capital and interest repayment holiday was granted and the loan is due to be repaid in monthly instalments of £46k starting in October 2021. Completion of repayment is in 2026. There is no penalty for early repayment.

24. FINANCIAL COMMITMENTS

There were no commitments approved by the Board but not paid during the year.

25. FINANCIAL INSTRUMENTS

	Group	Parent	Group	Parent
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	£'000	£'000	£'000	£'000
Cash	3,704	3,531	1,347	1,207
Financial assets held at fair value	31,179	31,179	31,901	31,901
Financial assets held at amortised cost	1,028	985	1,042	995
Financial liabilities held at amortised cost	(3,762)	(3,737)	(2,156)	(2,147)
Financial liabilities held at fair value	(212)	(212)	(212)	(212)
Net financial assets	31,937	31,746	31,922	31,744

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.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

26. FUND MOVEMENTS IN THE YEAR (pages 55 -57 for description)

	As at 1 January 2020	Income 2020	Expenditure 2020	Transfers 2020	Pension Movement 2020	Gains & Losses 2020	As at 31 December 2020
	£,000	£,000	£,000	£,000	£,000	£,000	£'000
Unrestricted funds							
General	4,868	10,876	(13,405)	1,139	-	(315)	3,163
Designated funds							
Clergy Conference	45	-	-	33	-	-	78
Aldhelm Mission	239	8	(8)	-	-	16	255
Ordinands Support	-	-	(118)	118	-	-	-
Crompton	184	8	(34)	(12)	-	16	162
Pastoral & Development Designated	-	-	-	-	-	-	-
Totals for designated funds	468	16	(160)	139	-	32	495
Totals for unrestricted funds	5,336	10,892	(13,565)	1,278	-	(283)	3,658
Restricted funds							
Pastoral & Development [DPA]	24,855	67	(158)	(221)	-	254	24,797
Diocesan Stipends Income Account	-	764	(64)	(700)	-	-	-
The Sudan Funds:							
Sudan General/Relief & Development	66	176	(120)	-	-	-	122
Sudan Medical Link	67	32	(72)	-	-	-	27
Sudan Juba	32	40	(48)	-	-	-	24
Milton Abbey	(109)	15	(30)	124	-	-	-
Latvia	(3)	-	-	-	-	-	(3)
Diocesan Choral	14	-	(1)	-	-	-	13
RME	12	294	(271)	-	-	-	35
IME Pilgrimage	6	-	-	-	-	-	6
Strategic Development Funding	1	191	(191)	-	-	-	1
Bishops' Office Equipment	-	-	-	-	-	-	-
Restricted ministry in parishes	1,942	52	3	-	-	118	2,115
Music	-	4	(7)	3	-	-	-
Totals for restricted funds	26,883	1,635	(959)	(794)	-	372	27,137
Expendable endowment							
Diocesan Stipends Capital Account	34,956	388	-	(388)	483	(10)	35,429
Benefice Houses	56,019	-	-	-	-	-	56,019
	90,975	388	-	(388)	483	(10)	91,448
Permanent endowment							
Endowments for ministry in parishes	3,202	96	-	(96)	-	221	3,423
Endowments for support of ministry in parishes	-	-	-	-	-	-	-
Endowments for general purposes	-	-	-	-	-	-	-
	3,202	96	-	(96)	-	221	3,423
Total endowment funds	94,177	484	-	(484)	483	211	94,871
Grand totals for all funds	126,396	13,011	(14,524)	-	483	300	125,666

