



**THE CHURCH  
OF ENGLAND**

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**DIOCESE OF SALISBURY**

**SALISBURY DIOCESAN BOARD OF FINANCE**

**Directors' and Trustees' Report and Consolidated Financial Statements  
for the year ended 31 December 2017**

**Company No. 17442**

**Registered Charity No. 240833**

**Registered and Principal Office:**

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

## SALISBURY DIOCESAN BOARD OF FINANCE

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### **Key to abbreviations**

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

## **THE DIOCESE OF SALISBURY**

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

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

Information on the structure of the Church of England and the principal diocesan organisations can be found on pages 12 to 18 of this report.

## **STRATEGIC AIMS**

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

2017 continued the work under the Strategic Vision: Renewing Hope: Pray, Serve, Grow and the priorities that the SDBF Trustees and Directors had set for the next 10 years and particularly the progress on three of the strategic priorities: Deepening Discipleship, Nurturing Vocations and Sustaining Ministry and the financial challenges that the Diocese would face should the targeted growth of 60% increase in the number of vocations to ministry be achieved.

SDBF Trustees/Directors continue to focus on providing resources for parishes, schools and deaneries to help them achieve their plans for mission and growth in numbers, depth and impact.

The Diocesan office, through its structure of departments and offices, works to serve the parishes in the Diocese to achieve these goals. The achievements of 2017 are described in the following pages.

## **OBJECTIVES FOR THE YEAR**

The objectives for the year to support strategic vision.

- Embedding our work in **nurturing vocations and sustaining ministry**.
- Expanding our **successful Ministry Experience Scheme**, partly funded by the National Church, that gives young people a year's placement to work in ministry.
- Developing and delivering new resources and support for **developing disciples**.
- Expanding our support for **Rural Ministry and Mission** through a successful bid for strategic development funding.
- Delivering year 1 of our 3 year **Social Justice** programme.
- Delivering year 2 of our 3 year **Safeguarding** programme.
- Increasing participation in **EcoChurch** to reduce the environmental footprint of our churches, congregations and diocesan institutions.
- Introducing the **Parish Giving Scheme** as part of a general stewardship campaign.

These objectives have been met, and in some cases exceeded during 2017.

## **ACTIVITIES AND PERFORMANCE IN THE YEAR**

### **Developing Disciples, Nurturing Vocations and Sustaining Ministry**

**Spirituality:** A highlight of 2017 was four Exploring Prayer days attended by over 500 people. The Praying Together booklet was launched on Ash Wednesday and 25,000 booklets were distributed across the diocese. The revamped Diocese of Salisbury Spiritual Accompaniment Network currently has around 100 members and growing. A new programme of events and Network Days has been devised for 2018, together with two Developing Prayer days and three Pilgrimages.

**Discipleship:** Following a review of resources, the Aldhelm Certificate has been relaunched with updated material. The Discipleship webpages are under redevelopment into Deepening Discipleship pages carrying a wide range of material and will go live in Spring 2018. During 2017 the Discipleship Co-ordinator visited nine deanery synods to develop discussion on discipleship out of which have come invitations to support a number of pieces of ongoing work.

Training for licensed and commissioned lay ministries is a major part of the remit of deepening discipleship. At the end of 2017 there were 892 commissioned Lay Pastoral Assistants, (LPAs), (down from 903 in 2016). 57 new LPAs were commissioned in 2017 but the number overall has fallen. There were 161 commissioned Lay Worship Leaders (LWLs) (up from 98 in 2016). A further 25 are due to be commissioned in 2018. LWL ministry is thriving and is part of our strategy for ministry in a predominantly rural diocese. The numbers for Licensed Lay Ministry, (LLM), were lower at 91 licensed, 80 PtO and 14 in training. Progress has been made with Sarum College towards fuller integration of ordained and LLM initial training. A significant aspect has been negotiating for LLMs in training to attend a residential weekend.

**Vocations:** The past year has seen an increasing number of people exploring vocation, a larger team of people to respond to enquiries, and more referrals to the Diocesan Director of Ordinand Team. At the end of 2017, we were actively working with 74 people exploring vocation. We held 4 Vocation Enquiry Days in 2017 attended by 54 people. Our team of Vocation Advisors has grown to 30 people across the diocese and we now have 5 Associate Vocations Co-ordinators (volunteers) to help with the case load, moving people efficiently through the process. In 2017 we referred 25 people to the DDO Team (up from 14 in 2016). Our Young Vocations Advisors have been busy mentoring young people and also staffed 10 schools careers events in the Diocese. People offering themselves for LPA and LWL ministry has also stayed strong. The only area for concern regards referrals to Licensed Lay Ministry discernment, which fell from 6 in 2016 to 4 in 2017.

**Initial Ministerial Education:** 11 ordinands entered training in September 2017, two deferred until September 2018 and one dropped out (an increase from 6 in 2016). The new national funding arrangements were introduced in 2017. This went smoothly but involves considerably more work. Within the diocese we currently have 39 curates, 30 of which are stipendiary and 9 associate. The increasing number of younger and stipendiary vocations to ordained ministry is good news but work is needed to maintain vocations to associate forms of ministry which have fallen off in recent years.

**Continuing Ministerial Development (CMD):** The number of attendances at CMD events fell in 2017 (2016-2249, 2017-1765). Although the costs of producing and sending out a hard copy brochure are significant, we have reverted to sending out hard copy to all categories of ministry for 2018 as well as displaying the brochure online. The online booking and payments system continues to prove a huge asset and greatly reduces staff time in handling bookings and payments. Help is available for those who need it to use this system. A particular highlight of last year's CMD programme was the very successful Clergy Conference at The Hayes Conference Centre, Swanwick. We continue to deliver a range of popular CMD courses in partnership with Sarum College.

**Clergy Wellbeing:** In 2017 the third in a series of wellbeing surveys was conducted and indicated a somewhat reduced level of wellbeing among our clergy compared to 2014 when the survey was last carried out. This was particularly noticeable for curates and further work is underway to help us understand the reasons. The following were flagged up by the survey as particular needs: more resources to promote resilience and self-care, to understand and prevent bullying and harassment, and to intervene positively in

**DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

Situations of conflict. In response to this, 24 clergy undertook the week-long Bridge Builders 'Transforming Church Conflict'. From this cohort we hope to recruit four new diocesan mediators and also train a number of people to deliver the follow on 'Growing Bridge Builders' course around the Diocese. Following the retirement of the Bishop's Adviser for Confidential Care and Counselling, two post holders have been appointed to share this work between them.

**Ministry 4 Mission:** Less was achieved this year because of the sickness absence of the Ministry for Mission Resource Officer. Temporary cover has ensured that essential areas of work were delivered. Existing Hubs have been strengthened (Pioneer Hub, New Housing Hub, Devizes Messy Church, Salisbury Messy Church, Poole Messy Church) and new Hubs established (Dorchester Messy Church, East Dorset Breakfast Church, Salisbury Chaplaincy pilot, West Dorset Mission Hub) while two closed because of lack of leaders/low numbers of practitioners (Café Church, Missioners' Hub). 217 places were taken up on missional training courses during the year and received very positive feedback. A New Housing Mission Policy was approved at the November 2017 Diocesan Synod.

**Expanding our support for Rural Ministry and Mission:** The DBF was granted £1.27m over 4 ½ years of strategic development funding in June 2017. This will accelerate the work to improve resilience, confidence and impact in our rural parishes.

Two young people were recruited onto the Rural CEMES programme, based in the Iwerne Valley and the Quintet Benefice. We have secured national funding towards 7 places in 2018/19 of which four will be rural. The new Rural Ministry Ordination Pathway was launched at Sarum College with 5 students. The Rural Placements scheme is under development for a 2018 start. Four Rural Residentials for rural leaders were held during the year, two in March and two in November, attended by 140 people coming together to explore the challenges and opportunities of ministry in a rural context and share encouragement and good practice. Two rural leaders, one lay and one ordained, began the Germinate Leadership Programme. This is also supported by their Deanery as part of the Deanery Plan and will roll out in the form of Germinate Groups in 2019. The advertisement for the post of Rural Ministry Co-ordinator yielded an unsatisfactory field and we did not shortlist. The post has now been re-advertised and 2 possible candidates identified.

A programme manager was appointed in November. Consultation on the roles of Mission Field Officers started but will continue into 2018.

**Progressing the ELM (Energised Local Ministry) Project:** At the end of 2017, the ELM Co-ordinator had extended her work to encourage the development of new patterns of local ministry to five parishes with positive quantitative and qualitative successes identified. There is now good experience and practice to be shared across the diocese through collaborating with others in the diocesan staff. A further nine benefices are now engaged with follow up discussions planned for early 2018.

**Delivering year two of the three-year Safeguarding Action plan 2016-2019:** Four new policies were adopted during the year and training or guidance delivered on each one.

The new overarching Church of England safeguarding policy 'Promoting a Safer Church'.

the new policy and Practice Guidance 'Responding Well to Domestic Abuse'

'Safeguarding Training and Development' Practice Guidance 2017

'Safer Recruitment' Practice Guidance

We have continued to deliver training in the Core modules to nearly 2,000 people across the diocese and now offer access to the national online C0 module.

We have trained in the region of 80 people in parishes to deliver the C1 locally within their parishes, benefices, teams and deaneries.

The Diocesan Safeguarding Advisor, DSA, held four workshops for Parish Safeguarding Representatives, (PSRs) on Offender Management Agreements. The Diocesan Safeguarding Management Group, DSMG, encouraged increased local involvement in setting future priorities by holding an event for 40 PSRs and people who have attended the Train the Trainer training to talk about the challenges for 2018 and what needs to be done.

All the Offender Management Agreements in place with sex offenders were reviewed at least once during the year. Nine new agreements have been set up during 2017.

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We have continued to take the lead when allegations are made against a church officer or member of the clergy.

