

# Handout to accompany PowerPoint Presentation:

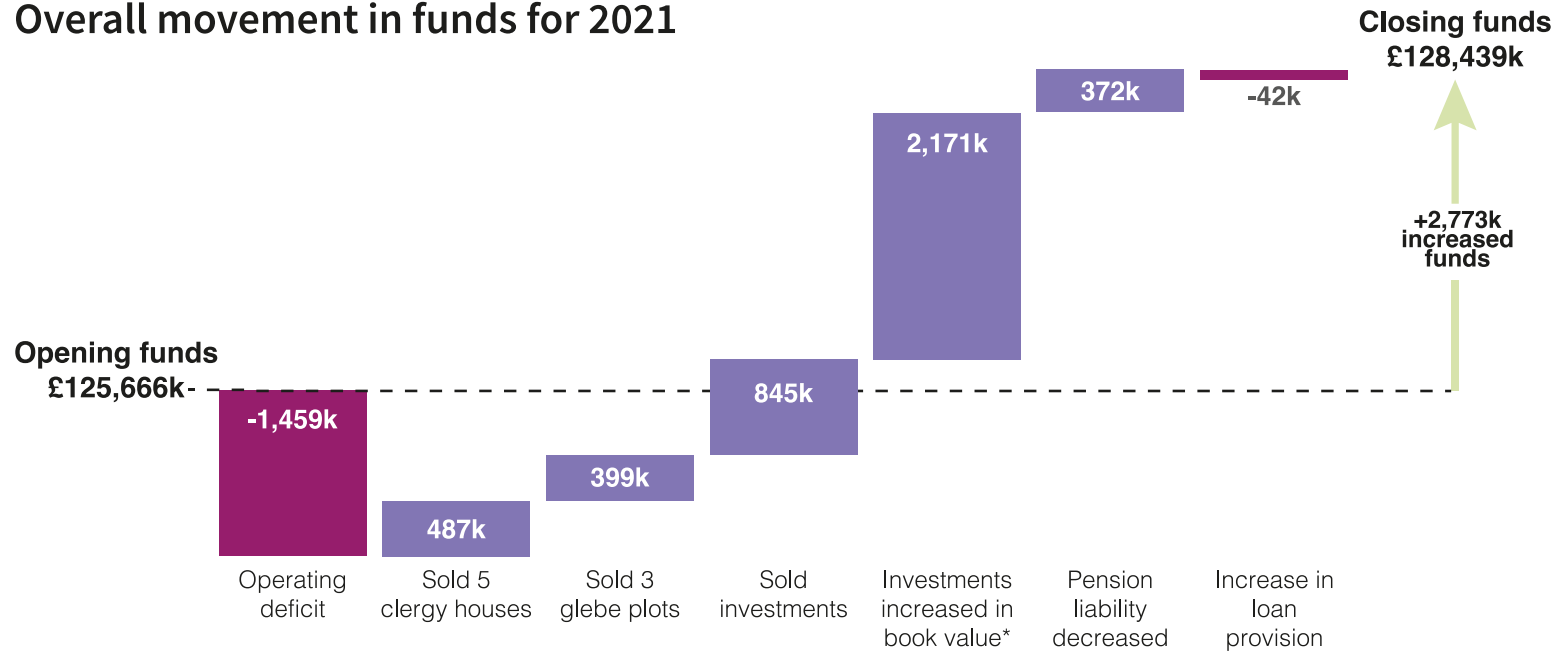
## Diocesan Synod June 2022

# Summary Income and Expenditure- year ended 31 December 2021

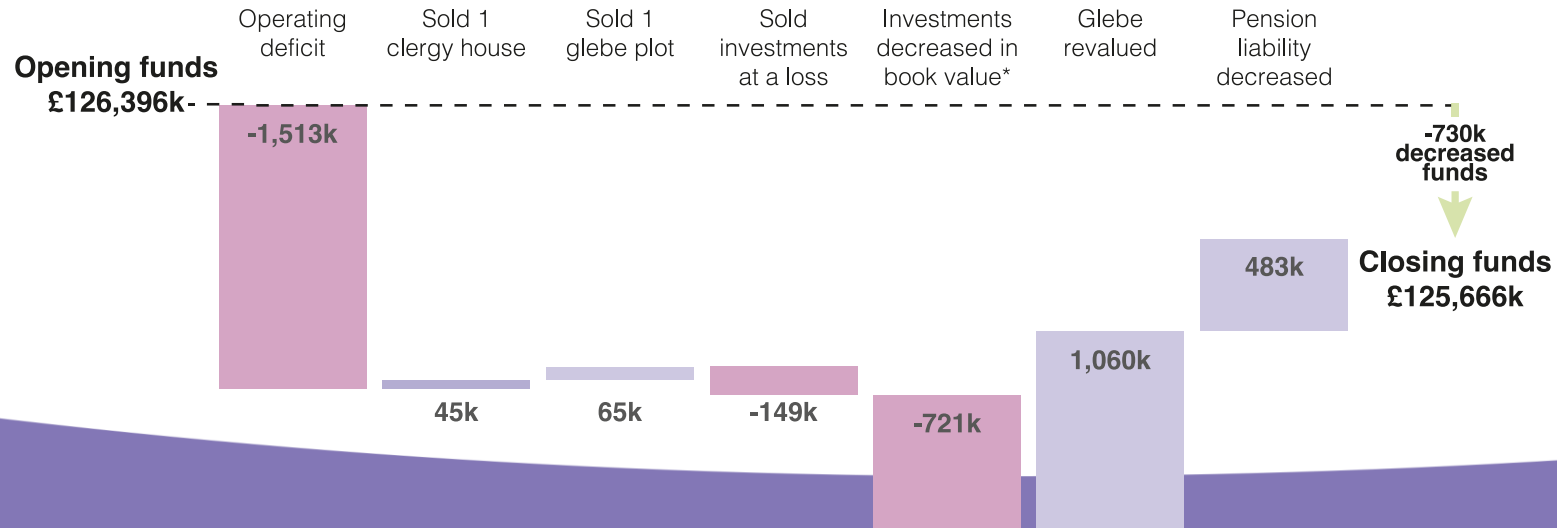
## Summary results for year ended 31 December 2021

|  | 2021            | 2020            |
|--|-----------------|-----------------|
|  | £,000           | £,000           |
| Income   | 13,303          | 13,011          |
| Expenditure                                      | <b>(14,762)</b> | <b>(14,524)</b> |