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

27. SUMMARY OF ASSETS BY FUND

	Fixed assets		Current Assets excl cash	Cash	Creditors		Net assets	
	Tangible	Investments			Current	Current		Long term
	2020	2020			2020	2020		2020
	£,000	£'000	£'000	£'000	£'000	£'000	£'000	
Unrestricted funds								
General	2,041	2,324	669	1,034	(410)	(2,495)	3,163	
Designated funds								
Clergy Conference	-	-	-	78	-	-	78	
Aldhelm Mission	-	255	-	-	-	-	255	
Ordinands Support	-	-	-	-	-	-	-	
Crompton	-	255	-	(93)	-	-	162	
Totals for designated funds	-	510	-	(15)	-	-	495	
Totals for unrestricted funds	2,041	2,834	669	1,019	(410)	(2,495)	3,658	
Restricted funds								
Pastoral & Development [DPA]	19,952	3,362	361	1,213	-	(92)	24,796	
Diocesan Stipends Fund Income Account	-	-	-	-	-	-	-	
The Sudan Funds	-	-	-	-	-	-	-	
Sudan General/Relief & Development	-	-	-	122	-	-	122	
Sudan Medical Link	-	-	-	27	-	-	27	
Sudan Juba	-	-	-	24	-	-	24	
Milton Abbey	-	-	-	-	-	-	-	
Latvia	-	-	-	(3)	-	-	(3)	
Diocesan Choral	-	4	-	9	-	-	13	
RME	-	-	-	35	-	-	35	
IME Pilgrimage	-	-	-	6	-	-	6	
Strategic Development Funding	-	-	44	(43)	-	-	1	
Bishops' Office Equipment	-	-	3	(3)	-	-	-	
Restricted ministry in parishes	-	1,924	-	192	-	-	2,116	
Music	-	-	-	-	-	-	-	
Totals for restricted funds	19,952	5,290	408	1,579	-	(92)	27,137	
Expendable endowment								
Diocesan Stipends Capital Account	15,224	19,628	150	1,109	-	(682)	35,429	
Benefice Houses	56,338	-	-	1	(320)	-	56,019	
	71,562	19,628	150	1,110	(320)	(682)	91,448	
Permanent endowment								
Endowments for ministry in parishes	-	3,427	-	(4)	-	-	3,423	
Total endowment funds	71,562	23,055	150	1,106	(320)	(682)	94,871	
Grand totals for all funds	93,555	31,179	1,227	3,704	(730)	(3,269)	125,666	

SALISBURY DIOCESAN BOARD OF FINANCE

Note 28.a PRIOR STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2019

28a..	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>
	£,000	£,000	£,000	£,000	£,000	£,000
Income and Endowments from						
Donations:						
Parish Share	10,354	-	-	-	10,354	9,916
Archbishops' Council & Church Commissioners	116	-	476	-	592	299
Other donations	136	-	238	-	374	662
Charitable activities	29	-	742	-	771	812
Other activities	663	-	-	-	663	590
Investments	223	16	861	-	1,100	1,120
Other incoming resources						126
Total	11,521	16	2,317	-	13,854	13,525
Expenditure on						
Raising Funds	123	-	46	-	169	121
Charitable activities	13,033	227	1,036	-	14,296	14,282
Other	170	-	-	-	170	162
Total	13,326	227	1,082	-	14,635	14,565
Net income/(expenditure) before investment gains	(1,805)	(211)	1,235	-	(781)	(1,040)
Net gains/(losses) on investments/property/Glebe	323	75	995	1,268	2,661	(1,208)
Net income/(expenditure)	(1,482)	(136)	2,230	1,268	1,880	(2,248)
Gross transfers between funds	1,305	175	573	(2,053)	-	-
Other recognised gains / (losses)						
Pension Movement	-	-	-	2,482	2,482	586
Net movement in funds	(177)	39	2,803	1,697	4,362	(1,662)
Total funds brought forward	5,045	429	24,080	92,480	122,034	123,696
Total funds carried forward	4,868	468	26,883	94,177	126,396	122,034

SALISBURY DIOCESAN BOARD OF FINANCE

Note 28.b Prior year Fund Movements

28.b. FUND MOVEMENTS FOR THE PRIOR YEAR

	As at 1 January 2019	Income 2019	Expenditure 2019	Transfers 2019	Gains & Losses 2019	As at 31 December 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
General Fund	5,045	11,521	(13,326)	1,305	323	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
Pastoral & Development Designated Fund	-	-	-	-	-	-
Totals for designated funds	429	16	(227)	175	75	468
Totals for unrestricted funds	5,474	11,537	(13,553)	1,480	398	5,336
Restricted funds						
Pastoral & Development Fund [DPA]	22,283	77	(281)	2,053	723	24,855
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	-	-	-	107	685
Totals for restricted funds	24,080	2,317	(1,082)	573	995	26,883
Expendable endowment						
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						
Endowments for ministry in parishes	2,264	-	-	-	424	2,688
Endowments for support of ministry in parishes	97	-	-	-	18	115
Endowments for general purposes	336	-	-	-	63	399
	2,697	-	-	-	505	3,202
Total endowment funds	92,480	-	-	(2,053)	3,750	94,177
Grand totals for all funds	122,034	13,854	(14,635)	-	5,143	126,396