A sub group of the DSMG which includes a police representative and a suitably qualified independent person has been formed to review risk assessments and provide scrutiny of those risk assessments carried out by the DSA.

The DSA has carried out risk assessments directly in a number of cases or commissioned independent risk assessments in line with the Practice Guidance

The DSA has regularly given advice on safeguarding issues, concerns and problems. The safeguarding team has worked closely with the Communications team to ensure that any new information, policy or guidance is uploaded onto the website.

A questionnaire was sent to all Parishes in July 2017. The purpose of the survey is to establish that Parishes have taken the basic steps necessary to demonstrate compliance with their legal responsibilities and in accordance with national policy. To date some 200 Parishes have responded.

At the request of Parishes, the Chair of the DSMG and a Parish Safeguarding representative have conducted visits to audit safeguarding arrangements and provide support and advice.

**Completing the first year of the Social Justice Action Plan 2017-2020:** Work continued around the four themes identified for the period 2017 – 2020 that were endorsed by Diocesan Synod in Feb '17:

Food - Encouraging new food-related projects beyond foodbanks including food surplus projects, community meals, and holiday projects.

Finance - Developing access to financial services not just in our poorest communities but also in rural areas and market towns.

Environment – Tackling Climate Change and its threat to humanity and the world.

Sanctuary - Supporting and welcoming refugees in Dorset and Wiltshire.

Ten foodbanks from Dorset met Oliver Letwin MP to share stories and concerns, especially with regard to Universal Credit.

A new food project was set up in Blandford, Community Kitchen, which welcomes anyone to share in meals during school holidays.

A generous response to welcoming refugees has seen Warminster churches providing a third house, and Shaftesbury's churches providing two houses. Other local groups have been established to offer additional support beyond that which local authorities can provide. About 350 people attended events run by SJs to generate support for this work.

The General Election came sooner than expected and thanks to support from our Communications Team we provided guidance for hustings which was used by 15 groups.

**Support parishes in their Mission and Stewardship plans:** The focus remains on direct support to parishes in the key areas of mission plans, stewardship, legacies and fund raising for capital projects by offering training workshops, sharing good practice and PCC visits to help with local implementation. Much of this links in with the Giving for Life: Continuing the Journey (GfL) initiative rolled out at the end of 2016. More is needed in this area particularly in the area of "teaching and preaching" on Christian generosity.

There were 54 visits to parishes largely focusing on stewardship, with 14 undertaking effective stewardship programmes (2016: 74 visits and 14 programmes). Examples include Donhead St Mary where giving was reported as up c£6.5k and West Moors around £12k.

Considerable time and resources were committed this year to the launch and follow up of the Parish Giving Scheme (PGS) with four large-scale events around the diocese. Ten follow up deanery visits were made. As at 31 Dec 2017 74 parishes are registered (over 15% of total parishes) and 479 donors are giving regularly using PGS with 59% inflation-proofing of their gifts (cf. national average 56%). This is ahead of the national "anticipated take up curve"!

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Workshops - The team has a suite of training programmes with feedback showing content, approach and style which are all well received. Workshops included 2 fundraising workshops, with 62 attendees and 1 legacy workshop with 26 participants from 10 parishes. In 2018, a further Legacies Workshop is planned as well as roll out of a "financial appraisal" workshop for clergy and other church leaders.

**Reducing the environmental footprint of our churches, congregations and diocesan institutions**

Activities in 2017 included:

- Promoting parish participation in the EcoChurch and Big Switch schemes.

We set a target of achieving EcoDiocese status by the end of 2018 and are one of seven dioceses to have registered the intention of working towards the award. To achieve this we will need to have done some work at Church House, encouraged 45 parishes to register their own interest in the EcoChurch awards, and twenty-three to have achieved at least a Bronze award.

So far 34 parishes have registered interest, and eight have achieved Bronze, the Cathedral has achieved Silver and Hilfield Friary received the first Gold award under the scheme.

Steps taken at Church House to improve our care for the environment include simple things like toilet rolls and paper being sourced from greener suppliers, cleaning products changed, and the installation of cycle racks. Time has been spent on:-

- Developing a revised Environment Policy and strategy for the diocese.
- Encouraging church involvement in Creationtide.
- Growing a network of parish "EcoChampions".

**Providing excellent internal and external communications**

The Communications team was part of the team producing the, Praying Together, for Lent 2017 booklet mentioned earlier. This was available electronically and in printed form.

98 people subscribed using the PrayerMate app and 140 subscribed to receiving the content via a daily e-mail. Although these numbers are modest, they helped build up a user base for the Diocesan Cycle of Prayer, which continues to be provided daily on both platforms.

The Archbishop of Canterbury's initiative on prayer for renewal of the Church between Ascension and Pentecost, Thy Kingdom Come, was patchily taken up but enthusiastically by those who did. More than 20 schools took part in a simultaneous prayer event on Ascension Day. The Communications Team ran a promotional exercise for the initiative from autumn 2016, and publicity for 2018 has begun.

The Communications team played a role in developing the Communications Plan for Renewing Hope through Rural Ministry and Mission; publicity and information was produced once the award was announced; a section of the website was created and updated and two Grapevine interviews were carried out with a student on the Rural Training Pathway and someone on a rural placement respectively. A logo was commissioned from graphic designers and the design process managed.

The Diocese's first DBF Annual Review for over 10 years was produced in time for the June Diocesan Synod. This presents a more concise selection of key figures than the annual accounts, which can be forbidding to some, as well presenting an attractive, photogenic, image of the Diocese.

Clergy Conference, held in July, was a major call on staff time, both at the event and in the run-up. All brochures and printed material are designed and typeset in-house. A promotional campaign aimed at building enthusiasm for the event; social media activity and a daily morning bulletin brought people together during the conference; and reporting during and after the event sought to evangelise its benefits to the wider diocese.

Safeguarding also demanded considerable time, whether in terms of involvement in specific cases, hosting and publicising the steady stream of new documents and policies, or producing publicity material such as the new complaints leaflets and posters.

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Some progress has been made in pruning the Diocesan Website. Although cumbersome, this remains a vital source of information for clergy and lay leaders, as well as for internal publicity and news stories.

The Diocese maintains a presence on Facebook (1,481 'Likes') and Twitter (3,921 followers), a significant growth in recent years. Particularly popular Facebook posts can reach over 10,000 people.

In December 2016, Country Life's Christmas message was written by the Bishop of Ramsbury. A video of him reading this in St Martin's, Fifield Bavant, was produced and used to drive social media traffic.

Much time is spent on media relations, whether dealing with potentially negative press coverage or seeking to place positive stories. Support for schools has been a significant part of this.

**FUTURE PLANS**

During 2017 the Directors continued to develop the strategies and priorities in response to the vision of Renewing Hope: Pray, Serve, Grow.

The three principal strategic aims established by the Board, as detailed on page 1, will continue to direct the activities of the SDBF. In January 2017 Bishop's Council reviewed the second annual Diocesan Balanced Scorecard as a means of relating financial and non-financial indicators to Bishop's Council key aims and activities. It aims to give a more holistic view than can be gained by just looking at quantitative measures.

The Board will continue to develop and monitor budgets that reflect these strategic objectives, mission priorities and new income sources. The major budget elements continue to be the provision of ministry and other resources for parishes, and supporting the national church institutions in their work.

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

**FINANCIAL REVIEW OF 2017**

Overall the Board had a surplus of £2.48m increasing total funds to £123.7m. This was largely due to revaluation of investments of £1.28m and increase in the value of Investment Properties of £1.04m. These are not cash movements and relate to assets that are needed to be retained for the support of the Board's continuing activities. On the General Fund's recurring activities, the Board had a surplus of £774k.

Total income showed an increase to £13.7m (2016: £13.46m). The Share outcome for the year was again encouraging with, at the cut-off date of 31 January 2017, 97% of the 2017 allocation having been paid (2016: 96%). Arrears of £157k were collected in the year. The Board is grateful to all parishes for the encouraging response. The Board monitors share collection and cash flow carefully by monthly review and is using the Archdeacons and Rural Deans to monitor share collection and address any issues that paying share causes to individual parishes. The accounts office at the DBF sends regular statements outlining the share liability to each parish and reports to Finance Committee on the share collection monthly. Cashflow forecasts are updated and reviewed monthly.

Excluding exceptional items (revaluations of investments), the majority of expenditure remained at very similar levels to 2016. The most significant items were again clergy stipends, apprenticeship levy, national insurance and pension contributions, amounting to £6.37m (2016 - £6.27m); clergy housing £2.1m (2016 - £2.39m) and all other costs in support of ministry and mission £3.2m (2016 - £3.02m). These costs accounted for 86% (2016 - 87%) of expenditure.

Reports of the DBF financial strength and the future funding challenges were shared at Diocesan Synod, in the newly introduced DBF Annual Review and the Bishop's letter in October 2017. People in general understood the increases required for safeguarding resources and the investment in future vocations to ordained ministry. It was decided that 2017 would not be the year to start a diocesan wide stewardship campaign but instead to encourage the use of Giving for Life and the Parish Giving Scheme.



**DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The newly formed financial strategy development group met three times in the year to develop alternative strategic options for providing the necessary funds to support the diocesan vision. The group considered the 5-year cashflow forecast, the investments held and the projected share income. The conclusions were that the vision to increase by 4 stipendiary curates p.a. from 2020 would cost around £8m by 2022 in terms of stipend on costs and the capital cost of providing additional houses. The group recommended various options to address this and these discussions will be carried forward into 2018. In December 2017 a detailed submission on these costs was made to a national consultation aimed at creating a case to the Church Commissioners for support.

The further decline in membership of 470 or 1.8% (1.2% in 2016) is a cause for concern. 186 parishes have declined by more than 10% in the last five years, however this is balanced by 91 growing by more than 10%. The remainder are stable. A small working group is being set up to look for good examples of growth that might inform further work in supporting parishes. This will report in 2018.

