



**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 2016

Company No. 17442

Registered Charity No. 240833

Registered and Principal Office:

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

SALISBURY DIOCESAN BOARD OF FINANCE

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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
LDM	Learning for Discipleship and Ministry
LLM	Licensed Lay Minister
LPA	Lay Pastoral Assistant
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

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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 grade I or II*.

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, the principal diocesan organisations and the company can be found on pages 12 to 21 of this report.

STRATEGIC 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 in order to further the mission and strategic priorities in the Diocese.

In 2016, Diocesan Synod endorsed the Strategic Vision: Renewing Hope: Pray Serve Grow, and the priorities that the SDBF Trustees and Directors had set for the next 10 years. Throughout the year, the Bishops and Archdeacons visited all of the nineteen Deaneries to learn how deaneries and parishes have responded to this strategic vision. At these visits, they also talked about progress on three of the strategic priorities: Deepening Discipleship, Nurturing Vocations and Sustaining Ministry; as well as outlining the financial challenges that the Diocese would face should the targeted growth in vocations to ministry be achieved.

SDBF Trustees/Directors continue to focus directly on how parishes, schools and deaneries might be helped to achieve their plans namely that: -

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

If our primary focus is on prayer and serving others we believe we will flourish.

The Diocese, through its structure of departments and offices, works to serve the parishes in the Diocese to achieve these goals.

OBJECTIVES FOR THE YEAR

The objectives for the year support strategic vision. These objectives are: -

- Deepening Discipleship, Nurturing Vocations, Sustaining Ministry.
- Delivering new Safeguarding Requirements.
- Continuing the three-year Social Justice Action Plan.
- Progressing the ELM (Energised Local Ministry) to encourage the development of new patterns of local ministry.
- Providing excellent internal and external communications.
- Supporting parishes in their Mission and Stewardship plans.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Developing Disciples, Nurturing Vocations and Sustaining Ministry

Spirituality: The 'Pray' Forum, chaired by Bishop Michael Perham, former Bishop of Gloucester; replaced the post of Spirituality Co-ordinator. The Forum draws together people who are involved in fostering prayer, spirituality, liturgy and worship; it has planned a number of linked prayer initiatives for the first half of 2017. In June 2016, parishes, church schools, hospitals and prisons in the diocese received from the Bishop the gift of a Renewing Hope candleholder and prayer card, and these are in frequent use across the diocese to remind us of the presence of the Holy Spirit whenever Christians meet.

Discipleship: A new Discipleship Co-ordinator joined in September, and since then has been steadily building up a picture of discipleship across the diocese to explore how we can best resource discipleship in the future. Another action was to revise the administrative processes for the training of Lay Pastoral Assistants (LPAs) and Lay Worship Leaders (LWLs), with the aim of aligning the two and placing greater emphasis on the importance of vocational discernment for these vital commissioned lay ministries.

Vocations: The year has seen significant growth in the number of people actively exploring a vocation to Christian ministry. This is resulting in an increasing number of people referred to the Diocesan Director of Ordinands (DDO)'s team, to explore ordination as well as continuing referrals for licensed and commissioned lay ministries. Four Vocation Enquiry days were held that were well attended, with an average of 17 people at each. A diocesan 'Pray Serve Grow – Ministry Experience Scheme' was launched in September 2016 for four 18-29 year olds to get full time experience of local church ministry, as they explore a possible call to ordination. The SDBF provided a house for this community in Poole.

Initial Ministerial Education (IME): 12 new deacons were ordained at Petertide in 2016, taking the number of curates in training in the diocese up to over 40; 33 of whom are preparing for incumbent focus ministry. 16 core course programme events were run during 2016, using a range of external presenters. 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.

Continuing Ministerial Development (CMD): The new online booking and payments system has opened up CMD to wider participation by lay people, all clergy and many others are now using the system. After considerable planning, our new diocesan leadership initiative 'Called to Lead' launched in October 2016 and early take up is promising. A series of Residentials for Rural Leaders also got off to a flying start, a third survey of clergy wellbeing was also carried out and the results will be carefully analysed.

Ministry for Mission (M4M): M4M continued to support the development of new worshipping communities in the Diocese. Research identified 91 new worshipping communities in the diocese, which offer an alternative welcome to those who don't or won't come to traditional Sunday services. 367 places were taken up on Ministry for Mission training events in 2016 compared to 258 in 2015, and feedback showed that these courses were having a direct and positive impact on mission initiatives in parishes. The six existing M4M hubs have strengthened and four new hubs have started. The M4M pages on the diocesan website also had a major upgrade this year.

Rural Ministry and Mission: Ministry in a rural context 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 2017 include: rural placements for ordinands and curates, a rural ministry training pathway through Sarum College for which we have gained in principle approval from Ministry Division, and a series of residentials for rural incumbents. The SDBF bid for strategic development funding was approved to go through to the second stage of the application. This will take forward, at an accelerated pace, the work to improve resilience, confidence and impact in our rural parishes.

Delivering new Safeguarding Requirements

The safeguarding team grew to 3 people with the appointment of a Safeguarding Training Officer to help with the increased requirement for training.

During the year, we delivered 25 training courses at basic and leadership level and ran four workshops for Parish Safeguarding Reps. We wrote new policies, which laid out the training requirements for staff and volunteers working with vulnerable people in parishes; and a Complaints Policy for people wishing to make a safeguarding complaint against a clergy person or church officer.

There is also a new policy that addresses the way we welcome and manage sex offenders who wish to worship in our churches, and we now have 24 people subject to worship agreements across the diocese. We have moved to online DBS application, and since October 2016 we only process applications online. This was widely welcomed in parishes and the switch over was remarkably trouble free.

We continued to upload useful information and templates onto the website to provide a central source for parishes. We have incorporated a number of new Practice Guidance documents from the National Safeguarding Team into our practice.

We submitted a large number of documents to the Independent Inquiry into Child Sexual Abuse (Jay Inquiry) and set up a local panel to respond to the Inquiry. We reviewed the Past Cases Review of 2008 and await the national report into the way this was handled to see if any further action is likely to be necessary locally.

We handled a significant number of safeguarding enquiries and cases, some of which required direct involvement by the DSA and some which needed advice.

Continuing the three year Social Justice Action Plan

Over 500 people participated in social justice events over the year. A further 260 across the Diocese engaged with the Social Justice programme through social media and email bulletins.

The current number of Social Justice Champions (SJC) stands at 36 against a target of 15. In 2016 SJCs set up and ran successful events about refugees and about inequality in society. New work will involve SJCs with special interests in financial inclusion and disability issues.

We continue to support the two Community Foundations with their Surviving Winter Campaign, which helps older people stay warm in the colder months. Over £60,000 has been raised so far this season with indications that communications through Diocesan channels are a key part of encouraging people to contribute.

With the placement of Syrian refugees in Wiltshire at the end of 2015, we encouraged partners in Dorset to participate in this work. Two events held in Wimborne and organised by local Social Justice Champions, attracted 200 people. These events had a direct result with the local councillors initiating a debate at Dorset County Council. The first Syrian refugees into the county have now arrived, and the Diocese has supported the programme by making a house available in Poole. The second event resulted in the formation of an interfaith group which has made an appeal for funds to purchase a house for a refugee family. So far over £60,000 has been pledged. A grant of £2,000 from the Diocesan Social Welfare Fund at Dorset Community Foundation will enable International Care Network, a Bournemouth-based charity that works with refugees, to provide English language courses.

A conference on issues of inequality in society was organised by a Social Justice Champion and held at Poole hospital in September 2016. 60 people took part and Professor Kate Pickett, co-author of *The Spirit Level*, was

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key-note speaker. The Bishop of Salisbury and Archdeacon of Dorset led workshops and a group has now been formed to take this work further in South East Dorset.

Other events included: John Bell of the Iona Community's Wildgoose group leading a day on social justice in worship, a day on equality and education held in partnership with DBE, and a morning on Understanding Depression.

Progressing the Energised Local Ministry (ELM) Project to encourage the development of new patterns of local ministry

A part-time co-ordinator took up post in May 2016. There were two priorities for 2016: -

1) Working with two large benefices (8 and 11 Churches respectively) to get them effectively living and working a shared life with laity, assuming a joint leadership role in all areas of ministry and mission. A parish leader at a recent group meeting reported that a year ago he could not have imagined so much would be happening in the life of the benefice. Both benefices are now sharing skills and experience across their boundaries, providing excellent experience/practice for the co-ordinator to share in the diocese.

2) Increasing knowledge of ELM wherever possible, beginning with diocesan senior staff. It is hoped to introduce ELM to two or three further benefices in the coming months.

