



**THE CHURCH
OF ENGLAND**

DIOCESE OF SALISBURY

SALISBURY DIOCESAN BOARD OF FINANCE

**Directors' and Trustees' Report and Financial Statements
for the year ended 31 December 2015**

Company No. 17442

Registered Charity No. 240833

Registered and Principal Office:

**Church House
Crane Street
Salisbury
SP1 2QB**

SALISBURY DIOCESAN BOARD OF FINANCE

Contents	<u>Page</u>
Company Information	1
Directors and Trustees	2
Directors' and Trustees' Report	3 - 17
Auditors' Report	18 – 19
Statement of Financial Activities	20
Income and Expenditure Account	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements	24 – 44

Key to abbreviations

CBF	Central Board of Finance
CHARM	Churches Housing Assistance for the Retired Ministry
CMD	Continuing Ministerial Development
DAC	Diocesan Advisory Committee
DBE	Diocesan Board of Education
DBF	Diocesan Board of Finance
DBS	Defined Benefit Scheme
DCS	Defined Contribution Scheme
DFS	Diocesan Financial Statements
DPA	Diocesan Pastoral Account
DSF	Diocesan Stipends Fund
ECS	Episcopal Church of the Sudan
FRS	Financial Reporting Standard
IME	Initial Ministerial Education
LCVAP	Locally Co-ordinated Voluntary Aided Programme
LDM	Learning for Discipleship and Ministry
LLM	Licensed Lay Minister
LPA	Lay Pastoral Assistant
OLM	Ordained Local Minister
PCC	Parochial Church Council
PDF	Pastoral and Development Fund
SDBEL	Salisbury Diocesan Board of Education Ltd
SDBF	Salisbury Diocesan Board of Finance
SOFA	Statement of Financial Activities
SORP	Statement of Recommended Practice
SSAP	Statement of Standard Accounting Practice
STETS	Southern Theological Education and Training Scheme

SALISBURY DIOCESAN BOARD OF FINANCE

COMPANY INFORMATION

Registered Office: Church House
Crane Street
Salisbury
SP1 2QB

Website: www.salisbury.anglican.org

Company Registration Number: 17442 (in England and Wales)

Charity Registration Number: 240833

Auditors: Mazars LLP
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Bristol
BS1 6DP

Solicitors: Wilsons LLP
Steynings House
Summerlock Approach
Salisbury
SP2 7RJ

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
80 Cheapside, London
EC2V 6DZ

M&G Investment Management Ltd
M&G House, Victoria Road
Chelmsford
CM1 1FB

St James's Place Wealth Management
1 Tetbury Road
Cirencester
GL7 1FP

Property & Land Agents: Messrs Smiths Gore
3 Woodstock Court
Blenheim Road
Marlborough
SN8 4AN

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS AND TRUSTEES DURING 2015

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 G D Williams (to 22 November 2015)	Ex officio, Chairman
Mr M P Armstrong (to 12 January 2015)	Elected lay member, Vice-Chairman
Mr N Salisbury	Co-opted lay member from (19 March 2015), Elected lay member (from 23 September 2015), Chairman (from 22 November 2015)
The Rt Rev G Kings (to 15 July 2015)	Ex officio, Bishop of Sherborne
The Rt Rev E Condry	Ex officio, Bishop of Ramsbury
The Ven A P Jeans	Ex officio, Archdeacon of Sarum
The Ven S Waine (to 13 February 2015)	Ex officio, Archdeacon of Dorset
The Very Rev J Osborne	Ex officio, Dean of Salisbury
The Ven P S Taylor	Ex officio, Archdeacon of Sherborne
The Ven R Worsley (to 28 September 2015)	Ex officio, Archdeacon of Wilts
Mr S R Key (to 23 September 2015)	Ex officio, Chairman House of Laity
Mrs C Corteen	Elected lay member (23 September 2015) thereafter Chairman of the House of Laity
The Rev A C Macrow-Wood	Ex officio, Chairman House of Clergy (to 23 September 2015) Ex officio, Archdeacon of Dorset from (24 June 2015)
The Rev T M B Woodhouse	Co-opted clerical member (to 23 September 2015) thereafter Ex-officio Chairman of the House of Clergy
The Rev Canon H Stephens	Ex officio, Chairman Diocesan Board of Education
The Rev M A Allchin (to 23 September 2015)	Elected clerical member
The Rev D Baldwin	Elected clerical member
The Rev A Perry	Co-opted clerical member (to 23 September 2015) thereafter elected clerical member
The Rev C Maxim (from 23 September 2015)	Elected clerical member
Mr A R Ely (to 23 September 2015)	Elected lay member
Mrs G Clarke	Elected lay member
Mr D Jones (to 23 September 2015)	Elected lay member
Dr J Matthews (to 23 September 2015)	Elected lay member
Mrs D Mclsaac	Elected lay member
Mr D W G Harris (to 23 September 2015)	Elected lay member
Mrs R Cook	Elected lay member
Mrs K Rizzello (to 23 September 2015)	Elected lay member
Mr D Howshall (from 23 September 2015)	Elected lay member
Mrs M Morrissey (from 23 September 2015)	Elected lay member
Mrs E Oderstone (from 23 September 2015)	Elected lay member
Mrs J Jackson (from 23 September 2015)	Elected lay member
Mr R Chitty (from 23 September 2015)	Elected lay member

Principal Officers of the Board

Mrs L J D Herklots	Secretary and Treasurer
Mr S Dawson	Deputy Secretary
Mr P Musselwhite	Diocesan Accountant

THE DIOCESE OF SALISBURY

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

Salisbury Diocesan Board of Finance (The Board or SDBF) is responsible for the majority of the activities and financial transactions carried out at diocesan level.

Information on the structure of the Church of England and the principal diocesan organisations can be found on pages 12 to 14 of this report.

STRATEGIC AIMS

The main role of SDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and other resources to assist the Diocesan Synod, Bishop's Council, Deaneries and Parishes to further the mission and strategic priorities in the Diocese.

2015 started with the Bishop visiting all nineteen Deaneries to talk about the Strategic Vision: Renewing Hope: Pray Serve Grow. At these visits he met 2,000 people and distributed nearly 20,000 prayer cards. He left the local church with three challenges to consider:

- What do you pray for?
- Whom do you serve?
- How will you grow?

SDBF Trustees/Directors have agreed the following priorities in response to these questions by focusing directly on how parishes, schools and deaneries might be helped to achieve their plans.

- (i) That worship and prayer will be at the heart of each Christian and Christian community in our diocese.
- (ii) To serve our parishes, communities and neighbours and work to help them make Christ known through loving service.
- (iii) To support parishes, schools and their leaders to grow in confidence, in numbers, in depth and in impact.

The Diocese, through its structure of departments and offices, works to serve the parishes in the Diocese to achieve these goals. A description follows of what has been achieved during 2015.

OBJECTIVES FOR THE YEAR

In response to the above strategic priorities determined by the Diocesan Synod several groups, including the Bishops Council, Bishops Staff and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- developing Disciples, Nurturing Vocations and Sustaining Ministry;
- progressing the ELM (Energised Local Ministry) project to encourage the development of new patterns of local ministry;
- continuing three-year Social Justice Action Plan;
- delivering new Safeguarding Requirements;
- providing excellent internal and external communications; and
- supporting parishes in their mission and stewardship plans.

ACTIVITIES AND PERFORMANCE IN THE YEAR

Developing Disciples, Nurturing Vocations and Sustaining Ministry

Spirituality: A co-ordinator for spirituality was appointed mid-year. All spiritual directors are now compliant with new guidelines including safeguarding requirements. Spirituality days featured strongly in the developing programme to support the 'PRAY' priority.

Learning for Discipleship: The Aldhelm Certificate continued to run in 2015 and a further 13 people have earned their certificates. There has been a vacancy in the discipleship co-ordinator post for half of 2015. The objective for 2016 is to appoint a new co-ordinator to reshape this work to support parishes to grow and nurture disciples.

Vocations: To support the strategic priority to grow more vocations, a new Vocations Co-ordinator was appointed in September with half the role devoted to young vocations, together with a part-time Young Vocations Resource Officer. We also recruited a second cohort of Young Vocations Champions. A C of E Ministry Experience Scheme in Salisbury has been developed and will launch in 2016. The process by which vocations can be explored has been refined and a very successful vocations day was run in December with 23 participants. Plans for 2016 are to run four vocations days. In close cooperation with the Board of Education, the team has been working in a number of church secondary schools where it has been warmly received.

Discernment for Ordained Ministry: The Director of Ordinands' team worked intensively with around 25 candidates in 2015. 12 people attended a Bishop's Advisory Panel of whom nine were recommended, two non recommended and one withdrawn. Three went to a candidate's panel and were recommended. Six ordinands started training. In June, nine people were ordained deacon and 11 people were ordained priest. Visits to all final year ordinands at their college or course have proved key to ensuring a good transition into their title posts and this has helped to reduce the number of 'challenging curacies'.

Training and Equipping our Ministers and Lay Leaders: 104 Continuing Ministerial Development (CMD) events were run in 2015 and a total of 2,476 places were taken up. 498 Lay Pastoral Assistants (LPA) attended the triennial LPA Day in the Cathedral with very positive feedback. A significant piece of work during 2015 was the design of the new online booking and payment system which is now live. A pilot of a proposed new Ministry Review Scheme was run and a second pilot will be run and evaluated in 2016. Core training for our licenced lay ministers is now being delivered via Sarum College, although the Diocese continues to have formational oversight of students and pastoral care of them and their families. The new Lay Worship Leader (LWL) training has had very good take up with 130 students in 13 groups so far. 40 have already been commissioned. Common Awards is into its second academic year. A total of nine Initial Ministerial Education (IME) days were run during 2015, all but two using external presenters and facilitators. The Regional Assessment in Curacy moderation process continues to be a helpful complement to our own processes and all Salisbury candidates gained regional approval and sign off.

Ministry for Mission (M4M): In April the M4M Resource Officer left having completed the two year project. Council agreed to a further post for two years and a new officer was appointed in September. Activities include support to a number of M4M 'hubs' through which practitioners can contact and support each other, covering areas such as Messy Church, Café Church and Pioneer Ministry and New Housing as well as providing Ministerial Development events that continue to be well attended. This will continue in 2016.