SALISBURY DIOCESAN BOARD OF FINANCE

NOTE 28.c. Prior year Summary of Assets by Fund

28.c. PRIOR YEAR SUMMARY OF ASSETS BY FUND

	Fixed assets		Current	Creditors	Net assets
	Tangible	Investments	Assets		
	2019	2019	2019		
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds					
General Fund	1,917	2,630	1,139	(818)	4,868
Designated funds					
Clergy Conference Fund	-	-	47	-	47
Aldhelm Mission Fund	-	238	-	-	238
Ordinands Support Fund	-	-	-	-	-
Crompton Fund	-	239	(56)	-	183
Totals for designated funds	-	477	(9)	-	468
Totals for unrestricted funds	1,917	3,107	1,130	(818)	5,336
Restricted funds					
Pastoral & Development Fund [DPA]	20,786	3,153	1,008	(92)	24,855
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	-	685	-	-	685
Totals for restricted funds	20,786	4,961	1,228	(92)	26,883
Expendable endowment					
Diocesan Stipends Fund Capital Account	15,224	20,627	271	(1,165)	34,957
Benefice Houses	56,337	-	1	(320)	56,018
	71,561	20,627	272	(1,485)	90,975
Permanent endowment					
Endowments for ministry in parishes	-	2,692	(4)	-	2,688
Endowments for support of ministry in parishes	-	112	1	-	113
Endowments for general purposes	-	400	-	-	400
Total for permanent endowment	-	3,204	(2)	-	3,202
Total endowment funds	71,561	23,831	270	(1,485)	94,177
Grand totals for all funds	94,264	31,899	2,628	(2,395)	126,396

Analysis of Funds

UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which are available for application for the general purposes of the Board 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 (£33,000 in 2020) 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 £118k for transfer to the Fund was provided for in 2020.

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 2020, as the PDF is deemed to have sufficient assets as a result of the capital review.

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 been 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 four 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 project.
- **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 Juba Fund** looks after Juba School channelling money into support of the school

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.

ENDOWMENT FUNDS

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

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.

PERMANENT ENDOWMENTS

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

ANALYSIS OF TRANSFERS BETWEEN FUNDS

Transfers 2020	Unrestricted				Total £,000
	General £,000	Designated £,000	Restricted £,000	Endowment £,000	
Ordinands	(118)	118			-
Milton Abbey	(124)		124		-
Music	(3)		3		-
DPA	221		(221)		-
Crompton	12	(12)			-
Clergy Conference	(33)	33			-
Stipend Income	700		(700)		-
Stipend Capital	388			(388)	-
Endowment for parish ministry	96			(96)	-
Total	1,139	139	(794)	(484)	-

Pensions

Lay Staff

Salisbury DBF participates in 2 schemes for its employees : the Church Workers pension Fund (CWPF) and the Pension Builder Classic.

Church Workers Pension Fund (CWPF)

Salisbury DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

The Defined Benefits Scheme (“DBS”) section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme

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

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 29.8% of pensionable salary. This contribution has not gone up as the Salisbury section of the scheme is in credit.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2020	2019
Balance sheet liability at 1 January	0	0
Deficit contribution paid	0	0
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	0	0
Balance sheet liability at 31 December	0	0

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

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

	December 2020	December 2019	December 2018
Discount rate	0.00%	0.00%	0.00%

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.

Salisbury DBF also participates in the Pension builder scheme – Pension Builder Classic

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.

There is no sub-division of assets between employers in this 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.

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.

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 as at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

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

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

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

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

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

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 2019 and over 2020 is set out in the table below.

	2020	2019
Balance sheet liability at 1 January	1,165,000	3,647,000
Deficit contribution paid	-548,000	-537,000
Interest cost (recognised in SoFA)	10,000	71,000
Remaining change to the balance sheet liability* (recognised in SoFA)	55,000	-2,016,000
Balance sheet liability at 31 December	682,000	1,165,000

* 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:

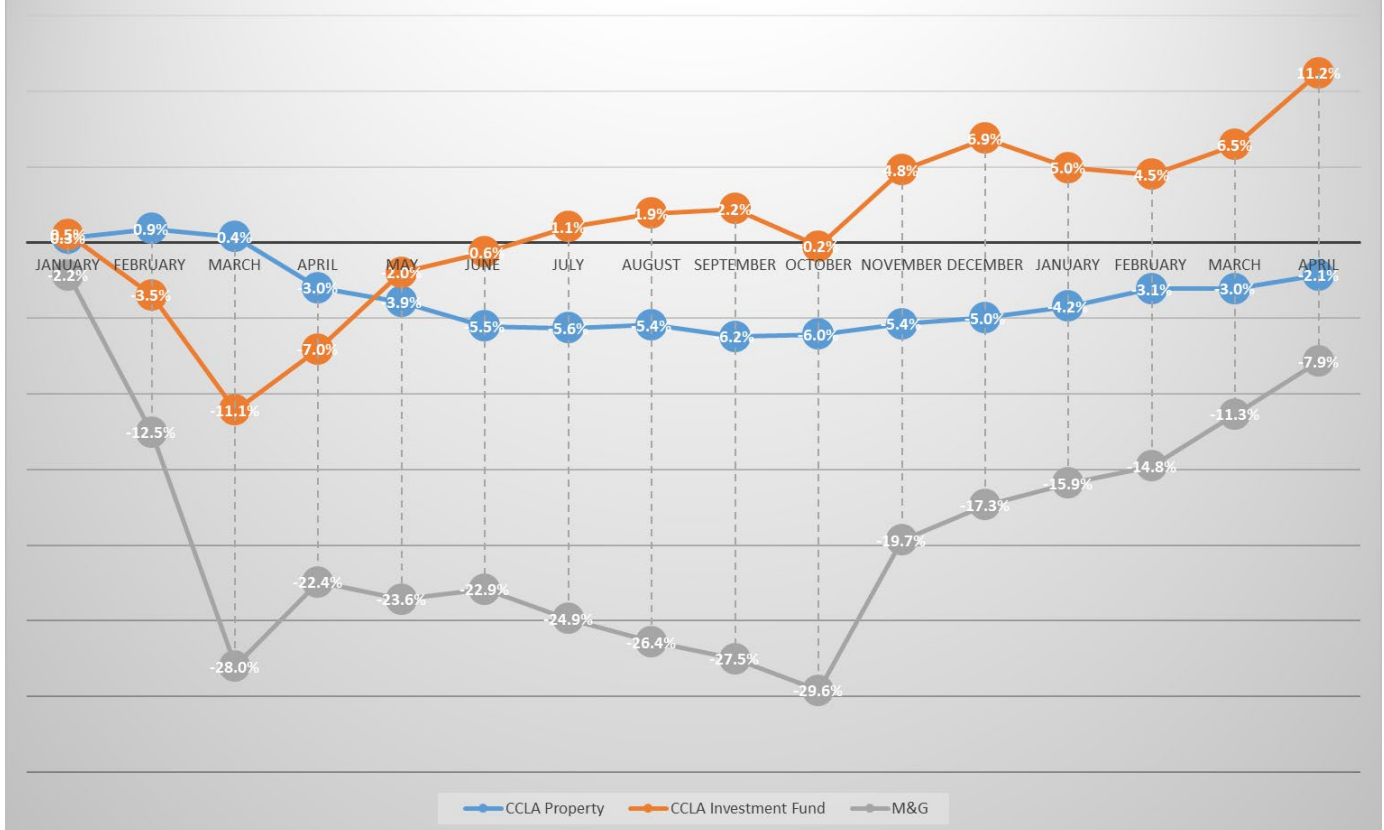
	December 2020	December 2019	December 2018
Discount rate	0.2%	1.1% pa	2.1% pa
Price inflation	3.1%	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3% pa	1.6% pa

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.

Post Balance Sheet Events and Contingent Liabilities

The effects of Covid 19 in 2021 still remains a significant post balance sheet event. There is still serious risk of diminution of income in 2021. Measures have been taken to ensure liquidity described above under Going Concern. There is however no indication so far in 2021 of significant impact on balance sheet worth at 31 December 2020. Investments have continued an upward trajectory since the end of 2020 as seen in the below graph.

Investment movement from beginning of Jan 2020 to April 2021



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 £30m. (2019: £27m).

