



# ANNUAL REPORT AND FINANCIAL STATEMENTS

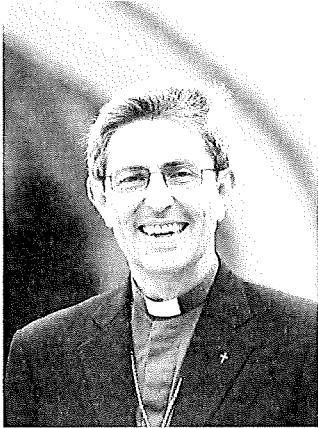
For the year ended 31 December 2020

## **WINCHESTER DIOCESAN BOARD OF FINANCE**

Company number - 142351  
Registered charity number – 249276

TABLE OF CONTENTS	Page No.
Foreword	2
Legal Objects	3
Strategic Report:	
Strategic Aims	3-4
Activities, Achievements in the year & Future Plans	4-8
Financial review	8-10
Strategic risks and uncertainties	10-12
Structure and Governance	13-15
Trustees' Responsibilities	15-16
Administrative details	17
Independent Auditor's Report	18-20
Statement of Financial Activities	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements	24-52

FOREWORD



This past year has been full of challenges for everyone, separated from our families and friends, constrained in other ways and perhaps struggling with health problems or coping with bereavement. Money has also been a worry for many people too, as the corona virus impacted both local and global economics and resulted in many job losses.

As a Diocese, our finances have also been impacted and the DBF and Senior Staff have faced some difficult decisions about how to continue to support the growth of God's Kingdom in Hampshire and East Dorset during a pandemic. In spite of the challenges, many individuals and parishes have committed to sustaining their generous giving, which cannot fail to impress and inspire us. Nonetheless, our Common Mission Fund has been significantly affected, just as the finances in parishes have. Some of the measures introduced in early 2020 could not sustain us indefinitely. The economic impact of the pandemic has extended well into 2021 and continues, with the result that we must be hopeful but not complacent.

Having begun at our 2019 Diocesan Synod Conference to address the question of how mission and ministry are resourced across the diocese, we were well placed to respond to financial challenges which were intensified but not unanticipated. As a consequence, a raft of proposals for pastoral reorganisation were formulated on the foundations laid by that preparatory work. Although some of these changes are painful, together with the restructuring of the diocesan offices, we can take comfort that they are grounded in our commitment to steward the resources we share, and invest in ministry where it is needed. Having to make cuts in a climate by this is not unexpected, but we can be confident that our plans are not shaped by decline but orientated around a vision for growth in the church and in the way we serve others.

Recognising that the pandemic has had a global impact, we know that the pandemic has hit our friends in the Companion Link Provinces of East Africa, Asia and South America, many of whom are also suffering drought, famine, civil war and violence. We remain committed to sharing God's love and blessings with our neighbours both near and far.

There is hope ahead, and as we begin to ease out of lockdown restrictions and meet one another again face-to-face, I pray that we will continue to trust that 'the One who began a good work in [us] will carry it to completion until the day of Jesus Christ.' (Phil 1:6)

**Thank you** to all who have generously given their time and money to support the mission of the Diocese over this past year.

Yours in Christ,

A handwritten signature in black ink that reads "Timothy Dakin". The signature is written in a cursive style and is preceded by a cross symbol.

+Tim

**The Right Reverend Dr Timothy Dakin**  
**The Bishop of Winchester**

## WINCHESTER DIOCESAN BOARD OF FINANCE

### TRUSTEES REPORT

For the year ended 31 December 2020

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company,
- a Strategic Report under the Companies Act 2006 and
- a Trustees' Annual Report under the Charities Act 2011

### LEGAL OBJECTS

The objects of the Diocese of Winchester cover the majority of Hampshire; a part of eastern Dorset, the unitary authority of Southampton and the eastern parts of the unitary authorities of Bournemouth and Poole. The Bishop of Winchester has delegated his responsibility for the pastoral and spiritual oversight of the Channel Islands to the Rt Revd Trevor Willmott.

The Winchester Diocesan Board of Finance ("WDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Winchester by acting as the financial executive of the Winchester Diocesan Synod.

The WDBF has the following statutory responsibilities: -

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991 (a new measure came into effect in March 2021);
- iv. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Winchester (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally; taking forward the commitments arising from the Diocesan Conference including the Diocesan Budget.

### STRATEGIC AIMS

The Diocesan Synod has developed and approved 4 Strategic Priorities that it continues to evolve and implement:

**Under God, delighting in His grace and rooted in the Diocesan Rule of Life, we will be a Diocese in which:**

- **SP 1: We grow authentic disciples**, going out as individuals passionately, confidently and courageously sharing their faith, and coming together as creative church communities of prayer and worship that live out Kingdom values.
- **SP 2: We re-imagine the Church** intentionally connecting and engaging with our local communities in culturally relevant ways. We will rejoice in the richness of the 'mixed economy' of all ministry and proactively promote vibrant parochial and breath-taking pioneering ministries amongst 'missing' generations, eg children, young people, under 35s.
- **SP 3: We are agents of social transformation** using our influence as a Diocese to transform public and personal life. We will demonstrate loving faith at work in local communities and across the globe bringing healing, restoration and reconciliation, eg through education, social enterprise, health care, spiritual care teams.
- **SP 4: We belong together in Christ, practising sacrificial living and good stewardship of all that God has entrusted to us.** We will combine radical generosity, care and capacity building with a clear focus on directing finance into the mission of Jesus. Sharing and multiplying local good practice, using people, buildings and other resources wisely, we will seek to boldly prune, plant and invest in building for the Kingdom.

Due to the nature of our organisation, our objectives and strategic priorities are primarily delivered through our network of parishes, clergy, ministers and worshipping communities. It is therefore vital that we invest in engaging, supporting, equipping and challenging them to grow our shared mission as we all seek to Live the Mission of Jesus.

The outcomes we look for are represented by the framework of the 3 P's:

- **Passionate Personal Spirituality**
- **Pioneering Faith Communities**
- **Prophetic Global Citizenship**

Through carrying out these priorities and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the directors are confident (having had regard to Charity Commission guidance) that the Charity delivers public benefit.

## ACTIVITIES IN THE YEAR

The Winchester School of Mission (WSM) continues to see the fruit of implementing the vision of equipping the whole people of God to live the mission of Jesus undergirded by the diocesan Rule of Life. One hundred and eight people completed the Bishop's Commission for Mission (BCM) after the introduction of a further two programmes in Creation Care and as Prayer Champions. The Bishop's Commission for Mission in Worship and Pastoral continue to be popular.

After an initial pilot programme was trialled in 2019, sixteen people started the year-long Bishop's Permission to Preach with the programme being oversubscribed. Thirteen people attended Bishops' Advisory Panel, of whom twelve started training for ordination in September 2020, eight at the Winchester School of Mission alongside one training for Licensed Lay Ministry and two as Licensed Lay Workers. The impact of WSM training was felt as the ordination figures leapt up to seventeen deacons, of whom twelve studied at WSM, and twenty people were ordained priests.

## WINCHESTER DIOCESAN BOARD OF FINANCE

### TRUSTEES REPORT

**For the year ended 31 December 2020**

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In February 2020 representatives from the Church of the Province of Myanmar visited the diocese. They were hosted by members in the deaneries of Southampton and Odiham and welcomed the opportunity of renewing old relationships and making new contacts with the current deanery leadership.

Despite lockdown, the Parish Support Team continued to offer support to parishes. Sixty-four parishes were visited to provide bespoke advice on fundraising, stewardship, parish finances, and governance and strategy. Nearly 77% of parishes and over 4,605 givers are now using the Parish Giving Scheme to help encourage generosity and facilitate frictionless giving processes.

In June, the Stewardship Team launched the first Diocesan wide Stewardship campaign - Generous June. The campaign was run in partnership with the Diocese of Sheffield providing online resources for teaching and preaching on generosity, along with daily podcasts and reflections from people across our diocese. Highly positive feedback from those that engaged with the campaign, with a number of parishes reporting subsequent increases in donated giving levels. The daily podcasts were downloaded over 1,175 times with over 2,500 people visiting the website during the month.

The DAC Team supported over 120 faculty applications and a further 180 lesser works requests during 2020. The Houses Team arranged for 1,386 separate repairs and maintenance works to clergy houses.

In 2021 the Parish Support Team will continue to support the Diocesan Mission Strategy by providing professional and bespoke support to our 255 parishes, their clergy, volunteers and PCCs. In particular, we will: relaunch and expand the Church Officers Training Programme; re-launch the Clerical Registry; plan and implement the diocesan office moves; seek formal approval for a new housing and investment strategy.

The education team worked remotely from March and quickly adapted to all that entailed. The majority of the team were furloughed until October 2020, but throughout the entire lockdown and relaxation of rules, we continued supporting schools, which remained open for Key Workers' children and Vulnerable children. Our schools valued the weekly resources we provided, for use in school, and at home for children / families. These resources included Reflections, Worship ideas and materials and links to useful websites and organisations covering a range of pertinent and useful information on Mental Health, Well Being and Safeguarding.

In February 2020 two of the Education team and two Headteachers ran a hugely successful conference and in-school training for 90 Headteachers and Clergy in Shyogwe diocese, Rwanda. Supporting the SP4 priority in Winchester we continue to offer training, materials and consultancy for Winchester schools and parishes to support SIAMS, Ofsted and Curriculum expectations.

Our provision of training for Governors, Senior Leaders, Headteachers and Subject Leads was adapted and embraced as an online resource. Some of our training provision increased as a result of higher numbers engaging in the remote provision.

Support for emergency and planned school buildings work continued, and we have successfully adapted to a new way of prioritising, allocating and reporting government funds that we are delegated, in line with the national change introduced.

Adapting to the impact of restructuring of parishes and the impact this has on the deployment of Clergy as ex-officio governors across the 160 schools in our dioceses was a practical focus. This will be fully mapped and prioritised in 2021, but significant reactive decisions have laid the foundations.

