



**SALISBURY DIOCESAN BOARD OF FINANCE**  
**Directors' and Trustees' Report and**  
**Consolidated Financial Statements**  
For the year ended 31 December 2018

Registered Charity No: 240833  
Companies House Registration: 17442

Registered and  
Principal Office:

Church House  
Crane Street  
Salisbury  
SP1 2QB

## SALISBURY DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 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>2018</u>	<u>2017</u>
<b>a. Unlisted Investments</b>	£'000	£'000
Market value at 1 January	20,307	19,863
Rounding adjustment		2
Disposals at carrying value		(833)
Net investment gains	<u>(1,208)</u>	<u>1,275</u>
Market value at 31 December	<u>19,099</u>	<u>20,307</u>
<b>b. Investment Properties</b>		
Carrying value at 1 January	11,847	10,810
Rounding adjustment	-	1
Revaluation at 31 December	-	1,036
Transfer (to)/from functional properties	-	-
Transfer to properties held for disposal	-	-
Disposals at carrying value	-	-
Carrying value at 31 December	<u>11,847</u>	<u>11,847</u>
<b>Total Investment Fixed Assets at 31 December</b>	<u><b>30,946</b></u>	<u><b>32,154</b></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 (2017 - 505,075)	8,136	8,260
1,792,094 Property Fund shares (2017 - 1,792,094)	2,467	2,399

440,284 M&G "Charifund" units (2017 - 440,284 units)	6,270	7,232
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Grove Wealth Management Unit Trust

1,638,880 International Corporate Bond units (2017 - 1,638,880)	1,495	1,622
657,318 Corporate Bond units (2017 - 657,318 units)	686	749
233,281 Global Equity units (2017 - 233,281)	-	-
196,078 Worldwide Opportunities units (2017 - 196,078)	-	-

Clergy Mutual Credit Union Deferred Shares	5	5
Community Solar projects	40	40

#### Investment Property

Land with Development Potential	549	549
Agricultural Land	234	234
Tenanted Dwellings	1,343	1,343
Easement	7	7
Recreational Land and Properties	285	285
Urban Ground rent	3	3
Non-agricultural commercial property	157	157
Let agricultural land	8,689	8,689
Vicarages	580	580
<b>Total</b>	<u><b>11,847</b></u>	<u><b>11,847</b></u>

#### Total investments

	<u><b>30,946</b></u>	<u><b>32,154</b></u>
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 **THE CHURCH  
OF ENGLAND**  

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**DIOCESE OF SALISBURY**



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For the year ended 31 December 2018

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## Chairman's Letter



On behalf of the Trustees, I am pleased to introduce this annual report and audited financial statements for the year ended 31 December 2018, reflecting the continued focus and work under our Strategic Vision: Renewing Hope: Pray Serve Grow. Throughout this report, we can see the remarkable impact that faith has in our communities and through prayer and serving others, we flourish. Since the year end this vision has been endorsed by Bishop John Gladwin in his review of Renewing Hope.

The latest statistics released by the Church of England make for difficult reading and show a continued downward trend of church service attendance. This follows a pattern of fewer people identifying with the church or any organised religion and only 2% of young adults identify as Church of England. However, it is not all bleak. Both nationally, and here in our Diocese, different expressions of faith have flourished with churches offering different times, days and ways of worshipping in response to the rapid social changes affecting all aspects of life. We are immensely proud that we have a Christian presence in all areas of the community and 'fresh expressions' are flourishing.

Renewing Hope through Rural Ministry and Mission is our Diocesan programme. Paid for by the National Church, it will enable us to become a beacon Diocese for creating a sustainable rural church across the country. The aim is to identify, nurture and train rural church leaders who, working collaboratively together and with local congregations, will take hold of mission opportunities and move the church into growth – in numbers, depth and impact. And we already have 1,158 Lay Ministers; Worship Leaders and Pastoral Assistants working in the Diocese to assist ministry.

The future is the next generation. Our 194 church schools, offering education to 43,000 children are a fundamental part of our vision for a thriving Christian presence serving God in every community. The Diocesan Board of Education has invested significantly in the roll out of the national project "Understanding Christianity" which seeks to build teachers' knowledge and understanding of how Christian theological concepts such as forgiveness and mercy might make a difference to their lives. The project has been warmly welcomed and is changing classroom practices in many of our schools.

During 2018, we were delighted to be nominated the first Eco Diocese. Bishop Nicholas, also the Church of England's lead Bishop for the environment, said: "The recent IPCC report on climate change and the WWF report on the destruction of biodiversity means the care of God's earth is urgent."

10% of the Diocese's 500 local worshipping communities are engaged with Eco Church, and 5% obtained an Eco Church Award. In addition, the whole Diocese met Eco Church Bronze Award standards for its management of buildings and land. Other requirements include ethical investment of diocesan funds and the inclusion of 'care for creation' in training for ministry.

We are working diligently to re-build confidence and trust in the Church as grave failures in safeguarding continue to come to light nationally. Within our Diocese new safeguarding policies have been adopted and by June 2019 all clergy will have received mandatory training or licences will be withdrawn for non-compliance, while significant resources have been made

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available to allow for a systematic diocese-wide “Past Cases Review” intended to measure the effectiveness of our provision in past years.

These successes and more have been achieved during a period of transition. We said goodbye to Lucinda Herklots, Diocesan Secretary since January 2004 and would like to thank her for her most valued contribution to the work of the Diocese. We then welcomed David Pain in January 2019 as the new Diocesan Secretary. I would like to particularly thank our clergy, staff and volunteers for their hard work and commitment during this period of transition.

Turning to the figures, 2018 saw an overall decrease in funds of £1.66m as opposed to an increase in funds in 2017 of £2.48m. The reasons for this are explained on page 11 below. The Diocese is running at an operational deficit that is ultimately unsustainable. This is the focus of the reviews currently taking place with the aim of achieving a balanced budget over the period 2021-2023.

We give our heart-felt thanks to our parishes and communities, who continue to give generously and graciously through the Fairer Share scheme. Fairer Share receipts provide 73% of our total income as shown on the Statement of Financial Activities and are essential to delivering our shared vision.

In conclusion there is much to be proud of but also much to do. David, as Diocesan Secretary, has been tasked with a number of significant reviews in 2019, looking towards still having a sustainable Christian presence in every community in 2030. In the shorter term the priority is to eliminate the operating deficit without compromising the combination of mission, ministry and service that we currently offer.

We can only do this with your input and support, whilst more transparent communication of our aspirations, identification of the challenges that we face and sharing of the proposed solutions can only help in enabling us all to work together towards a common goal.

So let us “be joyful in hope, patient in affliction and faithful in prayer” (Romans 12:12)

*Nigel Salisbury*

Chairman, Diocesan Board of Finance

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## A. Our Purpose

Salisbury Diocesan Board of Finance (SDBF) aims to identify and manage the financial aspects of delivering ministry within the Diocese. This includes supporting clergy through the payment of stipends, managing clergy housing, provision of appropriate personnel, facilities and other resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

2018 continued the work under the Strategic Vision: **Renewing Hope: Pray Serve Grow**. Making prayer and stories of renewed hope central whenever we meet; creating more opportunities to pray together, and the diocese providing more resources to help parishes and individuals to develop their prayer lives. If our primary focus is on prayer and serving others we believe we will flourish.

## B. Public Benefit

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

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

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

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

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

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## C. Our Objectives

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

- ❖ That worship and prayer will be at the heart of each Christian and Christian community in our diocese.
- ❖ To serve parishes, communities and neighbours and work to help them make Christ known through loving service.
- ❖ To 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 2018 objectives were to progress our vision 'Renewing Hope' through:

### Deepening Discipleship

- Delivering assistance and resources to parishes and benefices in relation to different forms of prayer and discipleship programmes
- Assisting individuals and groups to explore their discipleship

### Nurturing Vocations

- Embedding and expanding a rich mix of vocation pathways to deliver diverse and inclusive ministry
- Expanding support for Rural Ministry and Mission

### Sustaining Ministry

- Equipping our authorised ministers with topical and continuous learning and development opportunities for 'the mind and soul', to thrive and grow within their parishes, communities and our diocese
- Actively participating and promoting Social Justice with priority areas covering food, finance, environment and sanctuary
- Extending the uptake of the Parish Giving Scheme

### Engaging and serving children and young people

- In our church schools and communities
- Enabling them to encounter and develop in God's love

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## D. Strategic Report

### D.1 Activities and Performance during the year



**Deepening Discipleship:** Discipleship is the seedbed out of which churches grow and individual vocations emerge. Our Deepening Discipleship webpages now carry a rich selection of resources for all ages and stages of life. Visits to all deaneries and the delivery of a number of Vision Days provided further opportunities to explore discipleship. Training for our 1,158 licensed and commissioned lay ministries is a major part of the remit of deepening discipleship. Day courses on Creating Enjoyable and Effective Learning Spaces were offered to equip those who teach the

Aldhelm, LPA and LWL courses.

The Spiritual Advisors have had a busy year and organised a Day of Celebration and Renewal, four Network Days, a Sexuality, Gender Identity and Spirituality workshop, as well as ongoing training and supervision for Spiritual Accompaniers.

Two Developing Prayer Days, four Pilgrimages and three Contemplative Minister Encouragement Days were included in the CMD programme. A second Praying Together booklet based on St Mark's Gospel was prepared for Lent and was well received across the diocese.



**Nurturing Vocations:** Vocation flows out of discipleship as people respond naturally to God's grace at work in their lives, looking for opportunities to participate in building the kingdom. During 2018, the diocese supported 99 people in the vocations process, including 12 ordinands entering training in September 2018.

We are pleased with the continued good work from our Young Vocations Resource Officer and Young Vocations Champions, mentoring young people and resourcing careers events in schools.

More young people have joined the Ministry Experience Scheme that gives 18-30 year olds a year's placement to work in ministry.