In December 2017 the DBF was given permission to start the work that is part-funded by a grant of £1.249m by the Heritage Lottery Fund. This grant, awarded in 2016, is for the repair of Milton Abbey, to create an education centre to promote health and learning of body, mind and spirit, of the visitors to the Abbey, its associated Chapel and the historic landscape around it. Work funded by the second Viridor grant began and is due to complete by March 2018.

### **Stipends**

The most significant financial activity continued to be the provision of stipends and housing for the clergy in the Diocese. There were some 206 paid clergy posts in the Diocese in 2017, though at any one time a number of these are vacant. The clergy are not employees but are paid stipends to enable them to undertake their ministry. The Board continued to provide stipends to clergy in the Diocese, together with meeting their employer's national insurance and pension contributions.

### **Housing and Property**

In line with managing the parsonage houses and curates houses there have been some 30 changes of occupancy and consequential improvement works to houses. In addition to the scheduled quinquennial inspections, major refurbishment works were carried out to a number of parsonages including: Burton Bradstock, Weymouth Holy Trinity, Lytchett Matravers, Swanage, Stourpaine and Wool.

The department currently rents out 25 clergy properties during 2017 bringing in a net income of over £220k.

Houses were sold at Seend, Potterne, Westwood, Market Lavington and Branksome. Replacement parsonages were bought at Potterne, Seend and Radipole. Curates houses were purchased at Blandford, Warminster, Shaftesbury and West Moors.

In addition to its statutory core work the Property Department now works with over 70 Voluntary Aided Schools and Academies. Due to this work load the DBF has set up a separate trading company - SDBF Building Consultancy Ltd, which has proven very successful. The company started trading on 1 July 2017. The total fee income raised in the year from property project management and surveyor work was more than £560k.

The Department continues to work on the Creekmoor Room to Grow project which will now start in 2018 and also Heatherlands Church of the Good Shepherd project as it continues to move forward.

The Department oversaw major improvements to the fire alarm system at Church House following recommendations highlighted in the recent Fire Risk Assessment.

### **Grant Making Activities**

In its eleventh year, the Aldhelm Mission Fund Group awarded £30,956 as grants to 4 mission projects with continued financial support and mentoring provided to a further six ongoing parish or deanery mission projects. A grant was also provided to continue the M4M resource officer post until August 2018 to extend

**DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

its current focus on Fresh Expressions (FXs) of church/New Worshipping Communities to include all forms of mission in traditional church.

Some £144k was granted to individuals in training for ministry roles and £107k to clergy taking up new appointments. The Sudan Committee awarded £234k to individuals and organisations in the Episcopal Church of the Sudan.

An analysis of grants paid is shown at note 13.

**DBF Trusteeship**

The Finance Committee considered 27 requests for Board approval during 2017. Almost half 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 5 requests to wind up small charities vested in the Board. One of the largest reordering projects has been at St Michael and All Angels' Church in Shalbourne where part of the proceeds of sale from the Bagshot Chapel, has been applied to this reordering work.

There were 6 requests to sell sites or part sites no longer required by PCCs. These included the Youth Worker's house in Corfe Mullen, the Church Room in Wilton and the site of All Saints' Church and Hall in Stapehill. The latter had been derelict since 2005 when a lorry knocked down the front of the church.

The leases of Stapleford and Winterslow Church Halls to very successful Village Hall Committees are in the process of being renewed for 99-year periods. The lease of part of the Community Centre in Bemerton to the Trussell Trust has been renewed and another part of this building has been leased to Rise:61, a community project for bicycle repairs. Within the Cox Trust properties (Radipole and Melcombe Regis PCC) there were 3 lease extensions and one property was sold.

The accounts from the Viscount Portman were scrutinised and approved. Unusually, the Retired Clergy Housing Fund received no requests for short-term loans or equity share investments.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The DBF makes every effort to limit future increases in the total Parish Share through close examination of expenditure and seeking funding from external sources. As the rate of inflation has begun to increase and the economic recovery now prevailing remains fragile considerable caution will need to be exercised before embarking on new initiatives requiring funding.

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

A register of risks is maintained and gives rise to mitigation and minimization plans.

The main risks identified are a significant shortfall in Share income, a reduction in investment income, and an incident of abuse by somebody working for or on behalf of the Church.

Mitigations include:

Share – constant monitoring of receipts throughout the collection year, and a review group to ensure that the allocation and collection processes remain fit for purpose. A full provision is made for Share arrears at the end of January of the year following the year they are due.

Investment income – a committee reviews the placement of investments, including the ethical requirements of the Board and the income level desired. The Finance Committee reviews income and expenditure levels throughout the year.

Safeguarding – the Board has a Safeguarding Officer in place and 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.

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**DIOCESAN ACTIVITIES**

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

The administration of the List A and List B provisions for works which do not require faculty, introduced in 2016 was reviewed in January. It was clear that the scheme was working well. Some minor adjustments were made and the Diocesan Chancellor agreed to grant an Additional Matters Order allowing three further areas of work which can be accommodated under List B.

2017 saw a 20% increase to 150 applications for the Archdeacon's List B Written Approval, which the DAC secretariat administer for the Archdeacons and involves seeking DAC advice (out of committee) about proposals. Under the FJR2015 Rules Specific Conditions apply to the List A and List B provisions and must be taken into account when determining if work is eligible for this approval or requires full faculty permission.

Of the 208 applications for a DAC Notification of Advice (1st stage of the faculty process) considered by the committee during its ten DAC meetings the year to date average of applications recommended when first presented was 83%. The DAC was unable to recommend only 5 applications during the year (2.4% of total applications).

The DAC undertook 30 site visits to churches where major schemes for re-ordering, extension or development are proposed and also offered informal advice about ideas these parishes are developing. Minor re-ordering, heating, restoration of bell installations, telecommunications equipment, together with a proposals for the commemoration of those who have lost their lives in conflict, particularly preparations for the centenary of the end of WW1 in 2018, formed a significant element of the DAC's meeting casework.

In addition, specialist informal advice (for bells, clocks, organs, heating, etc) was offered to 28 parishes. A review of working practices took place to ensure that the most effective administration of DAC business continues.

The DAC guidance on Electrical Installation and Maintenance In Churches and also on Redecoration, Plaster Surfaces, Wall Painting and Monuments was reviewed and updated.

The DAC approved 3 more applications from architects and surveyors for permission to inspect churches in the Diocese, which brings the number of approved inspectors to 37.

The annual DAC conference for inspecting architects and surveyors was held in November when presentations were given on insurance issues, HLF funding, church organs and commissioning new art works, included stained glass windows.

The 2016 DAC Awards were presented to Downton St Laurence (major re-ordering and development) and Warmwell Holy Trinity (Major re-roofing) during Diocesan Synod in June.

Preparations began for the Church Buildings Council national DAC Conference which is to be hosted by our Diocese in September 2018. 120 DAC delegates are expected and a further 30 Diocesan Environment Officers will join us for part of the conference.

**THE DIOCESAN BOARD OF EDUCATION**

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

**Schools/Academies/SIAMS assessments**

Over the last year the DBE have been successful in growing the reach and quality of the service including increasing work with schools through the Partnership Service Agreement (PSA) by a third and therefore increasing knowledge, understanding and service to Church schools and academies. The DBE has appointed and subsequently supported 28 new head teachers in their first year in post; and have introduced a network for foundation governors, established a cohort of experienced governors to work directly with governing bodies needing support and have agreed a new foundation governor policy that will underpin the work to support the transformation of foundation governance.

**DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The DBE has played a national role in developing assessment in religious education, successfully introduced the superb national project Understanding Christianity to 83% of church schools and have begun to see impact. It embarked on a reform of the approach to the inspection of church school effectiveness and distinctiveness, leading to a more robust inspection process and a deeper understanding by head teachers and the advisory team of how to enable transformational church school provision.

The DBE has supported the development of 17 multi academy trusts; 44% of church schools have now become academies. The Diocese of Salisbury Academy Trust now includes 11 schools, with a further school set to join before the close of this academic year. Building work has begun on the first new church school in the diocese for 13 years. St Peter's CE Primary Academy will open in September. The partnership with the Cathedral has been extended and together the Year Six Leaver's Service for June 2017 was transformed – an occasion of celebration for 2500 children.

The DBE is meeting the target to achieve at least 75% of schools at good or above in SIAMS inspections by March 2018 (the baseline in March 2015 was 93%). Within this figure, the number of schools currently achieving an outstanding outcome stands at 24%. This is significantly lower than eighteen months ago when the number of outstanding schools across the diocese was 65%. The figures represent a more realistic picture of church school performance. The original 2018 target will not be met but strong foundations are being laid to ensure that church schools are able to meet the even higher expectations of the new national inspection framework to be introduced in September 2018.

85% of church schools are judged by Ofsted to be at least good from a base line of 90% in March 2015; this reduction follows the national pattern and continues to fall. All but 1 of the 7 dioceses in the South West have better Ofsted outcomes than Salisbury Diocesan church schools and academies. It is in this context that the DBE is working hard to support school improvement. In January 2016 there were 30 church schools causing concern due to poor performance; in December 2017 only 4 remain as a significant concern. The external review of the DBE (October 2017) judged that DBE officers 'know their schools well; they know where the strengths and challenges lie and deploy resources where improvement is needed most'.

### **Work with Children and Young People (CYP)**

Extensive consultation and evaluation led to the new children's and young people's strategy which aims to help people feel that it is possible to have the capacity to develop and deliver work with CYP in parishes. The Confirmation Project has been building momentum. Work has also progressed on gathering evidence for the impact that school chaplains have. The data is showing that there is a distinctive role that they bring to schools that benefits both students and staff. Our candid self-evaluation and the scope of the strategy consultation has enabled us to articulate what limits the progress and impact of CYP work; cultural resistance to change and our attempt to engage with busy parish leaders proves to be an ongoing challenge. The Church 'culture' quite often sees work with CYP as separate rather than included in the work that they do and what they are able to offer and we have intentionally designed the annual plan for 2017/18 to build cross diocesan relationships and working partnerships to begin to address these challenges.