Provide excellent internal and external communications

The Communications team supported Bishop Nicholas in his role as Church of England spokesperson on the environment, and assisted him and the other Bishops and Archdeacons in their visits to all but one of the nineteen Deaneries to continue the engagement in the Diocesan Vision *Renewing Hope* agenda.

Grapevine now reaches just under 8,000 people, 10 times a year (up from 7,000 in 2015). The e-Bulletin is sent to 2,000 key lay leaders and clergy around 45 weeks per year. Maintaining and attempting to trim the website is a further vital role, and we have almost 1,200 followers on Facebook (up from less than 100 in 2013) and over 3,000 on Twitter.

Some specific stories have had more prominence during the year as detailed below: -

The Church of England Ministerial Scheme (CEMES) house for young adults exploring vocation has regularly been featured on Radio Solent as a direct result of contact with the Communications Team. Encouraging more and younger vocations is not only vital to the future of the Diocese, but the Church of England as a whole.

On Good Friday, we learned that the Good Friday Cross in Sturminster Marshall had been vandalised overnight but then repaired by the Vicar's wife, who has excellent carpentry skills. From Bridport, on a public holiday, we were able to produce a rudimentary press release on mobile devices to alert both BBC South/Solent and the Dorset Echo, who both gave the story healthy coverage.

The value of rapid rebuttal was shown in October 2016, when the proposed end to the requirement for Sunday services set off a spate of 'the rural church is doomed' stories in the national press. Both the Bishop of Ramsbury and the Director of Communications were active on radio and in the press, making it clear that in Salisbury at least, we are positive and optimistic about our rural churches. The Bishop of Ramsbury wrote the Country Life Christmas message this year, as a direct response to us contacting them to rebut an article which claimed the Church of England was hostile to its rural parishes.

As well as media work, the Team also assists in typesetting and graphic design; training parishes and Diocesan staff in social media, in using the internet, and in press relations; the team did a significant amount of work on the *Praying Together* project for Lent 2016. The *Praying Together* booklet was typeset and designed in house,

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saving hundreds of pounds. We also have a prayer 'app' ready to go in 2017 along with a revamped printable version of the Cycle of Prayer, which we are making available in a daily or weekly e-mail.

A campaign on legacies in a Dorset town parish, (the leaflets for which the team designed, laid out, and advised on the content of) raised more than £20,000. This was the pilot for a wider Diocesan initiative.

Safeguarding has required ever more expenditure of resources, probably taking around 25% of the Director of Communications' time in 2016. As well as individual cases, mainly historic, there is a significant policy development workload; and Safeguarding and Communications aim to involve themselves in each other's committees and relevant work.

Support parishes in their Mission and Stewardship plans

The core focus remains on direct support to parishes in the key areas of mission plans, stewardship, legacies and fund raising for capital projects; by offering training workshops, sharing good practice and one-to-one engagement to help with local implementation. The team now have a suite of training programmes, used extensively throughout 2016: -

- 4 fundraising workshops, with 110 participants from 38 parishes (new in 2016).
- 1 legacy workshop with 26 participants from 10 parishes.
- 11 Giving for Life (GfL) workshops, with 196 participants from 83 parishes (new in 2016).
- 2 Visioning days, which led directly into stewardship programmes (2015:3).

Parish Visits - 74 parish visits were made in 2016, with 14 undertaking effective stewardship programmes (2015: 56 visits and 16 stewardship programmes). Total increase in income from 2016 stewardship programmes are not yet available, but examples include Ensbury Park – giving increased 9%, Bromham - giving increased 20% and Motcombe - giving increased 14%.

Legacies - An important area of focus in 2016 was the development of the Legacy programme. This was trialled in Gillingham with an initial known commitment of £20,000 after the 4-week programme supported by teaching, engagement sessions and printed materials, Shaftesbury also reported a positive response. A template for smaller, rural parishes was also developed – Farley with Pitton completed a successful plan earlier in the year.

The year 2016 ended with the start of the pre-launch phase of the Parish Giving Scheme. Ten parishes attended the briefing and around 7 parishes have taken part in the trial during the first months of 2017, with the full diocesan roll-out planned for May 2017.

FUTURE PLANS

During 2016, the Directors continued to develop the strategies and priorities in response to the vision of Renewing Hope: Pray, Serve, Grow.

The three principal strategic aims established by the Board, as detailed on page 1, will continue to direct the activities of the SDBF. Bishop's Council approved in January 2016, the concept of a Diocesan Balanced Scorecard as a means of relating financial and non-financial indicators to the Bishop's Council's key aims and activities. It aims to give a more holistic view than can be gained by just looking at quantitative measures.

The Board will continue to develop and monitor budgets that reflect these strategic objectives, mission priorities and new income sources. 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.

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

FINANCIAL REVIEW OF 2016

Overall the Board saw a slight strengthening of its financial position over the year. Total funds increased by £1.4m to £121.2m. However this was largely due to gains on investments of £1.384m – these are not cash gains and relate to assets that are needed to be retained for the support of the Board's continuing activities. Net income before gains on investments was £40k.

Total income remained the same at £13.46m (2015: £13.46m). The Share outcome for the year was reasonable with, at the cut-off date of 31 January 2017, 96.6% of the 2016 allocation having been paid (2015: 97.9%); the Board is grateful to all parishes for the continued good response. Receipts after January 2017 in respect of the 2016 share has resulted in the overall figure collected for 2016 being only very slightly down on 2015 in percentage terms, which is very encouraging. The Board is monitoring share collection and cash flow very carefully by monthly review and is using the Archdeacons and Rural Deans to monitor share collection and address any issues that paying share causes to individual parishes. The accounts office at the DBF sends regular statements outlining the share liability to each parish and reports to Finance Committee on the share collection monthly. Cashflow forecasts are revised and reviewed monthly.

It is hoped that the launch of the Parish Giving Scheme in May 2017, which allows donors to pay the Parish by Direct Debit for the first time, will increase income to Parishes and this will be run alongside a renewed focus on stewardship and giving. The fact that donors can also opt for an inflationary increase to their giving will also assist.

Expenditure showed an increase of £679k on 2015. The most significant items were again clergy stipends, national insurance and pension contributions, amounting to £6.27m (2015 - £6.02m), clergy housing £2.39m (2015 - £1.95m) and all other costs in support of ministry and mission £3.02m (2015 - £3.33m). These costs accounted for 87% (2015 – 88.6%) of expenditure.

Stipends

The most significant financial activity continued to be the provision of stipends and housing for the clergy in the Diocese. There were 208 paid clergy posts in the Diocese in 2016, 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

In line with managing the vicarages and curates houses, there have been some 21 changes of occupancy and consequential improvement works to the houses. Further to this, and in addition to the scheduled quinquennial inspections, major refurbishment works were carried out to a number of parsonages including: Verity Crescent Poole, Dorchester, Whitchurch Canonorum, Littlemoor, Broadway and Salisbury St Francis. The Department also oversaw extensive electrical refurbishment works to the Church House flats.

The department currently rents out 15 properties during vacancies bringing in an income of £179k.

Houses were sold at Whitchurch Canonorum, Radipole, Bemerton and Southbroom as well as land at Crossways. Subsequently, two curates houses were purchased at Bemerton and Trowbridge along with Cornborough at Milton Abbey and 21 Robin Road, Old Sarum.

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In addition to its statutory core work the Property Department now works with 68 Voluntary Aided Schools Academies. In managing these the Department carried out over 65 building projects bringing in a fee income of £514k. The Department has worked closely with the Creekmoor Room to Grow project and the Heatherlands Church of the Good Shepherd project helping them both to move closer to completion.

Grant Making Activities

In its tenth year, the Aldhelm Mission Fund Group awarded £25k as grants to 7 mission projects. Total awards of £106k were granted to individuals in training for ministry roles and £124k to clergy taking up new appointments. The Sudan Committee awarded £142k to individuals and organisations in the Episcopal Church of the Sudan. One of our South Sudanese partners, a college that trains midwives and nurses, was subject to international electronic fraud, which UK authorities described as sophisticated. We have made good £18,200 of the £23,000 lost from an ex-gratia payment from the Board's insurers and other sources. Enhanced security procedures have now been put in place, and the loss has been reported to the Charity Commission and ActionFraud.

An analysis of grants paid is shown at note 13.

SDBF Trusteeship

The Finance Committee considered 30 requests for Board approval during 2016. Almost half these requests were from parishes to release capital to be applied to major projects such as church repairs or re-ordering. One of the most ambitious reordering projects has been at Holy Trinity Church in Bradford on Avon where the proceeds of sale from the Metsys' painting, Christ Blessing, have been applied to this work.