In our Rural Hope programme, the first rural placements took place in July 2018 with 13 of our curates. Feedback from these placements will result in some changes to the Scheme for the coming year. The Rural Residentials, of which we had held nine out of twelve by the end of 2018, continue to be popular and well attended and the hope has been expressed that these will continue. Two people are about to complete the Germinate Leadership programme and two more started in October. Work was also done to set up several Thrive Learning Communities which will commence in 2019.



**Sustaining Ministry:** The restoration of a hard copy of the 148 'bites' of continuous ministerial development (CMD) saw a significant improvement in participation. Particular highlights included the Clergy Day on Mission and Ministry around Life Events, the Celebration of Lay Ministry for our Licensed Lay Ministers, Lay Pastoral Assistants, and Lay Worship Leaders, and the first phase of The Trustworthy Leader. A section of the brochure is now devoted to rural training resources to support Rural Hope.

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The Diocese continues to be known for the quality of our wellbeing provision and we have been approached by several other dioceses who want to learn from us. We also contributed to the national consultation on the proposed Clergy Wellbeing Covenant and expressed some reservations about the rather top down and structural approach. Further work was done on curate wellbeing to understand the statistics that had emerged from the last wellbeing survey. St Luke's Healthcare delivered Resilience training workshops.

We have been delivering the Safeguarding Action plan to 30 June 2019: by this time clergy have to comply with mandatory training or licences will be withdrawn. This includes two specialist modules: Safer Recruitment and Domestic Abuse Awareness. Training and parishes are also able to deliver some of the Safeguarding core modules locally. We have continued to take the lead when allegations are made against a church officer or member of the clergy. Workshops have been held for Parish Safeguarding Officers, focus being on how to respond to disclosures of non-recent abuse by adults.

Our Social Justice programme identified priority areas covering food, finance, environment, and sanctuary. New projects providing community meals were run during the school holidays to tackle food-poverty and isolation. Foodbanks report increased demand and further engagement with local politicians revealed evidence of long delays in verification processes for Universal Credit. Concerns about the closure of high street banks in market towns led to regional meetings organised by the Social Justice Programme Manager to look into how churches could support the development of new mutually-owned banks.

Achieving Eco Diocese status was a key objective for 2018 and work towards this included support for parishes, workshops, and even building a bug hotel at the diocesan offices. In November A Rocha UK recognised Salisbury as the first Eco Diocese under this scheme. Local church groups continued to welcome refugees who have been resettled in the area, providing seven homes, volunteer drivers, language tuition, and additional support.

The Parish Giving Scheme (PGS) remains a key strategic area and at the end of 2018, 110 parishes are registered (over 23% of total parishes) and 1,360 donors (6% of all members) are giving regularly, with 57% inflation-proofing of their gifts (national average 54%). This is ahead of its national "anticipated take up curve".

The aim remains to provide direct support to parishes with input offered on vision/parish days, mission plans, stewardship, legacies and fund raising for capital projects through training workshops, sharing good practice and parish visits to support local implementation.

For 2018, the Aldhelm Mission Fund supported 6 new projects, totalling £18,280, with continued financial support and mentoring provided to a number of ongoing parish or deanery mission projects. New projects included Wareham Team Ministries 'Not Just Sundaes' project, The Lantern 'Play it by Ear' project, a prayer room at Queen Elizabeth School Wimborne and the 'Life Exhibition' in the Pewsey Deanery.



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

Trustees have continued to work in 2018 with determination to ensure the DBE makes a real difference for schools, academies and the communities they serve. This has included a new expression of vision and mission for the next 5 years, captured in the Strategic Plan 2018/23. This plan is the result of consultation with over 100 partners in schools and parishes and sets out what we will do to fulfil our vision of 'Living Out God's Transforming Presence'.

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The team's work is diverse and extensive and known for its depth and impact. The core service, the entitlement of every church school, has: supported the appointment of 27 headteachers; the training of 109 foundation governors and 13 headteachers new to post; supported 4 critical incidents, provided pastoral, spiritual and practical help at times of utter crisis within schools, for example the death of a child; enabled the conversion of 14 schools to become academies; enabled the statutory inspection of 20 Anglican schools (SIAMS); supported 36 schools causing concern, both practically within school and through working with Local Authorities, teaching schools, Ofsted, Regional Schools Commissioner and the Department for Education (DfE); supported buildings work with 32 Voluntary Aided schools; provided admissions model policy and advice for 103 Voluntary Aided schools.

In September 2018 the National Education Office of the Church of England introduced a new inspection schedule for church schools. The schedule which reflects the aspirations of the Church of England Vision for Education – ‘Deeply Christian, Serving the Common Good’ opens huge possibilities for the DBE to explore what it means for church schools to be ‘deeply Christian’ at the heart of the community and parish.

The year has been a transition period as the DBE has moved to ministry inspired, foundation governance, celebrated through commissioning services. The foundation governor role is key to church school education and the DBE is very grateful to clergy and laity for the extent of their commitment. Foundation governors have engaged in training across the year and there is now a group of lead practitioner governors able to support other governing bodies at point of crisis.

## Other Activities and Achievements



**Salisbury Board of Patronage:** In 2018 eight pastoral schemes or Orders came into effect. Two Section 17 (shortened procedure) orders involved changing the legal name only of the benefices. Three schemes resulted in adjoining benefices being united with no changes to the status of parishes or churches. In Lower Wylde and Till Valley a Scheme united four of the six parishes; In Bourne Valley two parishes were united and one parish church was designated a chapel of ease; In Shaftesbury, the church of St Thomas East Orchard was closed on the 1<sup>st</sup> of July 2018 for public worship, due to

severe structural defects.

On 31st December 2018 there were a total of twenty benefices in which presentation had been suspended. During the year there were two renewals, one new suspension where pastoral proposals were being considered, one suspension had been lifted and six suspensions ended where pastoral re-organisation was completed.



### Our Diocesan Advisory Committee for the care of Churches:

The DAC has had another busy year in which the number of applications for the Archdeacon's List B approval continued to increase and totalled 169. This form of permission is proving very successful in permitting routine work to go ahead under simplified procedures, not requiring full faculty permission. A national review of List A and List B provisions is currently underway to establish if there is scope for further simplification by adding more items to the Lists.

In addition, there were 216 schemes submitted to DAC meetings for advice and, as always, they included a number of major projects for re-ordering, extension, etc.

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This year it was the turn of our Diocese to host the Church Buildings Council (CBC) National DAC Conference, a three day event based in Salisbury and attended by DAC chairmen, secretaries and other organisations from around the country and, for the first time, joined in part by Diocesan Environment Officers.



**The Diocesan Trust Officer:** The DTO presented 42 requests for Finance Committee approval during 2018. This represents an increase of over 50% compared with the previous year. Just over a third of these requests were from parishes to release capital for major projects such as church repairs, re-ordering or churchyard projects. Included in this total, were 4 requests to wind up small charities vested in the Board. The largest repair project this year financed by trust funds was the significant tower repairs at All Saints' Church in Westbury.

There were 9 requests to sell sites or part sites no longer required by PCCs. These included St Nicholas Church in Weymouth and Church House East in Whitchurch Canonorum. Radipole and Melcombe Regis PCC together with the Cox Trust have worked together selling and transferring properties (7 in total) to ensure that the PCC was able to purchase Old St John's Vicarage. The plan is to convert this building to a Community Centre.



**The Property Department:** The team in the Property department is responsible for the management of 235 clergy houses: 132 benefice houses for incumbents, 39 team vicarages and 64 assistant staff houses and others. The department currently rents out 26 properties during vacancies bringing in an income of over £275,000.

Witchampton Vicarage and 32 Abbots Way Sherborne were sold in 2018. New curate houses were purchased at 1 Graycott Close, Bournemouth [Kinson] and 27 Harvard Way, Amesbury.



**Communications:** The Communications department achieved amazing success with the December Diocesan Advent Calendar of daily stories from around our Diocese. This has resulted in uptake in readership and sharing across social media.

At Church House, the decision was made to upgrade the analogue Toshiba telephone system to make use of advancements in telecoms technology and improve the user experience whilst reducing overall costs. The project incurred no capital outlay. In addition, a dedicated Fibre to the Cabinet (FTTC) line has been installed, improving speed and connectivity and greatly increasing Upload and Download speeds.



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

The Sudan 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.

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## D.2 Financial Review

**Background:** The DBF Executive (which has the same membership as Bishop's Council) acts as the financial executive of Diocesan Synod and as custodian trustee for parochial trusts and other diocesan based charities. There have been no significant changes in these activities during the year.

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

**Comparison with last year:** In 2018 funds have decreased £1.66m. This compares with an increase of £2.5m in 2017. The main differences between the 2 years is that investments increased in value by £2.3m in 2017 and dropped £1.2m in 2018. The 2017 gain in investments was the triennial revaluation of investment properties (£1m) and an increase in the investments held by fund managers of £1.3 m. There was no revaluation of investment properties in 2018 and fund investments fell by £1.2m. Since the year end however these investments have gained over £1m but remain volatile.

Salisbury DBF Building Consultancy Ltd, wholly owned subsidiary of SDBF is a separate trading company that works with over 70 Voluntary Aided Schools and Academies. The Consultancy has had another successful year bringing in a fee income of over £330,000 and a grant to SDBF of £168,461.

**Operating deficit:** Underneath these figures the Diocese is running at an operating deficit of £1m in 2018 and £519k in 2017. Performance in 2017 was better with slightly higher share collection and a very significant contribution from our property trading company with a turnover of £570k. The main causes of the deficit are that we have significant areas of expenditure that have no matching income. These are primarily capital repairs and ingoing works on clergy houses; rental of clergy houses and clergy recruitment. We also do not as yet make provision for non-payment of share. Reorganisation of the figures show the deficit more clearly:

	31/12/2018	31/12/2017
	£,000	£,000
(Deficit)/surplus share	(263)	23
Capital repairs Ingoing Works	(534)	(510)
Movement other funds	(369)	(179)
Profit on sales of clergy property	126	147
<b>Total Operating Deficit</b>	<b>(1,040)</b>	<b>(519)</b>
Movement portfolio investments	(1,208)	1275
Movement clergy pension creditor	586	688
Increase investment property	-	1,036
<b>Total movement in funds</b>	<b>(1,662)</b>	<b>2,480</b>

Movement on other funds comprises mainly rental of clergy properties; clergy recruitment and payments towards clergy wellbeing.