### **Improving financial scrutiny and challenge**

Significant progress has been made on securing robust financial accounting and reporting which is ensuring the Board's engagement in complex decision making in respect of the operating deficit and DBE priorities. A comprehensive programme of induction was completed by Board members and new terms of reference established for refreshed DBE committees. The Board has engaged fully in identifying the priorities for the year ahead. As a result, the concept of a Core Foundation Provision has developed, helping school and parish leaders to better understand the scope of our work with them.

### **External audit**

A report following a four-day review of the DBE's work by an external adviser concludes "The DBE is now an organisation of rigour, strategy, foresight and inspiration with strong and transformational leadership."

**DIOCESAN LINKS OVERSEAS**

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

**Sudan**

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

**Evreux**

A group from the Diocese of Évreux visited this diocese in January 2017. A small number of inter-parish links continue. These links work in different ways and reflect the context and interests of the respective communities.

## **STRUCTURE AND GOVERNANCE**

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

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

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

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

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

Bishops, of Clergy and of Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York.

Reporting to General Synod, but not subordinate to it, is the Archbishops' Council. This is the Church of

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

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

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

## SALISBURY DIOCESAN BOARD OF FINANCE

### DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

**The Diocese of Salisbury:** The Diocese of Salisbury was founded in 1075 and covers an area of 2,046 square miles, with a population of some 919,300. There are two informal Episcopal Areas, four Archdeaconries, 19 Deaneries, 140 Benefices and 444 Parishes.

The financial affairs of Salisbury Diocese are undertaken through two registered charities and one DBF trading subsidiary:

Salisbury Diocesan Board of Finance (registered charity number 240833)

Salisbury Diocesan Board of Education (registered charity number 1059195)

**Salisbury Diocesan Synod:** The Diocesan Synod met three times in 2017. As well as fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- Continuing conversations around Renewing Hope: Pray, Serve, Grow and the strategic direction of the diocese.
- Approval of a new Diocesan Environmental Policy.
- Discussions on the theme of deepening discipleship in the diocese.
- Appointment of new Auditors to the Board of Finance.
- Exploring the issues affecting growth in rural multi-church groups.
- Consideration and approval of a Diocesan Policy for New Housing.
- Approval of numbers of representatives and voting method for the Diocesan Synod elections in 2018.
- The Annual Reports of the Cathedral and the Board of Education.
- The presentation of Diocesan Advisory Committee awards.

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

- On-going scrutiny of finance, mission and pastoral matters.
- Continued Development of the Renewing Hope: Pray, Serve, Grow project.
- Engagement with the Archbishops' Council Renewal and Reform programme.
- Discussions around how best to promote Church growth in the diocese.
- Successful development and submission of a Strategic Funding Bid to support work in rural ministry.
- Adoption of the revised national safeguarding policy, new guidance and resources and approval of a Diocese of Salisbury Domestic Abuse Policy.
- Participation in an inter-diocesan peer review.
- Developing a policy for New Housing in the diocese.
- On-going discussions in relation to the governance of Ministry and Mission work.
- Consideration and approval of additional part-time resource in the Accounts department and the safeguarding team.

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

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

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

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

**Salisbury Diocesan Board of Finance:** The Board of Finance held its annual general meeting in June where they:

- Approved the Annual Report and Accounts 2016.
- Appointed new auditors for the Board.
- Considered and approved the budget for Share assessment 2018.

The Finance Committee met nine times. The Board of Finance Executive and the Finance Committee carried out regular analysis of income, expenditure, risks, reserves, loans and investments, trusts, property and staff.

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

5 Pastoral Schemes or Orders came into effect during 2017.

The DMPC and the Sub-committees' work covered a variety of mission initiatives and pastoral issues as well as sharing good practice and new initiatives, including energising local ministry, rural issues, Ministry for Mission and Discipleship. Policy areas have included the Church Buildings Review and Church Planting in the Diocese, and the new programme plan for Renewing Hope through Rural Ministry and Mission as well as reviewing deanery strategic plans. A key part of the sub-committees on-going programme will be to ensure engagement in the new housing areas (working on negotiating with housing developers at an early stage) and rural issues which need to be rooted in local communities across the archdeaonries.

As at the end of December 2017 presentation to 29 benefices was suspended. During 2017 there were no renewals of suspension. Presentation to 2 benefices was suspended for the first time. Suspension of presentation to 4 benefices was lifted and the Archdeaconry sub-committees regularly review suspensions of presentation.

#### **Diocesan Board of Patronage**

The Board of Patronage met once during the year, which was for the Annual Meeting at the beginning of the year on 17th January 2017. There were a number of interviews for vacancies where the Board holds patronage rights including the new benefice of the River Were (Warminster Saint Denys and Upton Scudamore and Bishopstrow and Boreham). Other items of the Board's business were conducted by correspondence or by e-mail.



**LEGAL AND FINANCIAL INFORMATION**

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

The Board's principal activity is to promote and assist the work and purposes of the Church of England in the diocese of Salisbury. This is achieved principally through the provision and support of ministry in the parishes of the diocese. The 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 Services 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 investments funds managed by CCLA Investment Management Ltd, St James's Place Wealth Management via Grove Wealth Management, and M&G Investment.

The Board holds unlisted investments in four of its funds: the General Fund, the Pastoral and Development Fund, the Stipends Fund Capital Account and Trusts. The investment policy for each Fund is as follows:

**General Fund:** To hold investments in a mix of equity and property based common investment funds. The investments in this Fund gave a total return over the year of 11.3% (2016: 10.8%); capital 6.5% and income 4.8%.

**Pastoral and Development Fund:** To hold investments in a mix of equity and property based common investment funds. The investments held for this Fund gave a total return over the year of 11.9% (2016: 12.7%); capital 7.6% and income 4.3%.

**Stipends Fund Capital Account:** To hold investments in a mix of equity, fixed interest and property based common investment funds. The investments held for this Fund gave a total return over the year of 2.7% (2016: 10.7%); capital -1.7% and income 4.4%. The investments in St James Place Global Equity and Worldwide Opportunities were sold in December 2017 to provide working capital.

**Trusts:** To hold all investments in the CBF Church of England Investment Fund. The investments held for the Trusts gave a total return over the year of 12.3% (2016: 14.2%);

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

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

**Pastoral and Development Fund:** As this Fund is often principally to buy clergy houses, the Board's policy is to have a reserve expressed in terms of the cost of six clergy houses. Based on recent experience an average cost of £300,000, gives a reserve requirement of £1.8m. The reserve is defined as the Fund's net assets excluding the amounts held as tangible fixed assets, loans granted to parishes and commitments given for loans.

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

At 31 December 2016 the General Fund free reserves include some readily realisable investments amounting to £2.5m. This equates to about 2.8 months of expenditure and the Board considers that this is sufficiently in line with its policy and is broadly similar to the deficit reserve reported a year ago.

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

The Board continues to monitor its reserves carefully. 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.

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

**Grant making policies:** The Board makes a variety of grants to the clergy and parishes of the Diocese, the Archbishops' Council and the Episcopal Church of the Sudan, all in furtherance of its charitable objects.

**Custodian trusteeship:** The Board is custodian trustee for trust financial assets with a market value of approximately £26m at 31 December 2017 (2016- £24m). 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 2017 have been sent to parishes. The Board is also custodian trustee for all parish real property. As custodian the Board is responsible for the safe custody of all trust assets but does not control them. Trust assets are held separately from the assets of the Board.

**Trustees:** The Very Rev J Osborne resigned as ex-officio Trustee in July 2017, Mrs C Corteen resigned as ex-officio Trustee and as Ex officio Chairman of the House of Laity in April 2017. Mrs G Clarke was appointed Ex officio Chairman of the House of Laity on 4.8.2017. The Rev C Maxim resigned as elected clerical member in April 2018.

**Relationships with other church bodies:**

**General Synod, Archbishops' Council and Church Commissioners**

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

**Parochial Church Councils (PCCs)**

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

**Salisbury Diocesan Board of Education Ltd (SDBEL)**

The trustees consider that SDBEL is a connected charity, having related objects and a shared management. SDBEL is a company limited by guarantee and a registered charity. Although the synodical work of the Board of Education is undertaken under the statutory umbrella of the Board of Finance, SDBEL retains its separate corporate identity for its role as trustee of the Uniform Statutory Trust funds (held for the improvement of the fabric of the church school buildings in the diocese) as well as a large number of church school and educational trusts. SDBEL has established a wholly owned trading subsidiary, SALED Ltd, to raise funds in support of its charitable purposes. Details of the financial transactions between the Board and SDBEL are reported in note 23 to the accounts. SDBEL's address is The Diocesan Education Centre, The Avenue, Wilton, Wiltshire SP2 0FG.

**Public Benefit:** The directors of the Board are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

The Board believes that, by promoting the work of the Church of England in the diocese of Salisbury, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes. In doing so the Board provides a benefit to the public by:

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

**TRUSTEES' RESPONSIBILITIES**

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

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

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent

**DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

- 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 2011. 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 were appointed as the company's auditors for the next 3 years.