## WINCHESTER DIOCESAN BOARD OF FINANCE

### TRUSTEES REPORT

For the year ended 31 December 2020

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With the cancellation of the Year 6 Leavers' days at the Cathedrals, we jointly produced a very well-received video that was shown at the end of term to Year 6 children at school / home. We also created a Christmas video with input from a number of our schools, which again was used both in schools for the small number of children attending, and at home with families, or as part of online class gatherings.

The Winchester Social Enterprise (WSE) is a separate company supported by a WDBF restricted fund set up in support of SP3. WSE focussed on scaling up its three new pre-school settings under the name 'Launchpad Early Years' in the midst of the challenges of the pandemic, with many people working from home, and in some cases, keeping the children they would have sent to pre-school at home as well.

In one setting, Boldre, the social distancing requirements necessitated the speedy construction of new facilities and a permanent yurt was put up in keeping with the New Forest national park. This has gone down extremely well with local families and uptake has increased again. In the three settings, there are 12 staff, with over 50 children in settings which have a Christian ethos, a commitment to excellence, and a positive link with the local church/church school. This is a developing business that is expected to reach self-sustainability by 2023 and is supported partly from DBF restricted funds. The aim is to set up further early years settings, preferably including a full-time nursery, during 2021.

Safeguarding Training transferred to 100% on-line throughout 2020 and it has been possible to remain on top of training requirements for those in leadership roles, Clergy on Freehold and License and with Permission to Officiate, as well as, Lay persons undertaking the Bishop's Commission for Mission. The case panel have further enhanced the process for reviewing current cases. A more diverse panel have added considerably to discussion and formulating action. Our work on Past Cases Review 2 (PCR2) has progressed steadily throughout 2020 and we are on target to meet our deadlines.

The Diocese has continued with the first phase of its church growth programme, Winchester Mission Action, which commenced from January 2018. Progress during 2020 has been shaped by the impact of the Covid-19 crisis, with emphasis on growing online worshipping communities and social action in support of Covid-19 relief efforts.

Our Resource Church at St Mary's Southampton has collaborated with other local churches to deliver the equivalent of over 200,000 meals to 400 households across the City Centre, involving more than 200 individual volunteers from multiple churches. More recently, St Mary's has been working in partnership with Southampton City Mission to pilot and launch a community food store, *The Marketplace*, which is based on the emerging social supermarket model whereby the food bank model of free crisis provision is replaced by one with a small subscription fee and choice from a range of better quality, fresh and ambient food products. *The Marketplace* is also a community where relationships are built, and a more holistic approach to support can be developed, linking to other ongoing projects such as employment support (with ReWork) and money management (with Christians Against Poverty).

During 2020, our Resource Church at St Mary's Andover was able to successfully re-order the interior of the historical civic church, improving a range of facilities including seating and audio-visual, and creating a light, beautiful and peaceful space which is now much more flexible and suited to contemporary church needs. St Mary's has piloted a new social action hub for the town, known as *The Lighthouse*. The church is partnering with organisations from across different sectors to develop the work. Current projects include a Job Club and Debt Management Centre (with CAP), a mental health and well being programme across the town (with Kintsugi Hope), and a Life Bus (donated by Stagecoach) for missional use around Andover and the wider area.

## WINCHESTER DIOCESAN BOARD OF FINANCE

### TRUSTEES REPORT

For the year ended 31 December 2020

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Our Church Plant at St Nicolas North Stoneham has benefited from completion of the first phase of building refurbishment works, creating more flexible space and improving facilities in the historical church building. The new church community has participated in a wide range of community engagement activities as new residents continue to arrive on the adjoining major development area. Having been present and active since the beginning of new house building, the church community are engaged with the new YMCA nursery school and community centre, and with the very first reception class at the newly-opened Stoneham Park Academy School.

Our three pilot *Benefices of the Future* have continued to reshape their ministry and mission in rural areas. Two further pilot benefices were added to the project during 2020, and lessons learned so far informed the design and delivery of Winchester School of Mission training for new *Benefice Ministry Teams* from across the Diocese.

Members of our churches in each pilot benefice have taken the opportunity of Covid-19 lockdown to reflect on vocations, leading to encouraging growth in numbers exploring vocation and undertaking lay leadership training. This has provided a wider base of lay leadership to support development of Benefice Ministry Teams.

Work to improve digital connectivity across the churches in each Benefice, including development of online worship materials and real-time streaming of services, has borne fruit in 2020 with significant growth in online congregations during Covid-19 lockdown. After lockdown, streaming has continued as part of hybrid services, combining online and in-church worship.

The Avon Valley Churches benefice agreed to a single PCC structure from September 2020 and the new arrangements are working well. The benefice has been active in the community, including “Messy Church in a Bag” and “Easter in a Bag” initiatives reaching 600 and 1,000 children, respectively, and attracting widespread news coverage, including BBC.

North Hampshire Downs has introduced new service patterns across the benefice, with focal ministry for each church based on local lay leadership and the introduction of streamed services from the larger churches. This has given the clergy more time for welcoming newcomers to the churches and addressing the needs of each congregation, rather than travelling between each of the 12 churches on every Sunday.

Pastrow Benefice has been developing the small, rural church at Tangley into a retreat centre which can be used by people throughout the Diocese. The benefice continued developing its Benefice Ministry Team and took early steps towards simplified governance.

The Student Evangelism project continued to run throughout 2020, with seven Student Ambassadors placed in churches with connections to Further and Higher Education institutions. Additional churches joined the project, particularly from areas oriented more towards Further Education, such as Alton and Totton.

In June 2020, the Diocese was awarded £3.19 million by Archbishops’ Council for a second phase of Winchester Mission Action. The funding will support projects at St Winfrid’s Totton, St Michael’s Bournemouth and in Southampton City Centre. The grants will be used to revamp churches, provide evangelism to younger generations, and to create new congregations. The three projects will emphasise social engagement in areas such as support for children and young families, early intervention to counter homelessness, addiction, social isolation and mental health problems, and cultural renewal through arts and music.



The diocese has in December 2020 received first-stage approval from Archbishops' Council for funding to support development of a Resource Church at St Michael's Basingstoke, as part of a plan to revitalise the four churches of the Basingstoke Team Parish. Second stage approval is anticipated by autumn 2021.

Whilst these accounts relate to 2020 the trustees recognise that they are being published soon after the announcement of the retirement of the Bishop of Winchester. We appreciate that this represents a significant moment in the ministry and life of our Diocese and that our accounts cannot easily be read in isolation from this news or indeed the wider public interest in his retirement. In the interim, Mr Alastair Barron will fulfil the role of the chairman of the board of trustees. The Bishop's Council has committed to commission a review of the governance of the diocese.

## **FINANCIAL REVIEW**

### **Financial Performance**

Common Mission Fund, the mutual cost-sharing across the Diocese to fund mission and ministry is the main incoming resource for the Diocese. We received £9,022,000 (2019: £9,388,000) which represented a recovery rate of 89.6% (2019: of 93.4%) against budget. In line with the recovery rate, actual shortfall on contributions for 2020 stands at £1,050,000 (2019: £705,000). A consequence of the impact of Covid-19 on parish finances. WDBF received a grant of £550,000 from Archbishops' Council Sustainability fund, which has been credited to a new designated fund to help fund the pastoral re-organisation work that will be necessary to address the fallouts from Covid-19.

Resources expended across all funds decreased by £1,059,000 to £12,445,000 (2019: £13,504,000) as a result of prompt decision making and extensive cost control management. WDBF budgets aim to break even on its general fund before any capital gains/losses. Covid-19 had a significant impact on finances this year. Common Mission Fund receipts fell significantly as did parochial fees. Against this WDBF made significant savings from a recruitment freeze and reducing expenditure in all areas of activity. The net position on the general fund after transfers is a deficit of £169,000 (2019: £2,564,000) this represents the significant work to reduce costs and to work with parishes to help them sustain their finances during this period.

### **Balance sheet position**

The Directors consider that the balance sheet together with details in note 19 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £158.2m (2019: £146.9m) it should be noted that included in this total are properties, mostly in use for Clergy, whose value net of loans used to buy them amounted to £136.1m (2019: £128.8m). Much of the remainder of the assets shown in the balance sheet is held in restricted funds and cannot necessarily be used for the general purposes of the WDBF.

### **Free reserves**

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to aim to hold a balance of free reserves (general fund less tangible fixed assets net of long-term financing) on its general fund equivalent to about 3 months budgeted unrestricted expenditure. At 31 December 2020 the amount required under this policy totalled £2.8m (2019: £3.0m). Actual free reserves as at 31 December totalled £4.0m (2019: £2.1m). Whilst the level of reserves is currently above the reserves policy parameters and an improvement on the prior year, the Trustees are mindful that this was achieved through the sale of properties, and that there is a decline in Common Mission Fund Income. This is indicative of wider financial challenges and an oversight resilience task force has been created to ensure that the WDBF remains financially resilient and able to deliver its mission.

## WINCHESTER DIOCESAN BOARD OF FINANCE

### TRUSTEES REPORT

For the year ended 31 December 2020

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#### Designated funds

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund, in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 20. At 31 December 2020 total designated reserves were £3.0m (2019: £2.2m). This increase is largely due to the creation of the Sustainability Fund.

#### Restricted and endowment funds

As set out within Notes 18 and 19 WDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled £10.0m (2019: £9.5m) and endowment funds totalled £112.5m (2019: £104.5m). Neither are available for the general purposes of the WDBF. Within Notes 18 and 19 "Winchester: Mission Action" restricted fund and "Resourcing Ministerial Education (RME) Training for Ordinands' fund" are recognised.

#### Grant making policy

The Memorandum of Association of the WDBF explicitly permits the WDBF to make grants in pursuance of its objects. Details of grants made are shown in note 8.

#### Investment policy

The WDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the WDBF acts as Trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The WDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 19 provides details of the assets of each fund, together with the related purposes, and note 13 summarises the movements in investments during the year.