**Balance sheet:** Our balance sheet remains very strong at first glance at £122m but £92m is tied up in clergy housing and our available sources of money remain our investments which at £19m will not last for ever, and we rely on the income these generate to support our work and to reduce the share request. We have recognised the need to address the operating deficit with a target of eliminating this within our financial plan for 2021-23.

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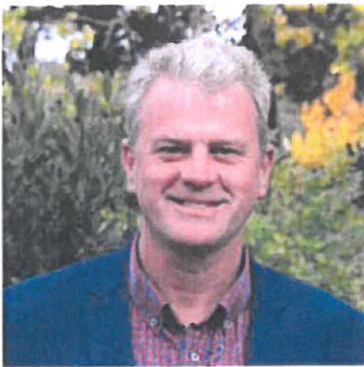






### D.3 Looking Ahead

From David Pain... Diocesan Secretary



Our reviews aim to ensure we still have a thriving Christian presence in every community across the Diocese in 2030 while also eliminating the operating deficit from 2023 onwards, at the latest.

Thank you for your welcome to me as your new Diocesan Secretary. Working with the Finance Committee, Bishops Council and colleagues across the diocese I have launched a series of reviews as we seek together to discern our future priorities in mission and ministry.

We have started with our core vision: Renewing Hope: Pray, Serve, Grow. The review of Renewing Hope undertaken by Bishop John Gladwin has affirmed this as our overall approach and made a number of recommendations for change. These have been shared for further discussion across the diocese. Feedback on the report will be considered by the Bishops Council at the end of July. We are challenged to consider the opportunities to respond to a rapidly changing context by deepening spirituality, going local, travelling light, working collaboratively, learning on the road and widening vision and service.

We cannot know the future, but we can prepare for a range of plausible options in 2030. With the help of Bishop John's report, we are discussing our priorities for mission and ministry in a changing context. We are looking very closely at all income and expenditure across the work of the diocese. This is being done through a series of reviews: of mission and ministry, church and school; of property, housing and glebe; of our diocesan offices; IT system; communications. These look at all costs and all staffing of the diocese.

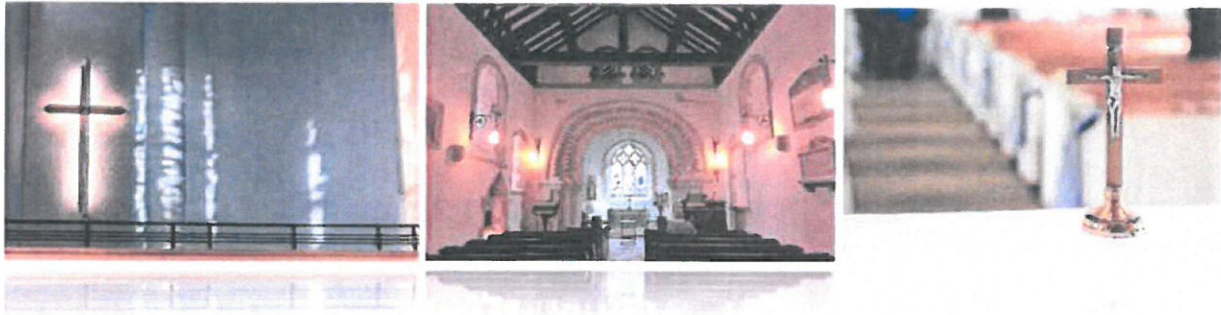
Above all we are listening carefully to feedback on the Fairer Share scheme and ideas for how this can be strengthened. It's already clear that while the parishes will continue to play the central role in supporting the costs of ministry, there are also other areas in which the diocese can maximise income and initiate new fundraising.

*David Pain*, Diocesan Secretary

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## D.4 Principal Risks and Uncertainties

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

The main risks identified are:

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

Mitigations include:

- **Share income:** monthly monitoring of receipts throughout the collection year, and a review group to ensure that the allocation and collection processes remain fit for purpose. A full provision is made for Share arrears at the end of January of the year following the year they are due. An in-depth Share Review is taking place during 2019 to appraise the method of share calculation and ideology.
- **Operational deficit:** reserves are adequate for the time being but it has been recognised that this position is unsustainable in the long term and actions are being taken now
- **Investment income:** a committee reviews the placement of investments, including the ethical requirements of the Board and the income level desired. The Finance Committee reviews income and valuations throughout the year.
- **Safeguarding:** the Board has a Safeguarding Officer in place and an Independent Safeguarding Management Panel. The officer and the panel review all processes and procedures, as well as coordinating training. The Diocese also participates in a national church audit scheme as a founding member of the process and has plans in place to act upon any finding. Significant resources have been made available to allow for a systematic diocese-wide "Past Cases Review" intended to measure the effectiveness of our provision in past years.

## D.5 Fundraising

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

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## E. Structure, Governance and Management

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



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

A **benefice** is a parish or group of parishes served by 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 to General Synod. Deanery Synods do not generally have significant financial transactions.



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

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





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

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

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

## Management

**The Diocesan Synod:** Synod met three times in 2018 in February, June and November. As well as fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- Discussions around strategic options and financial sustainability.
- Exploring issues affecting children and young people in society today.
- Consideration and re-shaping of the diocese's support for Mission and Ministry, resulting in the creation of a combined Mission and Ministry Council.
- Update on our link with the Diocese of Evreux.
- Elections to the Diocesan Synod and induction of new Diocesan Synod members at the November meeting.
- Update on the work of the Diocesan Environment Group and celebration of the achievement of an Eco Diocese award.
- The Annual Reports of the Cathedral, Board of Education and Social Justice Programme.
- The presentation of Diocesan Advisory Committee awards
- The AGM of the SDBF including adoption of the Report and Accounts, appointment of auditors and agreement of the 2019 budget

**Bishop's Council:** This 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.
- Work to improve our standards of governance.
- Discussions around support for the Board of Education.
- Work with the Board of Education on its five year strategic plan.
- Development of the Balanced Scorecard to help inform decisions about strategic prioritisation and resourcing.
- Approval of £50,000 for grants from the Aldhelm Mission Fund.
- Shaping proposals for a combined Mission and Ministry Council.
- Work to develop future financial strategy.
- The May meeting was a joint meeting with the Board of Education to consider matters of shared interest.

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

- Adopted the Annual Report and Accounts 2017.
- Considered and approved the budget for Share assessment 2019.

**The Environment Group:** This Group supports parishes and individuals in developing environmental awareness and action across the diocese. Activities in 2018 included:

- Continuing to promote parish participation in the Eco Church and Big Switch schemes.
- Attaining the first Eco Diocese award in the country.
- Encouraging church involvement in Creationtide.
- Continuing to grow a network of parish "Eco Champions".

**The Bishop's Council is the Diocesan Mission and Pastoral Committee,** and the four area mission and pastoral committees (DMPCs) work as its sub-committees and are chaired by their respective area Archdeacon. As well as dealing with all pastoral matters, parish re-organisation and suspensions of presentation, the DMPC committees:

- Continued to engage with new housing areas across the diocese
- Focussed on the message of Renewing Hope; Pray, Serve and Grow, through deaneries and their deanery mission plans.
- Maintained a close involvement with the Rural Hope programme
- Considered changes to diocesan governance and the creation of Mission Oversight Groups.
- Discussed the pressure on the diocesan budget and discussed how they could help to meet future financial challenges through strategic deployment.
- Considered alternative uses for church buildings, opportunities for church planting, funding bids for coastal communities, rural ministry to farmers, school chaplaincies and the Army rebasing project on Salisbury plain.

The committees have been briefed on changes brought about by the Mission and Pastoral Amendments Measure 2018.

**Diocesan Board of Patronage:** The Board met once during the year, which was for the Annual Meeting on the 23<sup>rd</sup> of January 2018 and the main areas of business included:

- Clergy appointments and vacancies. It was noted that generally there are fewer applicants for posts than had been the case in recent years, which is the case nationally. The Diocese is still more fortunate than most, as it is an attractive place to live.

Other items of the Board's business were conducted by correspondence or by e-mail.

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HOPE  
MINISTRY  
& MISSION







## F. Legal and Financial Information

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

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

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

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

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





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

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

Fund type	Capital Loss 2018	Income 2018	Total Return 2018	Total Return 2017
General	-9.5%	4.7%	-4.8%	11.4%
Designated	-1.5%	3.3%	1.8%	12.3%
Diocesan Pastoral (Restricted)	-7.9%	4.2%	-3.7%	11.9%
Other Restricted	-1.5%	3.3%	1.8%	12.3%
Stipend capital (Endowment)	-6.7%	4.7%	-2.0%	10.7%
Other endowment	-1.5%	3.3%	1.8%	12.3%

The aim for each Fund's investment is long term capital and income growth, though with a greater emphasis on income 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.

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

- **Diocesan Pastoral Fund:** As this Fund is often used principally to buy houses, the Board's policy is to have a reserve expressed in terms of the cost of six clergy houses. Based on recent experience an average cost of £300,000 gives a reserve requirement of £1.8m. The reserve is defined as the Fund's net assets excluding the amounts held as tangible fixed assets, loans granted to parishes and commitments given for loans. The fund has investments of £3.7m so reserves are fully adequate.
- **General Fund:** The Board's policy is to have a reserve equating to three months of expenditure at any one time to maintain working capital requirements and to provide adequate safeguards in respect of unforeseen deficits.

At 31 December 2018 the General Fund free reserves include some readily realisable investments amounting to £2.3m and cash of £585k. This equates to about 3 months of expenditure and the Board considers that this is sufficiently in line with its policy and is in fact slightly better than reported a year ago. Cashflow is helped by the fact that a large part of parish share is received in the early part of the year. The Board also has procedures in place to monitor parish share collection and any deviation from agreed budgets in the year.