| Operating deficit                                | <b>(1,459)</b>  | <b>(1,513)</b>  |
| Net gains/(losses) on investments/property/Glebe | 3,902           | 300             |
| Increase in value linked loan creditor           | <b>(42)</b>     | -               |
| Reduction in pension deficit liability           | 372             | 483             |
| <b>Increase/(decrease) in funds</b>              | <b>2,773</b>    | <b>(730)</b>    |

## Overall movement in funds for 2021



## Prior year movements 2020



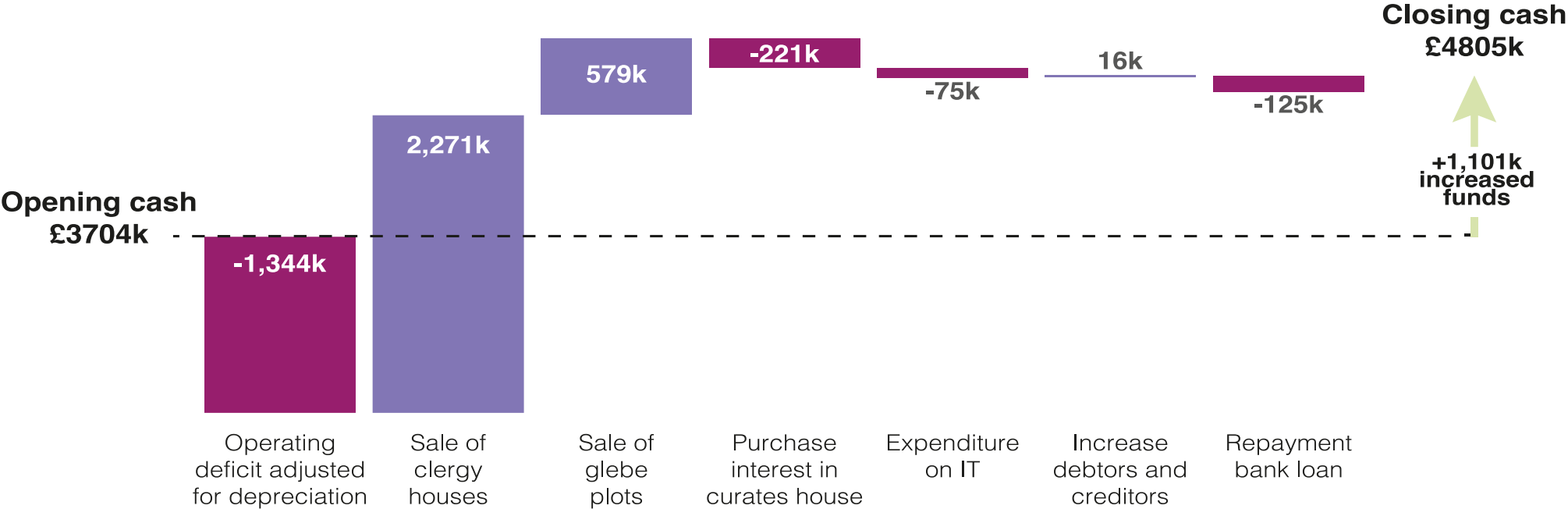
# Balance Sheet 31<sup>st</sup> December 2021