The majority of the WDBF's investments continue to be held in the CBF Church of England Funds managed by CCLA Investment Management Limited. Once again, CCLA's performance has been very good through the year. The investments held (valued at mid) and their return during the year are set out in the following table:

	Value at 31/12/20	% of portfolio	2020		2019	
	£000's		Yield	Total Return	Yield	Total Return
CCLA Investment Fund	18,803	82.89%	2.93%	10.2%	3.04%	23.16%
Property Fund	1,195	5.27%	4.68%	-0.48%	5.46%	2.76%
	19,998					
Deposit Fund	2,686	11.84%				
	<u>22,684</u>	100.00%				

As a participant in the CBF Church of England Funds managed by CCLA Investment Management Limited and a small number of others, the WDBF adopts the ethical investment policies in those funds.

### **Budget and outlook for 2021**

The Covid-19 pandemic continues to have a significant effect on the activities of the diocese. As the prime purpose of the diocese is to support the mission and growth of the church, now, more than ever, is an important time for the diocese to be able to support the clergy and parishes.

We are grateful for the response that our laity and clergy have shown over the last few months, dealing with the varied challenges that this pandemic presents. The closure of all churches and diocesan offices, in March 2020, has changed the way that we worship in our parishes, support our communities and operate our central diocesan services. Creative and inspiring solutions have arisen in response to this challenge, amid the traumatic and distressing circumstances that many are facing.

The diocese is committed to sustainable growth and to turn around the recent decline in numbers and finances. We plan to invest in supporting some church plants and revitalisations, mainly in urban areas alongside our Benefice of the Future programme which supports rural communities. We recognise that collaboration across benefices and the creation of teams, which include clergy and lay leadership are vital. A new programme that supports benefice ministry teams will be piloted in 2021. Diversification and new income streams will help to support investment in growth projects. In 2021 we will be reviewing our property strategy with the plan to create an investment fund. This will provide a new income stream and an opportunity to invest in projects that support local parishes and increase the ministerial provision

Financially, challenges continue to be felt at all levels. For the diocese, Common Mission Fund remains vital to the functioning of the diocese, in order to continue to provide clergy stipends, housing and other support. Churches are facing financial challenges across the diocese, and we continue to provide support to them in a variety of ways. While a balanced budget was set for 2021, it is now likely that we will incur another deficit in 2021 and we will need to sell some of our properties and call on other lending facilities to finance this on a short-term basis. This includes the approval for a CIBL Loan from the Board's bank of £1m interest free for a year. However, reviewing cash reserves and financial projections, the Trustees are confident that the diocese's finances are sufficiently robust to remain viable, and the Trustees have no doubts over the continued operation of the Diocese.

### **STRATEGIC RISKS AND UNCERTAINTIES**

The Directors are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Directors on an annual basis with the responsibility for delivery of the mitigation strategies, identified by it, being delegated to the Chief Executive, and through him other responsible officers. The following areas are considered to be the current highest strategic risk areas for the diocese.

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2020

Risk	Strategic Overview
<p><b>Safeguarding:</b> <i>Child, adult at risk, or domestic abuse</i></p> <p>There is an occurrence of child, adult at risk, or domestic abuse by someone working for or on behalf of the Church (in a parish or parish based organisation or at the Diocesan Office)</p> <p><i>Non-Current Cases</i></p> <p>It comes to light that there were instances of abuse in the past which were not appropriately dealt with by the clergy/Diocese</p>	<p>The Diocese has a Safeguarding Board that is independently chaired and draws-in senior officers from statutory agencies, law and education as well as the Chief Executive of the Diocese and the Dean of the Cathedral. The Board is responsible for developing Safeguarding Strategy and an action plan of improvement. The Board is supported by a Casework Subcommittee and a Training Subcommittee (both independently chaired). The Board promotes best practice and continuously ensures that the Diocese is adopting and developing appropriate policy and practice.</p> <p>A Safeguarding team, led by a highly qualified and experienced Safeguarding Manager, promotes best practice, supports those making disclosures and manages offenders and those under investigation.</p> <p>In 2021 the Diocese will undertake further work to review the records it holds as part of its continuing work to review non-current cases.</p>

Risk	Strategic Overview
<p><b>Financial:</b> <i>Diocesan Board of Finance</i></p> <p>A serious loss of income, investment market crash, unforeseen major expense, fraud and theft are all potential serious financial incidents for the Board.</p> <p><i>Custodian Trustee</i></p> <p>A parish enters into major expenditure without sufficient resources, experiences fraud, has major unforeseen building or staffing issues requiring significant expenditure.</p>	<p>The Diocesan Board of Finance (DBF) is supported by a Finance Monitoring Group, made up of DBF and independent members that scrutinise the budgets, major financial transactions and current and future spending plans. The DBF also has an Investment Advisory Group which is responsible for meeting with fund managers, managing investments to meet the DBF's growth and income targets, and advising on levels of liquidity.</p> <p>The DBF issues comprehensive Financial Standing Instructions and the Chief Executive issues further Financial Operating Instructions to clearly identify levels of delegation, responsibility and accountability. Appropriate measures are in place to ensure that financial transactions require two signatures and property purchases and major contracts also require two director signatures in addition to the Chief Executive.</p> <p>The DBF insures against its most significant serious incidents and all insurance policies are reviewed annually.</p> <p>The DBF reviews parish annual reports and accounts, ensures that all drawdowns on investments and property transactions are viable. Major works to buildings, requiring faculty, are also assessed for financial prudence.</p>

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2020

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Risk	Strategic Overview
<p><b>People</b></p> <p><i>Employment</i></p> <p>Significant staff turnover, staff without appropriate qualifications and skills mix for evolving needs of the DBF and wider Diocese.</p> <p><i>Appointments</i></p> <p>The Diocese fails to make the right appointments to parishes and senior positions within the Diocese.</p>	<p>The Diocese continues to invest in human resource. It also plans to develop a new managers' training programme and invest in targeted leadership development for key individuals.</p> <p>Staff support and development are overseen by an HR team led by a highly qualified and experienced Head of HR. Investment and improvement in appointment processes has been a priority for the DBF over the recent years. More use is made of targeted testing and assessment, both prior to and during the early stages of a new employee's appointment.</p>

Risk	Strategic Overview
<p><b>Reputation</b></p> <p>A serious incident causes adverse publicity and a loss of confidence in the Diocese.</p>	<p>The Diocese cannot prevent all possible serious incidents across all parts of the organisation. If a serious incident should arise the Diocese has a policy of open and transparent communication, supported by a communications team made up of both internal and consultancy staff. The Diocese works closely with statutory agencies and will always report serious incidents to the Charity Commissioners. One serious incident was reported to the Charity Commissioners during 2020.</p>

## **STRUCTURE AND GOVERNANCE**

### **Summary Information about the structure of the Church of England**

The Church of England is the established Church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a 'See' under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representations from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 13 deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

### **Organisational structure**

The Winchester Diocesan Board of Finance (WDBF) is a company limited by guarantee (No. 142351) and a registered charity (No. 249276) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Winchester. It was established in its present form in 1927 and is successor in title to the Winchester Diocesan Trustees.

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. Following the changes in governance approved in December 2012, the membership of the DBF comprises of: The Bishop of Winchester (ex-officio chairman); the Chairs of the Synod House of Clergy and the Synod House of Laity, together with six people elected from and by the members of Diocesan Synod every three years. The most recent elections were held in October 2018. Details of Trustees who served during the year are set out on page 17.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years, the last elections having been in September 2018. The Synod elects six of the ten Trustees of the Diocesan Board of Finance. Whilst the WDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the WDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

### Decision making structure

Corporate priorities and the overall financial strategy for the Diocese in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Winchester are set by the Diocesan Synod, and the WDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Chief Executive. The company meets once a year, in general meeting, to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the WDBF. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold up to seven meetings during the year to formulate and coordinate policies on mission, ministry and finance by: -

- Initiating proposals for action by the Synod and advising it on matters of policy.
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders.
- Acting as the Trustees of the WDBF.
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion.
- Advising the Bishop on any matters he may refer to the committee.
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership.
- Carrying out such other functions as the Synod delegates to it.
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by 2 sub-committees:

**Finance Monitoring Group:** monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the WDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). The diocesan pastoral account is currently in deficit due to timing differences on disposal and the associated continuing cost of maintaining and insuring a Closed Church following the loss of tenants.

**Investment Advisory Group:** provides advice (the sub-committee has no executive authority) to the Finance Monitoring Group and the Chief Executive on WDBF's investments and funds available for investment.

### Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. They are given induction and provided with trustee training at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty.

### **Fundraising Code of Practice**

The Diocese provides support to the parishes with regards to fundraising. Due regard is given to the Fundraising Code of Practice set by the Fundraising Regulator when providing the support to the parishes.

### **Remuneration of key management personnel**

Emoluments of higher-paid employees are determined by a remuneration group consisting of the Bishop of Winchester, the Chair of the House of Clergy and the Chair of the House of Laity. The terms of reference for this group are established by the Bishops Council and include regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes.

### **Delegation of day to day delivery**

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Chief Executive is given specific and general delegated authority to deliver the business of the WDBF in accordance with the policies framed by the Trustees.

### **Funds held as Custodian Trustee**

The WDBF is custodian trustee of assets held on permanent trust 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. These assets are not aggregated in the financial statements as the WDBF does not control them, and they are segregated from the WDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £17,793,000 as at 31 December 2020 (2019: £17,021,000), are available from the WDBF on request, and are summarised in note 25. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the WDBF's solicitor, Blake Morgan LLP, Winchester.

## **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 WDBF and of the surplus or deficit of the WDBF for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the WDBF 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 WDBF's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

In all matters the Trustees have due regard to the Charity Governance Code which covers seven areas:

- Organisational purpose
- Leadership
- Integrity
- Decision making, risk and control
- Boards effectiveness
- Diversity
- Openness and accountability

#### **Statement of Disclosure to the Auditors**

So far as the Trustees are aware:

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

#### **Appointment of Auditors**

The re-appointment of Haysmacintyre LLP as auditors to the WDBF will be proposed at the Annual General Meeting.