**SALISBURY DIOCESAN BOARD OF FINANCE**

**DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

**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 10 Queen St Place London EC4R 1AG
Solicitors:	Wilson's LLP Alexandra House St Johns Street Salisbury SP1 2SB
Diocesan Registrar:	Batt Broadbent Minster Chambers 42/44 Castle Street Salisbury SP1 3TX
Bankers:	Lloyds PLC 38 Blue Boar Row Salisbury SP1 1DB
Insurers:	Ecclesiastical Insurance Office plc Beaufort House Brunswick Road Gloucester GL1 1JZ
Investment Managers:	CCLA Investment Management Ltd Senator House, 85 Queen Victoria Street, London EC4V 4ET
M&G Investment Management Ltd	M&G House, Victoria Road Chelmsford CM1 1FB
St James's Place Wealth	1 Tetbury Road Cirencester GL7 1FP
Property & Land Agents:	Savills 1-3 The Broadway

**SALISBURY DIOCESAN BOARD OF FINANCE**

**DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

**DIRECTORS AND TRUSTEES DURING 2017**

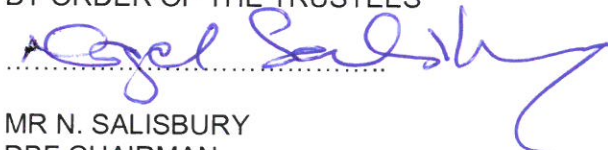
The members of Bishop's Council are the Executive Committee of the Board of Finance and its Directors and Trustees. The members of Salisbury Diocesan Synod are the members of the Board of Finance.

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
The Very Rev J Osborne	Ex officio, Dean of Salisbury (resigned 14.7.2017)
The Ven A P Jeans	Ex officio, Archdeacon of Sarum
The Ven P S Taylor	Ex officio, Archdeacon of Sherborne
The Ven S Groom	Ex officio, Archdeacon of Wilts
The Ven A C MacRow-Wood	Ex officio, Archdeacon of Dorset, Vice Chairman DBF
	Ex officio, Chairman Diocesan Board of Education
Mrs C Corteen	Ex officio, Chairman of House of Laity (resigned 7.4.2017)
The Rev T M B Woodhouse	Ex officio, Chairman of the House of Clergy
The Rev D Baldwin	Elected clerical member
Canon A Perry	Elected clerical member
The Rev C Maxim	Elected clerical member (resigned 2.4.2018)
Mrs G Clarke	Elected lay member, Ex officio Chairman of the House of Laity (from 4.8.2017)
Mrs D Mclsaac	Elected lay member
Mrs R Cook	Elected lay member
Mr D Howshall	Elected lay member
Mrs M Morrissey	Elected lay member
Mrs E Oderstone	Elected lay member
Mrs J Jackson	Elected lay member
Mr R Chitty	Elected lay member
Principal Officers of the Board	
Mrs L J D Herklots	Secretary and Treasurer
Mr S Dawson	Deputy Secretary
Ms E Ashmead	Head of Finance (from 12 December 2016)

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

BY ORDER OF THE TRUSTEES

  
.....

MR N. SALISBURY  
DBF CHAIRMAN

  
.....

## SALISBURY DIOCESAN BOARD OF FINANCE

### DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

#### **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 2017 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 2017 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 1-18) the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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



**SALISBURY DIOCESAN BOARD OF FINANCE**

**DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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:

the 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.



Adam Halsey (Senior Statutory Auditor)

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

23 Mar 2018



**SALISBURY DIOCESAN BOARD OF FINANCE**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
		General	Designated				
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations							
Parish Share	2	9,895	-	-	-	9,895	9,455
Archbishops' Council & Church Commissioners	3	65	-	53	-	118	84
Other donations	4	195	3	531	-	729	785
Charitable activities	5	36	-	778	-	814	1,348
Other trading activities	6	794	-	13	-	807	186
Investments	7	224	14	843	-	1,081	1,058
Other incoming resources	8	-	-	264	-	264	547
<b>Total</b>		<b>11,209</b>	<b>17</b>	<b>2,482</b>	<b>-</b>	<b>13,708</b>	<b>13,463</b>
<b>Expenditure on</b>							
Raising Funds	9	63	-	32	-	95	90
Charitable activities	10	10,435	220	2,577	-	13,232	13,333
Other	11	94	-	-	118	212	-
<b>Total</b>	<b>12</b>	<b>10,592</b>	<b>220</b>	<b>2,609</b>	<b>118</b>	<b>13,539</b>	<b>13,423</b>
<b>Net income/(expenditure) before investment gains</b>		<b>617</b>	<b>(203)</b>	<b>(127)</b>	<b>(118)</b>	<b>169</b>	<b>40</b>
Net gains/(losses) on investments	18	157	33	236	1,885	2,311	1,384
<b>Net income/(expenditure)</b>		<b>774</b>	<b>(170)</b>	<b>109</b>	<b>1,767</b>	<b>2,480</b>	<b>1,424</b>
<b>Gross transfers between funds</b>	<b>33</b>	<b>(120)</b>	<b>120</b>	<b>(49)</b>	<b>49</b>	<b>-</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>1,424</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>119,792</b>
<b>Total funds carried forward</b>	<b>28</b>	<b>3,922</b>	<b>463</b>	<b>26,138</b>	<b>93,173</b>	<b>123,696</b>	<b>121,216</b>

All activities derive from continuing activities. The notes on pages 27 to 48 form an integral part of the financial statements.

**SALISBURY DIOCESAN BOARD OF FINANCE**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT : YEAR ENDED 31 DECEMBER 2017**

	<u>2017</u>	<u>2016</u>
	£'000	£'000
Total incoming resources	13,708	13,340
Resources expended	<u>(13,421)</u>	<u>(13,423)</u>
Operating surplus/(deficit) for the year	287	(83)
Net gains on investments	<u>426</u>	<u>428</u>
<b>Net income/(expenditure) for the year</b>	713	345
<b>Other comprehensive income:</b>		
Net assets transferred from endowments	(49)	(17)
<b>Total recognised gains for the year</b>	<u><u>664</u></u>	<u><u>328</u></u>

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

The notes on pages 27 to 48 form an integral part of the financial statements.

**SALISBURY DIOCESAN BOARD OF FINANCE**

Company number 17442

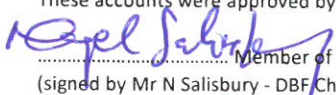
**BALANCE SHEET AT 31 DECEMBER 2017**

	Notes	Group Total funds <u>2017</u> £'000	Parent Total funds <u>2017</u> £'000	Group & Parent Total funds <u>2016</u> £'000
<b>FIXED ASSETS</b>				
Tangible Assets	16	92,252	92,252	92,092
Investments:				
Investments	18	32,154	32,154	30,673
Programme related investments	19	89	89	189
		<u>124,495</u>	<u>124,495</u>	<u>122,954</u>
<b>CURRENT ASSETS</b>				
Stock	20	1	1	1
Clergy houses for sale	21	715	715	650
Debtors due within one year	22	965	920	785
Deposit accounts	23	816	816	877
Cash at bank and in hand		1,455	1,371	1,748
		<u>3,952</u>	<u>3,823</u>	<u>4,061</u>
<b>CREDITORS: amounts falling due within one year</b>	24b	(373)	(337)	(733)
<b>NET CURRENT ASSETS</b>		<u>3,579</u>	<u>3,486</u>	<u>3,328</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>128,074</u>	<u>127,981</u>	<u>126,282</u>
<b>CREDITORS: amounts falling due in more than one year</b>				
Pension		(4,233)	(4,233)	(4,921)
Other creditors	24a/25	(145)	(145)	(145)
<b>NET ASSETS</b>	28	<u>123,696</u>	<u>123,603</u>	<u>121,216</u>
representing:				
General Fund	29/31	3,922	3,830	3,268
Designated funds	29/31	463	463	513
Restricted funds	29/32	26,138	26,137	26,078
Endowment funds	29/33	93,173	93,173	91,357
<b>Total funds</b>	29-33	<u>123,696</u>	<u>123,603</u>	<u>121,216</u>

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 £13.4m (2016:£13.5m); total expenditure was £13.3m (2016: £13.4m), resulting in net income before investment gains of £76k (2016:£41k). Net income after investment gains was £1.35m (2016:£1.43m). Net movement in funds after revaluation gains of £1.04m (2016:£1.43m) was £2.4m (2016: £1.4m).

These accounts were approved by the Board on 23 May 2018

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

**SALISBURY DIOCESAN BOARD OF FINANCE**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>2017</u> £'000	<u>2016</u> £'000
<b>Net cash inflow/(outflow) from operating activities</b>	(2,259)	(1,522)
<b>Cash flows from investing activities</b>		
Dividends, interest and rent from investments	1,081	1,058
Proceeds from the sale of:		
Tangible fixed assets	2,247	1,872
Fixed asset investments	833	782
Current assets	587	-
Purchase of:		
Tangible assets for the use of SDBF	<u>(2,943)</u>	<u>(1,373)</u>
<b>Net cash provided by investing activities</b>	1,805	2,339
<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>(354)</u>	<u>817</u>
<b>Cash and cash equivalents at 1 January</b>	2,625	1,808
<b>Cash and cash equivalents at 31 December</b>	<u>2,271</u>	<u>2,625</u>
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>	<u>2017</u> £'000	<u>2016</u> £'000
<b>Net movement in funds for the year ended 31 December</b>	2,480	1,424
<b>Adjustments for:</b>		
Depreciation charges	27	23
Dividends, interest and rent from investments	(1,081)	(1,058)
(Profit)/Loss on sale of investment assets	-	-
(Profit)/Loss on sale of functional assets	(146)	(547)
Decrease/(increase) in debtors	(180)	350
Increase/(decrease) in creditors	(360)	310
Pension deficit provision movement	(49)	(17)
Pension deficit payment	(639)	(623)
Net gains on investments	(2,311)	(1,384)
<b>Net cash provided by / (used in) operating activities</b>	<u>(2,259)</u>	<u>(1,522)</u>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	1,456	1,748
Deposit accounts	815	877
	<u>2,271</u>	<u>2,625</u>

The notes on pages 27 to 48 form an integral part of the financial statements.