The Board continues to monitor its reserves carefully. Current share collection remains good and the Board is able to meet its liabilities as they fall due. In budgeting to meet costs, and not accumulate reserves from surpluses on activities, the Board also acknowledges that reducing this nominal shortfall is not feasible in the short term.

- **Stipend Capital Fund:** The purpose of this endowment account is tightly prescribed and is primarily to provide an income towards the cost of clergy stipends. The Board's policy is to retain the investments for capital growth and for the purchase of houses, and to generate income for these purposes.
- **Grant making policies:** The Board makes a variety of grants to the clergy and parishes of the Diocese, the Archbishops' Council and the Episcopal Church of the Sudan, all in furtherance of its charitable objects.

**Custodian trusteeship:** The Board is custodian trustee for trust financial assets with a market value of approximately £24m at 31 December 2018 (2017- £26m). 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 2018 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.

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### Relationships with other church bodies:

- **General Synod, Archbishops' Council and Church Commissioners:** While the Board is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the Board reimburses regularly for the costs of stipendiary clergy deployed in the diocese. The Church Commissioners also make grants to the Archbishops' Council of the Church of England for ministry in some dioceses. The Archbishops' Council, a charity and the executive body of the General Synod, funds the administration of the ordinands training on behalf of the Church nationally, and the Board contributes to these costs annually according to a formula agreed by General Synod.
- **Parochial Church Councils (PCCs):** The main part of the Board's income is the contribution of parish Share from the parishes in the diocese, with each parish being governed by its PCC. The Board assesses the parish Share to PCCs under the "Fairer Share" method of apportionment introduced in 2005, but the payment of the parish Share is essentially a voluntary donation by PCCs to the Board. As referred to above, the Board also acts under Measure as custodian trustee in relation to PCC property and endowments.
- **Salisbury Diocesan Board of Education Ltd (SDBEL):** The trustees consider that SDBEL is a connected charity, having related objects and a shared management. SDBEL is a company limited by guarantee and a registered charity. Although the synodical work of the Board of Education is undertaken under the statutory umbrella of the Board of Finance, SDBEL retains its separate corporate identity for its role as trustee of the Uniform Statutory Trust funds (held for the improvement of the fabric of the church school buildings in the diocese) as well as a large number of church school and educational trusts. SDBEL has established a wholly owned trading subsidiary, SALED Ltd, to raise funds in support of its charitable purposes. Details of the financial transactions between the Board and SDBEL are reported in note 23 to the accounts. SDBEL's address is The Diocesan Education Centre, The Avenue, Wilton, Wiltshire SP2 0FG.

### Changes to Trustees:

The Ven P Taylor resigned as ex-officio Trustee in June 2018. The Ven P Sayer was appointed ex-officio Trustee in November 2018. Canon P Richardson was appointed as elected clerical member in August 2018 and the Very Rev Canon N Papadopoulos was appointed as ex-officio Trustee in September 2018. The Rt Rev E Condry resigned in April 2018. The Rt Rev A Rumsey was appointed as ex-officio Trustee in January 2019.





### Trustees' responsibilities:

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

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the SDBF and of the surplus or deficit of the SDBF for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- 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 DBF and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the SDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Statement of disclosure to the auditors:

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

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

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## G. Reference and administrative details

### Company Information:

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

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## Directors and Trustees during 2018:

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

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

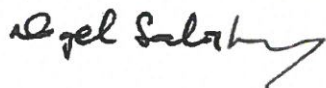
The Rt Rev N Holtam	Ex officio, President of Synod, Bishop of Salisbury
Mr N Salisbury	Ex officio, Chairman
The Rt Rev K Gorham	Ex officio, Bishop of Sherborne
The Rt Rev E Condry	Ex officio, Bishop of Ramsbury (resigned April 2018)
The Rt Rev Dr A Rumsey	Ex officio, Bishop of Ramsbury (from January 2019)
The Very Rev N Papadopoulos	Ex officio, Dean of Salisbury Cathedral (from Sep 2018)
The Ven A P Jeans	Ex officio, Archdeacon of Sarum
The Ven P S Taylor	Ex officio, Archdeacon of Sherborne (resigned June 2018)
The Ven S Groom	Ex officio, Archdeacon of Wilts
The Ven A C MacRow-Wood	Ex officio, Archdeacon of Dorset, Vice Chairman DBF, Ex officio, Chairman Diocesan Board of Education
The Ven P Sayer	Ex officio, Archdeacon of Sherborne (from Nov 2018)
Canon T M B Woodhouse	Ex officio, Chairman of the House of Clergy
Canon D Baldwin	Elected clerical member
Canon A Perry	Elected clerical member
Canon P Richardson	Elected clerical member (from August 2018)
Mrs G Clarke	Elected lay member and Ex officio Chairman of the House of Laity
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 Herklots	Secretary and Treasurer (resigned 30 Nov 2018)
Mr D Pain	Secretary and Treasurer (from 1 Jan 2019)
Mr S Dawson	Deputy Secretary
Ms E Ashmead	Head of Finance

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 15 within their capacity as company directors.

By order of the Trustees:



9<sup>th</sup> Sept 2019  
Mr N Salisbury DBF Chairman

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

### Opinion:

We have audited the financial statements of Salisbury Diocesan Board of Finance for the year ended 31 December 2018 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2018 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- and have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion:

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of trustees for the financial statements:

As explained more fully in the trustees' responsibilities statement (set out on pages 20-21) the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the **preparation** of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the



trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Conclusions relating to going concern:

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

### Other information:

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006:

In our opinion, based on the work undertaken in the course of the audit: information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.



**Matters on which we are required to report by exception:**

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: adequate accounting records have not been kept by the parent charitable company; or the parent charitable company financial statements are not in agreement with the accounting records and returns; or certain disclosures of trustees' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

**Use of this report**

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



Adam Halsey (Senior Statutory Auditor)

For and on behalf of haysmacintyre LLP, Statutory Auditors: 10 Queen St Place London EC4R 1AG

30 September 2019

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# I. Financial Statements for the year ending 31 December 2018

SALISBURY DIOCESAN BOARD OF FINANCE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds		Restricted	Endowment	Total	Total
		General	Designated	funds	funds	funds	funds
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations							
Parish Share	2	9,916	-	-	-	9,916	9,895
Archbishops' Council & Church Commissioners	3	67	-	232	-	299	118
Other donations	4	184	-	478	-	662	729
Charitable activities	5	15	-	797	-	812	814
Other trading activities	6	590	-	-	-	590	807
Investments	7	230	14	876	-	1,120	1,081
Other incoming resources	8	-	-	63	63	126	264
<b>Total</b>		<b>11,002</b>	<b>14</b>	<b>2,446</b>	<b>63</b>	<b>13,525</b>	<b>13,708</b>
<b>Expenditure on</b>							
Raising Funds	9	76	-	45	-	121	95
Charitable activities	10	10,651	183	2,862	-	13,696	13,232
Other	11	162	-	-	-	162	212
<b>Total</b>	12	<b>10,889</b>	<b>183</b>	<b>2,907</b>	<b>-</b>	<b>13,979</b>	<b>13,539</b>
<b>Net income/(expenditure) before investment gains</b>		<b>113</b>	<b>(169)</b>	<b>(461)</b>	<b>63</b>	<b>(454)</b>	<b>169</b>
Net gains/(losses) on investments	18	(243)	(6)	(156)	(803)	(1,208)	2,311
<b>Net income/(expenditure)</b>		<b>(130)</b>	<b>(175)</b>	<b>(617)</b>	<b>(740)</b>	<b>(1,662)</b>	<b>2,480</b>
Gross transfers between funds	33	1,253	141	(1,441)	47	-	-
<b>Net movement in funds</b>		<b>1,123</b>	<b>(34)</b>	<b>(2,058)</b>	<b>(693)</b>	<b>(1,662)</b>	<b>2,480</b>
<b>Total funds brought forward</b>		<b>3,922</b>	<b>463</b>	<b>26,138</b>	<b>93,173</b>	<b>123,696</b>	<b>121,216</b>
<b>Total funds carried forward</b>	28	<b>5,045</b>	<b>429</b>	<b>24,080</b>	<b>92,480</b>	<b>122,034</b>	<b>123,696</b>

All activities derive from continuing activities. The notes on pages 33 to 57 form an integral part of the financial statements.



SALISBURY DIOCESAN BOARD OF FINANCE

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT : YEAR ENDED 31 DECEMBER 2018

	<u>2018</u>	<u>2017</u>
	£'000	£'000
Total incoming resources	13,463	13,708
Resources expended	<u>(13,980)</u>	<u>(13,421)</u>
Operating surplus/(deficit) for the year	(517)	287
Net gains on investments	<u>(405)</u>	426
<b>Net income/(expenditure) for the year</b>	<b>(922)</b>	<b>713</b>
<b>Other comprehensive income:</b>		
Net assets transferred from endowments	(47)	(49)
<b>Total recognised gains for the year</b>	<b><u>(969)</u></b>	<b><u>664</u></b>

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.

All activities derive from continuing activities. The notes on pages 33 to 57 form an integral part of the financial statements.