Rural Ministry: Ministry in a rural context is something which is of particular relevance to this Diocese and the Learning for Discipleship and Ministry Team spent time thinking about the challenges and opportunities of rural ministry. Planned initiatives for 2016 include: rural placements for ordinands and curates, a rural ministry training pathway through Sarum College for which we have gained, in principal, approval from Ministry Division, and a series of residentials for rural incumbents.

Progressing the ELM (Energised Local Ministry) Project to Encourage the Development of new Patterns of Local Ministry

Progress was slower than hoped. By the end of 2015 there were seven groups engaged in rethinking how clergy and laity work together within a framework of community and shared leadership. Examples of the work being done include the structural changes that are being developed in Melbury with 16 parishes planning to work as three clusters and handling Finance and DAC centrally so releasing the majority of people for mission work. The objective for 2016 is to expand this programme with a part-time co-ordinator.

Continuing the Three-Year Social Justice Action Plan

General Election Hustings: Updated guidance which took account of changes to the law on lobbying and a summary of local issues that voters might want to consider, inviting people to make a difference by voting with care and generosity, were made available to organizers from local churches across the Diocese who hosted hustings to enable people to prepare for the General Election.

Chaplaincy Events: Three events were organised to encourage church members to consider volunteering in the wide range of chaplaincies in the Diocese. Chaplains to law courts, health service, police, fire and rescue, businesses, and prisons, were among those who shared stories about their work and its impact on people living through difficult situations.

Doing Theology Together: The Social Justice Programme emphasises service, providing information and support for local churches as they reach out to people in need, based on an understanding of how our faith informs this action. Workshops on social theology were offered at the Clergy Day, and a day event on theology of creation and environment provided new insights and the chance to engage with people beyond the usual social action networks.

Statistics and Mapping: Several workshops were run on how to use statistics to identify issues of social need in their areas.

Campaigns: 2015 was a year which saw an increase in campaigning activity especially around climate change and concern for creation. Around 150 people travelled from the Diocese to participate in a mass lobby of Parliament in June and many were impressed by the time given to them by our local MPs. The green ribbon and green clerical collar campaigns to support the discussions that were to take place in Paris (hoping to gain international agreement on Climate Change action) were successful with thousands of people wearing green ribbons through November and into December, and a number of clergy wearing green clerical collars.

The programme of activities to commemorate the 800th anniversary of Magna Carta, centred round Salisbury Cathedral, raised significant awareness on matters of social justice. The Diocesan Team organised a successful Magna Carta pilgrimage of 690 people from the original site of the Salisbury copy of the Magna Carta at Old Sarum to its current home at Salisbury Cathedral.

Refugees: As the year progressed it became clear that the refugee crisis in Europe would need a response from people across the United Kingdom. Parishes in the Diocese responded quickly and generously to requests for help, with a particularly strong response to the needs of people in the Calais camps that include Sudanese refugees among others. Towards the end of the year a small number of Syrian families were placed in Wiltshire and we were pleased to support Wiltshire Community Foundation and the Mother's Union in preparing homes and welcome packs for the refugees.

In 2016 work around refugees, food poverty, and climate change, must clearly remain high on our list of priorities. A programme of theological reflection on issues of social justice is planned, and a fresh approach to how we pray together for people and communities in need will be taken.

Delivering new Safeguarding Requirements

During 2015 Salisbury was a pilot site for a national framework of audits carried out by the Social Care Institute for Excellence. The report was published in November. There is much to be pleased about within the report with encouraging progress being made, but also areas for improvement were identified. An action plan is being developed to address the recommendations in the report.

The Diocesan Safeguarding Management Group was reconfigured and restructured to make it operate more effectively.

Training continued to be delivered throughout the diocese to large and small groups of people. There is now a policy in place that all those undertaking the LPA and LWL courses must complete safeguarding training before they are authorised/commissioned.

During 2015 Salisbury was also a pilot site for a new framework of training from the National Safeguarding Team, and as part of that project we delivered five sessions of full day training for clergy. The new national Safeguarding Learning and Development Strategy has now been published which will have far reaching consequences in terms of resourcing and logistics in 2016 and beyond.

An e-learning online package is now in place to assist in the delivery of safeguarding awareness.

Four workshops for parish safeguarding representatives were held during the year with a focus on domestic abuse. The Diocese is working alongside the Mothers' Union and Restored (a Christian Charity working to end gender based violence) to provide training and resources to enable our churches to provide 'Safe Spaces' for anyone who is, or has been, on the receiving end of gender based violence to come together for mutual help and support. Further workshops are planned for 2016.

Considerable work has gone into sorting out some backlogs in the disclosure and barring processes in order to be up to date with all clearances.

Sadly the number of casework referrals continues to rise. The DSA is now actively managing 16 Offender Management Agreements for people who have been convicted of sexual offences against children or adults. A risk management group has been set up to help the DSA manage this work.

Providing Excellent Internal and External Communications

The Communications team supported Bishop Nicholas in his role as Church of England spokesperson on the environment, particularly around the UN climate negotiations in Paris, and in his visits to all 19 deaneries to explain and engage people in his *Renewing Hope* agenda.

Training on basic and advanced social media techniques as well as more traditional communications skills were delivered in all four Archdeaconries. There were significant changes in Bishops' Staff, with a new Archdeacon, an Archdeacon becoming a Bishop, the departure of a Bishop for an Anglican Communion role, and finally the announcement of a new Bishop and Archdeacon towards the end of the year. A new Diocesan Synod and General Synod delegation was elected, and new people were elected to senior roles in the Houses of Clergy and Laity following their predecessors' retirement after long and distinguished service. All this necessitated significant internal communications work.

Some steady and incremental improvements to the website have been made. Grapevine, our storytelling newsletter, is now emailed to over 7,000 people ten times per year, with the rate at which it is read much higher than benchmarks for religious and voluntary organisations. The e-Bulletin continues to go out to 2,000 clergy, LLMs, churchwardens and PCC Secretaries every week, with an even higher open rate, while the Board of Education Newsletter goes to a similar number three times per year.

Supporting Parishes in their Mission and Stewardship Plans

The stewardship team has maintained the focus on building relationships with parishes through visiting, supporting and working with them on mission and stewardship initiatives. 56 parishes and deaneries

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

were visited and 16 stewardship programmes developed/supported. Also, three parish vision days were followed up.

The '*Gifts in Wills*' or legacies campaign was launched during the year, with six parishes engaged. The learning from this pilot will be collated and used as the basis for further roll out. In addition, two Legacies Workshops were completed in 2015, involving 35 parishes and a further Legacy Workshop is planned for 2016.

Two new workshops are to be launched in 2016 – Preparing for Fundraising and Financial Appraisal – the preparatory work having been done in 2015. The Preparing for Fundraising will be run in collaboration with the National Church.

In recent years, stewardship material has been improved, the approach being one of 'mission-led stewardship'. During 2015, work on the Stewardship pages of the Diocesan website was advanced. New material links are to be included as well. This will be completed early in 2016.

FUTURE PLANS

During 2015 the directors developed the strategies and priorities in response to the Bishop of Salisbury's vision of Renewing Hope: pray, serve, grow.

The three principal strategic aims established by the Board, as detailed on page 3, will continue to direct the activities of the SDBF.

The Board will continue to develop and monitor budgets that reflect these strategic objectives, mission priorities and new income sources, whilst making every effort to limit future increases in the total parish share to not more than the projected increase in the RPI measure of inflation. The major budget elements continue to be the provision of ministry and other resources for parishes, and supporting the national church institutions in their work.

We continue to review the central diocesan structure which is designed to support the vision and priorities of the Diocese.

FINANCIAL REVIEW OF 2015

Overall the Board had a surplus of £855,000. Funds on investment saw an increase in value of £138,000. These are not cash movements, and relate to assets that are needed to be retained for the support of the Board's continuing activities. On the General Fund's recurring activities, the Board had a surplus of £770,000: this was largely due to the deficit reduction element of the Clergy Pension Scheme contributions being met through the Stipends Fund.

Total income showed a small increase to £13.46m (2014: £13.02m). The Share outcome for the year was again encouraging with, at the cut-off date of 31 January 2016, 98% of the 2015 allocation having been paid (2014: 98%). The Board is grateful to all parishes for the encouraging response.

Excluding exceptional items (revaluations of investments), the majority of expenditure remained at very similar levels to 2014. The most significant items were again those on clergy stipends, national insurance and pension contributions, amounting to £6.07m (2014 - £7.11m); clergy housing £1.95m (2014 - £2.44m) and all other costs in support of ministry and mission £3.0m (2014 - £3.4m). These costs accounted for 88% (2014 – 90%) of expenditure, excluding the exceptional items.

The annual investment review concluded that a further investment of £2m should be made in order to continue to minimise increases in share, as per the notes to the accounts.

Stipends

The most significant financial activity continued to be the provision of stipends and housing for the clergy in the Diocese. There were some 208 paid clergy posts in the Diocese in 2015, though at any one time a number of these are vacant. The clergy are not employees, but are paid stipends to enable them to undertake their ministry. The Board continued to provide stipends to clergy in the Diocese, together with meeting their employer's national insurance and pension contributions.

Housing and Property

There have been some 25 changes of occupancy and consequential works this year. In addition to the scheduled quinquennial inspections, refurbishment works were also carried out at a number of parsonages including Wootton Bassett, Mosterton, Holwell, Bishop's Cannings, Bridport and Verwood. Houses were sold at Hampreston, Hamworthy, Melksham, Redlynch, Warminster, Charminster and Clarendon. St John's Church, Bemerton was let, following closure, to Bemerton Community Ltd and Bemerton PCC.

In addition to its statutory function the property department has continued to manage over 57 Voluntary Aided schools, academies and other church and educational properties. In 2015 the department carried out over 40 building projects bringing in a fee income of over £377,000. The department has overseen works to Church House including the completion of the external decoration, the re-roofing of the external store, replacement ceilings to corridors, repairs to the front board room windows and internal decoration of the area offices. All works were carried out with minimal disruption.