## SALISBURY DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### **ACCOUNTING POLICIES**

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

The financial statements, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance sheet, the Cash Flow Statement and the related notes constitute the individual financial statements of Salisbury Diocesan Board of Finance for the year ended 31 December 2017. 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 2017. Salisbury Diocesan Board of Finance meets the definition of a public benefit entity under FRS102.

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

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

#### **Going concern**

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

#### **c) 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. The 6 months results have been accounted for on a line by line basis. Intergroup transactions and balances are eliminated on consolidation.

#### **d) Income**

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

- Share paid by parishes is treated as income of the year in which it is received except that amounts received up to the end of January of the following year in respect of the previous year are included as income of the year.
- Rent receivable is recognised as income in the period with respect to which it relates.
- Interest and dividends are recognised as income when receivable.
- Grants received that are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the

## SALISBURY DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

e] **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.

f] **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.

g] **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

## SALISBURY DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

- Estimated economic life far exceeds 50 years,
- Any depreciation charges and accumulated depreciation would not be material 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.

h) **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.

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

j) **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.

#### k) **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.

#### l) **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.

j) **Judgements and key sources or estimation uncertainty.** The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amount recognised in the financial statements:

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

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

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

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



**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

	Unrestricted Funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated				
	£'000	£'000	£'000	£'000	2017 £'000	2016 £'000
<b>2. PARISH SHARE</b>						
Share for the year per the Budget	10,029	-	-	-	10,029	9,785
Less: credit adjustments allowed	-	-	-	-	-	-
Request for the year	10,029	-	-	-	10,029	9,785
Less: discounts for early / Direct Debit payment	(71)	-	-	-	(71)	(79)
Less: provision for shortfall in contributions	(220)	-	-	-	(220)	(298)
	9,738	-	-	-	9,738	9,408
Plus: arrears for previous years	157	-	-	-	157	47
	<u>9,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,895</u>	<u>9,455</u>
Current year parish share receipts represent 97% of the total apportioned (2016 - 96.1%), or, when receipts for previous years are included, 98.6% of the total apportioned (2016 - 96.6%)						
<b>3. THE NATIONAL CHURCH INSTITUTIONS</b>						
<b>The Archbishops' Council</b>						
Parish Mission Funding grant	-	-	-	-	-	21
Strategic development funding	-	-	15	-	15	-
RME	-	-	38	-	38	-
<b>The Church Commissioners</b>						
Area Bishops' secretaries	65	-	-	-	65	63
	<u>65</u>	<u>-</u>	<u>53</u>	<u>-</u>	<u>118</u>	<u>84</u>
The parish mission grant is allocated to the Aldhelm Mission Fund to be used for specific parish mission and development projects.						
<b>4. OTHER DONATIONS</b>						
All Churches Trust	147	-	-	-	147	146
Milton Abbey grants and donations			245		245	359
Sudan grants and donations incl Lent Appeal			286		286	220
Other donations and grants	48	3			51	60
	<u>195</u>	<u>3</u>	<u>531</u>	<u>-</u>	<u>729</u>	<u>785</u>
<b>5. CHARITABLE ACTIVITIES</b>						
Statutory fees and chaplaincy income	-	-	766	-	766	817
Provision of services in accordance with the Board's charitable objectives	36	-	12	-	48	531
	<u>36</u>	<u>-</u>	<u>778</u>	<u>-</u>	<u>814</u>	<u>1,348</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	223	-	-	-	223	168
Fee income from property projects	571	-	-	-	571	
Rents and sales at Milton Abbey	-	-	-	-	-	7
Fundraising events	-	-	13	-	13	11
	<u>794</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>807</u>	<u>186</u>
<b>7. INVESTMENT INCOME</b>						
Dividends receivable	188	13	660	1	862	845
Interest receivable	3	1	-	-	4	4
Rents from investment properties	-	-	182	-	182	179
Rents from other properties	33	-	-	-	33	30
	<u>224</u>	<u>14</u>	<u>842</u>	<u>1</u>	<u>1,081</u>	<u>1,058</u>
<b>8. OTHER INCOMING RESOURCES</b>						
Gain on disposal of properties & equipment	-	-	264	-	264	547
Gain on disposal of investment properties	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>264</u>	<u>-</u>	<u>264</u>	<u>547</u>

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

	Unrestricted General	Unrestricted Designated	Restricted funds	Endowment funds	Total funds <u>2017</u>	Total funds <u>2016</u>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>9. FUND RAISING COSTS</b>						
Support costs	-	-	-	-	-	1
Glebe agent's fees	-	-	16	-	16	12
Other glebe expenses	12	-	16	-	28	31
Agents' fees on other let property	23	-	-	-	23	14
Other expenses on other let property	28	-	-	-	28	32
	<u>63</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>95</u>	<u>90</u>
<b>10. CHARITABLE ACTIVITIES</b>						
<b>Contributions to Archbishops' Council</b>						
The Archbishops' Council						
Training for ministry	483	-	-	-	483	478
National Church responsibilities	270	-	-	-	270	256
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>1,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013</u>	<u>994</u>
<b>Resourcing Ministry and Mission</b>						
Parish ministry:						
Stipends, NI and Apprenticeship Levy	4,198	-	1,091	-	5,289	5,179
Pension contributions	719	-	366	-	1,085	1,104
Less recharge to other departments	-	-	-	-	-	(10)
Housing costs	1,599	-	512	-	2,111	2,393
Removal, resettlement and other grants	189	-	-	-	189	208
Other expenses	257	-	-	-	257	277
Strategic Development Funding	-	-	13	-	13	-
	<u>6,962</u>	<u>-</u>	<u>1,982</u>	<u>-</u>	<u>8,944</u>	<u>9,151</u>
Support for ministry and mission:						
RME	-	-	41	-	41	-
Ministry and learning development	567	198	-	-	765	605
Area Offices and diocesan resources	262	-	-	-	262	266
Board of Education	289	-	-	-	289	282
Other support for ministry and mission	816	22	13	-	851	907
Support costs	501	-	-	-	501	473
	<u>9,397</u>	<u>220</u>	<u>2,036</u>	<u>-</u>	<u>11,653</u>	<u>11,684</u>
<b>Diocesan Links Overseas</b>						
Episcopal Church of South Sudan and Sudan						
Grants	-	-	241	-	241	142
Support activities	-	-	83	-	83	63
The Church in Latvia and Evreux	-	-	-	-	-	2
Support costs	-	-	4	-	4	5
	<u>-</u>	<u>-</u>	<u>328</u>	<u>-</u>	<u>328</u>	<u>212</u>
<b>Milton Abbey Fund Activity</b>						
Insurance	-	-	19	-	19	18
Repairs and other costs	-	-	193	-	193	402
	<u>-</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>212</u>	<u>420</u>
<b>Governance Costs</b>						
Audit fees	20	-	-	-	20	14
Other Support costs	6	-	-	-	6	9
	<u>26</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>23</u>
	<u>10,436</u>	<u>220</u>	<u>2,576</u>	<u>-</u>	<u>13,232</u>	<u>13,333</u>

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

	Unrestricted		Restricted funds	Endowment funds	Total funds <u>2017</u>	Total funds <u>2016</u>
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
<b>11. OTHER RESOURCES EXPENDED</b>						
Expenditure on property projects	94	-	-	-	94	-
Loss on sale of properties	-	-	-	118	118	-
	<u>94</u>	<u>-</u>	<u>-</u>	<u>118</u>	<u>212</u>	<u>-</u>

	Activities undertaken directly	Grant funding of activities	Support costs	Total <u>2017</u>	Total <u>2016</u>
	£'000	£'000	£'000	£'000	£'000
<b>12. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS</b>					
Raising funds	95	-	-	95	90
Contributions to national church institutions	-	1,013	-	1,013	994
Resourcing ministry and mission	10,553	598	501	11,652	11,684
Diocesan overseas links	83	241	4	328	212
Milton Abbey	213	-	-	213	420
Governance costs	-	-	26	26	23
Other resources expended	212	-	-	212	-
	<u>11,156</u>	<u>1,852</u>	<u>531</u>	<u>13,539</u>	<u>13,423</u>

	Activities undertaken directly	Grant funding of activities	Governance costs	Total <u>2017</u>	Total <u>2016</u>
	£'000	£'000	£'000	£'000	£'000
<b>ALLOCATION OF SUPPORT COSTS</b>					
Staff costs	387	-	-	387	376
Office administrative costs	169	-	25	194	156
Office premises costs	17	-	1	18	33
Finance costs	7	-	-	7	5
Depreciation	25	-	-	25	19
less already recharged to departments	(100)	-	-	(100)	(100)
	<u>505</u>	<u>-</u>	<u>26</u>	<u>531</u>	<u>489</u>

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>13. ANALYSIS OF GRANTS PAYABLE</b>	Number of grants		<u>2017</u>	<u>2016</u>
	<u>2017</u>	<u>2016</u>	£'000	£'000
<b>To Institutions</b>				
National Church Responsibilities				
The Archbishops Council (see note 10)	1	1	1,013	994
Salisbury Diocesan Board of Education	<u>1</u>	<u>1</u>	<u>289</u>	<u>252</u>
	<u>2</u>	<u>2</u>	<u>1,302</u>	<u>1,246</u>
Diocesan Links Overseas				
ECS Provincial Office / agencies	1	2	10	4
Bishop's Lent appeal paid to Christian Aid	1	-	111	
Sudanese dioceses / schools / colleges	<u>34</u>	<u>59</u>	<u>114</u>	<u>138</u>
	<u>36</u>	<u>61</u>	<u>235</u>	<u>142</u>
Within the Diocese				
PCCs	10	47	21	71
Other mission bodies	5	7	21	25
County ecumenical bodies	<u>2</u>	<u>1</u>	<u>16</u>	<u>6</u>
	<u>17</u>	<u>55</u>	<u>58</u>	<u>102</u>
<b>To Individuals</b>				
Diocesan Links Overseas				
Sudanese clergy & laity	<u>4</u>	<u>-</u>	<u>7</u>	<u>-</u>
Within the Diocese				
Individual training for ministry	<u>82</u>	<u>39</u>	<u>143</u>	<u>106</u>
Clergy taking up appointments	<u>45</u>	<u>52</u>	<u>107</u>	<u>124</u>
	<u>127</u>	<u>91</u>	<u>250</u>	<u>230</u>
Totals for all grants	<u>186</u>	<u>209</u>	<u>1,852</u>	<u>1,720</u>

<b>14. STAFF COSTS</b>	<u>2017</u>	<u>2016</u>
	£'000	£'000
Salaries & stipends	1,273	1,225
Social security costs	121	114
Pension costs	<u>286</u>	<u>269</u>
	<u>1,680</u>	<u>1,608</u>

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

	<u>2017</u>	<u>2016</u>
£60,001 - £70,000	2	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1

Pension payments of £43,275 (2016 - £40,286) were made for these employees.