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SALISBURY DIOCESAN BOARD OF FINANCE

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2018

	Notes	Group Total funds 2018 £'000	Parent Total funds 2018 £'000	Group Total funds 2017 £'000	Parent Total funds 2017 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	16	92,313	92,313	92,252	92,252
Investments:					
Investments	18	30,946	30,946	32,154	32,154
Programme related investments	19	89	89	89	89
		<b>123,348</b>	<b>123,348</b>	<b>124,495</b>	<b>124,495</b>
<b>CURRENT ASSETS</b>					
Stock	20	-	-	1	1
Clergy houses for sale	21	600	600	715	715
Debtors due within one year	22	913	907	965	920
Deposit accounts	23	870	870	816	816
Cash at bank and in hand	23	486	419	1,455	1,371
		<b>2,869</b>	<b>2,796</b>	<b>3,952</b>	<b>3,823</b>
<b>CREDITORS: amounts falling due within one year</b>	24	(324)	(310)	(373)	(337)
<b>NET CURRENT ASSETS</b>		<b>2,545</b>	<b>2,486</b>	<b>3,579</b>	<b>3,486</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>125,893</b>	<b>125,834</b>	<b>128,074</b>	<b>127,981</b>
<b>CREDITORS: amounts falling due in more than one year</b>					
Pension	25	(3,647)	(3,647)	(4,233)	(4,233)
Other creditors	25	(212)	(212)	(145)	(145)
<b>NET ASSETS</b>	28	<b>122,034</b>	<b>121,975</b>	<b>123,696</b>	<b>123,603</b>
representing:					
General Fund	29/31	5,045	4,988	3,922	3,830
Designated funds	29/31	429	428	463	463
Restricted funds	29/32	24,080	24,080	26,138	26,137
Endowment funds	29/33	92,480	92,479	93,173	93,173
<b>Total funds</b>	29-33	<b>122,034</b>	<b>121,975</b>	<b>123,696</b>	<b>123,603</b>

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

The Parent's Charitable Company's total income for the year, before net gains on investment was £13.3m (2017:£13.4m); total expenditure was £13.8m (2017: £13.3m), resulting in net expenditure before investment gains of £512k (2017: net income £76k). Net expenditure after loss on investments was £1.7m (2017: net income after gains on investment was £2.5m).

These accounts were approved by the Board on 9<sup>th</sup> Sept 2019

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

The notes on pages 33 to 57 form an integral part of the financial statements.



SALISBURY DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>2018</u> £'000	<u>2017</u> £'000
<b>Net cash inflow/(outflow) from operating activities</b>	(2,193)	(2,259)
<b>Cash flows from investing activities</b>		
Dividends, interest and rent from investments	1,121	1,081
Proceeds from the sale of:		
Tangible fixed assets	-	2,247
Fixed asset investments	-	833
Current assets	843	587
Purchase of:		
Tangible assets for the use of SDBF	<u>(686)</u>	<u>(2,943)</u>
<b>Net cash provided by investing activities</b>	1,278	1,805
<b>Cash flows from financing activities</b>		
DBE Loan repaid in year	-	100
<b>Net cash provided by / (used in) financing activities</b>	-	100
<b>Change in cash and cash equivalents in the reporting period</b>	<u>(915)</u>	<u>(354)</u>
<b>Cash and cash equivalents at 1 January</b>	2,271	2,625
<b>Cash and cash equivalents at 31 December</b>	<u>1,356</u>	<u>2,271</u>
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>	<u>2018</u> £'000	<u>2017</u> £'000
<b>Net movement in funds for the year ended 31 December</b>	(1,663)	2,480
<b>Adjustments for:</b>		
Depreciation charges	25	27
Dividends, interest and rent from investments	(1,121)	(1,081)
(Profit) on sale of functional assets	(126)	(146)
Decrease/(increase) in debtors	52	(180)
Increase/(decrease) in creditors	18	(360)
Pension deficit provision movement	-	(49)
Pension deficit payment	(586)	(639)
Net (loss)/ gain on investments	1,208	(2,311)
<b>Net cash provided by / (used in) operating activities</b>	<u>(2,193)</u>	<u>(2,259)</u>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	486	1,456
Deposit accounts	870	815
	<u>1,356</u>	<u>2,271</u>

The notes on pages 33 to 57 form an integral part of the financial statements.

## 1.5 Accounting Policies and Notes to the Financial Statements for the year ending 31 December 2018

**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 2018. 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 2018. Salisbury Diocesan Board of Finance meets the definition of a public benefit entity under FRS102.

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

**Basis of preparation:** The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102), and Diocesan Financial Statements Guide 5th edition 2015 (the DFS guide).

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

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

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

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

- Share paid by parishes is treated as income of the year in which it is received except that amounts received up to the end of January of the following year in respect of the previous year are included as income of the year.
- Rent receivable is recognised as income in the period with respect to which it relates.
- Interest and dividends are recognised as income when receivable.



- Grants received that are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- Parochial fees are recognised as income of the year to which they relate.
- Donations other than grants are recognised when receivable.
- Gains on disposal of fixed assets for the MDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- Services rendered: Revenues from a contract to provide services is recognized in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:
  - the amount of revenue that can be measured reliably;
  - it is probable that the charitable company will receive the consideration due under the contract;
  - the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
  - the costs incurred and the costs to complete the contract can be measured reliably.

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

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

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

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

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

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

The purpose of every Fund under each heading is set out in notes 30-32 to the financial statements. All income, expenditure and gains and losses are allocated to the appropriate fund.

**Tangible fixed assets and depreciation:** Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition. All freehold properties are included in the balance sheet at cost, properties acquired before the date of transition

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

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

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

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

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

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

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

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

**Pension Costs:** The Board participates in a pension scheme for employees to provide benefits based on final pensionable salaries. The assets of the scheme are held separately from those of the company. Contributions are assessed by a qualified actuary so as to spread the cost over employees working lives. Further details are given in note 35. Details of clergy pensions are given in note 35.

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

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

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

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

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

**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.

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SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	Unrestricted Funds		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
					2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2. PARISH SHARE</b>						
Share for the year per the Budget	10,279	-	-	-	10,279	10,029
Less: credit adjustments allowed	-	-	-	-	-	-
Request for the year	10,279	-	-	-	10,279	10,029
Less: discounts for early / Direct Debit payment	(78)	-	-	-	(78)	(71)
Less: provision for shortfall in contributions	(341)	-	-	-	(341)	(220)
	9,860	-	-	-	9,860	9,738
Plus: arrears for previous years	56	-	-	-	56	157
	<u>9,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,916</u>	<u>9,895</u>
Current year parish share receipts represent 95.9% of the total apportioned (2017 - 97%), or, when receipts for previous years are included, 96.5% of the total apportioned (2017 - 98.7%)						
<b>3. THE NATIONAL CHURCH INSTITUTIONS</b>						
<b>The Archbishops' Council</b>						
Strategic development funding	-	-	84	-	84	15
RME	-	-	148	-	148	38
<b>The Church Commissioners</b>						
Area Bishops' secretaries	67	-	-	-	67	65
	<u>67</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>299</u>	<u>118</u>
<b>4. OTHER DONATIONS</b>						
All Churches Trust	155	-	-	-	155	147
Milton Abbey grants and donations	-	-	307	-	307	245
Sudan grants and donations	-	-	168	-	168	286
Other donations and grants	29	-	3	-	32	51
	<u>184</u>	<u>-</u>	<u>478</u>	<u>-</u>	<u>662</u>	<u>729</u>
<b>5. CHARITABLE ACTIVITIES</b>						
Statutory fees and chaplaincy income	-	-	797	-	797	766
Provision of services in accordance with the Board's charitable objectives	15	-	-	-	15	48
	<u>15</u>	<u>-</u>	<u>797</u>	<u>-</u>	<u>812</u>	<u>814</u>
Income raised from property projects is now shown under other activities from January 2017 onwards. This incorporates the income from the subsidiary from 1.7.2017.						
<b>6. OTHER ACTIVITIES</b>						
Rental income from let clergy houses	257	-	-	-	257	223
Fee income from property projects	333	-	-	-	333	571
Fundraising events	-	-	-	-	-	13
	<u>590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>590</u>	<u>807</u>
<b>7. INVESTMENT INCOME</b>						
Dividends receivable	196	13	672	-	881	862
Interest receivable	1	1	5	-	7	4
Rents from investment properties	-	-	199	-	199	182
Rents from other properties	33	-	-	-	33	33
	<u>230</u>	<u>14</u>	<u>876</u>	<u>-</u>	<u>1,120</u>	<u>1,081</u>
<b>8. OTHER INCOMING RESOURCES</b>						
Gain on disposal of properties & equipment	-	-	63	63	126	264



SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	Unrestricted		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	£'000	£'000	£'000	£'000	2018	2017
					£'000	£'000
<b>9. FUND RAISING COSTS</b>						
Support costs	-	-	-	-	-	-
Glebe agent's fees	-	-	24	-	24	16
Other glebe expenses	-	-	21	-	21	28
Agents' fees on other let property	28	-	-	-	28	23
Other expenses on other let property	48	-	-	-	48	28
	<u>76</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>121</u>	<u>95</u>
<b>10. CHARITABLE ACTIVITIES</b>						
<b>Contributions to Archbishops' Council</b>						
The Archbishops' Council						
Training for ministry	496	-	-	-	496	483
National Church responsibilities	284	-	-	-	284	270
Grants and provisions	40	-	-	-	40	40
Mission agency pension contributions	25	-	-	-	25	25
Retired clergy housing costs (CHARM)	136	-	-	-	136	136
Pooling of ordinand candidates' costs	59	-	-	-	59	59
	<u>1,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,040</u>	<u>1,013</u>
<b>Resourcing Ministry and Mission</b>						
Parish ministry:						
Stipends, NI and Apprenticeship Levy	4,146	-	1,126	-	5,272	5,289
Pension contributions	812	-	381	-	1,193	1,085
Housing costs	1,901	-	457	-	2,358	2,111
Removal, resettlement and other grants	204	-	-	-	204	189
Other expenses	245	-	-	-	245	257
Strategic Development Funding	-	-	86	-	86	13
	<u>7,308</u>	<u>-</u>	<u>2,050</u>	<u>-</u>	<u>9,358</u>	<u>8,944</u>
Support for ministry and mission:						
RME	-	-	139	-	139	41
Ministry and learning development	513	136	-	-	649	765
Area Offices and diocesan resources	240	-	-	-	240	262
Board of Education	296	-	-	-	296	289
Other support for ministry and mission	639	47	75	-	761	851
Support costs	594	-	-	-	594	501
	<u>9,590</u>	<u>183</u>	<u>2,264</u>	<u>-</u>	<u>12,037</u>	<u>11,653</u>
<b>Diocesan Links Overseas</b>						
Episcopal Church of South Sudan and Sudan						
Grants	-	-	98	-	98	241
Support activities	-	-	99	-	99	83
The Church in Latvia and Evreux	-	-	-	-	-	-
Support costs	-	-	4	-	4	4
	<u>-</u>	<u>-</u>	<u>201</u>	<u>-</u>	<u>201</u>	<u>328</u>
<b>Milton Abbey Fund Activity</b>						
Insurance	-	-	23	-	23	19
Repairs and other costs	-	-	374	-	374	193
	<u>-</u>	<u>-</u>	<u>397</u>	<u>-</u>	<u>397</u>	<u>212</u>
<b>Governance Costs</b>						
Audit fees	15	-	-	-	15	20
Other Support costs	6	-	-	-	6	6
	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>26</u>
	<u>10,651</u>	<u>183</u>	<u>2,862</u>	<u>-</u>	<u>13,696</u>	<u>13,232</u>