The department has successfully overseen the construction of the new Community Hall at Crossways and was involved with the proposed redevelopment works to churches at Creekmoor and Heatherland.

Securing the future for Milton Abbey

Milton Abbey is a significant building that is owned by the DBF. Work continued during 2015 on developing the second stage of the Heritage Lottery Fund bid to provide funds for the repair of the Abbey, to create an education centre to promote health and learning of body, mind and spirit, of the visitors to the Abbey, its associated Chapel and the historic landscape around it. This included the formation of a separate company and charity, the Milton Abbey Heritage Trust, to run this programme and the negotiations of extended access rights to the Abbey with Milton Abbey School. The final bid has been submitted at the end of February 2016.

Grant Making Activities

In its ninth year, the Aldhelm Mission Fund Group awarded £93,000 as grants to 12 mission projects. Some £168,000 was granted to individuals in training for ministry roles and £102,000 to clergy taking up new appointments. The Sudan Committee awarded £166,000 to individuals and organisations in the Episcopal Church of the Sudan.

Other grants made include the provision of a new community hall building at Crossways, and towards the provision of facilities at Bemerton. An analysis of grants paid is shown at note 13.

DBF Trusteeship

The Finance Committee considered 27 requests for Board approval during 2015. A third of these requests were from parishes to release capital to be applied to major projects such as church repairs or re-ordering. There were also seven requests to wind up small charities vested in the Board and apply the proceeds to either capital church or churchyard projects depending on the objects of the trust. There was one request to vest property in the Board: Laverstock Church Field was leased to Laverstock and Ford Sport and Social Club and was well used by the local community. It was previously vested in the Incumbent but was transferred to PCC property vested in the Board to enable the Sports Club to apply for grants.

There was one request to vest a legacy in the Board: Branksome Park PCC was left the Freer Bequest which required vesting. Such bequests are becoming rarer as it is more usual for such gifts to be left outright to a PCC which simplifies procedures.

There were requests to remortgage a property using a generous loan from a parishioner, partially to remove covenants on properties to enable them to be rented out to a wider range of people, and also to amend and update the Trust deed for a Parish Hall used as a Village Hall. There were also two requests relating to leases. One of the Cox Trust properties had the lease extended by 90 years and the arrangement for the car park at Holt St Katharine was eventually amended from a purchase to a long lease.

The Board noted that 2 batches of capital from the Linklater Trust were sold and applied to work on St Catherine's Chapel in Holworth. The accounts from the Viscount Portman were scrutinised and approved. Unusually, the Retired Clergy Housing Fund received no requests for short term loans or equity share investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The DBF makes every effort to limit future increases in the total Parish Share to not more than the projected increase in the RPI. As the economic recovery now prevailing remains fragile, considerable caution will need to be exercised before embarking on new initiatives requiring funding.

The other main risk to the continued success of delivery of the diocesan plans is resourcing the roles and activities – the aim is to plan carefully in order to ensure that the right people are in place.

A register of risks is maintained, and gives rise to mitigation and minimization plans. The main risks identified are a significant shortfall in share income, a reduction in investment income, and an incident of abuse by somebody working for or on behalf of the Church.

Mitigations include:

- Share – constant monitoring of receipts throughout the collection year, and a review group to ensure that the allocation and collection processes remain fit for purpose. A full provision is made for Share arrears at the end of January of the year following the year they are due.
- Investment income – a committee reviews the placement of investments, including the ethical requirements of the Board and the income level desired. The Finance Committee reviews income and expenditure levels throughout the year.
- Safeguarding – the Board has a Safeguarding Officer in place, and this officer is reviewing all processes and procedures, as well as coordinating training. The Diocese also participates in a national church audit scheme as a founding member of the process, and has plans in place to act upon any finding.

DIOCESAN ACTIVITIES

The Diocesan Advisory Committee for the care of churches (The DAC)

At the beginning of the year, the first round of the government's *Listed Places of Worship Roof Repair Scheme* received a high volume of interest from parishes in the Diocese. The Committee offered its 'in principle' support to 58 prospective applicants for this grant aid. Nine parishes in our Diocese received grant offers. DAC advice was subsequently sought by the Diocesan Chancellor who was able to grant permission for the works to go ahead within the time frame of the grant offer.

A significant feature of applications for DAC formal and informal advice has been the large scale of some parish projects for re-ordering and development; notably, 20 major schemes were presented in addition to a number of more modest schemes. 30 DAC site visits were held to discuss parish ideas and proposals to grow church.

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The DAC met ten times during the year and 87% of applications were recommended when first considered. In addition, informal 'out of committee' specialist advice was offered on 42 parish projects.

125 applications for Minor Works and Extended Minor Works permission were processed through the DAC office and, in all but three cases, permission was granted for the works to go ahead; DAC advice was sought by the Diocesan Chancellor in 14 cases. The *Minor Works Scheme* came to an end on 31 December and has subsequently been superseded by the new Faculty Jurisdiction Rules 2015 which come into force on 1 January 2016 and the objective is to have a smooth introduction to these changes.

The Environment Group

The Group has continued to support parishes and individuals in developing environmental awareness and action across the Diocese. Activities in 2015 included facilitating and encouraging engagement in the SW Region Lent Carbon Fast and developing a "Green Ribbon Campaign" for the Diocese to show support for Climate Action at the Paris summit.

Poole Missional Communities

The five year review of the Bishop's Mission Order regarding Poole Missional Communities (PMC) was carried out by an external consultant (the former Diocesan Secretary of Guildford). His report has been received by the Bishop and the next steps are being consulted on.

New Housing Research

A consultant has been contracted to provide a review of the plans for new housing across the Diocese, an assessment of opportunities and an outline strategy. The aim is to have a more accurate overall picture of what is planned in terms of new housing so this will help future deployment decisions. The phase one report was delivered in November and shared through the new housing hub in order to verify the information with local groups. It also fed in to the PMC review to help inform ongoing thinking on the future of the Bishop's Mission Order and the most appropriate response to the opportunities presented by the Poole regeneration. The final report was received in February 2016.

THE DIOCESAN BOARD OF EDUCATION

The Diocesan Board of Education (DBE) is a separate charity for accounting purposes, with its own management structure. This information is included here in order to give a full picture of activity around the Diocese.

DBE Governance

Significant work was undertaken to reconstitute the Board of Education and elect new Board members. The new Diocesan Board of Education was approved by Diocesan Synod in November 2015 and met for the first time later that month.

Support Deaneries to Develop Effective Ways of Working with Children and Young People

Deaneries work has continued with the delivery and planning of bitesize local training and specific local projects, this has been tailored to match changes in rural deans and other key clergy. Time and resource has been invested in increasing the depth of partnerships across the Diocese. Chaplaincy support requests show DBE support is valued. Chaplains have been drawn into planning processes for a networking day in 2016.

Religious Education, Collective Worship and Spirituality

Plans and processes have been implemented to improve several areas:

- DBE advice to schools for assessment
- DBE advice to schools for Collective Worship
- Advice to schools on Curriculum Modelling
- DBE advice to schools for SMSC
- Secure use and impact of 'Journeys': this resource is now widely used across schools in the Diocese. Following on from positive national reviews in RE today and the Church Times the sales of this resource have been excellent.

Inspection of Church School Effectiveness (SIAMS)

The SIAMS processes have been thoroughly reviewed following an overview of the management of SIAMS. The quality assurance process has been changed. A clear trend is that schools that attend DBE self evaluation courses are well prepared and confident through the inspection process.

School Governance

A simple strategy and plan is nearly complete and meetings with governors across the Diocese established to begin consultation of governor needs. Extensive support for governance has been given to three schools where there has been crisis of leadership.

Schools Admissions

Policy and practice have been improved since a review in 2014 with new documents for admissions and appeals for schools and appellants and a revised appeals service for school admissions for training provision of clerks and panel members. The DBE has played a significant role in an admissions adjudication which is also informing our determination to provide outstanding admissions support and challenge to schools.

Academy Conversion

Since April 2015, three new Multi Academy Trusts (MATs) have formed. These MATs include church and community schools, both primary and secondary. 85% of Salisbury Diocesan Board of Education corporate members have received comprehensive training on their role and accountability to the DBE for ensuring the Christian Foundation of each church school academy. There are now 13 stand alone academies and 11 MATS (46 academies in total) in the diocese with a further five MATS currently forming. A policy document has been completed with regard to the establishment of MATs and will enable all schools to further engage in MAT discussions. The Director of Education has been invited to join the Board of the Regional Schools Commissioner which makes all academy decisions for the South West; this sets a national precedent welcomed by the National Society.

DIOCESAN LINKS OVERSEAS

The Diocese's principal overseas link is with the Episcopal Church of the Sudan (ECS), though there are others with the Church in Latvia and the Diocese of Evreux (France).

Sudan

The Link continues to play a major role in the life of our parishes and deaneries with many visits to and from both Sudan and South Sudan. The work of the Diocesan Link continues to concentrate on education (in theology and in schools), health care, and advocacy.

Evreux

A group from the Diocese of Évreux visited the Diocese in January 2015. A small number of inter-parish links continue, notably Queen Thorne, Whitton Team and Golden Cap. These links work in different ways and reflect the context and interests of the respective communities.

STRUCTURE AND GOVERNANCE

The Church of England: The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent. By carrying out spiritual duties in the parishes of a benefice, the incumbent may be entitled to a stipend and parsonage house. A deanery is a group of benefices over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A diocese is the main administrative and pastoral area of the Church of England and may contain several archdeaconries under the leadership of a diocesan bishop assisted by suffragan bishops.

Parochial Church Councils: The Parochial Church Council (PCC) is the elected governing body of a parish. It is made up of the incumbent (who is the chairman), the churchwardens and a number of elected members. PCCs are independent charities. Their annual report and accounts may be obtained by contacting the relevant PCC secretary. PCC accounts do not form part of these accounts.

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

Diocesan Synod: The Diocesan Synod is the statutory governing body of a diocese. Its members are also the members of the Board of Finance. It is elected with representation from all parts of the diocese and roughly equal numbers of clergy and lay people (laity), who meet together in Synod with the Bishop and other senior clergy. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter (religious or public interest); to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod and to refer matters to the General Synod; and to make provision for the financing of the diocese as the Diocesan Board of Finance.