| Balance Sheet                                  | 31.12.2021     |             | 31.12.2020     |             | Variance     |
|--|----------------|-------------|----------------|-------------|--------------|
|  | £,000          | %           | £,000          | %           | £,000        |
| Tangible assets predominantly Clergy Houses    | 91,952         | 72%         | 93,555         | 74%         | (1,603)      |
| Investments                                    | 34,015         | 26%         | 31,179         | 25%         | 2,836        |
| Current assets excluding cash                  | 993            | 1%          | 1,227          | 1%          | (234)        |
| Cash at bank and in hand                       | 4,805          | 4%          | 3,704          | 3%          | 1,101        |
| Creditors: amounts falling due within one year | (887)          | -1%         | (730)          | -1%         | (157)        |
| Creditors: amounts falling due after one year  | (2,439)        | -2%         | (3,269)        | -2%         | 830          |
| <b>Net funds</b>                               | <b>128,439</b> | <b>100%</b> | <b>125,666</b> | <b>100%</b> | <b>2,773</b> |
| <b>Represented by</b>                          |                |             |                |             |              |
| General Fund                                   | 4,003          | 3%          | 3,163          | 3%          | 840          |
| Designated Funds                               | 18,974         | 15%         | 495            | 0%          | 18,479       |
| Restricted Funds                               | 7,713          | 6%          | 27,137         | 22%         | (19,424)     |
| Endowment Funds                                | 97,749         | 76%         | 94,871         | 75%         | 2,878        |
| <b>Total Funds</b>                             | <b>128,439</b> | <b>100%</b> | <b>125,666</b> | <b>100%</b> | <b>2,773</b> |

# Liquidity and Balance Sheet 31 December 2021

- Balance Sheet **STRONG** £128m – this does give us options
- 72% £92m tied up in Clergy Property
- Of investments £34m- 26% £12m is Glebe and although we have a disposal strategy for part of this it is not a very liquid asset
- Therefore cash if needed can only come from
  - Sale of surplus clergy houses (not many)
  - Sale of investments (not advisable at present and reliant on investment income)
  - Sale of Glebe lands (some development potential and some sales prospects 2023-2024)