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SALISBURY DIOCESAN BOARD OF FINANCE

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

	Unrestricted General	Unrestricted Designated	Restricted funds	Endowment funds	Total funds 2018	Total funds 2017
	£'000	£'000	£'000	£'000	£'000	£'000
<b>11. OTHER RESOURCES EXPENDED</b>						
Expenditure on property projects	162	-	-	-	162	94
Loss on sale of properties	-	-	-	-	-	118
	<b>162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162</b>	<b>212</b>

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2018 £'000	Total 2017 £'000
<b>12. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS</b>					
Raising funds	121	-	-	121	95
Contributions to national church institutions	-	1,040	-	1,040	1,013
Resourcing ministry and mission	10,851	594	593	12,038	11,652
Diocesan overseas links	99	98	4	201	328
Milton Abbey	397	-	-	397	213
Governance costs	-	-	20	20	26
Other resources expended	162	-	-	162	212
	<b>11,630</b>	<b>1,732</b>	<b>617</b>	<b>13,979</b>	<b>13,539</b>

	Activities undertaken directly £'000	Grant funding of activities £'000	Governance costs £'000	Total 2018 £'000	Total 2017 £'000
<b>ALLOCATION OF SUPPORT COSTS</b>					
Staff costs	399	-	-	399	387
Office administrative costs	156	-	19	175	194
Office premises costs	11	-	1	12	18
Finance costs	6	-	-	6	7
Depreciation	25	-	-	25	25
less already recharged to departments	-	-	-	-	(100)
	<b>597</b>	<b>-</b>	<b>20</b>	<b>617</b>	<b>531</b>



SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. ANALYSIS OF GRANTS PAYABLE	Number of grants		2018	2017
	2018	2017	£'000	£'000
<b>To Institutions</b>				
National Church Responsibilities				
The Archbishops Council (see note 10)	1	1	1,041	1,013
Salisbury Diocesan Board of Education	1	1	297	289
	<u>2</u>	<u>2</u>	<u>1,338</u>	<u>1,302</u>
Diocesan Links Overseas				
ECS Provincial Office / agencies	-	1	-	10
Bishop's Lent appeal paid to Christian Aid	-	1	-	111
Sudanese dioceses / schools / colleges	25	34	79	114
	<u>25</u>	<u>36</u>	<u>79</u>	<u>235</u>
Within the Diocese				
PCCs	7	10	37	21
Other mission bodies	3	5	13	21
County ecumenical bodies	1	2	6	16
	<u>11</u>	<u>17</u>	<u>56</u>	<u>58</u>
<b>To Individuals</b>				
Diocesan Links Overseas				
Sudanese clergy & laity	4	4	9	7
Within the Diocese				
Individual training for ministry	68	82	143	143
Clergy taking up appointments	44	45	107	107
	<u>112</u>	<u>127</u>	<u>250</u>	<u>250</u>
Totals for all grants	<u>154</u>	<u>186</u>	<u>1,732</u>	<u>1,852</u>

14. STAFF COSTS

	2018	2017
	£'000	£'000
Salaries & stipends	1,381	1,273
Social security costs	126	121
Pension costs	253	286
	<u>1,760</u>	<u>1,680</u>

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

	2018	2017
£60,001 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1

Pension payments of £41,682 (2017 - £43,275) were made for these employees.

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

	2018	2017
Resourcing parish ministry	6	6
Support for ministry and mission	1	-
Ministry and learning development	8	7
Area offices and diocesan resources	5	5
Other support for ministry and mission	21	21
	<u>41</u>	<u>39</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

**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 2018 they were:-

Diocesan Secretary	Lucinda Herklots
Diocesan Head of Finance	Elizabeth Ashmead
Diocesan Surveyor	Shawn Donnelly
Director, LDMT	The Revd Canon Jane Charman

Remuneration, pensions and expenses for these four employees amounted to £323,978 (2017 £318,982)

**TRUSTEES REMUNERATION AND EXPENSES**

No trustee has received from the Board any remuneration for services as a trustee. Trustees received travelling and out-of-pocket expenses as trustees of £2,299 (2017-£2,889).

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 Rt Rev A Rumsey	No	No
The Ven A P Jeans	Yes	Yes
The Ven P S Taylor	Yes	Yes
The Ven A C MacRow-Wood	Yes	Yes
The Ven P Sayer	Yes	Yes
The Ven S Groom	Yes	Yes
The Rev T M B Woodhouse	Yes	Yes
The Rev D Baldwin	Yes	Yes
Canon A Perry	Yes	Yes
Canon P Richardson	Yes	Yes

**CLERGY STIPENDS**

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

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

	<u>2018</u> £'000	<u>2017</u> £'000
Stipends	4,846	4,874
National Insurance contributions	391	398
Apprenticeship Levy	22	17
Pension costs		
- current year	1,193	1,085
- deficit reduction	586	688
	7,038	7,062

The annual rate of stipend, funded by the Board, paid to Archdeacons in 2018 was in the range £35,780 - £36,500 (2017 range £34,180 – £35,780). Other clergy who were Trustees were paid in the range £25,920 - £26,440 (2017 range £25,660 – £25,920). Housing allowance for 2018 was £7,838 (2017 £7,682).



**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

**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>2018</u>	<u>2017</u>
Charged by SDBF:	£'000	£'000
to SDBEL for services in accordance with the Board's charitable objectives	16	46
to SALED Ltd for office services	-	-
	<u>16</u>	<u>46</u>
Grants made by SDBF to SDBEL	<u>296</u>	<u>289</u>
Charged by SALED Ltd:		
to SDBF for conference facilities	-	-
Inter-company debtor/(creditor) balances at 31 December		
SDBEL	<u>3</u>	<u>30</u>

**16. TANGIBLE ASSETS**

	Unrestricted Property	Equipment	Restricted Assistant staff houses and other property	Endowment Team Vicarages	Benefice Houses	Totals
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2018	1,815	574	18,393	12,179	59,767	92,728
Additions	-	21	627	38	-	686
Transfer between funds	-	-	(582)	3,407	(2,825)	-
Transfer to current assets (see note 21)	-	-	(600)	-	-	(600)
At 31 December 2018	<u>1,815</u>	<u>595</u>	<u>17,838</u>	<u>15,624</u>	<u>56,942</u>	<u>92,814</u>
<u>Accumulated depreciation</u>						
At 1 January 2018	-	476	-	-	-	476
Charge for the year	-	25	-	-	-	25
At 31 December 2018	<u>-</u>	<u>501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501</u>
<u>Net Book Value</u>						
At 31 December 2018	<u>1,815</u>	<u>94</u>	<u>17,838</u>	<u>15,624</u>	<u>56,942</u>	<u>92,313</u>
At 31 December 2017	<u>1,815</u>	<u>98</u>	<u>18,393</u>	<u>12,179</u>	<u>59,767</u>	<u>92,252</u>

Two properties have been purchased with the help of value-linked loans from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the properties included above amounts to £355,000 (2017: £355,000)

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

	2018	2017
	£'000	£'000
<b>a. Unlisted Investments</b>		
Market value at 1 January	20,307	19,863
Rounding adjustment		2
Disposals at carrying value		(833)
Net investment gains	(1,208)	1,275
Market value at 31 December	<u>19,099</u>	<u>20,307</u>
<b>b. Investment Properties</b>		
Carrying value at 1 January	11,847	10,810
Rounding adjustment	-	1
Revaluation at 31 December	-	1,036
Transfer (to)/from functional properties	-	-
Transfer to properties held for disposal	-	-
Disposals at carrying value	-	-
Carrying value at 31 December	<u>11,847</u>	<u>11,847</u>
<b>Total Investment Fixed Assets at 31 December</b>	<u><u>30,946</u></u>	<u><u>32,154</u></u>

For both investments and Investment properties the historical cost is not known.