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

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

Salisbury Cathedral: Salisbury Cathedral is a separate charity. Its address is The Chapter Office, 6 The Close, Salisbury SP1 2EF.

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

The Diocese of Salisbury: The Diocese of Salisbury was founded in 1075 and covers an area of 2,046 square miles, with a population of some 919,300. There are two episcopal areas, four archdeaconries, 19 deaneries, 144 benefices and 451 parishes.

The financial affairs of Salisbury Diocese are undertaken through two registered charities:

- Salisbury Diocesan Board of Finance (registered charity number 240833)
- Salisbury Diocesan Board of Education (registered charity number 1059195)

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Salisbury Diocesan Synod: The Diocesan Synod met three times in 2015: in February, June and November. As well as fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- ongoing exploration and shaping of the Renewing Hope: Pray, Serve, Grow project;
- update and discussion on Social Justice work in the diocese;
- amendments to the size and composition of Bishop's Council; also amendments to the Constitution and Rules of Deanery Synods and to the DAC Constitution;
- elections to the Diocesan and General Synods and consideration of how Christians might make a difference in the Parliamentary elections;
- induction of new Diocesan Synod members at the November meeting;
- update on the work of the Diocesan Environment Group particularly in relation to Climate Action;
- election of a new DBF Chairman;
- the Annual Reports of the Cathedral and the Board of Education; and
- the presentation of Diocesan Advisory Committee and Social Justice awards.

Bishop's Council: Council met six times during 2015 and the main areas of business included:

- on-going scrutiny of finance, mission and pastoral matters;
- development of the Renewing Hope: Pray, Serve, Grow project;
- work to agree Diocesan priorities and develop the Diocesan strategic plan;
- revision of the Diocesan Property Policy and the terms of reference of the Mission Council;
- engagement with the Archbishops' Council Reform and Renewal Programme;
- approval for the recruitment of a new Bishop of Sherborne and development of the terms of reference, process goals and timetable for the appointment;
- induction of the new Bishop's Council at the September meeting;
- consideration of the results of the independent Safeguarding Audit;
- approval of a Social Media Policy and revision of the Safeguarding Communications Strategy;
- approval for the creation of a Ministerial Experience Scheme; and
- contribution to the Cathedral Master Plan.

The May meeting was a joint meeting with the Board of Education to consider matters of shared interest.

The Council also continued to fulfill its statutory roles as DBF Executive and Diocesan Mission and Pastoral Committee.

The members of Bishop's Council are the directors and trustees of the Board of Finance. Members may be ex-officio, or co-opted, or elected by the members of Salisbury Diocesan Synod. Elected members must themselves first be members of the Diocesan Synod. All trustees are given induction training on the role and responsibilities of trustees when first appointed and receive ongoing training as appropriate.

Bishop's Council has delegated to the Diocesan Finance Committee responsibility for all the detailed financial management of the Board. Bishop's Council is represented on the committee and receives the minutes of all its meetings.

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

- approved the Annual Report and Accounts 2014;
- appointed auditors for the Board; and
- considered and approved the budget for Share assessment 2016.

The Board of Finance's Finance Committee carried out regular analysis of income and expenditure, risks, reserves, loans and investments, trusts, property and staff.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Diocesan Mission and Pastoral Committee: Under the provisions of the Mission and Pastoral Measure 2007 each diocese is required to form a diocesan mission and pastoral committee (DMPC) with the principal duty "to review the arrangements for pastoral provision in the diocese or any part thereof" and to make recommendations to the Bishop. In Salisbury Diocese, Bishop's Council is the DMPC, but deals only with policy matters. It is assisted by four Archidiaconal Mission and Pastoral Committees, to which all routine responsibilities are delegated, including the authority to prepare proposals for pastoral reorganizations for submission direct to the Bishop.

Three objections were made on a draft scheme to unite five parishes to one in the Whitton benefice on 30 November 2015 when the consultation closed. A possible date for the hearing has been set for February 2016 and this is likely to be attended by the Archdeacon of Sarum (acting for Wilts), the Team Rector and the Pastoral Secretary.

The proposals to close the church of Bemerton St John the Evangelist and lease the major part of it to the Bemerton Community Group were made by the Church Commissioners in December 2014. The Scheme came into effect on 16 September 2015.

Eight Pastoral Schemes or Orders came into effect during 2015.

As at end December 2015 presentation to 28 benefices was suspended. During 2015 there were four renewals of suspension. Presentation to three benefices was suspended for the first time. Suspension of presentation to two benefices was lifted (following a pastoral scheme coming into effect).

Diocesan Board of Patronage

The Board of Patronage met once during the year, which was for the Annual Meeting at the beginning of the year on 20 January 2015. There were a number of interviews for vacancies where the Board holds patronage rights including Shaftesbury and Iwerne Valley benefices during the year. Other items of the Board's business were conducted by correspondence or by email.

LEGAL AND FINANCIAL INFORMATION

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

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

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

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

Salisbury Diocesan Board of Finance has no subsidiary companies.

Investment policies: The Board has the power to invest surplus funds in appropriate investments and for this purpose principally makes use of the unlisted common investments funds managed by CCLA Investment Management Ltd, St James's Place Wealth Management via Grove Wealth Management, and M&G Investment in March 2015. It concluded that no changes in policy should be made, and that a further £2m be invested in existing holdings and in new holdings with St James's Place Wealth Management. The Board holds unlisted investments in four of its funds: the General Fund, the Pastoral and Development Fund, the Stipends Fund Capital Account and Trusts. The investment policy for each Fund is as follows:

General Fund: To hold investments in a mix of equity and property based common investment funds. The investments in this fund gave a total return over the year of 6.0% (2014: 7.1%); capital 1.2% and income 4.8%.

Pastoral and Development Fund: To hold investments in a mix of equity and property based common investment funds. The investments held for this fund gave a total return over the year of 4.9% (2014: 6.9%); capital 0.6% and income 4.3%.

Stipends Fund Capital Account: To hold investments in a mix of equity, fixed interest and property based common investment funds. The investments held for this fund gave a total return over the year of 5.6% (2014: 9.7%); capital 0.5% and income 5.1%.

Trusts: To hold all investments in the CBF Church of England Investment Fund. The investments held for the Trusts gave a total return over the year of 5.2% (2014: 9.3%); capital 1.4% and income 3.8%.

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

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

Pastoral and Development Fund: As this fund is often used to buy clergy 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.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

General Fund: The Board's policy is to have a reserve, defined as net assets excluding the amount held as tangible fixed assets, within a range of + / - 10% of the greater of 25% of the estimate for the year after next's net expenditure and the amount identified as the residual risk on the Diocesan Risk Register. The reference to net expenditure is to recognise the Board's extensive commitments in respect of stipendiary clergy and lay staff. Accordingly the reserve position at 31 December 2015 is considered in the light of the likely budget for 2016. At 31 December 2015 the General Fund reserve as defined, was some £1.5m below the top of the range defined under the policy. This is broadly similar to the deficit reserve reported a year ago.

The reserve is about £0.2m below the bottom of the range, based on residual risks as identified in the risks register. This too is broadly similar to recent years.

The Board will be monitoring the position carefully over the coming year. However, the Board does not feel that the situation needs urgent remedial action, as share collection remains good and so obligations are met as they fall due. In budgeting to meet costs, and not accumulate reserves from surpluses on activities, the Board also acknowledges that reducing this nominal shortfall is not feasible in the short term.

Stipends Fund Capital Account: The purpose of this endowment account is tightly prescribed and is primarily to provide an income towards the cost of clergy stipends. The Board's policy is to retain the investments for capital growth and to generate income for this purpose.

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.

Custodian Trusteeship: The Board is custodian trustee for trust financial assets with a market value of approximately £21.0m at 31 December 2015 (2014- £21.0m). 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 2015 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.

Trustees: Mrs C Corteen was elected as a Lay member, and has assumed the role of Chairman of the House of Laity. Rev T M B Woodhouse became the Chairman of the House of Clergy. Mr N Salisbury became Chairman of the Board following the retirement of Mr G D Williams in November 2015. The Board wishes to express its thanks for his long and valued service.

Relationships with Other Church Bodies:

General Synod, Archbishops' Council and Church Commissioners. While the Board is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the Board reimburses regularly for the costs of stipendiary clergy deployed in the diocese, The Church Commissioners also make grants to the Archbishops' Council of the Church of England for ministry in some dioceses. The Archbishops' Council, a charity and the executive body of the General Synod, funds the administration of the General Synod of the Church of England, its boards and committees, and work undertaken on behalf of the Church nationally, and the Board contributes to these costs annually according to a formula agreed by General Synod.

Parochial Church Councils (PCCs). The main part of the Board's income is the contribution of parish Share from the parishes in the Diocese, with each parish being governed by its PCC. The Board assesses the parish share to PCCs under the "Fairer Share" method of apportionment introduced in 2005, but the payment of the parish share is essentially a voluntary donation by PCCs to the Board. As referred to above, the Board also acts under Measure as custodian trustee in relation to PCC property and endowments.

Salisbury Diocesan Board of Education Ltd (SDBEL). The Trustees consider that SDBEL is a connected charity, having related objects and a shared management. SDBEL is a company limited by guarantee and a registered charity. Although the synodical work of the Board of Education is undertaken under the statutory umbrella of the Board of Finance, SDBEL retains its separate corporate identity for its role as trustee of the Uniform Statutory Trust funds (held for the improvement of the fabric of the church school buildings in the Diocese) as well as a large number of church school and educational trusts. SDBEL has established a wholly owned trading subsidiary, SALED Ltd, to raise funds in support of its charitable purposes. Details of the financial transactions between the Board and SDBEL are reported in note 15 to the accounts. SDBEL's address is The Diocesan Education Centre, The Avenue, Wilton, Wiltshire SP2 0FG.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Public Benefit: The directors of the Board are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. The Board believes that, by promoting the work of the Church of England in the diocese of Salisbury, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes. In doing so the Board provides a benefit to the public by:

- providing for pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christianity, Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

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

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

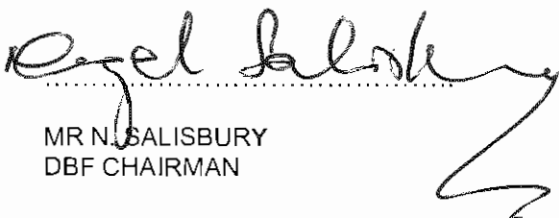
So far as the Trustees are aware:

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

Auditors: At the AGM Mazars LLP were reappointed as the Board's auditors for a further year. The reappointment of Mazars LLP as auditors to SDBF will be proposed at the Annual General Meeting.