## Cashflow



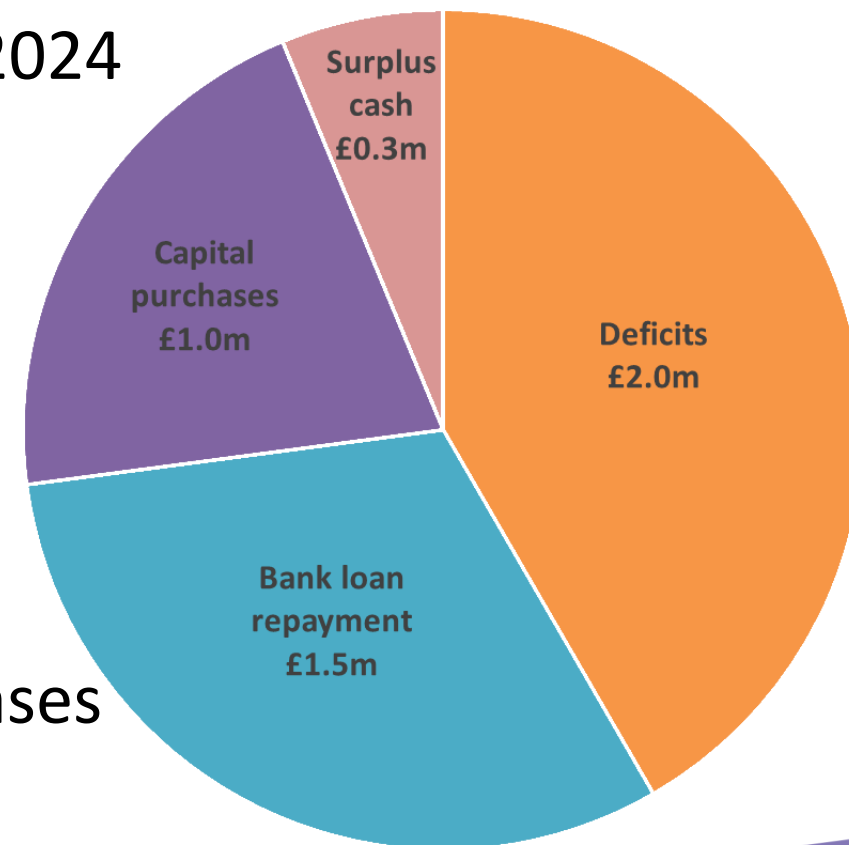
# Basic Cashflow requirements until reach zero deficit

Use of £4.8m cash 2022-2024

Cash £4.8m at year end quickly gets used up 2022-2024

- Deficits 2022-2024 -£2.0m
- Bank Loan repayment -£1.5m

There will be a requirement for some capital purchases



## Going Concern

- **Going concern concept** is an assumption that a business entity will not be forced to halt its operations in the near term and will not need to liquidate its assets.
- The business is expected to operate for the foreseeable future or at least for the next twelve month from the date of signing the accounts.
- The **going concern concept** assumes that the organisation will be able to generate income and meet its obligations.

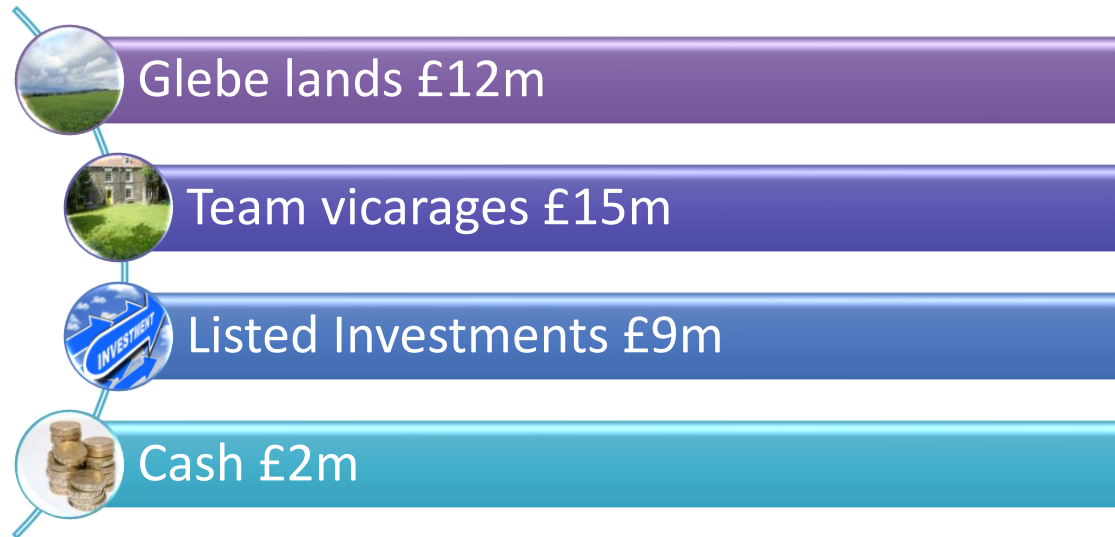


## Why is the DBF a going concern?

- Going concern is not an issue currently as we have are lucky enough to have options Investments, Glebe and Church house but of course can only sell assets once
- We do have a plan to eliminate the deficit by 2025 although current events are not helping this to be achieved and we realise that cost cutting alone is not the answer to achieving this
- Total return does give us a bit more security/options but must be carefully used