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

	<u>2017</u>	<u>2016</u>
Resourcing parish ministry	6	6
Support for ministry and mission		
Ministry and learning development	7	7
Area offices and diocesan resources	5	5
Board of Education		
Other support for ministry and mission	<u>21</u>	<u>19</u>
	<u>39</u>	<u>37</u>

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**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 2017 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 £319k (2016: £329k).

**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 £2,889 (2016-£4,163).

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

	Stipend	Housing
The Rt Rev K Gorham	No	Yes
The Rt Rev E Condry	No	Yes
The Ven A P Jeans	Yes	Yes
The Ven P S Taylor	Yes	Yes
The Ven A C Macrow-Wood	Yes	Yes
The Ven S Groom	Yes	Yes
The Rev T M B Woodhouse	Yes	Yes
The Rev D Baldwin	Yes	Yes
The Rev A Perry	Yes	Yes
The Rev C Maxim	Yes	Yes

**CLERGY STIPENDS**

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

The Board paid an average of 192 (2016 - 193) stipendiary clergy as office-holders, and the costs were as follows:

	<u>2017</u> £'000	<u>2016</u> £'000
Stipends	4,874	4,790
National Insurance contributions	398	389
Apprenticeship Levy	17	-
Pension costs		
- current year	1,085	1,104
- deficit reduction	688	640
	<u>7,062</u>	<u>6,923</u>

The annual rate of stipend, funded by the Board, paid to Archdeacons in 2017 was in the range £34,180 - £35,780 (2016 range £33,670 - £35,250). Other clergy who were Trustees were paid in the range £25,660 - £25,920 (2016 range £25,280 - £25,660). Housing allowance for 2017 was £7,682.

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**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>2017</u>	<u>2016</u>
Charged by SDBF:	£'000	£'000
to SDBEL for services in accordance with the Board's charitable objectives	46	140
to SALED Ltd for office services	-	1
	<u>46</u>	<u>141</u>
Grants made by SDBF to SDBEL	<u>289</u>	<u>252</u>
Charged by SALED Ltd:		
to SDBF for conference facilities	-	4
	<u>-</u>	<u>4</u>
Inter-company debtor/(creditor) balances at 31 December		
Loan to SDBEL	-	100
SDBEL	<u>30</u>	<u>14</u>

**16. TANGIBLE ASSETS**

	Unrestricted Property	Equipment	Restricted Assistant staff houses and other property	Endowment Team Vicarages	Benefice Houses	Totals
<u>Cost or valuation</u>	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	1,809	565	17,994	11,733	60,440	92,541
Additions	6	9	1,402	446	1,080	2,943
Disposals	-	-	(738)	-	(1,303)	(2,041)
Transfer to investment properties	-	-	-	-	-	-
Transfer to current assets (see note 21)	-	-	(265)	-	(450)	(715)
At 31 December 2017	<u>1,815</u>	<u>574</u>	<u>18,393</u>	<u>12,179</u>	<u>59,767</u>	<u>92,728</u>
<u>Accumulated depreciation</u>						
At 1 January 2017	-	449	-	-	-	449
Charge for the year	-	27	-	-	-	27
At 31 December 2017	<u>-</u>	<u>476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476</u>
<u>Net Book Value</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>
At 31 December 2016	<u>1,809</u>	<u>116</u>	<u>17,994</u>	<u>11,733</u>	<u>60,440</u>	<u>92,092</u>

One property has been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the property included above amounts to £120k (2016: £120k).

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**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>2017</u>	<u>2016</u>
<b>a. Unlisted Investments</b>	<b>£'000</b>	<b>£'000</b>
Market value at 1 January	19,863	19,261
Rounding adjustment	2	-
Additions at cost	-	-
Disposals at carrying value	(833)	(782)
Net investment gains	1,275	1,384
Market value at 31 December	<u>20,307</u>	<u>19,863</u>
<b>b. Investment Properties</b>		
Carrying value at 1 January	10,810	10,790
Rounding adjustment	1	-
Revaluation at 31 December	1,036	-
Transfer (to)/from functional properties	-	20
Transfer to properties held for disposal	-	-
Disposals at carrying value	-	-
Carrying value at 31 December	<u>11,847</u>	<u>10,810</u>
Total Investment Fixed Assets at 31 December	<u>32,154</u>	<u>30,673</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)	8,260	7,595
1,792,094 Property Fund shares (2015 - 1,792,094)	2,399	2,347
440,284 M&G "Charifund" units (2015 - 440,284 units)	7,232	6,760
Grove Wealth Management Unit Trust		
1,638,880 International Corporate Bond units (2015 - 1,638,880)	1,622	1,630
657,318 Corporate Bond units (2015 - 657,318 units)	749	741
233,281 Global Equity units (2015 - 233,281)	-	396
196,078 Worldwide Opportunities units (2015 - 196,078)	-	349
	-	-
Clergy Mutual Credit Union Deferred Shares	5	5
Community Solar projects	40	40
	<u>20,307</u>	<u>19,863</u>

**Investment Property**

Land with Development Potential	549	480
Agricultural Land	234	209
Tenanted Dwellings	1,343	1,115
Easement	7	7
Recreational Land and Properties	285	260
Urban Ground rent	3	3
Non-agricultural commercial property	157	148
Let agricultural land	8,689	8,083
Vicarages	580	505
<b>Total</b>	<u>11,847</u>	<u>10,810</u>
<b>Total investments</b>	<u>32,154</u>	<u>30,673</u>

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**19. PROGRAMME RELATED INVESTMENTS**

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

Included in the programme related investments at 31.12.2016 was a loan of £100,000 to SDBEL, advanced in 2012 and due to be repaid in 2022. This loan was repaid in 2017. No interest was charged on this loan.

**20. STOCKS**

	2017 £'000	2016 £'000
Publications, Churchwarden's and Sidesmen's badges	<u>1</u>	<u>1</u>

**21. CLERGY HOUSES FOR SALE**

Carrying value as fixed assets	<u>715</u>	<u>650</u>
Held as current asset	<u>715</u>	<u>650</u>

**22. DEBTORS**

	2017 £'000		2016 £'000	
	Group	Parent	Group	Parent
Loans to parishes	182	182	196	196
Parish Share	152	152	163	163
Accrued income	338	316	125	125
Sundry debtors	293	270	301	301
Totals	<u>965</u>	<u>920</u>	<u>785</u>	<u>785</u>

**23. CASH AND DEPOSIT ACCOUNTS**

	2017 £'000		2016 £'000	
	Group	Parent	Group	Parent
Cash at bank and in hand	1,455	1,371	1,748	1,748
CBF Church of England Deposit Fund	816	816	827	827
Triodos Bank deposit	-	-	50	50
	<u>2,271</u>	<u>2,187</u>	<u>2,625</u>	<u>2,625</u>

**24. CREDITORS**

	2017 £'000		2016 £'000	
	Group	Parent	Group	Parent
<b>a. Loans</b>				
Talbot Village Trust	25	25	25	25
Church Commissioners	120	120	120	120
Total loans	<u>145</u>	<u>145</u>	<u>145</u>	<u>145</u>



**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>24. CREDITORS continued</b>	<u>2017</u>		<u>2016</u>	
	£'000		£'000	
	Group	Parent	Group	Parent
<b>b. Other Creditors</b>				
HM Revenue & Customs	39	39	100	100
Accruals	70	68	39	39
Church Commissioners	-	-	394	394
Other creditors	<u>264</u>	<u>230</u>	<u>200</u>	<u>200</u>
Total other creditors	<u>373</u>	<u>337</u>	<u>733</u>	<u>733</u>
<b>c. Pension</b>	4,233	4,233	4,921	4,921
<b>Total creditors</b>	<u>4,751</u>	<u>4,715</u>	<u>5,799</u>	<u>5,799</u>

**25. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR**

	<u>2017</u>	<u>2016</u>
	£'000	£'000
<b>Loans due after more than one year fall due as follows:</b>		
1 - 2 years	-	-
2 - 5 years	-	-
after 5 years (note 24a)	<u>145</u>	<u>145</u>
	<u>145</u>	<u>145</u>

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

<b>Clergy pension deficit</b>	<u>4,233</u>	<u>4,921</u>
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**26. FINANCIAL INSTRUMENTS**

	Group	Parent
	<u>2017</u>	<u>2017</u>
	£'000	£'000
Cash	2,271	2,187
Financial assets held at fair value	a) 32,243	32,243
Financial assets held at amortised cost	b) 753	708
Financial liabilities held at amortised cost	c) (4,418)	(4,415)
Financial liabilities held at fair value	d) (120)	(120)
Net financial assets	<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**

	<u>2017</u>	<u>2016</u>
	£'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>420</u>	<u>705</u>
Estimate of grants to parishes, approved in principle by the Board subject to conditions	<u>45</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 2017 (2016- nil). There are no obligations under leases.