There were also 6 requests to wind up small charities vested in the Board and apply the proceeds to either capital church or churchyard projects depending on the objectives of the trust. There was one request to vest property in the Board: Sherborne with Castletown PCC purchased 4 Abbey Close, located between the Vicarage and Parish office, which will provide a home for the new head verger.

There were 7 requests to sell sites or part sites no longer required by PCCs. These ranged from the Lambert Centre (Christ Church Bradford on Avon), 381 Ham Green (Holt St Katharine) to Ringers' Field in Maiden Newton. There were also 2 requests relating to leases: the lease of the Vestry Room in Trowbridge St James was successfully renewed for a further term and Teffont Evias with Teffont Magna PCC are in the process of renewing the lease of the Village Hall to a Managing Committee.

The accounts from the Viscount Portman were scrutinised and approved. The Retired Clergy Housing Fund received a single request for a short term loan but there were no requests for equity share investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The SDBF makes every effort to limit future increases in the total Parish Share through close examination of expenditure and seeking funding from external sources. As the rate of inflation has begun to increase and 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: -

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- Share – constant monitoring of receipts throughout the collection year, monitoring by Archdeacons and two Stewardship and Finance groups based in Sherborne and Ramsbury, and a Fairer Share Review group to ensure that the allocation and collection processes remain fit for purpose. Reminder letters are sent every quarter – at the end of quarter 1 by the area offices; the end of quarter 2 by the accounts office; the end of quarter 3 by the area offices and the end of the year by the Chairman.
- 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)

On 1 January 2016, new Faculty Rules concerning works that do not require faculty were introduced based on national lists known as List A and List B works. The latter require written approval from the Archdeacon and also, in most cases, DAC advice (out of committee) beforehand. Specific conditions apply but the cost of works is no longer a determining factor for eligibility. Administration is carried out by the DAC office, which processed a total of 125 applications.

During its ten meetings, 94% of the 190 applications to the DAC for a Notification of Advice (1st stage of faculty process) were recommended, the committee raised no objection to the remaining 6% and there were no cases where the decision was reached not to recommend the works. The year to date average of applications recommended when first considered was 83%.

Major schemes of re-ordering and development continued to be a significant feature on agendas and 13 site visits were undertaken, which provided a valuable forum for parishes to discuss ideas and options with the DAC at an early stage before the schemes are drawn up for faculty.

Specialist informal advice concerning works to organs, bells, clocks, heating etc. was offered to 27 parishes.

A total of 12 churches in the Diocese were awarded grant offers totalling £564,700 under the Listed Places of Worship Roof Repair Fund (2nd round), an increase on the round one outcome.

The DAC undertook the quinquennial review of the register of architects and surveyors approved to inspect churches in this Diocese. The new 'List' was introduced in July and includes 37 members.

The 2015 DAC Awards were presented at Diocesan Synod in June 2016 to Bradford on Avon Holy Trinity (extensions, major re-ordering), Cranborne St Mary with St Bartholomew (new lighting), Damerham St George (extension for WC), Salisbury St Thomas (new west entrance arrangements) and Tolpuddle St John the Evangelist (re-ordering and extension for a WC and kitchen/servery).

Introduce a new framework for Archdeacons' Visitations

Following on from the concerns, a new framework for triennial Archdeacons Visitations was designed, piloted and delivered. This introduces a more formal framework for inspecting church, churchyard, fabric, structures and administration to check that parishes are meeting the legal requirements; and that good practice is being followed, the pilots of the visitation checklist were completed in January 2016. The checklist launched in June 2016 but will be rolled out in 2017, the aim is to visit parishes every 3 years. A parish reference manual was developed that provided church wardens and incumbents with useful signposts on where to find further information on both legal and best practice in a number of key areas. This was circulated in April 2016 and received very positively.

Secure the future for Milton Abbey

Milton Abbey is a significant building that is owned by the SDBF, the Milton Abbey Heritage Trust was established and registered with the Charity Commission in July 2016. This body provides more effective day to day management of the project to repair and re-invigorate the site.

The SDBF was awarded a grant in June 2016 of £1.249m by the Heritage Lottery Fund. This grant is for the repair of the Abbey, in order to create an education centre to promote health and learning of the body, mind and spirit of the visitors to the Abbey, its associated Chapel and the historic landscape around it. A project steering group was set up by the Milton Abbey Heritage Trust during the year to ensure the detailed implementation is completed to release the funding in Q2 2017.

Viridor grants for a total of £340K were awarded and the first phase was completed. The Bishop approved a Bishop's Mission Order in December to cover Milton Abbey and the surrounding area and a Provost of Milton Abbey was appointed in December 2016. The Provost will develop the community spiritual life of the Abbey, and is due to start in February 2017.

In July and August 2016, a successful exhibition was held celebrating the tercentenary of the birth of Capability Brown who designed the landscape surrounding the Abbey. The event results were a raised profile for the Abbey, a good number of visitors and a profit of over £5k was made.

The Environment Group

The Group has continued to support parishes and individuals in developing environmental awareness and action across the diocese. Activities in 2016 included setting up events to launch the new EcoChurch scheme, with nineteen parishes having registered their interest in the scheme. A Gold award, the first in the country, has been awarded to Hilfield Friary, and two other parishes and the Cathedral have already been awarded Bronze. Other activities included encouraging parishes to engage with The Big Switch and move to green electricity suppliers and assessment of the effectiveness of the solar panel installations that the SDBF funded on 13 parsonage houses.

Poole Missional Communities

Following the 5-year review of the Bishop's Mission Order (BMO) regarding Poole Missional Communities (PMC) in 2015, the Bishop approved the renewal of this BMO for a further 2 years. Agreement was reached on the terms of continuing support for the Pioneer Minister as part of a group ministry with the parishes within which the BMO is situated.

New Housing

Following the results of a commissioned piece of research that showed that over 40,000 new houses are to be built in the Diocese over the next ten years, work began on a New Housing Mission Policy and report, which sets out the Diocesan response to new housing developments in Wiltshire and Dorset. This will be completed during 2017.

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.

Schools/Academies

The Partnership Service Agreement (PSA), the subscription to DBE services, evidences a significant increase in engagement by schools with the DBE in this academic year (December 2016: £106,125). For the same period

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in 2014 and 2015 the income was £32,100 and £68,775 respectively. The increase in engagement with schools is enabling a focus on schools' self-evaluation of their church school, distinctiveness and effectiveness and development in practice. Impact of PSA work is routinely commented on in SIAMS reports, referring to impact on fundamental aspects of leadership, governance, self-evaluation and vision and values.

Ofsted judged 89% of church schools to be at least good from a base line of 90% in March 2015. The DBE is increasingly focusing on strategic solutions for schools causing concern, rather than in school support e.g. Multi Academy Trust membership, teaching school support and challenge to leadership including governance.

In December 2016, there were 626 filled foundation governor posts and 117 vacancies; there were 139 Ex Officio posts filled and 22 vacancies. Significant work has been undertaken to secure an increase in foundation governor appointments and funding is being sought to resource a new full time 3 year post to give strategic leadership and to provide foundation governor training for all new governors.

Children/Young People/Families (CYP)

In the autumn term an evaluation of the outcomes of the CYP strategy was undertaken, highlighting successes such as the programme of support and strong relationships resulting from working systematically with Deaneries. It also recognised areas that still need development, for example support and provision for secondary age young people.

The CYP team and CYP committee are now responding to this learning as they draft the CYP strategy for 2017/21. Fundamental to this process has been a consultation with clergy, laity, and wider diocesan staff, children and young people in a range of contexts.

Board of Education Governance

The Board, as a result of a programme of induction, has a growing understanding and confidence in the quality of DBE services; the Board is developing their ability to evaluate impact and challenge and support officers in order to further transform the Service. The Board of Education has developed its committee structures and created link posts to key areas of DBE work further enabling understanding of the context and the ability of the Board to hold officers to account for outcomes. A termly self-evaluation process results in detailed reporting to committees and to the full Board.

Finance

Detailed work is being undertaken by the Board on the capacity of the DBE, its financial constraints and the tension between capacity, finance and schools' needs. This has led the Senior Leadership Team (SLT), with Trustees to further consider the core purposes of the DBE and how the aims of the 2015/18 strategic plan can be achieved. A Core Foundation Provision model is being developed and alongside it a deployment and long term finance plan.

Partnership

Investment in partnership working with the Cathedral, Archdeacons, teaching schools, the Office of the Regional Schools Commissioner, the DFE, National Society and local South West Directors of Education are each leading to outcomes that support the development of church school education. Examples include: - the agreement for the diocesan Multi Academy Trust to open a new church school in 2018, the development of restorative ethos in 40 church schools as a result of partnership with the Cathedral, the engagement of SDBF staff in the new CYP strategy, the engagement of clergy and laity in the DBE led governance session at Synod.