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3 – 9 within their capacity as company directors.

BY ORDER OF THE TRUSTEES


MR N. SALISBURY
DBF CHAIRMAN

16/06/16

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

We have audited the financial statements of Salisbury Diocesan Board of Finance for the year ended 31 December 2014 which the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its 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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Alistair Fraser (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

SALISBURY DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
		General	Designated			2015	2014
		£'000	£'000	£'000	£'000	£'000	£'000
Incoming and endowments from							
Donations							
Parish Share	2	9,578	-	-	-	9,578	9,599
Archbishops' Council & Church Commissioners	3	53	42	-	-	95	98
Other donations	4	216	-	315	-	531	880
Charitable activities	5	381	-	721	-	1,102	1,005
Other activities	6	162	-	17	-	179	259
Investments	7	166	15	916	-	1,097	909
Other incoming resources	8	-	-	242	637	879	273
Total		10,556	57	2,211	637	13,461	13,023
Expenditure on							
Raising Funds	9	40	-	47	-	87	100
Charitable activities	10	9,772	235	2,621	-	12,628	14,135
Other	11	-	-	29	-	29	86
Total	12	9,812	235	2,697	-	12,744	14,321
Net income/(expenditure) before investment gains		744	(178)	(486)	637	717	(1,298)
Net gains/(losses) on investments	18	26	5	193	(86)	138	3,159
Net income/(expenditure)		770	(173)	(293)	551	855	1,861
Gross transfers between funds	34	(183)	173	(839)	849	-	-
Net movement in funds		587	-	(1,132)	1,400	855	1,861
Total funds brought forward		2,434	466	27,176	88,861	118,937	117,075
Total funds carried forward	28	3,021	466	26,044	90,261	119,792	118,936

All activities derive from continuing activities. The notes on pages 24 to 44 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>2015</u>	<u>2014</u>
	£'000	£'000
Total incoming resources	12,824	12,914
Resources expended	<u>(12,744)</u>	<u>(13,904)</u>
Operating surplus/(deficit) for the year	80	(990)
Realised net gains/(losses) on disposals of tangible fixed assets	-	-
Net gains on investments	<u>224</u>	<u>160</u>
Net income/(expenditure) for the year	304	(830)
Other comprehensive income:		
Revaluation of fixed assets	-	-
Net assets transferred from endowments	(849)	3
Total recognised gains for the year	<u>(545)</u>	<u>(827)</u>

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

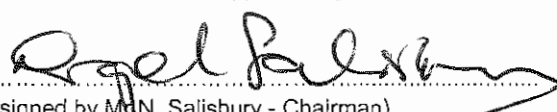
SALISBURY DIOCESAN BOARD OF FINANCE

BALANCE SHEET AT 31 DECEMBER 2015

	Notes	Total funds <u>2015</u> £'000	Total funds <u>2014</u> £'000
FIXED ASSETS			
Tangible assets	16	92,137	91,478
Investments			
Investments	18	30,051	28,604
Programme related investments	19	189	189
		<u>122,377</u>	<u>120,271</u>
CURRENT ASSETS			
Stock	20	1	1
Clergy houses for sale	21	602	2,255
Debtors due within one year	22	881	723
Debtors due after one year	22	254	50
Deposit accounts	23	1,069	1,215
Cash at bank and in hand		739	1,448
		<u>3,546</u>	<u>5,692</u>
CREDITORS: amounts falling due within one year	24	<u>(426)</u>	<u>(519)</u>
NET CURRENT ASSETS		<u>3,120</u>	<u>5,173</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		125,497	125,444
CREDITORS: amounts falling due in more than one year			
Pension scheme liabilities	35	(5,561)	(6,364)
Other creditors	25	(145)	(145)
		<u>(5,706)</u>	<u>(6,509)</u>
NET ASSETS	28	<u><u>119,791</u></u>	<u><u>6,364</u></u>
representing:			
General Fund	31	3,021	2,434
Designated funds	31	466	466
Restricted funds	32	26,043	27,175
Endowment funds	33	90,261	88,861
	28	<u><u>119,791</u></u>	<u><u>118,936</u></u>

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

These accounts were approved by the Board on 16/06/16

 Member of the Board
(signed by Mr N. Salisbury - Chairman)

The cashflow statement and the notes on pages 24 to 44 form an integral part of these accounts

SALISBURY DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>2015</u>	<u>2014</u>
	£'000	£'000
Net cash outflow from operating activities	(2,211)	(1,016)
Cash flows from investing activities		
Dividends, interest and rent from investments	1,097	909
Interest paid	-	
Proceeds from the sale of:		
Tangible fixed assets	3,354	2,546
Fixed asset investments	291	255
Purchase of:		
Tangible assets for the use of SDBF	(1,082)	(1,976)
Fixed asset investments	(2,045)	(1,500)
Net cash provided by / (used in) investing activities	<u>1,615</u>	<u>234</u>
Cash flows from financing activities		
Loans repaid by SDBF		
New loans received by SDBF		
Loans repaid to SDBF		(52)
New loans advanced by SDBF	(259)	75
Net cash provided by / (used in) financing activities	<u>(259)</u>	<u>23</u>
Change in cash and cash equivalents in the reporting period	<u>(855)</u>	<u>(759)</u>
Cash and cash equivalents at 1 January	2,663	3,422
Cash and cash equivalent at 31 December	<u>1,808</u>	<u>2,663</u>
Reconciliation of net movements in funds to net cash flow from operating activities	<u>2015</u>	<u>2014</u>
	£'000	£'000
Net movement in funds for the year ended 31 December	717	(1,298)
Adjustments for:		
Depreciation charges	18	16
Dividends, interest and rent from investments	(1,097)	(909)
(Profit)/Loss on sale of investment assets	(21)	(20)
(Profit)/Loss on sale of functional assets	(826)	(253)
Impairment charge	-	86
(Increase)/decrease in debtors	(103)	699
(Decrease)/Increase in creditors	(96)	246
Pension deficit provision movement	(189)	943
Pension deficit payment	(614)	(526)
Net cash used in operating activities	<u>(2,211)</u>	<u>(1,016)</u>
Analysis of cash and cash equivalents		
Cash in hand	739	1,448
Deposit accounts	1,069	1,215
	<u>1,808</u>	<u>2,663</u>

The notes on pages 24 to 44 form an integral part of these accounts

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

a) **Statement of compliance** Salisbury Diocesan Board of Finance is a company limited by guarantee and a charity registered in England & Wales. The registered office is Church House, Crane Street, Salisbury, SP1 2QB. 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 2015.

The charitable company transitioned from previously extant UK GAAP to FRS102 as at 1 January 2014. This is the first set of Report and Accounts to be prepared under FRS102. An explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 29.

b) **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).

Salisbury Diocesan Board of Finance meets the definition of a public benefit entity under FRS102. Following the transition to FRS102 for the first time in 2015 all of the accounting policies have been aligned with the new accounting standard and where these have resulted in a material change to the amounts, classification or presentation within the financial statements as at the date of transition then a transitional adjustment has been made (see note 29).

The trustees are satisfied that the Board has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

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

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

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

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

e) **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.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

e] Funds. (continued)

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

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

The purpose of every Fund under each heading is set out in notes 39-40 to the financial statements. All income, expenditure and gains and losses are allocated to the appropriate fund.

f] **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 property is included in the balance sheet at cost. Properties acquired before the date of transition to FRS102 have been recognised using the revaluation at 1 January 2014, as a deemed cost. 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.

g] **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 which 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.

h] **Stocks** Stocks are included at the lower of cost or net realisable value.

i] **Pension Costs** The Board participates in a pension scheme for employees to provide benefits based on final pensionable salaries. 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. Further details are given in note 35. Details of clergy pensions are given in note 35(b).

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

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

Pension and other post-employment benefits. Pension provisions relating to lay staff and clergy are valued every three years on an actuarial basis. Any shortfall in funding pensions and post-retirement benefits is recognised as a liability in the accounts. Further details can be found in note 35

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	Unrestricted Funds		Restricted funds	Endowment funds	Total	
	General	Designated			funds	funds
	£'000	£'000	£'000	£'000	£'000	£'000
2. PARISH SHARE						
Share for the year per the Budget	9,780	-	-	-	9,780	9,730
Less: credit adjustments allowed	-	-	-	-	-	(14)
Request for the year	9,780	-	-	-	9,780	9,716
Less: discounts for early / Direct Debit payment	(81)	-	-	-	(81)	(72)
Less: provision for shortfall in contributions	(209)	-	-	-	(209)	(178)
	9,490	-	-	-	9,490	9,466
Plus: arrears for previous years	88	-	-	-	88	133
	9,578	-	-	-	9,578	9,599
Plus: other contributions	-	-	-	-	-	-
	9,578	-	-	-	9,578	9,599
Current year parish share receipts represent 97.8% of the total apportioned (2014 - 97.8%), or, when receipts for previous years are included, 98.9% of the total apportioned (2014 - 99.0%)						
3. THE NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Parish Mission Funding grant	-	42	-	-	42	40
The Church Commissioners						
Area Bishops' secretaries	53	-	-	-	53	58
	53	42	-	-	95	98
The parish mission grant is allocated to the Aldhelm Mission Fund to be used for specific parish mission and development projects.						
4. OTHER DONATIONS						
Ecclesiastical Insurance Group	143	-	-	-	143	147
Salisbury DBE Uniform Statutory Trusts	-	-	-	-	-	246
Sarum St Michael Educational Charity	-	-	-	-	-	40
Other donations and grants	73	-	315	-	388	447
	216	-	315	-	531	880
5. CHARITABLE ACTIVITIES						
Statutory fees and chaplaincy income	4	-	721	-	725	692
Provision of services in accordance with the Board's charitable objectives	377	-	-	-	377	313
	381	-	721	-	1,102	1,005
6. OTHER ACTIVITIES						
Rental income from let clergy houses	162	-	-	-	162	246
Rents and sales at Milton Abbey	-	-	4	-	4	5
Fundraising events	-	-	13	-	13	8
	162	-	17	-	179	259
7. INVESTMENT INCOME						
Dividends receivable	132	13	488	-	633	603
Interest receivable	4	2	215	-	221	126
Rents from investment properties	-	-	213	-	213	148
Rents from other properties	30	-	-	-	30	32
	166	15	916	-	1,097	909
8. OTHER INCOMING RESOURCES						
Gain on disposal of current assets	-	-	242	467	709	-
Gain on disposal of equipment and properties	-	-	-	149	149	253
Gain on disposal of investment properties	-	-	-	21	21	20
	-	-	242	637	879	273