## WINCHESTER DIOCESAN BOARD OF FINANCE

### TRUSTEES REPORT

For the year ended 31 December 2020

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#### ADMINISTRATIVE DETAILS

##### Trustees

No Trustee had any beneficial interest in the company during 2020. The following are the Trustees who served at any time during 2020 up to the date of this report:

Chairman:	Timothy Dakin BA, MTh, PhD – Bishop of Winchester
Ex officio:	Andrew Micklefield BEd (Hons) – Chair of the House of Clergy Alison Coulter MA, MSc, MFPH – Chair of the House of Laity
Synod House of Clergy:	Richard Harlow MA (Cantab), Dip. Psychotherapy Charles Stewart MA PGCE
Synod House of Laity:	Alastair Barron BA (Hons), MBA, FSyl Esther Clift BSc (Hons), Msc, MCSP Ian Newman Mark Ward BA (Hons)

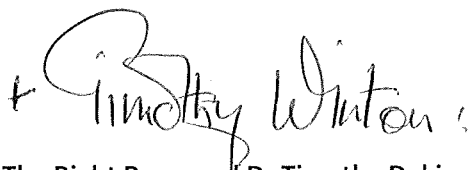
##### Senior staff and advisers

Chief Executive and Company Secretary	Andrew R Robinson VR, BA (Hons) MSc, PGD, FCIPD
Director of Finance	Lisa Streeter FCCA, MBA
Director of Education	Jeff Williams MA, DPhil
Directory of Ministry	Mark Collinson BSc, MA
Director of Operations	Colin Harbidge BA (Hons), MCMI
Director of Human Resources	Susan Beckett, FCIPD
Director of Strategic Development	Mark Lowman BSc, MBA, PhD, FHEA

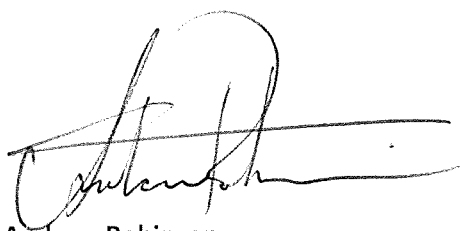
Registered Office:	Diocesan Office, Old Alresford Place, Alresford, Hampshire, SO24 9DH
Bankers:	National Westminster Bank PLC, 105 High Street, Winchester, SO23 9AW
Auditors:	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors:	Blake Morgan, New Kings Court, Tollgate, Chandler's Ford, Hants SO53 3LG
Investment advisers:	CCLA Investment Management Limited, 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents:	Carter Jonas LLP, 9a Jewry Street, Winchester, SO23 8RZ
Insurers:	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
HR Consultants:	Richard Turner Associates, 2 West View Lawns, Barton Road, Welford-on-Avon CV37 8EY

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-11 within their capacity as company directors.

#### ON BEHALF OF THE TRUSTEES



**The Right Reverend Dr Timothy Dakin**  
Chairman  
8<sup>th</sup> September 2021



**Andrew Robinson**  
Company Secretary  
8<sup>th</sup> September 2021

**INDEPENDENT AUDITOR'S REPORT**  
**For the year ended 31 December 2020**

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**OPINION**

We have audited the financial statements of Winchester Diocesan Board of Finance for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the 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 charity 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the 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.

**INDEPENDENT AUDITOR'S REPORT**

**For the year ended 31 December 2020**

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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 Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 charitable company; or
- the 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.

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on pages 15 and 16 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

**INDEPENDENT AUDITOR'S REPORT**  
**For the year ended 31 December 2020**

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Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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.

**Use of our report**

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



Adam Halsey (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditor  
17 September 2021

10 Queen Street Place  
London  
EC4R 1AG

WINCHESTER DIOCESAN BOARD OF FINANCE

Statement of Financial Activities  
For the year ended 31 December 2020

	Note	Unrestricted funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2020	2019
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
<b>Donations</b>							
Parishes	2	9,022	-	-	-	9,022	9,388
Archbishops' Council	2	58	550	1,388	-	1,996	1,298
Other	2	191	-	3	-	194	297
	2	9,271	550	1,391	-	11,212	10,983
Charitable activities	3	591	62	42	-	695	852
Other trading activities	4	827	-	22	-	849	697
Investments	5	262	19	414	19	714	739
Other	6	30	-	25	-	55	117
<b>Total</b>		<b>10,981</b>	<b>631</b>	<b>1,894</b>	<b>19</b>	<b>13,525</b>	<b>13,388</b>
<b>Expenditure on:</b>							
Fund Raising Costs	7	(32)	-	-	-	(32)	(73)
Charitable activities	8	(10,638)	(2)	(1,772)	(1)	(12,413)	(13,339)
Other Expenditure	9	(25)	-	-	-	(25)	(92)
<b>Total</b>		<b>(10,695)</b>	<b>(2)</b>	<b>(1,772)</b>	<b>(1)</b>	<b>(12,470)</b>	<b>(13,504)</b>
<b>Net income/(expenditure) before investment gains</b>		<b>286</b>	<b>629</b>	<b>122</b>	<b>18</b>	<b>1,055</b>	<b>(116)</b>
Net gains on investments		66	33	348	634	1,081	2,602
<b>Net income/(expenditure)</b>		<b>352</b>	<b>662</b>	<b>470</b>	<b>652</b>	<b>2,136</b>	<b>2,486</b>
Transfers between funds	11	(521)	100	-	421	-	-
<b>Net (expenditure)/income after transfers</b>		<b>(169)</b>	<b>762</b>	<b>470</b>	<b>1,073</b>	<b>2,136</b>	<b>2,486</b>
<b>Other recognised gains/(losses)</b>							
Gains on revaluation of fixed tangible assets		2,163	34	81	6,886	9,164	3,935
Remeasurement of pension scheme provision		(36)	-	-	(3)	(39)	1,631
<b>Net movement in funds</b>		<b>1,958</b>	<b>796</b>	<b>551</b>	<b>7,956</b>	<b>11,261</b>	<b>8,052</b>
Total Funds at 1 January 2020		30,761	2,206	9,461	104,524	146,952	138,900
<b>Total funds at 31 December 2020</b>	<b>18</b>	<b>32,719</b>	<b>3,002</b>	<b>10,012</b>	<b>112,480</b>	<b>158,213</b>	<b>146,952</b>

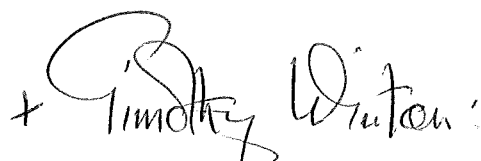
The net income/(deficit) of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net incoming resources before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above. All incoming resources and resources expended derive from continuing activities.

The notes on pages 24 to 52 form part of the financial statements.

**BALANCE SHEET**  
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	12	136,105	128,854
Investments	13	21,503	20,230
		<u>157,608</u>	<u>149,084</u>
<b>CURRENT ASSETS</b>			
Debtors	14	1,930	1,811
Cash on deposit		2,658	1,515
Cash at bank and in hand		837	26
		<u>5,425</u>	<u>3,352</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(929)	(926)
<b>NET CURRENT ASSETS</b>		<u>4,496</u>	<u>2,426</u>
<b>Total assets less current liabilities</b>		162,104	151,510
<b>CREDITORS: Amounts falling due after more than one year</b>	16	(2,830)	(3,005)
Pension scheme liabilities	21	(1,061)	(1,553)
<b>NET ASSETS</b>		<u><u>158,213</u></u>	<u><u>146,952</u></u>
<b>FUNDS</b>			
<b>Unrestricted income funds:</b>			
General funds		32,719	30,761
Designated funds		3,002	2,206
		<u>35,721</u>	<u>32,967</u>
<b>Restricted funds</b>		10,012	9,461
<b>Endowment funds</b>		112,480	104,524
<b>TOTAL FUNDS</b>	19	<u><u>158,213</u></u>	<u><u>146,952</u></u>

The Notes on pages 24 to 52 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 8<sup>th</sup> September 2021 and signed on behalf of the Board by:



The Right Reverend Dr Timothy Dakin

WINCHESTER DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

For the year ended 31 December 2020

	2020		2019	
	£,000	£,000	£,000	£,000
Net cash (outflow)/ inflow from operating activities		(342)		(1,356)
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	714		739	
Purchase of property and equipment	-		(1,662)	
Purchase of investments	(1,000)		(1,007)	
Sale of property and equipment	1,905		3,096	
Sale of investments	808		546	
<b>Net cash provided by investing activities</b>		2,427		1,712
<b>Cash flows from financing activities</b>				
Repayments of lending	215		269	
Repayments of borrowing	(247)		(105)	
Cash inflows from new borrowing	-		21	
Cash outflows from new lending	(99)		(138)	
<b>Net cash used in/(provided by) financing</b>		(131)		47
<b>Change in cash and cash equivalents</b>		1,954		402
<b>Cash and cash equivalents at 1 January</b>		1,541		1,139
<b>Cash and cash equivalents at 31 December</b>		<b>3,495</b>		<b>1,541</b>
<b>Reconciliation of net income</b>				
Net income		2,136		2,486
<b>Adjustments for:</b>				
Depreciation charges		8		-
Revaluation Losses/(Gains) on Investments		(1,081)		(2,602)
Dividends, interest and rent from investments		(714)		(739)
(Profit)/Loss on sale of functional assets		-		92
(Profit)/Loss on disposal of investments		-		-
Decrease/(Increase) in debtors		(235)		118
(Decrease)/Increase in creditors		(456)		(712)
<b>Net cash (used in)/provided by operating activities</b>		<b>(342)</b>		<b>(1,356)</b>
<b>Analysis of cash and cash equivalents</b>				
Cash at bank and in hand		2,658		26
Cash on deposit		837		1,515
		<b>3,495</b>		<b>1,541</b>



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and 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 (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