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**28. FUND MOVEMENTS IN THE YEAR**

	Notes	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>	31							
General Fund		<b>3,268</b>	<b>11,209</b>	<b>(10,592)</b>	<b>(120)</b>	<b>157</b>	-	<b>3,922</b>
<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		<b>513</b>	<b>18</b>	<b>(220)</b>	<b>120</b>	<b>32</b>	-	<b>463</b>
Totals for unrestricted funds		<b>3,781</b>	<b>11,227</b>	<b>(10,812)</b>	-	<b>189</b>	-	<b>4,385</b>
<b>Restricted funds</b>	32							
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		<b>26,078</b>	<b>2,481</b>	<b>(2,609)</b>	<b>(49)</b>	<b>237</b>	-	<b>26,138</b>
<b>Expendable endowment</b>	33							
Diocesan Stipends Fund Capital Account		27,324	-	-	49	629	1,036	29,038
Benefice Houses		61,518	-	(118)	-	-	-	61,400
Totals for expendable endowment		<b>88,842</b>	-	<b>(118)</b>	<b>49</b>	<b>629</b>	<b>1,036</b>	<b>90,438</b>
<b>Permanent endowment</b>	33							
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
Totals for permanent endowment		<b>2,515</b>	-	-	-	<b>220</b>	-	<b>2,735</b>
<b>Total endowment funds</b>		<b>91,357</b>	-	<b>(118)</b>	<b>49</b>	<b>849</b>	<b>1,036</b>	<b>93,173</b>
<b>Grand totals for all funds</b>		<b>121,216</b>	<b>13,708</b>	<b>(13,539)</b>	-	<b>1,275</b>	<b>1,036</b>	<b>123,696</b>

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

**SALISBURY DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**29. SUMMARY OF ASSETS BY FUND**

	Notes	Fixed assets		Current assets	Creditors	Net assets
		Tangible	Investments			
		£'000	£'000			
<b>Unrestricted funds</b>	31					
<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>	32					
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>	33					
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>	33					
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>

**SALISBURY DIOCESAN BOARD OF FINANCE**

**30 : PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITY : YEAR ENDED 31 DECEMBER 2016**

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	funds	funds	funds
	<u>2016</u>				
	£'000	£'000	£'000	£'000	£'000
<b>Incoming and endowments from</b>					
Donations					
Parish Share	9,455	-	-	-	9,455
Archbishops' Council & Church Commissioners	63	21	-	-	84
Other donations	184	22	579	-	785
Charitable activities	532	-	816	-	1,348
Other activities	168	-	18	-	186
Investments	155	12	891	-	1,058
Other incoming resources	-	-	424	123	547
<b>Total</b>	<b>10,557</b>	<b>55</b>	<b>2,728</b>	<b>123</b>	<b>13,463</b>
<b>Expenditure on</b>					
Raising Funds	58	-	32	-	90
Charitable activities	10,292	128	2,913	-	13,333
Other	-	-	-	-	-
<b>Total</b>	<b>10,350</b>	<b>128</b>	<b>2,945</b>	<b>-</b>	<b>13,423</b>
<b>Net income/(expenditure) before investment gains</b>	<b>207</b>	<b>(73)</b>	<b>(217)</b>	<b>123</b>	<b>40</b>
Net gains/(losses) on investments	136	37	255	956	1,384
<b>Net income/(expenditure)</b>	<b>343</b>	<b>(36)</b>	<b>38</b>	<b>1,079</b>	<b>1,424</b>
<b>Gross transfers between funds</b>	<b>(96)</b>	<b>83</b>	<b>(4)</b>	<b>17</b>	<b>-</b>
<b>Net movement in funds</b>	<b>247</b>	<b>47</b>	<b>34</b>	<b>1,096</b>	<b>1,424</b>
<b>Total funds brought forward</b>	<b>3,021</b>	<b>466</b>	<b>26,044</b>	<b>90,261</b>	<b>119,792</b>
<b>Total funds carried forward</b>	<b>3,268</b>	<b>513</b>	<b>26,078</b>	<b>91,357</b>	<b>121,216</b>

### **31. UNRESTRICTED FUNDS**

Unrestricted funds comprise those funds which are available for application for the general purposes of the Board as set out in its governing document. Movements on these funds, including those which are designated are set out on page 41.

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

**The Clergy Conference Fund** meets the costs of the clergy residential conference, which is held every three or four years, with the most recent being held during 2014. The diocesan budget includes a provision each year (£22,000 in 2017) 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 2017.

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

**The Pastoral and Development Designated Fund** was established in 2004, to act as a buffer between the General Fund and the restricted Pastoral and Development Fund. In accordance with the reserves policy (described in the Trustees Annual Report) the Fund is to allow for transfers to or from the Fund and the General Fund, thereby providing flexibility for both Pastoral and Development Funds, when considered together, against the Pastoral and Development Fund reserve requirement. No transfer has been made to this fund for 2017, as the PDF is deemed to have sufficient assets as a result of the capital review.

### **32. RESTRICTED FUNDS**

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

**Pastoral and Development Fund** (also known as the Diocesan Pastoral Account -DPA) - its purposes are laid down in the Pastoral Measure 1983, the main ones being:

- to meet costs incurred for the purposes of the Measure or any scheme or order made by the Measure except for salaries of regular diocesan employees.
- to meet costs of disposing of or maintaining houses or churches vested in the DBF or Church Commissioners.
- to benefit another diocese.
- for transfer to the DSF Capital or Income Funds.

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

### **32. RESTRICTED FUNDS (continued)**

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

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

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

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

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

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

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

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

## SALISBURY DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 33. ENDOWMENT FUNDS

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

##### a. EXPENDABLE ENDOWMENTS

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

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

##### b. PERMANENT ENDOWMENTS

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

#### 34. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Endowment	Total
	General	Designated			
	£'000	£'000	£'000	£'000	2017 £'000
Ordinands' support	(133)	133	-	-	-
Clergy Conference Fund	(22)	22	-	-	-
Contribution to General from Crompton Fund	31	(31)		-	-
Contribution to General from Aldhelm Fund	4	(4)	-	-	-
Movement in Clergy Pension Provision	-	-	(49)	49	-
<b>Total</b>	<b>(120)</b>	<b>120</b>	<b>(49)</b>	<b>49</b>	<b>-</b>

#### 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 Benefit Scheme

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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

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

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

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

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

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 29.7% of pensionable salary.

The next valuation of the scheme is being carried out as at December 2016.

### **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. Bonuses may also be declared, depending upon the 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 considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**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 that CEPB hold as at December 2017 and December 2016 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 2017	December 2016
Number of members at this Responsible Body	194	195

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. 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; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

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%

## SALISBURY DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

As at December 2015, the deficit recovery contributions under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

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

	2017	2016
Balance sheet liability at 1 January	4,921,000	5,561,000
Deficit contribution paid	(639,000)	(623,000)
Interest cost (recognised in SoFA)	69,000	131,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(118,000)	(148,000)
Balance sheet liability at 31 December	4,233,000	4,921,000

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

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

	December 2017	December 2016	December 2015
Discount rate	1.4% pa	1.5% pa	2.5% pa
Price inflation	3.0% pa	3.1% pa	2.4% pa
Increase to total pensionable payroll	1.5% pa	1.6% pa	0.9% 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 £26m. (2016: £24m)

**SALISBURY DIOCESAN BOARD OF FINANCE**  
**Reconciliation of management accounts to overall fund performance 2017**

	Budget	Actual	Variance
	£,000	£,000	£,000
<b>Board of Finance</b>			
Stipends and pension	5,813	5,991	( 178)
Property department	1,359	907	452
National & Regional Church Resps.	528	530	( 2)
National Training	483	483	-
Fees	28	37	( 9)
General Income	( 246)	( 274)	28
<b>Property</b>			-
DAC Pastoral & Trusts	157	171	( 14)
Church Buildings	80	75	5
<b>General</b>			-
General Administration	433	486	( 53)
Communications	80	74	6
Safeguarding People	96	114	( 18)
Diocesan Projects & Resources	90	95	( 5)
Mission Initiatives	136	135	1
Synods	20	19	1
Sundries	4	3	1
Ramsbury Office	40	40	-
Sherborne Office	43	40	3
Board of Education	289	289	-
L D M T	475	494	( 19)
Cost/Income Challenge	( 85)	-	( 85)
Share adjs			-
Ordinands maintenance	105	133	( 28)
Sudan medical scam	-	8	( 8)
Clergy Conference	22	22	-
Discount and share provision	79	75	4
<b>TOTAL FOR SHARE</b>	<b>10,029</b>	<b>9,947</b>	<b>82</b>
<b>SHARE</b>			
<b>Requested : received</b>	10,029	9,813	( 216)
<b>Arrears received</b>	-	157	157
<b>Share total</b>	<b>10,029</b>	<b>9,970</b>	<b>59</b>
<b>Surplus for the period</b>			<b>23</b>

**Reconciliation to movement on funds on SOFA**

<b>Surplus in budget for share</b>	<b>23</b>
<b>Capital repairs and ingoing works</b>	( 509)
<b>Movement to pension creditor</b>	688
<b>Revaluation of investment properties</b>	1,036
Gain on investments	1,275
Receipt Bishops office	12
<b>Movement in restricted funds excluding gain on investments</b>	
Clergy conference	( 40)
Aldhelm	( 19)
John Crompton	( 25)
Pastoral & development	155
Benefice House	( 118)
Sudan general	( 31)
Sudan relief	2
Sudan medical	3
Sudan Bilal	( 3)
Milton Abbey	31
Choral	2
SDF Bid	( 4)
RME	2
	( 45)
<b>Total movement in funds</b>	<b>2,480</b>

This statement does not form part of the financial statements