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	Unrestricted General	Designated	Restricted funds	Endowment funds	Total funds 2015	Total funds 2014
	£'000	£'000	£'000	£'000	£'000	£'000
9. FUND RAISING COSTS						
Glebe agent's fees	-	-	24	-	24	17
Other glebe expenses	11	-	23	-	34	22
Agents' fees on other let property	15	-	-	-	15	27
Other expenses on other let property	14	-	-	-	14	34
	<u>40</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>87</u>	<u>100</u>
10. CHARITABLE ACTIVITIES						
Contributions to Archbishops' Council						
The Archbishops' Council						
Training for ministry	437	-	-	-	437	420
National Church responsibilities	351	-	-	-	351	345
Grants and provisions	38	-	-	-	38	38
Mission agency pension contributions	16	-	-	-	16	16
Retired clergy housing costs (CHARM)	123	-	-	-	123	123
Pooling of ordinand candidates' costs	(24)	-	-	-	(24)	(24)
	<u>941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>941</u>	<u>918</u>
Resourcing Ministry and Mission						
Parish ministry:						
Stipends and national insurance	3,868	-	1,293	-	5,161	5,101
Pension contributions	907	-	5	-	912	2,011
Less recharge to other departments	(53)	-	-	-	(53)	(57)
Housing costs	1,433	-	514	-	1,947	2,444
Removal, resettlement and other grants	188	-	-	-	188	168
Other expenses	246	-	-	-	246	201
Pioneer ministry posts	-	-	-	-	-	-
	<u>6,589</u>	<u>-</u>	<u>1,812</u>	<u>-</u>	<u>8,401</u>	<u>9,868</u>
Support for ministry and mission:						
Ministry and learning development	483	159	-	-	642	711
Area Offices and diocesan resources	287	-	-	-	287	301
Board of Education	339	-	-	-	339	601
Other support for ministry and mission	671	76	444	-	1,191	1,007
Support costs	438	-	-	-	438	432
	<u>8,807</u>	<u>235</u>	<u>2,256</u>	<u>-</u>	<u>11,298</u>	<u>12,920</u>
Diocesan Links Overseas						
Episcopal Church of South Sudan and Sudan						
Grants	-	-	167	-	167	199
Support activities	-	-	44	-	44	25
The Church in Latvia and Evreux	-	-	2	-	2	1
Support costs	-	-	5	-	5	4
	<u>-</u>	<u>-</u>	<u>218</u>	<u>-</u>	<u>218</u>	<u>229</u>
Milton Abbey Fund Activity						
Insurance	-	-	17	-	17	16
Repairs and other costs	-	-	130	-	130	29
	<u>-</u>	<u>-</u>	<u>147</u>	<u>-</u>	<u>147</u>	<u>45</u>
Governance Costs						
Audit fees	17	-	-	-	17	16
Support costs	7	-	-	-	7	7
	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>23</u>
	<u>9,772</u>	<u>235</u>	<u>2,621</u>	<u>-</u>	<u>12,628</u>	<u>14,135</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	Unrestricted		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	£'000	£'000	£'000	£'000	£'000	£'000
11. OTHER RESOURCES EXPENDED						
Loss on sale of fixed assets	-	-	29	-	29	-
Impairment in the value of functional property in continuing use	-	-	-	-	-	86
	-	-	29	-	29	86

	Activities	Grant	Support	Total	Total
	undertaken	funding of	costs	2015	2014
	directly	activities		£'000	£'000
12. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS					
Raising funds	87	-	-	87	100
Contributions to national church institutions	-	941	-	941	918
Resourcing ministry and mission	10,500	360	438	11,298	12,503
Diocesan overseas links	51	167	-	218	229
Milton Abbey	147	-	-	147	45
Governance costs	17	-	7	24	23
Other resources expended	29	-	-	29	86
	10,831	1,468	445	12,744	13,904

	Activities	Grant	Governance	Total	Total
	undertaken	funding of	costs	2015	2014
	directly	activities		£'000	£'000
ALLOCATION OF SUPPORT COSTS					
Staff costs	359	-	-	359	356
Office administrative costs	165	-	4	169	54
Office premises costs	28	-	1	29	59
Finance costs	5	-	-	5	5
Depreciation	17	-	-	17	16
Less: already recharged to departments	(134)	-	-	(134)	(42)
	440	-	5	445	448

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

13. ANALYSIS OF GRANTS PAYABLE	Number of grants		2015	2014
	2015	2014	£'000	£'000
To Institutions				
National Church Responsibilities				
The Archbishops Council	1	1	941	918
Salisbury Diocesan Board of Education	1	-	178	-
	<u>2</u>	<u>1</u>	<u>1,119</u>	<u>918</u>
Diocesan Links Overseas				
ECS Provincial Office / agencies	7	15	32	96
Sudanese dioceses / schools / colleges	22	22	134	102
	<u>29</u>	<u>37</u>	<u>166</u>	<u>198</u>
Within the Diocese				
PCCs	12	9	344	41
Other mission bodies	11	3	54	19
County ecumenical bodies	1	1	7	7
	<u>24</u>	<u>13</u>	<u>405</u>	<u>67</u>
To Individuals				
Diocesan Links Overseas				
Sudanese clergy & laity	2	1	1	1
Within the Diocese				
Individual training for ministry	79	70	168	159
Clergy taking up appointments	45	45	102	102
	<u>124</u>	<u>115</u>	<u>270</u>	<u>261</u>
Totals for all grants	<u>181</u>	<u>167</u>	<u>1,961</u>	<u>1,445</u>

14. STAFF COSTS	2015	2014
	£'000	£'000
Salaries & stipends	1,195	1,488
Social security costs	99	128
Pension costs	278	326
	<u>1,572</u>	<u>1,942</u>

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

	2015	2014
£70,001 - £80,000	1	1

Pension payments of £22,000 (2014 - £22,000) were made for this employee.

The average numbers of persons employed by the Board during the year:

	2015	2014
Resourcing parish ministry	4	6
Support for ministry and mission		
Ministry and learning development	8	8
Area offices and diocesan resources	6	6
Board of Education	7	10
Other support for ministry and mission	21	20
	<u>46</u>	<u>50</u>

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

	2015	2014
Resourcing parish ministry	4	5
Support for ministry and mission		
Ministry and learning development	7	8
Area offices and diocesan resources	6	6
Board of Education	2	9
Other support for ministry and mission	19	19
	<u>38</u>	<u>47</u>

During the year, all employees engaged in work for Salisbury Diocesan Board of Education were transferred to SDBEL's own payroll.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14. STAFF COSTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2015 they were

Diocesan Secretary	Lucinda Herklots
Diocesan Accountant	Phil Musselwhite
Diocesan Surveyor	Shawn Donneky
Director, LDMT	The Revd Canon Jane Charman

Remuneration, pensions and expenses for these four employees amounted to £294,000 (2014 £276,000)

TRUSTEES REMUNERATION AND EXPENSES

No trustee has received from the Board any remuneration for services as a trustee. Trustees received travelling and out-of pocket expenses as trustees of £4,505 (2014 - £3,000).

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 G Kings	No	Yes
The Rt Rev E Condry	No	Yes
The Ven A P Jeans	Yes	Yes
The Ven S Waine	Yes	Yes
The Ven P S Taylor	Yes	Yes
The Ven R Worsley	Yes	Yes
The Ven A C Macrow-Wood	Yes	Yes
The Rev T M B Woodhouse	Yes	Yes
The Rev D Baldwin	Yes	Yes
The Rev A Perry	Yes	Yes
The Rev C Maxim	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 197 (2014 - 198) stipendiary clergy as office-holders, and the costs were as follows:

	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Stipends	4,784	4,732
National Insurance contributions	383	373
Pension costs		
- current year	1,101	1,068
- deficit reduction	614	526
	<u>6,882</u>	<u>6,699</u>

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £33,780 - £42,240 (2014 range £33,120 - £41,410). The annual rate of stipend, funded by the Board, paid to Archdeacons in 2015 was in the range £33,010 - £34,970 (2014 range £32,360 - £34,280). Other clergy who were Trustees were paid in the range £24,780 - £25,280 (2014 range £24,310 - £24,780). Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2015 at £9,910 (2014 - £9,950). The value of housing provided to the Bishops is £15,000.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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>2015</u>	<u>2014</u>
Charged by SDBF:	£'000	£'000
to SDBEL for services in accordance with the Board's charitable objectives	136	143
to SALED Ltd for office services	-	-
	<u>136</u>	<u>143</u>
Grants made by SDBF to SDBEL	<u>178</u>	<u>-</u>
Charged by SALED Ltd:		
to SDBF for conference facilities	<u>5</u>	<u>4</u>
Grants made by SDBEL to SDBF	<u>-</u>	<u>246</u>
Inter-company debtor/(creditor) balances at 31 December		
SDBEL	(100)	5
SALED LTD	-	-
	<u>(100)</u>	<u>5</u>