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 Évreux (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. A representative of the Sudan Medical Link has been to Wau in the past three weeks to see four of our students graduating at the end of a three-year course. That makes a total of fourteen nurses and midwives working in South Sudan as a result of the relationship between Salisbury and Mary Help College, with another six students in their final year. Their skills make an enormous difference in a country where one woman in seven dies in childbirth – the highest rate in the world – and where one child in nine dies before his or her fifth birthday. The Sudan Medical Link really is saving lives in South Sudan.

Évreux

A group from the Diocese visited the Diocese of Évreux in January 2016 and learned about their work with Children and Young People. 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, and by carrying out spiritual duties in the parishes of a benefice, the incumbent is 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 the 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.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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 932,000. 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 Synod: The Diocesan Synod met three times in 2016 - February, June and November. As well as fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- Continuing conversations around Renewing Hope: Pray, Serve, Grow and the strategic direction of the diocese.
- The work of the Pray Forum and events planned for 2017 to support the "Pray" element of Renewing Hope.
- Updates and discussions on work to encourage and develop vocations and discipleship in the diocese.
- Consideration of the national Church Buildings Review Report and approval of a Diocesan policy.
- Consideration and approval of a Diocesan policy for Church Planting.
- Exploring the issues around the recruitment and support of school governors, and how the diocese may do this more effectively.
- Approval of the formula for representation in the Deanery Synod elections 2017.
- The Annual Reports of the Cathedral and the Board of Education.
- The presentation of Diocesan Advisory Committee and Social Justice Awards.

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

- On-going scrutiny of finance, mission and pastoral matters.
- Continued Development of the Renewing Hope: Pray, Serve, Grow project.
- Development of a Strategic Funding Bid to support work in rural ministry.
- Consideration of, and response to, the report of the Church Buildings Review Group.
- Discussions around academy conversions and the role of governors in our church schools.
- Approval of the Diocesan Safeguarding Strategy and additional resources for safeguarding.
- Discussions around giving and stewardship and approval of the "Giving for Life" project and the Parish Giving Scheme.
- Consideration of the work of the Mission Council and the recommendations of its Parish Development Working Group.
- Approval of amendments to the Statutory Fees Guidelines.
- Approval of a Bishop's Mission Order for Milton Abbey.
- Renewal for a further two years of the Bishop's Mission Order for Poole Missional Communities.

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 SDBF 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

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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 2015.
- Appointed auditors for the Board.
- Considered and approved the budget for Share assessment 2017.

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.

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.

- The draft Scheme for the Whitton Benefice, which proposed uniting five parishes to one parish received some representations and a hearing was held on 3rd February 2016. At the hearing, the Church Commissioners considered the case and were satisfied that it was right to allow the draft Scheme to proceed as it was drafted, notwithstanding the representations that had been made against it. The Benefice prepared for the unification and the Scheme took effect on 1st January 2017.
- 6 Pastoral Schemes or Orders came into effect during 2016/beginning of 2017.

As at end December 2016 presentation to 31 benefices was suspended, during 2016 there were 3 renewals of suspension. Presentation to 4 benefices was suspended for the first time, suspension of presentation to 1 benefice was lifted and the Archdeaconry sub-committees regularly review suspensions of presentation.

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 19th January 2016. There were a number of interviews for vacancies where the Board holds patronage rights including Savernake and Melbury Team. Other items of the Board's business were conducted by correspondence or by e-mail.

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 SDBF 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.

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 10.8% (2015: 6%), capital 6% 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 12.7% (2015: 4.9%), capital 8.4% 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 10.7% (2015: 5.6%), capital 6% and income 4.7%.

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 14.2% (2015: 5.2%), capital 11% and income 3.2%.

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.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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

Pastoral and Development Fund: As this Fund is often principally 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.

General Fund: The Board's policy is to have a reserve equating to three months of expenditure at any one time to maintain working capital requirements and to provide adequate safeguards in respect of unforeseen deficits.

The Board has reviewed the reserves at 31 December 2016. Its free reserves at 31 December 2016 include readily realisable investments amounting to £2.2m. This equates to about 2.6 months of expenditure and the Board considers that this is sufficiently in line with its policy.

The Board's cash flow is helped by the fact that a large part of parish share is received in the early part of the year. The Board also has procedures in place to monitor parish share collection and any deviation from agreed budgets in the year.

The Board continues to monitor its reserves carefully. Currently share collection remains good and the Board is able to meet its liabilities as they fall due.

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 £24m at 31 December 2016 (2015- £21m). 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 2016 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: The Rt. Reverend Karen Gorham, Bishop of Sherborne and the Venerable Sue Groom, Archdeacon of Wilts, became ex-officio Trustees in the year.

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.

Remuneration of Key Management Personnel: All staff, including key management personnel, are paid at a point on a grade on the SDBF Salary scales as determined by their job role and level of responsibility according to the Diocesan pay and remuneration policy. The Remunerations Committee reviews general pay scales annually taking into account cost of living, national norms for diocesan posts and local market forces. The Committee may review individual staff salaries following their annual staff appraisal and on recommendation from the person's line manager.

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 charitable company and of the surplus or deficit of the charitable company 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.
- 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 charitable company, 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 charitable company 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 charitable company'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: The Trustees have decided to put the audit services out to tender for 2017 after which process auditors will be appointed.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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 90 Victoria Street Bristol BS1 6DP
Solicitors:	Wilson's LLP Alexandra House St Johns Street Salisbury SP1 2SB
Diocesan Registrar:	Batt Broadbent Minster Chambers 42/44 Castle Street Salisbury SP1 3TX
Bankers:	Lloyds PLC 38 Blue Boar Row Salisbury SP1 1DB
Insurers:	Ecclesiastical Insurance Office plc Beaufort House Brunswick Road Gloucester GL1 1JZ
Investment Managers:	CCLA Investment Management Ltd Senator House, 85 Queen Victoria Street, London EC4V 4ET M&G Investment Management Ltd M&G House, Victoria Road Chelmsford CM1 1FB St James's Place Wealth Management 1 Tetbury Road Cirencester GL7 1FP
Property & Land Agents:	Savills 1-3 The Broadway Newbury RG14 1AS

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS AND TRUSTEES DURING 2016

The members of Bishop's Council are the Executive Committee of the Board of Finance and its Directors and Trustees. The members of Salisbury Diocesan Synod are the members of the Board of Finance.

The following are the Directors and Trustees who served during the year and to the date of this report:

The Rt Rev N Holtam	Ex officio, President of Synod, Bishop of Salisbury
Mr N Salisbury	Ex officio, Chairman
The Rt Rev K Gorham (from 25 February 2016)	Ex officio, Bishop of Sherborne
The Rt Rev E Condry	Ex officio, Bishop of Ramsbury
The Very Rev J Osborne	Ex officio, Dean of Salisbury
The Ven A P Jeans	Ex officio, Archdeacon of Sarum
The Ven P S Taylor	Ex officio, Archdeacon of Sherborne
The Ven S Groom (from 25 February 2016)	Ex officio, Archdeacon of Wilts
The Ven A C MacRow-Wood	Ex officio, Archdeacon of Dorset, Vice Chairman DBF from (18 March 2016), Ex officio, Chairman Diocesan Board of Education (from 24 November 2016)
Mrs C Corteen (to 7 April 2017)	Ex officio Chairman of the House of Laity (resigned 7.4.2017)
The Rev T M B Woodhouse	Ex-officio Chairman of the House of Clergy
The Rev Canon H Stephens (to 17 May 2016)	Ex officio, Chairman Diocesan Board of Education
The Rev D Baldwin	Elected clerical member
Canon A Perry	Elected clerical member
The Rev C Maxim	Elected clerical member
Mrs G Clarke	Elected lay member
Mrs D McIsaac	Elected lay member
Mrs R Cook	Elected lay member
Mr D Howshall	Elected lay member
Mrs M Morrissey	Elected lay member
Mrs E Oderstone	Elected lay member
Mrs J Jackson	Elected lay member
Mr R Chitty	Elected lay member

Principal Officers of the Board

Mrs L J D Herklots	Secretary and Treasurer
Mr S Dawson	Deputy Secretary
Mr P Musselwhite	Diocesan Accountant (to 11 December 2016)
Ms E Ashmead	Head of Finance (from 12 December 2016)

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 1 – 11 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Nigel Salisbury Date *23.6.17.*

MR N. SALISBURY

DBF CHAIRMAN: SALISBURY DIOCESAN BOARD OF FINANCE

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 2016 which comprise Statement of Financial Activities, the Balance Sheet, the Statement of 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 FRS 102 "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 and 18, 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 2016 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 other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alistair Fraser (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP