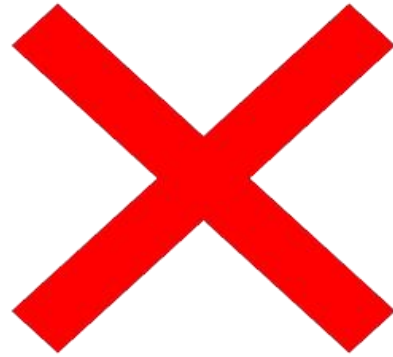
# Total Return and Stipend Capital Account

- Stipend Capital Account (permanent endowment) may be split into Capital Funds and Unapplied Total Return
- Stipend Capital Account £38m



- Increase in asset values > inflation (CPI) transferred to Unapplied Total Return (£19.1m 31.12.2021)

# Unapplied Total Return £19.1m- not a Magic Money Tree



Where does money come from?

- From sale of assets
- Assets can only be sold once and many are income generating
- Proper governance is crucial

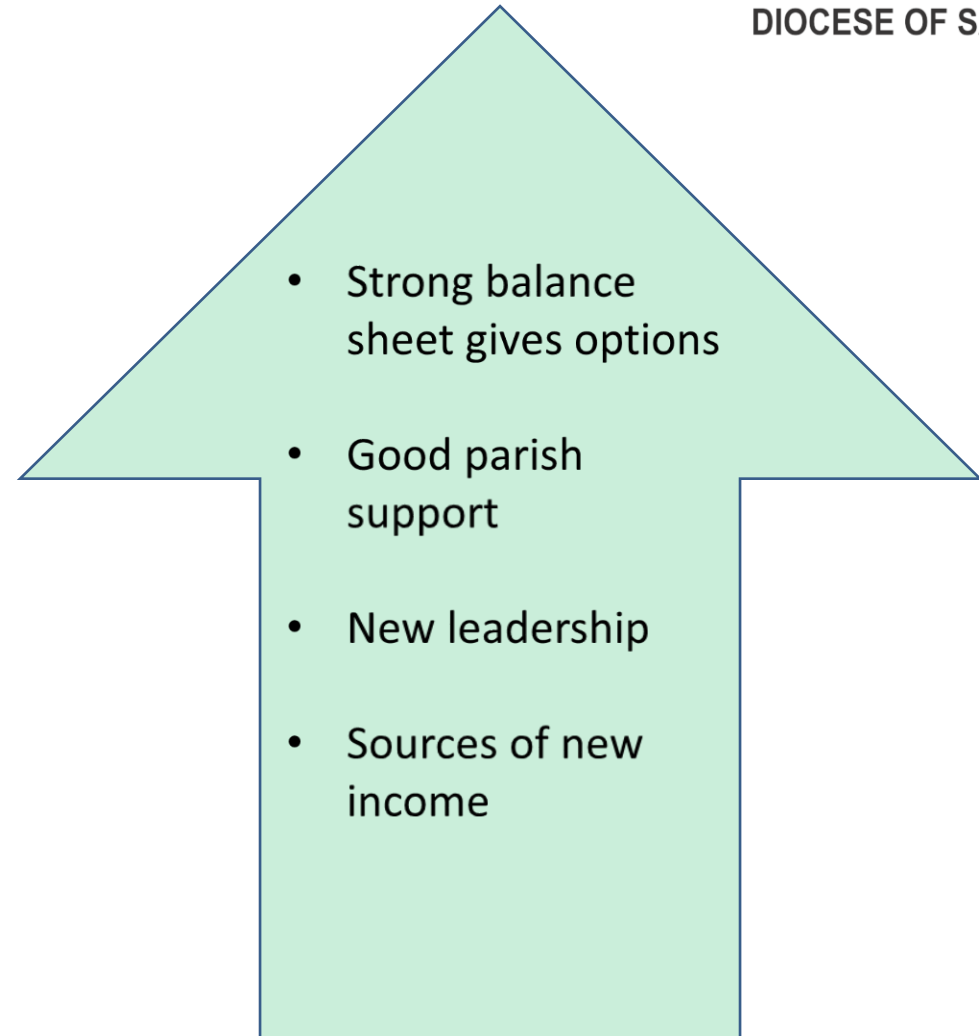
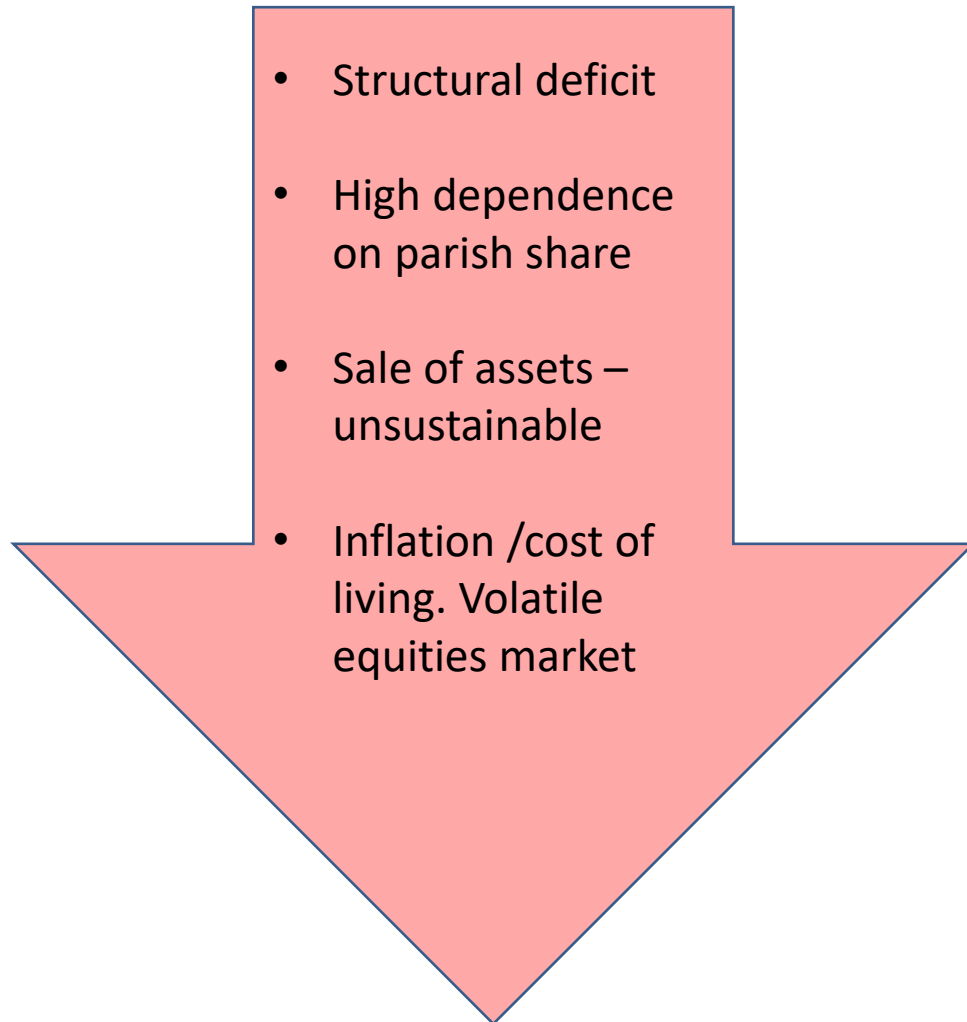
What can it be spent on?

- Stipend and Stipend – related costs

How practically can it be used?

- Supplement investment income each year
- Specific projects for ministry

# Financial Stability



# Question time



## The Chair of the DBF to move that Synod....

Receives the Trustees' Report and Consolidated Financial Statements for the year ended 31 December 2021

Approves the appointment of Haysmacintyre as auditors for the year ended 31 December 2022 for Salisbury DBF.