16. TANGIBLE ASSETS

	Unrestricted		Restricted Assistant staff houses and other property	Endowment		Totals
	Property	Equipment		Team Vicarages	Benefice Houses	
<u>Cost or valuation</u>	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	1,804	426	17,065	12,004	60,589	91,888
Additions	25	110	443	4	500	1,082
Disposals	-	-	(270)	-	-	(270)
Impairment	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Transfer between funds	-	-	-	-	-	-
Transfer from investment properties	-	-	250	-	-	250
Transfer to current assets	-	-	(387)	-	-	(387)
At 31 December 2015	<u>1,829</u>	<u>536</u>	<u>17,101</u>	<u>12,008</u>	<u>61,089</u>	<u>92,563</u>
<u>Accumulated depreciation</u>						
At 1 January 2015	-	408	-	-	-	408
Charge for the year	-	18	-	-	-	18
At 31 December 2015	<u>-</u>	<u>426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426</u>
<u>Net Book Value</u>						
At 31 December 2015	<u>1,829</u>	<u>110</u>	<u>17,101</u>	<u>12,008</u>	<u>61,089</u>	<u>92,137</u>
At 31 December 2014	<u>1,804</u>	<u>16</u>	<u>17,065</u>	<u>12,004</u>	<u>60,589</u>	<u>91,478</u>

One property has been purchased with the help of a value-linked loan 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 property included above amounts to £120,000 (2014: £120,000)

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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>2015</u>	<u>2014</u>
a. Unlisted Investments	£'000	£'000
Market value at 1 January	17,079	14,981
Additions at cost	2,045	1,500
Net investment gains	137	598
Market value at 31 December	<u>19,261</u>	<u>17,079</u>
b. Investment Properties		
Carrying value at 1 January	11,525	8,034
Revaluation at 31 December	-	2,561
Transfer (to)/from functional properties	(250)	1,165
Transfer to properties held for disposal	(215)	-
Disposals at carrying value	(270)	(235)
Carrying value at 31 December	<u>10,790</u>	<u>11,525</u>
Total Investment Fixed Assets at 31 December	<u>30,051</u>	<u>28,604</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 (2014 - 505,075)	6,836	6,744
1,792,094 Property Fund shares (2014 - 1,792,094)	2,421	2,233
440,284 M&G "Charifund" units (2014 - 440,284 units)	6,313	6,332
581,300 M&G "Charibond" units (2014 - 581,300 units)	709	749
Grove Wealth Management Unit Trust		
1,638,880 International Corporate Bond units (2014 - 421,743)	1,618	433
657,318 Corporate Bond units (2014 nil)	724	-
233,281 Global Equity units (2014 - 233,281)	312	316
196,078 Worldwide Opportunities units (2014 - 196,078)	283	272
Clergy Mutual Credit Union Deferred Shares	5	-
Solar PV projects	40	-
	<u>19,261</u>	<u>17,079</u>

Investment Properties comprise:-

Glebe Agricultural land	8,235	8,793
Other property	1,512	1,512
Former clergy houses	988	1,165
A former church	55	55
	<u>10,790</u>	<u>11,525</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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.

Included in the programme related investments is a loan of £100,000 to SDBEL, advanced in 2012 and due to be repaid in 2022. No interest is being charged on this loan.

20. STOCKS

	<u>2015</u> £'000	<u>2014</u> £'000
Publications, Churchwarden's and Sidesmen's badges	<u>1</u>	<u>1</u>

21. CLERGY HOUSES FOR SALE

	<u>2015</u> £'000	<u>2014</u> £'000
Carrying value as fixed assets	<u>602</u>	<u>2,255</u>
Held as current asset	<u>602</u>	<u>2,255</u>

22. DEBTORS

	<u>2015</u> £'000		<u>2014</u> £'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
Loans to parishes	122	254	15	50
Other loans	2	-	54	-
Parish Share	175	-	242	-
Church Commissioners Diocesan Stipends Account (note 32)	125	-	-	-
Accrued income	247	-	185	-
Sundry debtors	210	-	227	-
Totals	<u>881</u>	<u>254</u>	<u>723</u>	<u>50</u>
Total Debtors	<u>1,135</u>		<u>773</u>	

23. DEPOSIT ACCOUNTS

	<u>2015</u> £'000	<u>2014</u> £'000
CBF Church of England Deposit Fund	1,019	1,165
Triodos Bank deposit	<u>50</u>	<u>50</u>
	<u>1,069</u>	<u>1,215</u>

24. CREDITORS

	<u>2015</u> £'000		<u>2014</u> £'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
a. Loans				
Talbot Village Trust	-	25	-	25
Church Commissioners	-	120	-	120
Totals	<u>-</u>	<u>145</u>	<u>-</u>	<u>145</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

24. CREDITORS continued	<u>2015</u>		<u>2014</u>	
	£'000		£'000	
	Due within <u>one year</u>	Due in more than <u>one year</u>	Due within <u>one year</u>	Due in more than <u>one year</u>
b. Other Creditors				
HM Revenue & Customs	30	-	53	-
Accruals	48	-	27	-
Church Commissioners	-	-	89	-
Other creditors	345	-	350	-
Totals	<u>423</u>	<u>-</u>	<u>519</u>	<u>-</u>
Totals	<u>423</u>	<u>144</u>	<u>519</u>	<u>267</u>
Total Creditors	<u>567</u>		<u>786</u>	

25. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	<u>2015</u>	<u>2014</u>
	£'000	£'000
Loans due after more than one year fall due as follows:		
1 - 2 years	-	-
2 - 5 years	-	-
after 5 years	144	145
	<u>144</u>	<u>145</u>

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

26. FINANCIAL COMMITMENTS

	<u>2015</u>	<u>2014</u>
	£'000	£'000
Capital expenditure authorised by the Board and contracted for but not provided for in the accounts	<u>-</u>	<u>-</u>
Capital expenditure authorised by the Board but not yet contracted for	<u>45</u>	<u>-</u>
Loans to parishes and Salisbury DBE Ltd authorised by the Board but not yet taken up	<u>540</u>	<u>562</u>
Estimate of grants to parishes, approved in principle by the Board subject to conditions	<u>44</u>	<u>31</u>

None of the above amounts has been charged in the accounts. No commitments approved by the Board but not paid during the year have been charged to expenditure in 2015 (2014 - nil). There are no obligations under leases.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

27. FUND MOVEMENTS IN THE YEAR

	At 1					At 31
Note	January 2015	Income	Expenditure	Transfers (Note 34)	Gains & losses	December 2015
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>	31					
General Fund	2,434	10,556	(9,812)	(183)	26	3,021
<hr/>						
<u>Designated funds</u>						
Clergy Conference Fund	10	-	-	15	-	25
Aldhelm Mission Fund	250	50	(77)	-	3	226
Ordinands Support Fund	-	-	(158)	158	-	-
Crompton Fund	206	7	-	-	2	215
Pastoral & Development Designated Fund	-	-	-	-	-	-
Totals for designated funds	466	57	(235)	173	5	466
Totals for unrestricted funds	2,900	10,613	(10,047)	(10)	31	3,487
<hr/>						
<u>Restricted funds</u>	32					
Pastoral & Development Fund [DPA]	25,454	351	(986)	(660)	176	24,335
Diocesan Stipends Fund Income Account	-	1,528	(1,339)	(189)	-	-
The Sudan Funds						
Sudan General Fund	243	123	(146)	-	-	220
Sudan Relief & Development Fund	4	2	(2)	-	-	4
Sudan Medical Link Fund	42	54	(67)	-	-	29
Sudan Bilal Fund	6	-	-	-	-	6
Sudan Grace Secondary School Fund	1	-	-	-	-	1
Milton Abbey Fund	(6)	153	(147)	-	-	-
Latvia Fund	(1)	-	-	-	-	(1)
Diocesan Choral Fund	7	-	-	-	-	7
Bishops' Office Equipment Fund	-	-	(10)	10	-	-
Restricted funds for ministry in parishes	699	-	-	-	7	706
Restricted funds for support of ministry in parishes	248	-	-	-	3	251
Restricted funds for general purposes	479	-	-	-	7	486
Totals for restricted funds	27,176	2,211	(2,697)	(839)	193	26,044
<hr/>						
<u>Expendable endowment</u>	33a					
Diocesan Stipends Fund Capital Account	26,074	333	-	189	(116)	26,480
Benefice Houses	60,553	304	-	660	-	61,517
	86,627	637	-	849	(116)	87,997
<hr/>						
<u>Permanent endowment</u>	33b					
Endowments for ministry in parishes	1,876	-	-	-	25	1,901
Endowments for support of ministry in parishes	79	-	-	-	1	80
Endowments for general purposes	279	-	-	-	4	283
	2,234	-	-	-	30	2,264
<u>Total endowment funds</u>	88,861	637	-	849	(86)	90,261
<hr/>						
<u>Grand totals for all funds</u>	118,937	13,461	(12,744)	-	138	119,792
<hr/>						

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

28. SUMMARY OF ASSETS BY FUND

	Note	Fixed assets		Current assets	Creditors	Net assets
		Tangible	Investments			
		£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>	31					
General Fund		1,939	2,256	(680)	(494)	3,021
<u>Designated funds</u>						
Clergy Conference Fund		-	-	25	-	25
Aldhelm Mission Fund		-	169	57	-	226
Ordinands Support Fund		-	-	-	-	-
Crompton Fund		-	169	46	-	215
Pastoral & Development Designated Fund		-	-	-	-	-
Totals for designated funds		-	338	128	-	466
Totals for unrestricted funds		1,939	2,594	(552)	(494)	3,487
<u>Restricted funds</u>						
Pastoral & Development Fund [DPA]	32	17,101	1,595	5,715	(76)	24,335
Diocesan Stipends Fund Income Account		-	-	-	-	-
The Sudan Funds						
Sudan General Fund		-	-	220	-	220
Sudan Relief & Development Fund		-	-	4	-	4
Sudan Medical Link Fund		-	-	29	-	29
Sudan Bilal Fund		-	-	6	-	6
Sudan Grace Secondary School Fund		-	-	1	-	1
Milton Abbey Fund		-	-	-	-	-
Latvia Fund		-	-	(1)	-	(1)
Diocesan Choral Fund		-	3	4	-	7
Restricted funds for ministry in parishes		-	583	123	-	706
Restricted funds for support of ministry in parishes		-	235	16	-	251
Restricted funds for general purposes		-	486	-	-	486
Totals for restricted funds		17,101	2,902	6,117	(76)	26,044
<u>Expendable endowment</u>						
Diocesan Stipends Fund Capital Account	33a	12,008	22,048	(2,015)	(5,561)	26,480
Benefice Houses		61,089	428	-	-	61,517
		73,097	22,476	(2,015)	(5,561)	87,997
<u>Permanent endowment</u>						
Endowments for ministry in parishes	33b	-	1,905	(4)	-	1,901
Endowments for support of ministry in parishes		-	80	-	-	80
Endowments for general purposes		-	283	-	-	283
		-	2,268	(4)	-	2,264
<u>Total endowment funds</u>		73,097	24,744	(2,019)	(5,561)	90,261
<u>Grand totals for all funds</u>		92,137	30,240	3,546	(6,131)	119,792

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

29. TRANSITION TO FRS102

This is the first year the Board has presented its results under FRS 102 and SORP2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 December 2014. Set out below are a reconciliation of the deficit for the year and the reserves from the amounts previously stated in the 2014 financial statements following the change in accounting policies.