Date 21 July 2017

SALISBURY DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unrestricted funds		Restricted	Endowmen	Total	Total
		General	Designated	funds	funds	funds	funds
		£'000	£'000	£'000	£'000	£'000	£'000
Incoming and endowments from							
Donations							
Parish Share	2	9,455	-	-	-	9,455	9,578
Archbishops' Council & Church Commissioners	3	63	21	-	-	84	95
Other donations	4	184	22	579	-	785	531
Charitable activities	5	532	-	816	-	1,348	1,102
Other activities	6	168	-	18	-	186	179
Investments	7	155	12	891	-	1,058	1,097
Other incoming resources	8	-	-	424	123	547	879
Total		10,557	55	2,728	123	13,463	13,461
Expenditure on							
Raising Funds	9	58	-	32	-	90	87
Charitable activities	10	10,292	128	2,913	-	13,333	12,628
Other	11	-	-	-	-	-	29
Total	12	10,350	128	2,945	-	13,423	12,744
Net income/(expenditure) before investment gains		207	(73)	(217)	123	40	717
Net gains/(losses) on investments	18	136	37	255	956	1,384	138
Net income/(expenditure)		343	(36)	38	1,079	1,424	855
Gross transfers between funds	33	(96)	83	(4)	17	-	-
Net movement in funds		247	47	34	1,096	1,424	855
Total funds brought forward		3,021	466	26,044	90,261	119,792	118,937
Total funds carried forward	27	3,268	513	26,078	91,357	121,216	119,792

All activities derive from continuing activities. The notes on pages 28 to 50 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>2016</u>	<u>2015</u>
	£'000	£'000
Total incoming resources	13,340	12,824
Resources expended	<u>(13,423)</u>	<u>(12,744)</u>
Operating surplus/(deficit) for the year	(83)	80
Net gains on investments	<u>428</u>	<u>224</u>
Net income/(expenditure) for the year	345	304
Other comprehensive income:		
Net assets transferred from endowments	(17)	(849)
Total recognised gains for the year	<u><u>328</u></u>	<u><u>(545)</u></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 is derived from continuing activities.

The notes on pages 28 to 50 form an integral part of the financial statements.

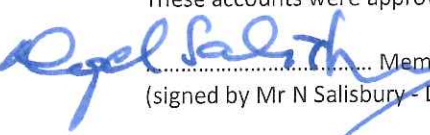
SALISBURY DIOCESAN BOARD OF FINANCE

BALANCE SHEET AT 31 DECEMBER 2016

	Notes	Total funds <u>2016</u>	Total funds <u>2015</u>
		£'000	£'000
FIXED ASSETS			
Tangible Assets	16	92,092	92,137
Investments			
Investments	18	30,673	30,051
Programme related investments	19	189	189
		<u>122,954</u>	<u>122,377</u>
CURRENT ASSETS			
Stock	20	1	1
Clergy houses for sale	21	650	602
Debtors due within one year	22	591	881
Debtors due after one year	22	194	254
Deposit accounts	23	877	1,069
Cash at bank and in hand		1,748	739
		<u>4,061</u>	<u>3,546</u>
CREDITORS: amounts falling due within one year	24	(733)	(426)
NET CURRENT ASSETS		<u>3,328</u>	<u>3,120</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>126,282</u>	<u>125,497</u>
CREDITORS: amounts falling due in more than one year			
Pension		(4,921)	(5,561)
Other creditors	25	(145)	(144)
NET ASSETS	28	<u>121,216</u>	<u>119,792</u>
representing:			
General Fund	30	3,268	3,021
Designated funds	30	513	466
Restricted funds	31	26,078	26,044
Endowment funds	32	91,357	90,261
	28	<u>121,216</u>	<u>119,792</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 23.6.17.

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

The notes on pages 28 to 50 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>2016</u> £'000	<u>2015</u> £'000
Net cash inflow/(outflow) from operating activities	(1,704)	(2,211)
Cash flows from investing activities		
Dividends, interest and rent from investments	1,058	1,097
Proceeds from the sale of:		
Tangible fixed assets	1,872	3,354
Fixed asset investments	782	291
Purchase of:		
Tangible assets for the use of SDBF	(1,373)	(1,082)
Fixed asset investments	-	(2,045)
Net cash provided by investing activities	2,339	1,615
Cash flows from financing activities		
Loans repaid to SDBF	182	-
New loans advanced by SDBF	-	(259)
Net cash provided by / (used in) financing activities	182	(259)
Change in cash and cash equivalents in the reporting period	<u>817</u>	<u>(855)</u>
Cash and cash equivalents at 1 January	1,808	2663
Cash and cash equivalents at 31 December	<u>2,625</u>	<u>1,808</u>
Reconciliation of net movements in funds to net cash flow from operating activities	<u>2016</u> £'000	<u>2015</u> £'000
Net movement in funds for the year ended 31 December	40	717
Adjustments for:		
Depreciation charges	23	18
Dividends, interest and rent from investments	(1,058)	(1,097)
(Profit)/Loss on sale of investment assets	-	(21)
(Profit)/Loss on sale of functional assets	(547)	(826)
Decrease/(increase) in debtors	168	(103)
Increase/(decrease) in creditors	310	(96)
Pension deficit provision movement	(17)	(189)
Pension deficit payment	(623)	(614)
Net cash provided by / (used in) operating activities	<u>(1,704)</u>	<u>(2,211)</u>
Analysis of cash and cash equivalents		
Cash in hand	1,748	739
Deposit accounts	877	1,069
	<u>2,625</u>	<u>1,808</u>

The notes on pages 28 to 50 form an integral part of the financial statements.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

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

The financial statements, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance sheet, the Cash Flow Statement and the related notes constitute the individual financial statements of Salisbury Diocesan Board of Finance for the year ended 31 December 2016. 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 2016. Salisbury Diocesan Board of Finance meets the definition of a public benefit entity under FRS102.

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

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).

Going concern

The trustees have reviewed the anticipated performance for a period of at least twelve months from the date of approval of the financial statements which demonstrate that there is no material uncertainty regarding the board's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis, the trustees consider it appropriate to prepare the financial statements on a going concern 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 that are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- Parochial fees are recognised as income of the year to which they relate.
- Donations other than grants are recognised when receivable.
- Gains on disposal of fixed assets for the MDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- Services rendered: Revenues from a contract to provide services is recognized in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

- the amount of revenue that can be measured reliably;
- it is probable that the charitable company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

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.

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 30-32 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 properties are included in the balance sheet at cost, properties acquired before the date of transition to FRS102 have been recognised using the revaluation as deemed cost exemption. The previous GAAP valuation was performed on 31 December 2012. Mixed-use property held by the Board comprises the offices at Church House and residential property at the same site. This property is not valued by its separate functions, as the Board believes that such a valuation would not be materially different.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

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

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

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 that are held for investment purposes have been included at their fair value. Programme related investments are included at the sum originally invested, less any impairments and, in the case of loans, repayments.

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 34a, details of clergy pensions are given in note 34b.

j) Financial Instruments

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

k) Public benefit entity concessionary loans

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

l) **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.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