After reviewing the charity's forecasts and projections, as described in the budget and outlook for 2020 on page 10, the Trustees have a reasonable expectation that the charity has adequate resources to meet its liabilities as they fall due for the foreseeable future. The Trustees consider that there are no material uncertainties that may cast doubt on the charity's ability to continue as a going concern and they therefore continue to prepare the financial statements on the going concern basis.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the WDBF is legally entitled to it as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i. **Common Mission Fund (parish share)** is recognised as income of the year in respect of which it is received.
- ii. **Rent receivable** is recognised as income in the period with respect to which it relates.
- iii. **Interest and dividends** are recognised as income when receivable.
- iv. **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v. **Parochial fees** are recognised as income of the year to which they relate.
- vi. **Donations** other than grants are recognised when receivable.
- vii. **Gains** on disposal of fixed assets for the WDBF'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.
- viii. **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. The income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

- i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
- iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the WDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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- iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v. **Pension contributions.** The WDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 21). The pension costs charged as resources expended represent the WDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which WDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

**c) Tangible fixed assets and depreciation**

- i. **Freehold properties.** Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The WDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.
- ii. **Properties subject to value linked loans.** Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.
- iii. **Investment properties.** Glebe properties held for investment purposes and rented out have been included at their fair value.
- iv. **Parsonage houses.** The WDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The WDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. Parsonage houses are revalued on a five-year cycle.
- v. **Other tangible fixed assets.** Capital expenditure over £5,000 is capitalised. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Motor vehicles	25% per annum reducing balance basis
Fixtures and fittings	15-30% per annum straight line basis

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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d) Other accounting policies

- i. **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii. **Leases.** The WDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the term of the lease term or first break clause whichever is shorter in time.

e) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the WDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the WDBF. There are two types of unrestricted funds:
  - **General funds** which the WDBF intends to use for the general purposes of the WDBF and
  - **Designated funds** set aside out of unrestricted funds by the WDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the WDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the WDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

f) Key Judgements

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 the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Basis for non-depreciation of functional residential property
- Valuation of investment properties which have not been formally revalued in the year
- Assumptions underpinning the clergy and church Workers' pension scheme liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

2. DONATIONS

Parish Contributions

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000
	General	Designated			
	£'000	£'000			
Current Year Apportionment	10,072	-	-	-	10,072
Shortfall in Contributions	(1,067)	-	-	-	(1,067)
	9,005	-	-	-	9,005
Receipts for previous years	17	-	-	-	17
	<b>9,022</b>	-	-	-	<b>9,022</b>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
	General	Designated			
	£'000	£'000			
Current Year Apportionment	10,076	-	-	-	10,076
Shortfall in Contributions	(705)	-	-	-	(705)
	9,371	-	-	-	9,371
Receipts for previous years	17	-	-	-	17
	<b>9,388</b>	-	-	-	<b>9,388</b>

The majority of donations are collected from the parishes of the Diocese through the Common Mission Fund.

Current year CMF receipts represent 89.4% of the total apportioned (2019: 93%), or, when receipts for previous years are included, 89.5% of the total apportioned (2019: 93.2%).

Archbishop's Council

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000
	General	Designated			
	£'000	£'000			
Sustainability Fund grant	-	550	-	-	550
Strategic Development grant	-	-	790	-	790
Ordinand Training grant	58	-	598	-	656
	<b>58</b>	<b>550</b>	<b>1,388</b>	-	<b>1,996</b>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
	General	Designated			
	£'000	£'000			
Strategic Development grant	-	-	836	-	836
Ordinand Training grant	-	-	462	-	462
	-	-	<b>1,298</b>	-	<b>1,298</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2020

2. DONATIONS (continued)

Other donations

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000
	General	Designated			
	£'000	£'000			
All Churches Trust	132	-	-	-	132
Donations	59	-	3	-	62
<b>Total</b>	<b>191</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>194</b>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
	General	Designated			
	£'000	£'000			
All Churches Trust	128	-	-	-	128
Other	7	-	163	(1)	169
<b>Total</b>	<b>135</b>	<b>-</b>	<b>163</b>	<b>(1)</b>	<b>297</b>

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000
	General	Designated			
	£'000	£'000			
Statutory fees	421	62	-	-	483
Miscellaneous income	170	-	42	-	212
	<b>591</b>	<b>62</b>	<b>42</b>	<b>-</b>	<b>695</b>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
	General	Designated			
	£'000	£'000			
Statutory fees	517	-	-	-	517
Other grants receivable and miscellaneous income	327	-	8	-	335
	<b>844</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>852</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020 £'000
	General	Designated			
	£'000	£'000			
Rental income on functional property	827	-	22	-	849
Other income	-	-	-	-	-
	<b>827</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>849</b>

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2019 £'000
	General	Designated			
	£'000	£'000			
Rental income on functional property	680	-	-	-	680
Other income	17	-	-	-	17
	<b>697</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>697</b>

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020 £'000
	General	Designated			
	£'000	£'000			
Dividends receivable	169	19	412	19	619
Interest receivable	25	-	2	-	27
Rents receivable	68	-	-	-	68
	<b>262</b>	<b>19</b>	<b>414</b>	<b>19</b>	<b>714</b>

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2019 £'000
	General	Designated			
	£'000	£'000			
Dividends receivable	96	19	465	10	590
Interest receivable	28	-	3	-	31
Rents receivable	64	-	54	-	118
	<b>188</b>	<b>19</b>	<b>522</b>	<b>10</b>	<b>739</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000
	General	Designated			
	£'000	£'000			
Gains on fixed asset disposals	-	-	25	-	25
Coronavirus Job Retention Scheme	30	-	-	-	30
	<b>30</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>55</b>

	Unrestricted funds		Restricted Funds £,000	Endowment Funds £,000	Total Funds 2019 £,000
	General	Designate d			
	£,000	£,000			
Sale of redundant churches	37	(8)	-	88	117

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £,000	Endowment Funds £,000	Total Funds 2020 £,000
	General	Designated			
	£,000	£,000			
Glebe agent's fee	27	-	-	-	27
Direct Fundraising	-	-	-	-	-
Conference Centre	5	-	-	-	5
	<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>

	Unrestricted funds		Restricted Funds £,000	Endowment Funds £,000	Total Funds 2019 £,000
	General	Designated			
	£,000	£,000			
Glebe agent's fee	38	-	-	-	38
Direct Fundraising	25	-	-	-	25
Conference Centre	10	-	-	-	10
	<b>73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**8. CHARITABLE ACTIVITIES EXPENDITURE**

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
<b><u>Contributions to Archbishops' Council</u></b>					
Training for ministry	368	-	-	-	368
National Church Responsibilities	306	-	-	-	306
Grants and provisions	26	-	225	-	251
Mission Agency Pension Costs	-	-	-	-	-
Retired clergy housing costs	132	-	-	-	132
Pooling of ordinands' maintenance grant costs	(60)	-	-	-	(60)
	772	-	225	-	997
<b><u>Resourcing Ministry and Mission</u></b>					
Stipends and national insurance	4,099	-	134	1	4,234
Pension contributions	1,020	-	-	-	1,020
Housing costs	1,160	2	13	-	1,175
Removal, resettlement and other grants	102	-	-	-	102
RME Training for ministry	-	-	353	-	353
Other expenses	511	-	58	-	569
	6,892	2	558	1	7,453
Support for parish ministry	1,237	-	983	-	2,220
Lay pension deficit provision	27	-	-	-	27
Governance	1,436	0	6	-	1,442
	9,592	2	1,547	1	11,142
<b><u>Expenditure on Education</u></b>					
Support for church schools and parishes	274	-	-	-	274
<b>Total</b>	<b>10,638</b>	<b>2</b>	<b>1,772</b>	<b>1</b>	<b>12,413</b>

Governance costs of £1,430,000 includes auditor's remuneration of £22,000.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

	Unrestricted funds	Restricted	Endowment	Total Funds
General	Designated	Funds	Funds	2019
£,000	£,000	£,000	£,000	£,000
<b><u>Contributions to Archbishops' Council</u></b>				
Training for Ministry	313	-	-	313
National Church Responsibilities	333	-	-	333
Mission agency pension costs	4	-	-	4
Retired clergy housing costs	125	-	-	125
Pooling of ordinands' maintenance grant costs	(27)	-	-	(27)
	748	-	-	748
<b><u>Resourcing Ministry and Mission</u></b>				
Stipends and national insurance	4,230	-	-	4,230
Pension contributions	915	-	-	915
Housing costs	2,116	-	54	2,175
Removal, resettlement and other grants	179	-	-	179
RME Training for Ministry	-	-	339	339
Other expenses	361	12	50	423
	7,801	12	443	8,261
Support for parish ministry	1,713	-	516	2,229
Lay pension deficit provision	20	-	-	20
Governance	1,584	58	-	1,642
	11,118	70	959	12,152
<b><u>Expenditure on Education</u></b>				
Support for church schools and parishes	434	-	5	439
	<b>12,300</b>	<b>70</b>	<b>964</b>	<b>13,339</b>

**Analysis of Resources Expended Including Grants & Support Costs**

	Activities undertaken directly	Grant funding of activities	Support Costs	Total 2020
	£,000	£,000	£,000	£,000
<b>Raising funds</b>				
Investment management costs	27	-	-	27
Direct Fundraising	-	-	-	-
Conference Centre	5	-	-	5
<b>Charitable Activities</b>				
Contributions to Archbishop's Council	-	997	-	997
Resourcing ministry and mission	8,413	509	2,220	11,142
Education	274	-	-	274
<b>Other</b>	-	-	-	-
	8,719	1,506	2,220	12,445

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Resources Expended Including Grants & Support Costs – 2019

	Activities undertaken directly £,000	Grant funding of activities £,000	Support Costs £,000	2019 £,000
<b>Raising funds</b>				
Investment management costs	38	-	-	38
Direct Fundraising	25	-	-	25
Conference Centre	10	-	-	10
<b>Charitable Activities</b>				
Contributions to Archbishop's Council	-	748	-	748
Resourcing ministry and mission	7,121	701	4,330	12,152
Education	439	-	-	439
<b>Other</b>	92	-	-	92
	<b>7,725</b>	<b>1,449</b>	<b>4,330</b>	<b>13,504</b>