Unlisted Investments comprise:-

CBF Church of England		
505,075 Investment Fund shares (2015 - 505,075)	8,136	8,260
1,792,094 Property Fund shares (2015 - 1,792,094)	2,467	2,399
440,284 M&G "Charifund" units (2015 - 440,284 units)	6,270	7,232
Grove Wealth Management Unit Trust		
1,638,880 International Corporate Bond units (2015 - 1,638,880)	1,495	1,622
657,318 Corporate Bond units (2015 - 657,318 units)	686	749
233,281 Global Equity units (2015 - 233,281)	-	-
196,078 Worldwide Opportunities units (2015 - 196,078)	-	-
Clergy Mutual Credit Union Deferred Shares	5	5
Community Solar projects	40	40
	<u>19,099</u>	<u>20,307</u>

**Investment Property**

Land with Development Potential	549	549
Agricultural Land	234	234
Tenanted Dwellings	1,343	1,343
Easement	7	7
Recreational Land and Properties	285	285
Urban Ground rent	3	3
Non-agricultural commercial property	157	157
Let agricultural land	8,689	8,689
Vicarages	580	580
<b>Total</b>	<u>11,847</u>	<u>11,847</u>
<b>Total investments</b>	<u><u>30,946</u></u>	<u><u>32,154</u></u>

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SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

**19. PROGRAMME RELATED INVESTMENTS**

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

**20. STOCKS**

	2018 £'000	2017 £'000
Publications, Churchwarden's and Sidesmen's badges	-	1

**21. CLERGY HOUSES FOR SALE**

Carrying value as fixed assets	600	715
Held as current asset	600	715

**22. DEBTORS**

	2018 £'000		2017 £'000	
	Group	Parent	Group	Parent
Loans to parishes	188	188	182	182
Parish Share	144	144	152	152
Accrued income	275	276	338	316
Sundry debtors	306	299	293	270
Totals	<u>913</u>	<u>907</u>	<u>965</u>	<u>920</u>

**23. CASH AND DEPOSIT ACCOUNTS**

	2018 £'000		2017 £'000	
	Group	Parent	Group	Parent
Cash at bank and in hand	486	419	1,455	1,371
CBF Church of England Deposit Fund	870	870	816	816
	<u>1,356</u>	<u>1,289</u>	<u>2,271</u>	<u>2,187</u>

**24. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £'000		2017 £'000	
	Group	Parent	Group	Parent
HM Revenue & Customs	32	32	39	39
Accruals	78	74	70	68
Other creditors	214	204	264	230
Total other creditors	<u>324</u>	<u>310</u>	<u>373</u>	<u>337</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

25. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

a. Clergy pension deficit	2018		2017	
	£'000		£'000	
	Group	Parent	Group	Parent
	<u>3,647</u>	<u>3,647</u>	<u>4,233</u>	<u>4,233</u>
b. Loans	Group	Parent	Group	Parent
Talbot Village Trust	92	92	25	25
Church Commissioners	120	120	120	120
Total loans	<u>212</u>	<u>212</u>	<u>145</u>	<u>145</u>
Loans due after more than one year fall due as follows:			<u>2018</u>	<u>2017</u>
1 - 2 years			£'000	£'000
2 - 5 years			-	-
after 5 years (note 24a)			3,647	4,233
			<u>212</u>	<u>145</u>
			<u>3,859</u>	<u>4,378</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 INSTRUMENTS

		2018		2017	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Cash		1,356	1,289	2,271	2,187
Financial assets held at fair value	a)	31,035	31,035	32,243	32,243
Financial assets held at amortised cost	b)	671	665	753	708
Financial liabilities held at amortised cost	c)	(3,877)	(3,871)	(4,418)	(4,415)
Financial liabilities held at fair value	d)	(212)	(212)	(120)	(120)
Net financial assets		<u>28,973</u>	<u>28,906</u>	<u>30,729</u>	<u>30,603</u>

- a) Financial assets held at fair value include listed and unlisted investments.
- b) Financial assets held at amortised cost includes accrued income, loans to parishes and other debtors but excludes prepayments.
- c) Financial liabilities held at amortised cost includes trade creditors, accruals, loans and other creditors but excludes deferred income and statutory taxes and valued linked loans.
- d) Financial liabilities measured at fair value are value-linked loans to the charity.

27. FINANCIAL COMMITMENTS

	2018	2017
	£'000	£'000
Capital expenditure authorised by the Board but not yet contracted for	<u>-</u>	<u>-</u>
Loans to parishes and Salisbury DBE Ltd authorised by the Board but not yet taken up	<u>77</u>	<u>420</u>
Estimate of grants to parishes, approved in principle by the Board subject to conditions	<u>3</u>	<u>45</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 2018 (2017- nil). There are no obligations under leases.



SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

28. FUND MOVEMENTS IN THE YEAR

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

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

29. SUMMARY OF ASSETS BY FUND

	Notes	Fixed assets		Current assets £'000	Creditors £'000	Net assets £'000
		Tangible £'000	Investments £'000			
<b>Unrestricted funds</b>	31					
<b>General Fund</b>		<b>1,908</b>	<b>2,308</b>	<b>1,219</b>	<b>(390)</b>	<b>5,045</b>
<b>Designated funds</b>						
Clergy Conference Fund		-	-	23	-	23
Aldhelm Mission Fund		-	200	53	-	253
Ordinands Support Fund		-	-	-	-	-
Crompton Fund		-	201	(48)	-	153
<b>Totals for designated funds</b>		<b>-</b>	<b>401</b>	<b>28</b>	<b>-</b>	<b>429</b>
<b>Totals for unrestricted funds</b>		<b>1,908</b>	<b>2,709</b>	<b>1,247</b>	<b>(390)</b>	<b>5,474</b>
<b>Restricted funds</b>	32					
Pastoral & Development Fund [DPA]		17,840	3,699	836	(92)	22,283
Diocesan Stipends Fund Income Account		-	-	-	-	-
The Sudan Funds						
Sudan General Fund		-	-	152	-	152
Sudan Relief & Development Fund		-	-	14	-	14
Sudan Medical Link Fund		-	-	49	-	49
Sudan Bilal Fund		-	-	3	-	3
Sudan Grace Secondary School Fund		-	-	-	-	-
Milton Abbey Fund		-	-	(59)	(54)	(113)
Latvia Fund		-	-	(3)	-	(3)
Diocesan Choral Fund		-	3	9	-	12
RME		-	-	6	-	6
Strategic Development Funding		-	-	-	-	-
IME pilgrimage		-	-	6	-	6
Bishops' Office Equipment Fund		-	-	(1)	-	(1)
Restricted funds for ministry in parishes		-	677	121	-	798
Restricted funds for support of ministry in parishes		-	280	16	-	296
Restricted funds for general purposes		-	578	-	-	578
<b>Totals for restricted funds</b>		<b>17,840</b>	<b>5,237</b>	<b>1,149</b>	<b>(146)</b>	<b>24,080</b>
<b>Expendable endowment</b>	33					
Diocesan Stipends Fund Capital Account		15,624	20,389	271	(3,647)	32,637
Benefice Houses		56,941	-	205	-	57,146
<b>Totals for expendable endowment</b>		<b>72,565</b>	<b>20,389</b>	<b>476</b>	<b>(3,647)</b>	<b>89,783</b>
<b>Permanent endowment</b>	33					
Endowments for ministry in parishes		-	2,268	(4)	-	2,264
Endowments for support of ministry in parishes		-	95	1	-	96
Endowments for general purposes		-	337	-	-	337
<b>Total for permanent endowment</b>		<b>-</b>	<b>2,700</b>	<b>(3)</b>	<b>-</b>	<b>2,697</b>
<b>Total endowment funds</b>		<b>72,565</b>	<b>23,089</b>	<b>473</b>	<b>(3,647)</b>	<b>92,480</b>
<b>Grand totals for all funds</b>		<b>92,313</b>	<b>31,035</b>	<b>2,869</b>	<b>(4,183)</b>	<b>122,034</b>



SALISBURY DIOCESAN BOARD OF FINANCE

30 a: PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITY: YEAR ENDED 31 DECEMBER 2017

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>					
Donations					
Parish Share	9,895	-	-	-	9,895
Archbishops' Council & Church Commissioners	65	-	53	-	118
Other donations	195	3	531	-	729
Charitable activities	36	-	778	-	814
Other trading activities	794	-	13	-	807
Investments	224	14	843	-	1,081
Other incoming resources	-	-	264	-	264
<b>Total</b>	<b>11,209</b>	<b>17</b>	<b>2,482</b>	<b>-</b>	<b>13,708</b>
<b>Expenditure on</b>					
Raising Funds	63	-	32	-	95
Charitable activities	10,435	220	2,577	-	13,232
Other	94	-	-	118	212
<b>Total</b>	<b>10,592</b>	<b>220</b>	<b>2,609</b>	<b>118</b>	<b>13,539</b>
<b>Net income/(expenditure) before investment gains</b>	<b>617</b>	<b>(203)</b>	<b>(127)</b>	<b>(118)</b>	<b>169</b>
Net gains/(losses) on investments	157	33	236	1,885	2,311
<b>Net income/(expenditure)</b>	<b>774</b>	<b>(170)</b>	<b>109</b>	<b>1,767</b>	<b>2,480</b>
<b>Gross transfers between funds</b>	<b>(120)</b>	<b>120</b>	<b>(49)</b>	<b>49</b>	<b>-</b>
<b>Net movement in funds</b>	<b>654</b>	<b>(50)</b>	<b>60</b>	<b>1,816</b>	<b>2,480</b>
<b>Total funds brought forward</b>	<b>3,268</b>	<b>513</b>	<b>26,078</b>	<b>91,357</b>	<b>121,216</b>
<b>Total funds carried forward</b>	<b>3,922</b>	<b>463</b>	<b>26,138</b>	<b>93,173</b>	<b>123,696</b>

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SALISBURY DIOCESAN BOARD OF FINANCE