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

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Unrestricted Funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated				
	£'000	£'000	£'000	£'000	2016 £'000	2015 £'000
2. PARISH SHARE						
Share for the year per the Budget	9,785	-	-	-	9,785	9,780
Less: credit adjustments allowed	-	-	-	-	-	-
Request for the year	9,785	-	-	-	9,785	9,780
Less: discounts for early / Direct Debit payment	(79)	-	-	-	(79)	(81)
Less: provision for shortfall in contributions	(298)	-	-	-	(298)	(209)
	9,408	-	-	-	9,408	9,490
Plus: arrears for previous years	47	-	-	-	47	88
	<u>9,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,455</u>	<u>9,578</u>
Current year parish share receipts represent 96.1% of the total apportioned (2015 - 97%), or, when receipts for previous years are included, 96.6% of the total apportioned (2015 - 97.9%)						
3. THE NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Parish Mission Funding grant	-	21	-	-	21	42
The Church Commissioners						
Area Bishops' secretaries	63	-	-	-	63	53
	<u>63</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>95</u>
The parish mission grant is allocated to the Aldhelm Mission Fund to be used for specific parish mission and development projects.						
4. OTHER DONATIONS						
All Churches Trust	146	-	-	-	146	143
Other donations and grants	38	22	579	-	639	388
	<u>184</u>	<u>22</u>	<u>579</u>	<u>-</u>	<u>785</u>	<u>531</u>
5. CHARITABLE ACTIVITIES						
Statutory fees and chaplaincy income	1	-	816	-	817	725
Provision of services in accordance with the Board's charitable objectives	531	-	-	-	531	377
	<u>532</u>	<u>-</u>	<u>816</u>	<u>-</u>	<u>1,348</u>	<u>1,102</u>
6. OTHER ACTIVITIES						
Rental income from let clergy houses	168	-	-	-	168	162
Rents and sales at Milton Abbey	-	-	7	-	7	4
Fundraising events	-	-	11	-	11	13
	<u>168</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>186</u>	<u>179</u>
7. INVESTMENT INCOME						
Dividends receivable	120	11	454	-	585	633
Interest receivable	5	1	258	-	264	221
Rents from investment properties	-	-	179	-	179	213
Rents from other properties	30	-	-	-	30	30
	<u>155</u>	<u>12</u>	<u>891</u>	<u>-</u>	<u>1,058</u>	<u>1,097</u>
8. OTHER INCOMING RESOURCES						
Gain on disposal of properties & equipment	-	-	424	123	547	858
Gain on disposal of investment properties	-	-	-	-	-	21
	<u>-</u>	<u>-</u>	<u>424</u>	<u>123</u>	<u>547</u>	<u>879</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Unrestricted		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	£'000	£'000	£'000	£'000	2016	2015
					£'000	£'000
9. FUND RAISING COSTS						
Support costs	-	-	1	-	1	-
Glebe agent's fees	-	-	12	-	12	24
Other glebe expenses	12	-	19	-	31	34
Agents' fees on other let property	14	-	-	-	14	15
Other expenses on other let property	32	-	-	-	32	14
	<u>58</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>90</u>	<u>87</u>
10. CHARITABLE ACTIVITIES						
Contributions to Archbishops' Council						
The Archbishops' Council						
Training for ministry	478	-	-	-	478	437
National Church responsibilities	256	-	-	-	256	351
Grants and provisions	40	-	-	-	40	38
Mission agency pension contributions	25	-	-	-	25	16
Retired clergy housing costs (CHARM)	136	-	-	-	136	123
Pooling of ordinand candidates' costs	59	-	-	-	59	(24)
	<u>994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>994</u>	<u>941</u>
Resourcing Ministry and Mission						
Parish ministry:						
Stipends and national insurance	3,897	-	1,282	-	5,179	5,161
Pension contributions	831	-	273	-	1,104	912
Less recharge to other departments	(10)	-	-	-	(10)	(53)
Housing costs	1,783	-	610	-	2,393	1,947
Removal, resettlement and other grants	208	-	-	-	208	188
Other expenses	277	-	-	-	277	246
	<u>6,986</u>	<u>-</u>	<u>2,165</u>	<u>-</u>	<u>9,151</u>	<u>8,401</u>
Support for ministry and mission:						
Ministry and learning development	506	99	-	-	605	642
Area Offices and diocesan resources	266	-	-	-	266	287
Board of Education	282	-	-	-	282	339
Other support for ministry and mission	762	29	116	-	907	1,191
Support costs	473	-	-	-	473	438
	<u>9,275</u>	<u>128</u>	<u>2,281</u>	<u>-</u>	<u>11,684</u>	<u>11,298</u>
Diocesan Links Overseas						
Episcopal Church of South Sudan and Sudan						
Grants	-	-	142	-	142	167
Support activities	-	-	63	-	63	44
The Church in Latvia and Evreux	-	-	2	-	2	2
Support costs	-	-	5	-	5	5
	<u>-</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>212</u>	<u>218</u>
Milton Abbey Fund Activity						
Insurance	-	-	18	-	18	17
Repairs and other costs	-	-	402	-	402	130
Support costs	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>420</u>	<u>147</u>
Governance Costs						
Audit fees	14	-	-	-	14	17
Diocesan Synod expenses	-	-	-	-	-	-
Support costs	9	-	-	-	9	7
	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>24</u>
	<u>10,292</u>	<u>128</u>	<u>2,913</u>	<u>-</u>	<u>13,333</u>	<u>12,628</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Unrestricted General	Designated	Restricted funds	Endowment funds	Total funds 2016	Total funds 2015
	£'000	£'000	£'000	£'000	£'000	£'000
11. OTHER RESOURCES EXPENDED						
Loss on sale of fixed assets	-	-	-	-	-	29
	-	-	-	-	-	29
		Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2016 £'000	Total 2015 £'000
12. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS						
Raising funds		90	-	-	90	87
Contributions to national church institutions		-	994	-	994	941
Resourcing ministry and mission		10,624	585	475	11,684	11,298
Diocesan overseas links		66	141	5	212	218
Milton Abbey		420	-	-	420	147
Governance costs		14	-	9	23	24
Other resources expended		-	-	-	-	29
		11,214	1,720	489	13,423	12,744
		Activities undertaken directly £'000	Grant funding of activities £'000	Governance costs £'000	Total 2016 £'000	Total 2015 £'000
ALLOCATION OF SUPPORT COSTS						
Staff costs		376	-	-	376	359
Office administrative costs		156	-	-	156	169
Office premises costs		32	-	1	33	29
Finance costs		5	-	-	5	5
Depreciation		19	-	-	19	17
less already recharged to departments		(100)	-	-	(100)	(134)
		488	-	1	489	445

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. ANALYSIS OF GRANTS PAYABLE

	Number of grants		<u>2016</u>	<u>2015</u>
	<u>2016</u>	<u>2015</u>	£'000	£'000
To Institutions				
National Church Responsibilities				
The Archbishops Council (see note 10)	1	1	994	941
Salisbury Diocesan Board of Education	<u>1</u>	<u>1</u>	<u>252</u>	<u>178</u>
	<u>2</u>	<u>2</u>	<u>1,246</u>	<u>1,119</u>
Diocesan Links Overseas				
ECS Provincial Office / agencies	2	7	4	32
Sudanese dioceses / schools / colleges	<u>58</u>	<u>22</u>	<u>138</u>	<u>134</u>
	<u>60</u>	<u>29</u>	<u>142</u>	<u>166</u>
Within the Diocese				
PCCs	12	12	71	344
Other mission bodies	7	11	25	54
County ecumenical bodies	<u>1</u>	<u>1</u>	<u>6</u>	<u>7</u>
	<u>20</u>	<u>24</u>	<u>102</u>	<u>405</u>
To Individuals				
Diocesan Links Overseas				
Sudanese clergy & laity	<u>-</u>	<u>2</u>	<u>-</u>	<u>1</u>
Within the Diocese				
Individual training for ministry	39	79	106	168
Clergy taking up appointments	<u>52</u>	<u>45</u>	<u>124</u>	<u>102</u>
	<u>91</u>	<u>124</u>	<u>230</u>	<u>270</u>
Totals for all grants	<u>173</u>	<u>181</u>	<u>1,720</u>	<u>1,961</u>

14. STAFF COSTS

	<u>2016</u>	<u>2015</u>
	£'000	£'000
Salaries & stipends	1,225	1,195
Social security costs	114	99
Pension costs	<u>269</u>	<u>278</u>
	<u>1,608</u>	<u>1,572</u>

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

	<u>2016</u>	<u>2015</u>
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-

Pension payments of £40,286 (2015 - £22,000) were made for these employees.

The average numbers of persons employed by the Board during the year were 55 in 2016 (2015: 54)

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

	<u>2016</u>	<u>2015</u>
Resourcing parish ministry	6	4
Support for ministry and mission		
Ministry and learning development	7	7
Area offices and diocesan resources	5	6
Board of Education		2
Other support for ministry and mission	19	19
	<u>37</u>	<u>38</u>

During 2015, 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 2016

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 2016 they were:-

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

Remuneration, pensions and expenses for these four employees amounted to £329,000 (2015 £294,000).

TRUSTEES REMUNERATION AND EXPENSES

No trustee has received from the Board any remuneration for services as a trustee. 11 trustees received travelling and out-of pocket expenses as trustees of £4,163 (2015 13 and £4,505).

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

	Stipend	Housing
The Rt Rev K Gorham	No	Yes
The Rt Rev E Condry	No	Yes
The Ven A P Jeans	Yes	Yes
The Ven P S Taylor	Yes	Yes
The Ven A C Macrow-Wood	Yes	Yes
The Ven S Groom	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

CLERGY STIPENDS

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

The Board paid an average of 193 (2015 - 197) stipendiary clergy as office-holders, and the costs were as follows:

	<u>2016</u>	<u>2015</u>
	<u>£'000</u>	<u>£'000</u>
Stipends	4,790	4,784
National Insurance contributions	389	383
Pension costs		
- current year	1,104	1,101
- deficit reduction	640	614
	<u>6,923</u>	<u>6,882</u>

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £34,460 - £42,870 (2015 range £33,780 - £42,240). The annual rate of stipend, funded by the Board, paid to Archdeacons in 2016 was in the range £33,670 - £35,250 (2015 range £33,010 - £34,970). Other clergy who were Trustees were paid in the range £25,280 - £25,660 (2015 range £24,780 - £25,280). Archbishops' Council estimates the value to the occupant, gross of income tax and national insurance, of church provided housing in 2015 at £9,910 and the value provided to the Bishops to be £15,000.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 grant from the Board for education work in the Diocese.