Reconciliation of net income for the financial year as previously stated to that restated

	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total funds 2014
	£'000	£'000	£'000	£'000	£'000
Surplus/(deficit) as previously reported (before investment gains)	82	(213)	(859)	109	(881)
Clergy defined benefit pension scheme	-	-	-	(417)	(417)
Total adjustment to net income	-	-	-	(417)	(417)
Net income for the year under FRS102 (before investment gains)	82	(213)	(859)	(308)	(1,298)

Reserves reconciliation - 1 January 2014

	£'000	£'000	£'000	£'000	£'000
As at 1 January 2014 as previously reported	2,357	497	27,926	92,120	122,900
Clergy defined benefit pension scheme	-	-	-	(5,947)	(5,947)
Write down of value linked loan	122	-	-	-	122
As at 1 January 2014 - restated	2,479	497	27,926	86,173	117,075

Reserves reconciliation - 31 December 2014

	£'000	£'000	£'000	£'000	£'000
As at 31 December 2014 as previously reported	2,312	466	28,723	101,239	132,740
Clergy defined benefit pension scheme	-	-	-	(6,364)	(6,364)
Tangible fixed asset fair value adjustments	-	-	(1,548)	(6,014)	(7,562)
Write down of value linked loan	122	-	-	-	122
As at 31 December 2014 - restated	2,434	466	27,175	88,861	118,936

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A. The Board has a payment plan with the Church of England Pension's Board to pay the Clergy Pension Scheme deficit over a ten year period (until 2022). Upon transition, the Board has recognised the present value of deficit funding contributions. As at 31 December 2015, this amounted to £5,561k for the Clergy Pension Scheme (2014: £6,364k).

The Board values its fixed asset properties in accordance with FRS 102 on the basis of cost, or deemed cost as at 1 January 2014. As such, any revaluation adjustments made in the year to 31 December 2014 have been reversed.

The liability due to a loan, linked to the value of a property, has been adjusted to reflect this liability at its current value.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

30. PRIOR YEAR SOFA RESTATED

	Unrestricted funds		Restricted funds	Endowment funds	Total funds <u>2014</u>
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Incoming and endowments from					
Donations					
Parish Share	9,599	-	-	-	9,599
Archbishops' Council & Church Commissioners	58	40	-	-	98
Other donations	486	3	391	-	880
Charitable activities	561	-	703	-	1,264
Other activities					-
Investments	173	14	722	-	909
Other	-	-	164	109	273
Total	10,877	57	1,980	109	13,023
Expenditure on					
Raising Funds	71	-	29	-	100
Charitable activities	10,638	270	2,810	417	14,135
Other	86	-	-	-	86
Total	10,795	270	2,839	417	14,321
Net income/(expenditure) before investment gains	82	(213)	(859)	(308)	(1,298)
Net gains/(losses) on investments	49	17	94	2,999	3,159
Net income/(expenditure)	131	(196)	(765)	2,691	1,861
Gross transfers between funds	(176)	165	14	(3)	-
Other recognised gains / (losses)					
Gains/(losses) on revaluation of fixed assets	-	-	-	-	-
Net movement in funds	(45)	(31)	(751)	2,688	1,861
Total funds at 1 January 2014 as previously stated	2,357	497	27,926	92,120	122,900
Transitional adjustment - FRS102	122	-	-	(5,947)	(5,825)
Funds restated as at 1 January 2014	2,479	497	27,926	86,173	117,075
Total funds carried forward	2,434	466	27,175	88,861	118,936

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

31. 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. Movements on these funds, including those which are designated are set out on page 32.

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 2014. The diocesan budget includes a provision each year (£15,000 in 2015) 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 £158,000 for transfer to the Fund was provided for in 2015.

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 Pastoral and Development 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 2015, as the PDF is deemed to have sufficient assets as a result of the capital review.

32. 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:

Pastoral and Development Fund. This is also known as 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;
- for the benefit of another diocese; and
- 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.

Diocesan Stipends Fund Income Account (DSF Income). This Fund 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.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

32. RESTRICTED FUNDS (continued)

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

- Sudan General Fund - the primary purpose of this fund 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 - this Fund provides relief aid and grant aids development projects.
- Sudan Medical Link Fund - this Fund was established in 1986 through an initiative of Mrs Jill Baker. It funds and ships medical supplies into clinics in Sudan and supports training for health workers.
- Sudan Bilal Fund - this Fund was established to fund and support the training of Reverend Joseph Bilal during his theological training in the UK. The fund was also used to support his family during this period. The balance is retained to assist the Bilal family in their eventual return to Sudan.
- Sudan Grace Secondary School Fund – this Fund was established in 2008 through an initiative of Richard and Claire Budd. The purpose of the fund is to provide a new secondary school in the Diocese of Kadugli.

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

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

Diocesan Choral Fund. This 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. This 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. The Board holds as restricted funds a number of trusts for or to support parochial ministry.

33. ENDOWMENT FUNDS

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

a. EXPENDABLE ENDOWMENTS

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

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

b. PERMANENT ENDOWMENTS

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

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

34. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2015 £'000
Ordinands' support	(158)	158	-	-	-
Expenditure on Bishop's Office Furniture	(10)	-	10	-	-
Clergy Conference Fund	(15)	15	-	-	-
Movement in Clergy Pension Provision	-	-	(189)	189	-
Reversal of Parsonage House Scheme surpluses net of loan repayment and house purchase	-	-	(660)	660	-
	(183)	173	(839)	849	-

35. PENSION COMMITMENTS

(a) Lay Staff

Defined Benefit Scheme

The Board 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 schemes separately from those of the Employer and the other participating employers.

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

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, the 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.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, 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.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

35. PENSION COMMITMENTS (continued)

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 29.7% of pensionable salary. The annual expense charge of £7,600 is being met by the scheme. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The Board made no such payments in the year.

Pension Builder Scheme

The Board closed its DBS Scheme to new members in 2008.

For eligible salaried employees who commenced employment after 2008, the Board participates in the Church of England Pension Builder Scheme (PBS). The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable.

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 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016.

(b) Stipendiary Clergy

Salisbury DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

35. PENSION COMMITMENTS (continued)

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 specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males.

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2025
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	12.4%	14.1%
Total contribution rate	38.2%	39.9%

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 in the table below.

	2015	2014
Balance sheet liability at 1 January	6,364,000	5,947,000
Deficit contribution paid	-614,000	-526,000
Interest cost (recognised in SoFA)	139,000	199,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-328,000	744,000
Balance sheet liability at 31 December	5,561,000	6,364,000

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

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

35. PENSION COMMITMENTS (continued)

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 2015	December 2014	December 2013
Discount rate	2.5% pa	2.3% pa	3.5% pa
Price inflation	2.4% pa	2.7% pa	3.2% pa
Increase to total pensionable payroll	0.9% pa	1.2% pa	1.7% pa

36. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events or contingent liabilities at the balance sheet date.

37. 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 MDBF 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 £21.0m (2014 - £21.0m).

Salisbury DBF - Management Accounts 2015

	Budget for the Year	Actual for the Year	Variance
	£	£	£
Stipends	5,797,420	5,796,305	1,115
Diocesan HR	33,303	35,447	(2,144)
Property Department	1,255,834	1,121,103	134,731
National & Regional Church Resps.	505,000	503,579	1,421
National Training	435,000	436,841	(1,841)
Fees	80,200	75,601	4,599
General Income	(277,050)	(234,614)	(42,436)
Property			
DAC, Pastoral & Trusts	155,300	152,304	2,996
Church Buildings	66,000	72,687	(6,687)
General			
General Administration	466,511	431,747	34,764
Communications	78,025	74,880	3,145
Synods	21,300	23,797	(2,497)
Safeguarding	61,136	59,780	1,356
Diocesan Projects & Resources	105,691	100,747	4,944
Mission Initiatives	96,000	74,087	21,913
Sundries	3,500	7,019	(3,519)
Ramsbury Office	42,778	39,557	3,221
Sherborne Office	58,584	42,604	15,980
Board of Education	281,611	281,611	-
L D M T	400,216	414,658	(14,442)
NET CHARGE on budgeted expenditure	9,666,359	9,509,740	156,619
Expenditure approved outside of budget	30,333	-	30,333
NET CHARGE	9,696,692	9,509,740	186,952
SHARE			
Requested	9,787,385	9,572,779	(214,606)
Adjustments subsequently agreed	-	-	-
Arrears received	-	102,707	102,707
SHARE Total	9,787,385	9,675,486	(111,899)
(DEFICIT) / SURPLUS			75,053

Reconciliation to Statutory Accounts	£000
Surplus as above	75
Clergy Pension deficit/interest payments met by restricted fund	475
2015 share receipts January 2016	90
(Increase)/Decrease in share provision	(6)
Gain on investment	26
Transfers to other funds	(183)
Cost/Income via restricted/endowment funds	110
General Fund surplus reported in statutory accounts (page 20)	587