Analysis of Grant funding

	2020			Total £,000
	No.	Individuals £,000	Institutions £,000	
<b>From unrestricted funds for national church responsibilities</b>				
Archbishops' Council (note 8)	8	-	997	997
<b>From unrestricted funds</b>				
PCCs for church inspection fees	11	-	8	8
PCCs for faculty fees	53	-	9	9
Churches Together organisations	-	-	-	-
Clergy for training	14	2	-	2
Ordinands' training, receiving maintenance	32	350	-	350
South Central Regional Training Partnership	20	7	2	9
<b>Total from unrestricted funds</b>	<b>130</b>	<b>359</b>	<b>19</b>	<b>378</b>
<b>From restricted funds for various purposes</b>				
Clergy for study leave (Penrose fund)	1	1	-	1
Clergy for charitable purposes	-	-	-	0
Widows and dependants of clergy	49	6	-	6
Deaf clubs	-	-	-	-
RME Ordinands in training	54	143	210	353
Other institutional grants	7	-	259	259
<b>Total from restricted funds for various purposes</b>	<b>111</b>	<b>150</b>	<b>469</b>	<b>618</b>
<b>TOTAL</b>	<b>249</b>	<b>508</b>	<b>1,485</b>	<b>1,994</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Grant funding

	No.	2019		Total £,000
		Individuals £,000	Institutions £,000	
<b>From unrestricted funds for national church responsibilities</b>				
Archbishops' Council (note 8)	6	-	748	748
<b>From unrestricted funds</b>				
PCCs for church inspection fees	35	-	37	37
PCCs for faculty fees	101	-	17	17
Overseas mission agencies	1	-	-	-
Clergy Spice	1	-	0	0
Ordinands' training, receiving maintenance	25	245	-	245
South Central Regional Training Partnership	21	7	3	8
<b>Total from unrestricted funds</b>	<b>240</b>	<b>260</b>	<b>60</b>	<b>318</b>
<b>From restricted funds for various purposes</b>				
Clergy for study leave (Penrose fund)	6	7	-	7
Clergy for charitable purposes	15	6	2	8
Widows and dependants of clergy	78	7	-	7
Deaf clubs	26	-	1	1
RME Ordinands in training	22	215	124	339
Other institutional grants	5	-	20	20
<b>Total from restricted funds for various purposes</b>	<b>152</b>	<b>235</b>	<b>147</b>	<b>381</b>
<b>TOTAL</b>	<b>398</b>	<b>496</b>	<b>955</b>	<b>1,447</b>

9. OTHER EXPENDITURE

	Unrestricted funds		Restricted Funds £,000	Endowment Funds £,000	Total Funds 2020 £,000
	General	Designated			
	£,000	£,000			
Loss on sale of fixed assets	25	-	-	-	25
	25	-	-	-	25

	Unrestricted funds		Restricted Funds £,000	Endowment Funds £,000	Total Funds 2019 £,000
	General	Designated			
	£,000	£,000			
Loss on sale of fixed assets	1	-	-	91	92
	1	-	-	91	92

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

10. STAFF & TRUSTEES

	2020	2019
	£,000	£,000
Wages and salaries	1,799	1,885
National insurance contributions	181	191
Pension costs	241	218
Lay pension deficit provision change	16	20
	<u>2,237</u>	<u>2,314</u>

The average number of persons employed during the year based on full-time equivalents:

	2020	2019
	fte	fte
<b>Resourcing ministry:</b>		
Winchester School of Mission	9	9
Strategic Development	5	6
Administration and Financial management	25	25
Safeguarding	4	4
Property	2	2
Fundraising	1	1
Parochial lay staff	-	1
	<u>46</u>	<u>47</u>

The average number of persons employed during the year:

	2020	2019
	no.	no.
<b>Resourcing ministry:</b>		
Winchester School of Mission	10	10
Strategic Development	6	6
Administration and Financial management	27	27
Safeguarding	4	4
Property	3	2
Fundraising	1	1
Parochial lay staff	-	2
	<u>51</u>	<u>52</u>

The number of employees whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2020	2019
	no.	no.
£60,001 - £70,000	3	5
£90,001 - £100,000	1	1

Pension payments of £49,164 (2019: £45,000) were made for these employees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

10. STAFF & TRUSTEES 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 2020 they were:

Chief Executive and Company Secretary	Andrew R Robinson
Director of Finance	Lisa Streeter (60%)
Director of Education	Jeff Williams (67%)
Archdeacon for Mission Development	Paul Moore (left March 2020)
Head of Operations	Colin Harbidge
Director of Resource Development	Anthony Smith (left March 2020)
Director of Human Resources	Susan Beckett
Director of Strategic Development	Mark Lowman
Canon Principal & Head of School of Mission	Mark Collinson

Remuneration, pensions and expenses for the 8 employees and 1 clergy stipend amounted to £603,608 (2019: £620,000)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £86 (2019: £1,756) in respect of General Synod duties, duties as Archdeacon or Area/Rural Dean, and other duties as Trustees. No Trustee was in receipt of a clergy resettlement grant in 2020 (2019: Nil).

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the WDBF during the year:

	Stipend	Housing
The Revd A Micklefield	Yes	Yes
The Revd Canon R Harlow	Yes	Yes
The Revd Canon C Stewart	Yes	Yes
<b>2019</b>	<b>Stipend</b>	<b>Housing</b>
The Revd A Micklefield	Yes	Yes
The Revd Canon R Harlow	Yes	Yes
The Revd Canon C Stewart	Yes	Yes

There were no other related party transactions in the current year or the prior year.

The WDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishops but excluding diocesan bishop and cathedral staff. The WDBF paid an average of 140 (2019: 142) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020	2019
	£,000	£,000
Stipends	3,938	4,215
National Insurance	295	299
Pension Costs - Current Year	1,020	919
Pension Costs - Deficit Reduction	429	443
	<u>5,682</u>	<u>5,876</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 11. ANALYSIS OF TRANSFERS BETWEEN FUNDS

2020	Unrestricted funds		Restricted	Endowment
	General £,000	Designated £,000	Funds £,000	Funds £,000
From General fund to Stipend fund for reduction in pension deficit	(421)	-	-	421
From General fund to Clergy welfare fund for the OAP property loan reduction	(100)	100	-	-
	<b>(521)</b>	<b>100</b>	<b>-</b>	<b>421</b>
<b>2019</b>				
	Unrestricted funds		Restricted	Endowment
	General £,000	Designated £,000	Funds £,000	Funds £,000
From Parsonage Endowment income to General fund for house costs	21	-	(21)	-
From Council for Social Responsibility Fund to General fund to support environment adviser	-	-	-	-
From Schools fund to General fund for schools officers	214	-	(214)	-
From Loans fund to General fund to clear balance	-	-	-	-
From Pember income to general fund for clergy pensions	-	-	-	-
From Clergy Welfare Trust to General fund for ordinands' grants	168	-	(168)	-
From Maclean fund to general fund for clergy house costs	11	(11)	-	-
From Fairbairn Trust fund to General fund for the adviser to the deaf	1	-	(1)	-
From the ICSF fund to the General fund for property repairs	15	-	(15)	-
From General fund to Stipend fund for reduction in pension deficit	(385)	-	-	385
From Benefice Houses to General Fund for transfer of properties	3,380	-	-	(3,380)
	<b>3,425</b>	<b>(11)</b>	<b>(419)</b>	<b>(2,995)</b>

## 12. TANGIBLE FIXED ASSETS

Current Year	Freehold	Office	2020
	Land & Buildings £,000	Equipment £,000	Total £,000
Valuation as at:			
1 January 2020	128,846	524	129,370
Additions	-	-	-
Disposals	(1,905)	-	(1,905)
Revaluation	9,164	-	9,164
31 December 2020	<b>136,105</b>	<b>524</b>	<b>136,629</b>
Depreciation			
At 1 January 2020	-	516	516
Disposals	-	-	-
Charge for the year	-	8	8
At 31 December 2020	<b>-</b>	<b>524</b>	<b>524</b>
Net Book Value			
At 31 December 2020	<b>136,105</b>	<b>0</b>	<b>136,105</b>
At 31 December 2019	128,846	8	128,854

## WINCHESTER DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

All of the properties in the balance sheet are freehold and are vested in the WDBF, except for benefice houses which are vested in the incumbent.

#### 13. FIXED ASSET INVESTMENTS

Current Year	As at 1st	Additions	Disposals	Net	As at 31st
	January			Gains /	December
	2020			(Losses)	2020
	£,000	£,000	£,000	£,000	£,000
<b>Unrestricted funds</b>					
Unlisted Investments	1,526	1,000	-	99	2,625
<b>Restricted Funds</b>					
Unlisted Investments	8,075	-	-	348	8,423
<b>Endowment Funds</b>					
Investment property	1,013	-	-	-	1,013
Unlisted investments	9,616	-	(808)	634	9,442
	10,629	-	(808)	634	10,455
<b>Total</b>	<b>20,230</b>	<b>1,000</b>	<b>(808)</b>	<b>1,081</b>	<b>21,503</b>

#### 14. DEBTORS

	2020	2019
	£,000	£,000
<i>Due within one year</i>		
Current year Common Mission Fund (parish share)	98	59
Loans to parishes	103	141
Loans to others	46	71
Other debtors and prepayments	652	492
	899	763
<i>Due after more than one year</i>		
Loans to parishes	632	682
Other Loans	399	366
	1,031	1,048
<b>Total debtors</b>	<b>1,930</b>	<b>1,811</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**15. CREDITORS: amounts falling due within one year**

	2020 £,000	2019 £,000
Loan repayments	34	106
Deferred income	8	1
Other taxes and social security	20	1
Creditor relating to sale proceeds of closed school	400	400
Other creditors and accruals	349	245
<b>Pension scheme liabilities:</b>		
CEFPS for Clergy	53	95
Church Workers DBS	65	78
Total creditors: amounts falling due within one year	<u>929</u>	<u>926</u>

**16. CREDITORS: amounts falling due after more than one year**

	2020 £,000	2019 £,000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	85	85
Church Commissioners other loans	111	112
Other loans	2,634	2,808
<b>Pension scheme liabilities:</b>		
CEFPS for Clergy	479	855
Church Workers DBS	582	698
Total creditors: amounts falling due after more than one year	<u>3,891</u>	<u>4,558</u>