Transactions with SDBEL and SALED Ltd	<u>2016</u>	<u>2015</u>
Charged by SDBF:	£'000	£'000
to SDBEL for services in accordance with the Board's charitable objectives	140	136
to SALED Ltd for office services	<u>1</u>	<u>-</u>
	<u>141</u>	<u>136</u>
Grants made by SDBF to SDBEL	<u>252</u>	<u>178</u>
Charged by SALED Ltd:		
to SDBF for conference facilities	<u>4</u>	<u>5</u>
Inter-company debtor/(creditor) balances at 31 December		
Loan to SDBEL	100	100
SDBEL	<u>14</u>	<u>-</u>

16. TANGIBLE ASSETS

	Unrestricted Property	Equipment	Restricted Assistant staff houses and other property	Endowment Team Vicarages	Benefice Houses	Totals
<u>Cost or valuation</u>	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	1,829	536	17,101	12,008	61,089	92,563
Additions	-	29	1,343	-	1	1,373
Disposals	-	-	(450)	(275)	-	(725)
Transfer to investment properties	(20)	-	-	-	-	(20)
Transfer to current assets (see note 21)	-	-	-	-	(650)	(650)
At 31 December 2016	<u>1,809</u>	<u>565</u>	<u>17,994</u>	<u>11,733</u>	<u>60,440</u>	<u>92,541</u>
<u>Accumulated depreciation</u>						
At 1 January 2016	-	426	-	-	-	426
Charge for the year	-	23	-	-	-	23
At 31 December 2016	<u>-</u>	<u>449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449</u>
<u>Net Book Value</u>						
At 31 December 2016	<u>1,809</u>	<u>116</u>	<u>17,994</u>	<u>11,733</u>	<u>60,440</u>	<u>92,092</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>

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 (2015: £120,000)

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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>2016</u>	<u>2015</u>
a. Unlisted Investments	£'000	£'000
Market value at 1 January	19,261	17,079
Additions at cost	-	2,045
Disposals at carrying value	(782)	-
Net investment gains	1,384	137
Market value at 31 December	<u>19,863</u>	<u>19,261</u>
b. Investment Properties		
Carrying value at 1 January	10,790	11,525
Revaluation at 31 December	-	-
Transfer (to)/from functional properties	20	(250)
Transfer to properties held for disposal	-	(215)
Disposals at carrying value	-	(270)
Carrying value at 31 December	<u>10,810</u>	<u>10,790</u>
 Total Investment Fixed Assets at 31 December	 <u>30,673</u>	 <u>30,051</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 (2015 - 505,075)	7,595	6,836
1,792,094 Property Fund shares (2015 - 1,792,094)	2,347	2,421
 440,284 M&G "Charifund" units (2015 - 440,284 units)	 6,760	 6,313
0 M&G "Charibond" units (2015 - 581,300 units)	-	709
 Grove Wealth Management Unit Trust		
1,638,880 International Corporate Bond units (2015 - 1,638,880)	1,630	1,618
657,318 Corporate Bond units (2015 - 657,318 units)	741	724
233,281 Global Equity units (2015 - 233,281)	396	312
196,078 Worldwide Opportunities units (2015 - 196,078)	349	283
 Clergy Mutual Credit Union Deferred Shares	 5	 5
Community Solar projects	40	40
	<u>19,863</u>	<u>19,261</u>
 Investment Properties comprise:-		
Glebe Agricultural land	8,255	8,235
Other property	1,512	1,512
Former clergy houses	988	988
A former church	55	55
	<u>10,810</u>	<u>10,790</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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>2016</u> £'000	<u>2015</u> £'000
Publications, Churchwarden's and Sidesmen's badges	<u>1</u>	<u>1</u>

21. CLERGY HOUSES FOR SALE

Carrying value as fixed assets	<u>650</u>	<u>602</u>
Held as current asset	<u>650</u>	<u>602</u>

22. DEBTORS

	<u>2016</u> £'000		<u>2015</u> £'000
	Due within one year	Due in more than one year	Due within one year
	<u> </u>	<u> </u>	<u> </u>
Loans to parishes	2	194	122
Other loans	-	-	2
Parish Share	163	-	175
Church Commissioners			
Diocesan Stipends Account (note 32)	-	-	125
Accrued income	125	-	247
Sundry debtors	301	-	210
Totals	<u>591</u>	<u>194</u>	<u>881</u>
Total Debtors	<u>785</u>		<u>1,135</u>

23. DEPOSIT ACCOUNTS

	<u>2016</u> £'000	<u>2015</u> £'000
CBF Church of England Deposit Fund	827	1,019
Triodos Bank deposit	<u>50</u>	<u>50</u>
	<u>877</u>	<u>1,069</u>

24. CREDITORS

	<u>2016</u> £'000		<u>2015</u> £'000
	Due within one year	Due in more than one year	Due within one year
	<u> </u>	<u> </u>	<u> </u>
a. Loans			
Talbot Village Trust	-	25	-
Church Commissioners	-	120	-
Totals	<u>-</u>	<u>145</u>	<u>-</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

24. CREDITORS continued	<u>2016</u> £'000		<u>2015</u> £'000	
	<u>Due within one year</u>	<u>Due in more than one year</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
b. Other Creditors				
HM Revenue & Customs	100	-	30	-
Accruals	39	-	48	-
Church Commissioners	394	-	-	-
Other creditors	200	-	348	-
Totals	<u>733</u>	<u>-</u>	<u>426</u>	<u>-</u>
Totals	<u>733</u>	<u>145</u>	<u>426</u>	<u>145</u>
Total Creditors	<u>878</u>		<u>571</u>	

25. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	<u>2016</u> £'000	<u>2015</u> £'000
Loans due after more than one year fall due as follows:		
1 - 2 years	-	-
2 - 5 years	-	-
after 5 years	<u>145</u>	<u>144</u>
	<u>145</u>	<u>144</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 an equity sharing basis and is repayable on the disposal of the property.

26. FINANCIAL COMMITMENTS

	<u>2016</u> £'000	<u>2015</u> £'000
Capital expenditure authorised by the Board but not yet contracted for	<u>-</u>	<u>45</u>
Loans to parishes and Salisbury DBE Ltd authorised by the Board but not yet taken up	<u>705</u>	<u>540</u>
Estimate of grants to parishes, approved in principle by the Board subject to conditions	<u>45</u>	<u>44</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 2016 (2015- nil). There are no obligations under leases.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

27. FUND MOVEMENTS IN THE YEAR

	At 1 January 2016	Income	Expenditure	Transfers (Note 40)	Gains & losses	At 31 December 2016
<u>Note</u>	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
30						
General Fund	3,021	10,557	(10,350)	(96)	136	3,268
Designated funds						
Clergy Conference Fund	25	-	(6)	22	-	41
Aldhelm Mission Fund	226	49	(25)	-	18	268
Ordinands Support Fund	-	-	(93)	93	-	-
Crompton Fund	215	6	(4)	(32)	19	204
Pastoral & Development Designated Fund	-	-	-	-	-	-
Totals for designated funds	466	55	(128)	83	37	513
Totals for unrestricted funds	3,487	10,612	(10,478)	(13)	173	3,781
Restricted funds						
31						
Pastoral & Development Fund [DPA]	24,335	529	(711)	-	120	24,273
Diocesan Stipends Fund Income Account	-	1,603	(1,586)	(17)	-	-
The Sudan Funds	-	-	-	-	-	-
Sudan General Fund	220	142	(136)	(18)	-	208
Sudan Relief & Development Fund	4	1	(13)	18	-	10
Sudan Medical Link Fund	29	88	(63)	-	-	54
Sudan Bilal Fund	6	-	-	-	-	6
Sudan Grace Secondary School Fund	1	-	-	-	-	1
Milton Abbey Fund	-	365	(421)	-	-	(56)
Latvia Fund	(1)	-	(2)	-	-	(3)
Diocesan Choral Fund	7	-	-	-	-	7
Bishops' Office Equipment Fund	-	-	(13)	13	-	-
Restricted funds for ministry in parishes	706	-	-	-	55	761
Restricted funds for support of ministry in parishes	251	-	-	-	26	277
Restricted funds for general purposes	486	-	-	-	54	540
Totals for restricted funds	26,044	2,728	(2,945)	(4)	255	26,078
Expendable endowment						
32						
Diocesan Stipends Fund Capital Account	26,480	123	-	17	704	27,324
Benefice Houses	61,518	-	-	-	-	61,518
	87,998	123	-	17	704	88,842
Permanent endowment						
32						
Endowments for ministry in parishes	1,901	-	-	-	212	2,113
Endowments for support of ministry in parishes	80	-	-	-	9	89
Endowments for general purposes	282	-	-	-	31	313
	2,263	-	-	-	252	2,515
Total endowment funds	90,261	123	-	17	956	91,357
Grand totals for all funds	119,792	13,463	(13,423)	-	1,384	121,216