30 b: PRIOR YEAR MOVEMENT OF FUNDS : YEAR ENDED 31 DECEMBER 2017

FUND MOVEMENTS IN THE YEAR 2017

	At 1 January 2017	Income	Expenditure	Transfers (Note 40)	Gains & losses	Revaluation	At 31 December 2017
	£'000	£'000	£'000	£'000	£'000		£'000
<b>Unrestricted funds</b>							
General Fund	3,268	11,209	(10,592)	(120)	157	-	3,922
<b>Designated funds</b>							
Clergy Conference Fund	41	3	(66)	22	-	-	-
Aldhelm Mission Fund	268	8	(20)	(4)	16	-	268
Ordinands Support Fund	-	-	(133)	133	-	-	-
Crompton Fund	204	7	(1)	(31)	16	-	195
Pastoral & Development Designated Fund	-	-	-	-	-	-	-
Totals for designated funds	513	18	(220)	120	32	-	483
Totals for unrestricted funds	3,781	11,227	(10,812)	-	189	-	4,385
<b>Restricted funds</b>							
Pastoral & Development Fund [DPA]	24,272	335	(515)	-	119	-	24,211
Diocesan Stipends Fund Income Account	-	1,538	(1,489)	(49)	-	-	-
The Sudan Funds	-	-	-	-	-	-	-
Sudan General Fund	209	108	(139)	-	-	-	178
Sudan Relief & Development Fund	10	113	(111)	-	-	-	12
Sudan Medical Link Fund	54	78	(75)	-	-	-	57
Sudan Bilal Fund	7	-	(3)	-	-	-	4
Sudan Grace Secondary School Fund	-	-	-	-	-	-	-
Milton Abbey Fund	(56)	242	(211)	-	-	-	(25)
Latvia Fund	(3)	-	-	-	-	-	(3)
Diocesan Choral Fund	7	2	-	-	-	-	9
Strategic Development Fund	-	38	(41)	-	-	-	(3)
RME	-	15	(13)	-	-	-	2
Bishops' Office Equipment Fund	-	12	(12)	-	-	-	-
Restricted funds for ministry in parishes	760	-	-	-	48	-	808
Restricted funds for support of ministry in parishes	277	-	-	-	23	-	300
Restricted funds for general purposes	541	-	-	-	47	-	588
Totals for restricted funds	26,078	2,481	(2,609)	(49)	237	-	26,138
<b>Expendable endowment</b>							
Diocesan Stipends Fund Capital Account	27,324	-	-	49	629	1,036	29,038
Benefice Houses	61,518	-	(118)	-	-	-	61,400
	88,842	-	(118)	49	629	1,036	90,438
<b>Permanent endowment</b>							
Endowments for ministry in parishes	2,113	-	-	-	184	-	2,297
Endowments for support of ministry in parishes	89	-	-	-	8	-	97
Endowments for general purposes	313	-	-	-	28	-	341
	2,515	-	-	-	220	-	2,735
<b>Total endowment funds</b>	91,357	-	(118)	49	849	1,036	93,173
<b>Grand totals for all funds</b>	121,216	13,708	(13,539)	-	1,275	1,036	123,696



SALISBURY DIOCESAN BOARD OF FINANCE

30 c: PRIOR YEAR NET ASSETS BY FUNDS AT 31 DECEMBER 2017

**SUMMARY OF ASSETS BY FUND**

	Fixed assets		Current assets	Creditors	Net assets
	Tangible	Investments			
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds</b>					
<b>General Fund</b>	<b>1,912</b>	<b>2,551</b>	<b>(49)</b>	<b>(492)</b>	<b>3,922</b>
<b>Designated funds</b>					
Clergy Conference Fund	-	-	1	-	1
Aldhelm Mission Fund	-	203	62	-	265
Ordinands Support Fund	-	-	-	-	-
Crompton Fund	-	204	(7)	-	197
Pastoral & Development Designated Fund	-	-	-	-	-
<b>Totals for designated funds</b>	<b>-</b>	<b>407</b>	<b>56</b>	<b>-</b>	<b>463</b>
<b>Totals for unrestricted funds</b>	<b>1,912</b>	<b>2,958</b>	<b>7</b>	<b>(492)</b>	<b>4,385</b>
<b>Restricted funds</b>					
Pastoral & Development Fund [DPA]	18,393	1,734	4,111	(26)	24,212
Diocesan Stipends Fund Income Account	-	-	-	-	-
The Sudan Funds	-	-	-	-	-
Sudan General Fund	-	-	178	-	178
Sudan Relief & Development Fund	-	-	12	-	12
Sudan Medical Link Fund	-	-	57	-	57
Sudan Bilal Fund	-	-	4	-	4
Sudan Grace Secondary School Fund	-	-	-	-	-
Milton Abbey Fund	-	-	(25)	-	(25)
Latvia Fund	-	-	(3)	-	(3)
Diocesan Choral Fund	-	3	7	-	10
Strategic Development Funding	-	-	(4)	-	(4)
RME	-	-	2	-	2
Bishops' Office Equipment Fund	-	-	-	-	-
Restricted funds for ministry in parishes	-	685	123	-	808
Restricted funds for support of ministry in parishes	-	284	16	-	300
Restricted funds for general purposes	-	587	-	-	587
<b>Totals for restricted funds</b>	<b>18,393</b>	<b>3,293</b>	<b>4,478</b>	<b>(26)</b>	<b>26,138</b>
<b>Expendable endowment</b>					
Diocesan Stipends Fund Capital Account	12,180	23,252	(2,161)	(4,233)	29,038
Benefice Houses	59,767	-	1,633	-	61,400
<b>Totals for expendable endowment</b>	<b>71,947</b>	<b>23,252</b>	<b>(528)</b>	<b>(4,233)</b>	<b>90,438</b>
<b>Permanent endowment</b>					
Endowments for ministry in parishes	-	2,301	(5)	-	2,296
Endowments for support of ministry in parishes	-	97	-	-	97
Endowments for general purposes	-	342	-	-	342
<b>Total for permanent endowment</b>	<b>-</b>	<b>2,740</b>	<b>(5)</b>	<b>-</b>	<b>2,735</b>
<b>Total endowment funds</b>	<b>71,947</b>	<b>25,992</b>	<b>(533)</b>	<b>(4,233)</b>	<b>93,173</b>
<b>Grand totals for all funds</b>	<b>92,252</b>	<b>32,243</b>	<b>3,952</b>	<b>(4,751)</b>	<b>123,696</b>

### 31. UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which are available for application for the general purposes of the Bard as set out in its governing document. Movements on these funds, including those which are designated are set out on page 46.

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

**The Clergy Conference Fund** meets the costs of the clergy residential conference, which is held every three or four years, with the most recent being held during 2017. The diocesan budget includes a provision each year (£22,000 in 2018) 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 1300<sup>th</sup> 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 £133k for transfer to the Fund was provided for in 2018.

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

**The Diocesan Pastoral Designated Fund** was established in 2004, to act as a buffer between the General Fund and the restricted Pastoral and Development Fund. In accordance with the reserves policy (described in the Trustees Annual Report) the Fund is to allow for transfers to or from the Fund and the General Fund, thereby providing flexibility for both Pastoral and Development Funds, when considered together, against the Pastoral and Development Fund reserve requirement. No transfer has been made to this fund for 2018, as the PDF is deemed to have sufficient assets as a result of the capital review.

### 32. RESTRICTED FUNDS

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

**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.

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**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.

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### 33. ENDOWMENT FUNDS

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

#### a. EXPENDABLE ENDOWMENTS

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

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

#### b. PERMANENT ENDOWMENTS

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

### 34. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted funds £'000	Endowment £'000	Total 2018 £'000
	General £'000	Designated £'000			
Ordinands' support	(137)	137			
Clergy Conference Fund	(22)	22			
Contribution to General from Crompton Fund	14	(14)			
Contribution to General from Aldhelm Fund	4	(4)			
IME Pilgrimage	(6)		6		
Contribution to General from Diocesan Pastoral Account	1,400		(1400)		
Movement in Clergy Pension Provision			(47)	47	
<b>Total</b>	<b>1,253</b>	<b>141</b>	<b>(1,441)</b>	<b>47</b>	

There were significant transfers between funds during the year, to reflect the settlement of historic inter-fund borrowing that arose through property and investment transactions in prior years,

### 35. PENSIONS

#### 1. Lay Staff

Salisbury DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the 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. Salisbury DBF does not participate in the Pension Builder 2014.



## 1.1 Defined Benefits Scheme

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

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

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

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

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

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

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool 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 DBS is carried out once every three years. The most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers’ sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

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 and expenses of £9,200 per year.

The next valuation of the scheme will be carried out as at December 2019.



## 1.2 Pension Builder Scheme

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

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

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

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

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

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

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

## 2 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).

The membership figures as at December 2017 and December 2018 for Salisbury DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2018	December 2017
Number of members at this Responsible Body	187	194

Salisbury DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as



if the Scheme were a defined contribution scheme. A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. A valuation at 31 December 2018 is currently under way, but the results of this are yet to be determined. 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 (with the remainder in return-seeking assets); and
  - 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%.

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

% of pensionable stipends	January 2016 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

The deficit recovery contributions under the recovery plan in force as at 31 December 2016, 31 December 2017 and 31 December 2018 were as set out in the above table. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

	2018 £,000	2017 £,000
Balance sheet liability at 1 January	4,233	4,921
Deficit contribution paid	(539)	(639)
Interest cost (recognised in SoFA)	56	69
Remaining change to the balance sheet liability* (recognised in SoFA)	(103)	(118)
<b>Balance sheet liability at 31 December</b>	<b>3,647</b>	<b>4,233</b>

\* 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 2018	December 2017	December 2016
Discount rate	2.1% pa	1.4% pa	1.5% pa
Price inflation	3.1% pa	3.0% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.5% pa	1.6% pa

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

### 36. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

### 37. FUNDS HELD AS CUSTODIAN TRUSTEE

The Board acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the DBF does not control them. The financial assets managed in this way are held principally in unlisted investments managed by CCLA and M&G. They have a total value of approximately £24m. (2017: £26m).



SALISBURY DIOCESAN BOARD OF FINANCE

RECONCILIATION OF MANAGEMENT ACCOUNTS TO SOFA 2018

	2018	2017	
	£,000	£,000	£,000
<b>Deficit/surplus share</b>		(263)	23
<b>Capital repairs and Ingoing works</b>		(534)	(510)
<b>(Decrease) / increase investments</b>		(1,208)	1,275
<b>Movement pension liability</b>		586	688
<b>Profit on property sales</b>		126	147
<b>Increase in value of investment properties</b>		-	1,036
<b>Movement in restricted funds excluding gains shown above</b>			
Clergy conference	22		(40)
Aldhelm	(9)		(19)
John Crompton	(41)		(25)
Diocesan Pastoral Account	(234)		(110)
Sudan	(33)		(29)
Milton Abbey	(88)		32
Choral	2		2
Bishops Office	(1)		11
RME	10		2
Rural Hope	(2)		(3)
IME Pilgrimage	6		-
		<b>(369)</b>	<b>(179)</b>
<b>Total movement in funds</b>		<b>(1,662)</b>	<b>2,480</b>

This page does not form part of the financial statements