Appendix 1 : Detail Pie Charts and Reconciliation to SOFA

INCOME	Pie chart £,000	Sofa heading	Note heading	Note	SOFA £,000
Fairer share from parishes	9,604	Donations	Fairer share from parishes	2	9,604
Parochial fees, National Church, Donations and Grants					
National Church	691	Donations	Archbishops Council and Church Commission	3	691
Donations and grants	430	Donations	Other donations	4	430
Parochial fees; third party stipend contributions and management fee	683	Charitable activities Income	Parochial fees; third party stipend contributi	5	683
	1,804				1,804
Proeprty rental income & fee income from SDBF BC Ltd	684	Other activities	Rental income and SDBF	6	684
Investment income	919	Investments	Investment income	7	919
	13,011				13,011
EXPENDITURE					
	£,000				£,000
Direct Ministry					
Clergy stipends, National Insurance, Apprenticeship levy	5,428	Charitable activities expenditure	Direct ministry	9	9,304
Clergy pensions	1,800	Fund raising costs	Fundraising property costs	8	111
Clergy redundancy	44				
Expenses and grants paid	189				
Clergy stipends, pensions and expenses	7,461				
Maintenance of 235 houses	760				
Council tax and water rates	726				
Clergy property support team	193				
Rents payable and expenses of renting	179				
Legal and professional fees; insurance	97				
Clergy property cost	1,955				
Total Direct Ministry	9,415				9,415
Ministerial support and support for parishes					
Ministry support team - clergy training and support, vocations, lay training and support, curate support	629	Charitable activities expenditure	Ministerial support and support for parishes	9	2,255
Ordinands' college costs	271	Fund raising costs	Fundraising	8	50
Parish support , Governance, Pastoral & Patronage	265	Charitable activities expenditure	Milton Abbey	9	29
Rural Hope programme	191	Charitable activities expenditure	Vote 1 and pooling	9	518
Church Buildings (DAC)	186				
Safeguarding	178				
Registrar and Chancellor	199				
Area offices (Ramsbury, Sherborne)	157				
Communications team and support	99				
Social Justice, discipleship and mission outreach	60				
Fundraising	50				
Milton Abbey	29				
Supporting parish trusts	19				
Choral	1				
Diocesan ministerial support and support for parishes	2,334				
National Church - Training for Ministry Vote 1 and Pooling	518				
Total Ministerial support and support for parishes	2,852				2,852
Diocesan Administration costs					
Finance and central salaries	311	Charitable activities expenditure	Diocesan administration	9	887
Investment in IT	144	Charitable activities expenditure	Governance	9	32
Depreciation	97				
Share discount	80				
Central costs printing, telephone, and utilities	51				
Human resources and H&S	78				
Legal and professional	40				
Church House repairs and cleaning	26				
Staff mentoring and training	31				
Audit	19				
Central insurance	18				
Other	17				
Interest paid	6				
Total Diocesan Administration	919				919
National Church other costs (votes 2-5)	559	Charitable activities expenditure	Contributions to Archbishops' Council	9	559
Work with children and young people	330	Charitable activities expenditure	Work with children and young people	9	330
Overseas mission (Sudans)	241	Charitable activities expenditure	Diocesan links overseas	9	241
SDBF BC Ltd expenses	208	Charitable activities expenditure	SDBF BC Ltd	10	208
Total Expenditure	14,524	Total Expenditure			14,524

Appendix 2 : Changes to 2019 reclassification and notes

While there are no changes to the overall figures for 2019 there has been some reclassification of income and expenditure and some changes to notes following revised guidance from the auditors.

In summary these changes are :-

Statement of Financial Activities

Donations	£,000	
Parish Share	81	Share discount moved to expenditure
Archbishops' Council	47	Receipts towards Bishop's legal secretary moved to income - previously netted off v expenditure
Charitable activities	11	Recharges of costs moved to income and not netted off
Other incoming resources	-68	Realised profits on sale of properties moved to net gains/ losses investments- note 11
Increase in donations	71	

Balanced by increase in Expenditure and Increase to Net Gains

	£,000	
Charitable activities	81	Share discount shown separately
Charitable activities	47	Legal fees increased as no netting off income
Charitable activities	11	Property costs increased as no netting off income
Total charitable activities	139	

	£,000	
Added to net gains on investments	68	Removed from other incoming resources

Summary of changes made	£,000	
Increase to income	71	
Increase to expenditure	-139	
Profit on properties added to net gains	68	
Overall changes to movement in funds	0	

Note 14 Staff costs – the latest guidance is not to include social security costs in the banding of salaries. This was included before being the total cost to the DBF of the employee (excluding pension contributions).

The effect of this is to reduce the number of staff in the bandings. Further information has been provided to encompass the entire payroll of the Diocese split into its constituent parts.