Milton Abbey is in a negative position at the year end but is anticipating funds in grant after the year end to cover the balance

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

28. SUMMARY OF ASSETS BY FUND

	<u>Note</u>	Fixed assets		Current assets	Creditors	Net assets
		Tangible	Investments			
		£'000	£'000	£'000	£'000	£'000
Unrestricted funds	30					
General Fund		1,928	2,392	(250)	(802)	3,268
Designated funds						
Clergy Conference Fund		-	-	41	-	41
Aldhelm Mission Fund		-	187	81	-	268
Ordinands Support Fund		-	-	-	-	-
Crompton Fund		-	188	16	-	204
Pastoral & Development Designated Fund		-	-	-	-	-
Totals for designated funds		-	375	138	-	513
Totals for unrestricted funds		1,928	2,767	(112)	(802)	3,781
Restricted funds	31					
Pastoral & Development Fund [DPA]		17,993	1,715	4,641	(76)	24,273
Diocesan Stipends Fund Income Account		-	-	-	-	-
The Sudan Funds		-	-	-	-	-
Sudan General Fund		-	-	208	-	208
Sudan Relief & Development Fund		-	-	10	-	10
Sudan Medical Link Fund		-	-	54	-	54
Sudan Bilal Fund		-	-	6	-	6
Sudan Grace Secondary School Fund		-	-	1	-	1
Milton Abbey Fund		-	-	(56)	-	(56)
Latvia Fund		-	-	(3)	-	(3)
Diocesan Choral Fund		-	3	4	-	7
Bishops' Office Equipment Fund		-	-	-	-	-
Restricted funds for ministry in parishes		-	638	123	-	761
Restricted funds for support of ministry in parishes		-	260	17	-	277
Restricted funds for general purposes		-	540	-	-	540
Totals for restricted funds		17,993	3,156	5,005	(76)	26,078
Expendable endowment	32					
Diocesan Stipends Fund Capital Account		11,734	21,970	(1,459)	(4,921)	27,324
Benefice Houses		60,437	450	631	-	61,518
		72,171	22,420	(828)	(4,921)	88,842
Permanent endowment	32					
Endowments for ministry in parishes		-	2,117	(4)	-	2,113
Endowments for support of ministry in parishes		-	89	-	-	89
Endowments for general purposes		-	313	-	-	314
		-	2,519	(3)	-	2,515
Total endowment funds		72,171	24,939	(831)	(4,921)	91,357
Grand totals for all funds		92,092	30,862	4,061	(5,799)	121,217

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

29. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			<u>2015</u>
Incoming and endowments from	£'000	£'000	£'000	£'000	£'000
Donations					
Parish Share	9,578	-	-	-	9,578
Archbishops' Council & Church Commissioners	53	42	-	-	95
Other donations	216	-	315	-	531
Charitable activities	381	-	721	-	1,102
Other activities	162	-	17	-	179
Investments	166	15	916	-	1,097
Other	-	-	242	637	879
Total	10,556	57	2,211	637	13,461
Expenditure on					
Raising Funds	40	-	47	-	87
Charitable activities	9,772	235	2,621	-	12,628
Other	-	-	29	-	29
Total	9,812	235	2,697	-	12,744
Net income/(expenditure) before investment gain:	744	(178)	(486)	637	717
Net gains/(losses) on investments	26	5	193	(86)	138
Net income/(expenditure)	770	(173)	(293)	551	855
Gross transfers between funds	(183)	173	(839)	849	-
Other recognised gains / (losses)					
Gains/(losses) on revaluation of fixed assets	-	-	-	-	-
Net movement in funds	587	-	(1,132)	1,400	855
Total funds brought forward	2,434	466	27,176	88,861	118,937
Total funds carried forward	3,021	466	26,044	90,261	119,792

30. 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 41.

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 (£22,000 in 2016) 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 £93k for transfer to the Fund was provided for in 2016.

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 2016, as the PDF is deemed to have sufficient assets as a result of the capital review.

31. RESTRICTED FUNDS

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

Pastoral and Development Fund (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.
- to benefit another diocese.
- for transfer to the DSF Capital or Income Funds.

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

31. RESTRICTED FUNDS (continued)

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

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

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

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

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

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

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

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

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

32. 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.

33. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Endowment	Total
	General	Designated			
	£'000	£'000	£'000	£'000	2016
Ordinands' support	(93)	93			
Expenditure on Bishop's Office Furniture	(13)		13		
Clergy Conference Fund	(22)	22			
Contribution to General from Crompton Fund	32	(32)			
Movement in Clergy Pension Provision			(17)	17	
Total	(96)	83	(4)	17	

Within the restricted funds there was a movement from the Sudan General to the Sudan Relief Fund of £18k.

34. PENSIONS

(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.

34. PENSIONS (continued)

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.

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

34. PENSIONS (continued)

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 CWPV 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.

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 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

An investment strategy of:-

- for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030.
- a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement.
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets.
- RPI inflation of 3.2% p.a. (and pension increases consistent with this).
- Increase in pensionable stipends of 3.2% p.a.
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

34. PENSIONS (continued)

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

% of pensionable stipends	1 January 2015 to 31 December 2017	1 January 2018 to 31 December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

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

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

	2016	2015
	£'000s	£'000s
Balance sheet liability at 1 January	5,561	6,364
Deficit contribution paid	(623)	(614)
Interest cost (recognised in SOFA)	131	139
Remaining change to the balance sheet liability* (recognised in SOFA)	(148)	(328)
Balance sheet liability at 31 December	4,921	5,561

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

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

	December 2016	December 2015	December 2014
Discount rate	1.5% pa	2.5% pa	2.3% pa
Price inflation	3.1% pa	2.4% pa	2.7% pa
Increase to total pensionable payroll	1.6% pa	0.9% pa	1.2% pa

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

35. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

36. FUNDS HELD AS CUSTODIAN TRUSTEE

The Board acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the 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 £24m (2015- £21m)

SALISBURY DIOCESAN BOARD OF FINANCE

Reconciliation of management accounts to overall fund performance 2016

Board of Finance	Budget	Actual	Variance
SUMMARY	for the Year	for the Year	
	£'000	£'000	£'000
Stipends	5,792	5,827	(35)
Property Department	1,270	1,035	235
National & Regional Church Resps.	509	516	(7)
National Training	447	478	(31)
Fees	92	85	7
General Income	(296)	(188)	(108)
<i>Property</i>			
DAC, Pastoral & Trusts	157	166	(9)
Church Buildings	64	69	(5)
<i>General</i>			
General Administration	452	468	(16)
Communications	80	75	5
Synods	20	21	(1)
Safeguarding	62	81	(19)
Diocesan Projects & Resources	111	114	(3)
Mission Initiatives	105	85	20
Sundries	4	3	1
Ramsbury Office	39	38	1
Sherborne Office	42	38	4
Board of Education	282	282	0
L D M T	446	450	(4)
NET CHARGE	9,678	9,643	35
Provision for Share adjs	15	0	15
Provision for Ordinands Support	105	92	13
Provision for Clergy Conference	22	22	-
Met from Crompton Fund	(4)	(4)	-
Met from General Fund reserves	(31)	(31)	-
Total for share year ended 31.12.2016	9,785	9,722	63

Expenditure approved outside of budget

SHARE

Requested	9,785	9,543	(242)
Arrears received	-	47	47
Share Total	9,785	9,590	(195)
(Deficit) for year		(132)	(132)

Reconciliation to overall fund

Deficit as reported in management accounts	(132)
Share under provision previous year	(56)
Pension deficit payments	640
Gain in investments	1,384
Capital repairs	(741)
Movement in funds other than General Fund during the year	
Sudan	19
Latvia	(2)
Milton Abbey	(56)
PDF	278
Crompton	(28)
Aldhelm	23
DSF Capital	123
Clergy conference	16
Bishops office	(13)
Met from General Fund Reserves	(31)
Net income per SOFA	1,424