The maturity of the above loans may be analysed as follows:

Between one and two years	34	37
Between two and five years	134	107
In five years and more	<u>2,662</u>	<u>2,861</u>
	<u>2,830</u>	<u>3,005</u>



WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2020

17. ANALYSIS OF CHANGES IN DEBT

	As at 1st January 2020 £,000	Cashflows £,000	Other £,000	As at 31st December 2020 £,000
Cash and cash equivalents	1,541	1,954	-	3,495
Loans falling due within one year	(106)	72	-	(34)
Loans falling due after more than one year	(2,808)	174	-	(2,634)
<b>TOTAL</b>	<b>(1,373)</b>	<b>2,200</b>	<b>-</b>	<b>827</b>

	As at 1st January 2019 £,000	Cashflows £,000	Other £,000	As at 31st December 2019 £,000
Cash and cash equivalents	1,139	402	-	1,541
Cash equivalents				
Overdraft facility repayable on demand				
Loans falling due within one year	(108)	2	-	(106)
Loans falling due after more than one year	(2,888)	82	-	(2,808)
<b>TOTAL</b>	<b>(1,857)</b>	<b>486</b>	<b>-</b>	<b>(1,372)</b>

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

18. SUMMARY OF FUND MOVEMENTS – CURRENT YEAR

	1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2020 £'000
<b>UNRESTRICTED FUNDS</b>						
General	30,761	10,981	(10,695)	(521)	2,193	32,719
<b>DESIGNATED FUNDS</b>						
Parish mission and development	107	1	-	-	(2)	106
Maclean	377	15	-	-	24	416
OAP Property	1,450	-	-	100	-	1,550
Building New Church	372	66	9	-	44	491
Planned maintenance sinking fund	(100)	-	(6)	-	-	(106)
Sustainability Fund	-	550	(5)	-	-	545
	2,206	632	(2)	100	67	3,002
<b>RESTRICTED FUNDS</b>						
Pastoral fund	(264)	-	(3)	-	-	(267)
Parsonages endowment income	-	-	-	-	-	-
Clergy houses fund	2,918	70	(17)	-	130	3,101
Major Ball settlement income	19	6	(21)	-	-	4
Penrose income fund	47	12	(1)	-	(3)	55
Clergy welfare income fund	493	160	(12)	-	25	666
Chalke Bequest income	21	1	-	-	-	22
Church schools fund	2,896	126	(3)	-	103	3,122
Queen Victoria clergy fund	(10)	3	(6)	-	(2)	(15)
Pember income fund	77	1	-	-	2	80
Widows and dependants fund	829	29	(6)	-	52	904
Thorrold library fund	24	-	-	-	-	24
ICSF grant fund	362	11	-	-	26	399
Council for Social Responsibility	939	33	(224)	-	75	823
Falrbarn trust	293	11	(8)	-	21	317
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	163	598	(353)	-	-	408
Winchester Mission Action	648	832	(1,118)	-	1	363
	9,461	1,893	(1,772)	-	430	10,012
<b>ENDOWMENT FUNDS</b>						
<b>Expendable</b>						
Benefice houses	76,947	-	-	-	5,881	82,828
<b>Permanent</b>						
Stipends fund capital	18,767	-	(1)	421	1,133	20,320
Parsonages endowment capital	730	-	-	-	50	780
Major Ball settlement capital	164	-	-	-	11	175
Penrose capital	319	-	-	-	22	341
Clergy welfare capital	6,159	-	-	-	321	6,480
Chalke bequest capital	56	1	-	-	3	60
Widows and dependants capital	183	-	-	-	13	196
Thorrold library capital	202	-	-	-	14	216
Pember capital	753	18	-	-	52	823
Christopher Library	4	-	-	-	-	4
Chute endowment	240	-	-	-	17	257
	104,524	19	(1)	421	7,517	112,480
<b>Total funds</b>	<b>146,952</b>	<b>13,525</b>	<b>(12,470)</b>	<b>-</b>	<b>10,207</b>	<b>158,213</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 18. SUMMARY OF FUND MOVEMENTS – PREVIOUS YEAR

	Balances at 1 January 2019 £,000	Incoming resources £,000	Expenditure £,000	Transfers £,000	Gains and losses £,000	Balances at 31 December 2019 £,000
<b>UNRESTRICTED FUNDS</b>						
General	27,167	11,289	(12,374)	3,425	1,254	30,761
Parish mission and development	107	-	-	-	-	107
Maclean	316	15	-	(11)	57	377
OAP Property	1,450	-	-	-	-	1,450
Building New Church	366	(4)	(12)	-	22	372
Planned maintenance sinking fund	(42)	-	(58)	-	-	(100)
	2,197	11	(70)	(11)	79	2,206
<b>RESTRICTED FUNDS</b>						
Pastoral fund	(210)	-	(54)	-	-	(264)
Parsonages endowment income	-	22	-	(22)	-	-
Clergy houses fund	2,791	68	(19)	-	78	2,918
Major Ball settlement income	18	5	(4)	-	-	19
Penrose income fund	43	12	(7)	-	(1)	47
Clergy welfare income fund	441	161	(8)	(167)	66	493
Chalke Bequest income	19	2	-	-	-	21
Diocesan loans fund	-	-	-	-	-	-
Church schools fund	2,651	138	(5)	(214)	326	2,896
Queen Victoria clergy fund	-	2	(12)	-	-	(10)
Pember income fund	45	26	-	-	6	77
Widows and dependants fund	690	28	(7)	-	118	829
Thorold library fund	18	6	-	-	-	24
ICSF grant fund	308	11	-	(15)	58	362
Council for Social Responsibility	871	42	(145)	-	171	939
Fairbarn trust	248	9	(10)	(1)	47	293
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	40	462	(339)	-	-	163
Winchester Mission Action	5	997	(354)	-	-	648
	7,984	1,991	(964)	(419)	869	9,461
<b>ENDOWMENT FUNDS</b>						
<b>Expendable</b>						
Benefice houses	78,088	9	-	(3,380)	2,230	76,947
<b>Permanent</b>						
Stipends fund capital	15,805	88	(96)	385	2,585	18,767
Parsonages endowment capital	615	-	-	-	115	730
Major Ball settlement capital	138	-	-	-	26	164
Penrose capital	269	-	-	-	50	319
Clergy welfare capital	5,425	-	-	-	734	6,159
Chalke bequest capital	47	-	-	-	9	56
Widows and dependants capital	154	-	-	-	29	183
Thorold library capital	170	-	-	-	32	202
Pember capital	634	-	-	-	119	753
Christopher Library	5	-	-	-	(1)	4
Chute endowment	202	-	-	-	38	240
	101,552	97	(96)	(2,995)	5,966	104,524
<b>Total funds</b>	<b>138,900</b>	<b>13,388</b>	<b>(13,504)</b>	<b>-</b>	<b>8,168</b>	<b>146,952</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 19. SUMMARY OF ASSETS BY FUND – CURRENT YEAR

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£,000	£,000	£,000	£,000	£,000
<b>Unrestricted funds - general</b>					
	32,548	1,752	1,966	(3,547)	32,719
<b>Unrestricted - designated</b>					
Parish mission and development	-	-	106	-	106
Macleam	-	424	(8)	-	416
OAP Property	2,750	-	(1,200)	-	1,550
Building New Church	801	148	(458)	-	492
Planned maintenance sinking fund	-	-	(106)	-	(106)
Sustainability	-	-	545	-	545
	3,551	572	(1,121)	-	3,002
<b>Restricted</b>					
Pastoral fund	-	-	(267)	-	(267)
Parsonages endowment income	-	-	1	-	1
Clergy houses fund	1,376	808	1,210	(293)	3,101
Major Ball settlement income	-	-	4	-	4
Penrose income fund	-	41	16	-	57
Clergy welfare income fund	-	609	56	-	665
Chalke Bequest income	-	-	22	-	22
Church schools fund	-	3,383	141	(400)	3,124
Queen Victoria clergy fund	-	4	(18)	-	(14)
Pember income fund	-	68	11	-	80
Widows and dependants fund	-	800	103	-	903
Thorrold library fund	-	-	24	-	24
ICSF grant fund	-	402	(7)	-	395
Council for Social Responsibility	-	1,178	(307)	(48)	823
Falrbarn trust	-	322	(5)	-	317
Tale Tellers	-	-	2	-	2
Christopher library	-	-	4	-	4
RME Training for Mission	-	-	408	-	408
Winchester Mission Action	-	-	363	-	363
	1,376	7,615	1,761	(741)	10,012
<b>Endowment funds</b>					
<b>Expendable endowment</b>					
Benefice houses	83,826	171	(1,170)	-	82,828
<b>Permanent</b>					
Stipends fund capital	14,803	3,172	2,876	(533)	20,318
Parsonages endowment capital	-	780	(0)	-	780
Major Ball settlement capital	-	174	1	-	175
Penrose capital	-	342	0	-	342
Clergy welfare capital	-	5,382	1,098	-	6,480
Chalke bequest capital	-	60	0	-	60
Widows and dependants capital	-	197	(1)	-	196
Thorrold library capital	-	217	0	-	217
Pember capital	-	804	19	-	823
Christopher Library	-	7	(3)	-	4
Chute endowment	-	257	(0)	-	257
	98,629	11,563	2,820	(533)	112,479
<b>Total funds</b>	<b>136,105</b>	<b>21,503</b>	<b>5,425</b>	<b>(4,821)</b>	<b>158,213</b>

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

19. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£,000	£,000	£,000	£,000	£,000
<b>Unrestricted funds - general</b>	31,647	1,091	1,946	(3,923)	30,761
<b>Unrestricted - designated</b>					
Parish mission & development	-	-	107	-	107
Maclean	-	398	(21)	-	377
OAP property	2,750	(100)	(1,200)	-	1,450
Building New Church	767	138	(533)	-	372
Planned maintenance sinking fund	-	-	(100)	-	(100)
	3,517	436	(1,747)	-	2,206
<b>Restricted</b>					
Pastoral fund	-	1	(265)	-	(264)
Pasonages Endowment income fund	-	-	-	-	-
Clergy houses fund	1,945	758	414	(199)	2,918
Major Ball settlement income	-	2	17	-	19
Penrose income fund	-	43	4	-	47
Clergy Welfare income fund	-	585	(92)	-	493
Chalke Bequest income	-	3	18	-	21
Church schools fund	-	3,282	14	(400)	2,896
Pember income fund	-	69	8	-	77
Queen Victoria clergy fund	-	(1)	(9)	-	(10)
Widows and dependants fund	-	749	80	-	829
Thorrold library fund	-	1	23	-	24
ICSF grant fund	-	379	(17)	-	362
Council for Social Responsibility	-	1,094	(155)	-	939
Fairbarn Trust	-	299	(6)	-	293
Tale Tellers	-	(1)	3	-	2
Christopher Library	-	-	4	-	4
RME Training for Mission	-	163	-	-	163
Winchester Mission Action	-	648	-	-	648
	1,945	8,074	41	(599)	9,461
<b>Expendable endowment</b>					
Benefice houses	77,938	180	(1,159)	(12)	76,947
<b>Permanent endowment</b>					
Stipends fund capital	13,807	3,034	2,876	(950)	18,767
Parsonages endowment capital	-	730	-	-	730
Major Ball settlement capital	-	163	1	-	164
Penrose capital	-	320	(1)	-	319
Clergy Welfare capital	-	4,759	1,400	-	6,159
Chalke bequest capital	-	56	-	-	56
Widows and dependants capital	-	184	(1)	-	183
Thorrold library capital	-	203	(1)	-	202
Pember capital	-	753	-	-	753
Christopher Library	-	7	(3)	-	4
Chute endowment	-	240	-	-	240
	91,745	10,629	3,112	(962)	104,524
<b>Total funds</b>	<b>128,854</b>	<b>20,230</b>	<b>3,352</b>	<b>(5,484)</b>	<b>146,952</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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**20. DESCRIPTION OF FUNDS**

General fund	The general fund is the WDBF's unrestricted undesignated fund available for any of the WDBF's purposes without restriction.
Maclean fund	The Maclean Fund originated with an unrestricted bequest in 1948 by the late Sir Alexander Maclean. The WDBF has designated this fund to assist with expenditure on clergy houses which could not be met from any other fund.
Pastoral fund	<p>The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:</p> <ul style="list-style-type: none"><li>• to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees</li><li>• to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese</li><li>• other purposes of the diocese or any benefice or parish in the diocese</li><li>• to make grants or loans to any other diocese</li><li>• to transfer funds to the diocesan stipends fund income or capital accounts.</li></ul>
Clergy houses fund	This restricted fund, formerly known as the Clergy Retirement Houses Fund, represents the unexpended balance of a special appeal for funds made in the early 1980s for the provision of retirement housing for clergy. The fund is also used to make bridging loans to clergy approaching retirement. A Charity Commissioners Scheme has widened the purposes of this fund to include housing provision for clergy widows and deserted clergy spouses.
Major Ball settlement	This restricted fund represents the unexpended accumulated income of a settlement for the benefit of the parishes of Brown Candover and Chilton Candover.
Penrose legacy income	This fund represents the unexpended accumulated income of a legacy for the benefit of clergy, who in the opinion of the WDBF are most in need of grants. In recent years the WDBF has applied the income for grants to clergy for extended study leave.
Clergy welfare fund	The Clergy Welfare Fund is vested in the WDBF as trustee. The capital of the trust is shown as a permanent endowment, and accumulations of income as a restricted fund. The purposes for which the trustee may apply the income are as follows: for the benefit of clergy in the Diocese of Winchester, at the discretion of the Bishop; to assist ordination candidates; to assist with the higher education of children of the clergy in the Diocese.
Church schools fund	The church schools fund represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the diocese and education generally at Church of England schools in the diocese. The WDBF is trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.
Pember income fund	The annual income of the Pember Fund is restricted by a Charity Commissioners' Scheme to the payment of Winchester Diocesan clergy pensions. Where the income in any year is not required for this purpose, it may be used for providing accommodation for these clergy and their dependants, and for making grants to widows of such clergy and their dependants.
Clergy widows and dependants	These funds have been left to, or settled with, the WDBF specifically for the benefit of clergy widows and dependants.
Thorrold Library fund	The purpose of this fund is to provide a theological library for the clergy of the Diocese. The Thorrold and Lyttelton Library has been loaned to the University of Winchester to secure its future accessibility and development.

## WINCHESTER DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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Fairbairn trust	The Fairbairn Trust, of which the WDBF is trustee, was a bequest of the late Sir Arthur Fairbairn for the Church of England's mission to deaf and hard-of-hearing people in the Diocese. Grants are awarded to parishes and local deaf clubs.
Diocesan Council for Social Responsibility	The Winchester Diocesan Council for Social Responsibility is a registered charity of which the WDBF is trustee, and which is linked to the WDBF for reporting purposes by a uniting direction of the Charity Commission dated 31 May 2005. The purpose of the charity is "the advancement of the Christian religion within the Diocese of Winchester by promoting Christian engagement with and concern for people's needs in the whole of society, and to reflect upon social issues in the light of the 'Gospel'.
ICSF grant for clergy houses	This fund arose from a distribution to the WDBF from the former Incorporated Clergy Sustentation Fund. Capital and income may be used in aid of the sustentation of the clergy in the Diocese.
Benefice house endowment	This restricted fund consists of income generated by the associated endowment the income is entirely transferred annually to the general fund where it is applied for its specified purpose of benefice house outgoings.
Diocesan stipends fund capital	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.
Benefice property fund	The benefice property fund consists of resources restricted to provision of benefice houses in the diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the WDBF.
Chalk Bequest	Bequest from Miss Winifred Joan Chalk to be used for the benefit of Industrial Mission.
Chute Endowment	The income from the Chute Legacy Endowment, a fund originally created by the WDBF from a number of restricted gifts is for the purpose of being a repair and replacement fund for the Retreat Centre.
Christopher Library	Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.
Tale Tellers	Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.
Sustainability Fund	To aid transition

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**21. PENSIONS**

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. 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.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

**Church of England Funded Pension Scheme (CEFPS)**

The membership figures that we hold as at December 2019 and December 2020 for Winchester 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 2020	December 2019
Number of members at this Responsible Body	146	155

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a "smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.



## WINCHESTER DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 and 31 December 2020 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 balance sheet liability over 2019 and over 2020 is set out in the table below.

	2020	2019
Balance sheet liability at 1 January	950,000	2,966,000
Deficit contribution paid	-429,000	-443,000
Interest cost (recognised in SoFA)	8,000	58,000
Remaining change to the balance sheet liability* (recognised in SoFA)	3,000	-1,631,000
Balance sheet liability at 31 December	532,000	950,000

\* 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 2020	December 2019	December 2018
Discount rate	0.2%	1.1% pa	2.1% pa
Price inflation	3.1%	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3% pa	1.6% pa

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

Winchester DBF 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 scheme 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**Defined Benefits Scheme**

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

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

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

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

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

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

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £7,700 per year. In addition deficit payments of £153,956 per year have been agreed for 7.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer’s financial statements.

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 below:

	2020	2019
Balance sheet liability at 1 January	776,000	893,000
Deficit contribution paid	-154,000	-154,000
Interest cost (recognised in SoFA)	9,000	17,000
Remaining change to the balance sheet liability*(recognised in SoFA)	16,000	20,000
Balance sheet liability at 31 December	647,000	776,000

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

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 2020	December 2019	December 2018
Discount rate	0.40%	1.30%	2.10%

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

**Teachers’ pension scheme (TPS)**

The WDBF made contributions to the TPS on behalf of 2 employees who had previously been teachers. The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers’ Pensions Regulations (2010) and, from 1 April 2014, by the Teachers’ Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a ‘pay as you go’ basis, these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2017 and full details are available on the Government website at: <https://www.gov.uk/government/collections/teachers-pension-scheme>.

**22. OPERATING LEASES**

Total amounts payable under non-cancellable operating leases are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£,000</b>	<b>£,000</b>
<b>Land and buildings</b>		
Within one year of the balance sheet date	16	-
In the second to fifth years inclusive of the balance sheet date	13	21
	<b>29</b>	<b>21</b>
<b>Other operating leases:</b>		
Within one year of the balance sheet date	9	0
In the second to fifth years inclusive of the balance sheet date	5	13
	<b>14</b>	<b>13</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**23. FUNDS HELD AS CUSTODIAN TRUSTEE**

The WDBF 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 consolidated into these financial statements as the WDBF does not control them. The financial assets held in this way may be summarised as follows:

	<b>2020</b>	<b>2019</b>
	<b>£,000</b>	<b>£,000</b>
CBF Church of England Investment Fund income shares	15,288	14,467
CBF Church of England Fixed Interest Securities Fund shares	590	647
CBF Church of England Property Fund shares	243	271
COIF income and accumulation shares	31	39
Other common investment fund holdings	288	298
Direct holdings in UK equities	-	-
Other fixed interest stocks	104	101
CBF Church of England Deposit Fund	1,233	1,206
Sundry debtors	-	-
Cash at bank	15	9
Sundry creditors	-	(17)
<b>Total assets held as Custodian Trustee</b>	<b>17,793</b>	<b>17,021</b>

**24. POST BALANCE SHEET EVENT**

The Channel Islands Measure 2020 was approved by the General Synod of the Church of England at its February 2020 group of sessions and received Royal Assent in July 2020. At the end of 2020 it had not yet entered into force because further legislation was required. When it does, its effect will be to transfer legal responsibility for the deaneries of Jersey and Guernsey to the Diocese of Salisbury, as recommended by the Report of the Archbishop's Commission, published in October 2019. Responsibility for these deaneries was delegated to the Rt Revd Trevor Willmott, as described in the Trustees' Report, with effect from 1 January 2015 so there will be no direct financial impact on the DBF when this Measure comes into legal effect.