



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

WINCHESTER DIOCESAN BOARD OF FINANCE

Company number - 142351

Registered charity number – 249276

WINCHESTER DIOCESAN BOARD OF FINANCE**TRUSTEES REPORT****For the year ended 31 December 2021**

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FOREWORD



This past year has continued to be a challenge with the pandemic, and its impact on all areas of life, persisting. Where once the talk was of 'returning to normal,' it is clear now that we may not be going back to how things were; rather we are developing a 'new normal'. As with all aspects of change, for some this will be met with enthusiasm, for others this will add to the pain that they are already carrying.

Despite such challenging times, God has continued to work among us, and signs of hope abound. Parish life is at the heart of all we do, and it has been inspirational to witness our local churches responding, serving their communities so faithfully.

Worldwide, we have been shocked by the war in Ukraine and continue to pray for peace. We still do not know the full impact of these tragic events, but it has been humbling to see the response of many to open homes to refugees and offer practical support and help.

Added to all this, we have faced significant internal challenge, with the departures of Bishop Tim as Diocesan Bishop and Andrew Robinson as Chief Executive. The sad events of last summer have highlighted much pain which we continue to respond to and seek reconciliation.

In January 2022, we had a visit from the Archbishop of Canterbury who suggested four priority areas:

- Improving morale
- Building confidence in governance and finance
- Reconciliation
- Rediscovering our vision for growth

The Diocesan Board of Finance (DBF) and Diocesan Synod are committed to ensuring that these priorities are developed and that they shape the work of the diocesan teams.

Thank you to all who have generously given their time and money to support the life and mission of Winchester Diocese over this past year. 'You are the light of the world In the same way let your light shine before others, so that they may see your good works and give glory to your Father in heaven.' (Matthew 5: 14 & 16)

Yours in Christ,

Bishop Debbie
The Right Reverend Deborah Sellin
Acting Bishop of Winchester

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2021

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 2021.

The Directors and 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 most 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 the responsibility for the pastoral and spiritual oversight of the Channel Islands to the Right Reverend Trevor Willmott.

The Winchester Diocesan Board of Finance's (WDBF) 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, in order 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 in 2021.
- iv. the custodian of permanent endowment and real property assets, relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) 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, e.g., 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, e.g., 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 Ps:

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

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

ACTIVITIES IN THE YEAR

Support for Parishes

The fundamental purpose of the Diocesan Team continues to be the support, guidance, and advice we offer to our deaneries, benefices and parishes. Below is a summary of the support offered during 2021:

- **DAC:** The DAC Team worked with more than 100 PCCs during 2021; providing advice and support for around 300 applications for changes, maintenance and development to our church buildings.
- **Stewardship & Generosity:** The Stewardship Team continues to provide support and advice to clergy and PCCs on how to encourage, promote and enable giving to parishes.

202 parishes are now registered with the **Parish Giving Scheme** (PGS), with 531 new givers joining during 2021. A total of £5,944,621 of gifts to parishes were processed through the PGS in 2021. The average weekly gift from a PGS donors is now £19.89

The Diocesan wide stewardship programme, **Generous June**, was run for its 2nd year, with resources shared on the dedicated website. There were a total of 1500 downloads from 190 individual locations (churches/parishes/benefices), 1200 podcast plays and 1800 unique visits to the website.

We took part in a national Church of England (CofE) pilot to encourage church members to write wills and consider leaving a legacy to their parish. 40 free wills were provided to church members with 30% choosing to include a gift to their parish – with estimated total pledges of around £40,000.

- **Mission & Pastoral Planning:** In light of the reduction in our number of stipendiary clergy, wide ranging plans were considered during 2021 for combining parishes, simplifying governance structures, and uniting benefices. Initial consultations and conversations were started for 21 pastoral schemes affecting 50 benefices and 103 parishes during 2021, with members of the Diocesan Team meeting with PCCs as part of the informal and formal consultation processes. We are grateful for the constructive and open approach many have shown to these complex and often challenging discussions.
- **Parish Portal:** The development and expansion of the online parish portal continued during 2021, with new functionality added to make recording parochial fees and access historic records much simpler for parishes.
- **Clerical Registry:** The Clerical Registry re-opened in 2021, following its temporary closure during 2020. Whilst several members chose to retire during lockdowns, we have been hugely grateful to those that have returned and to the new members who have joined. During 2021, the Registry provided cover for 586 services ensuring public worship and occasional offices could continue in parishes in vacancy.
- **Safeguarding Training:** Following the expansion of our online training provision, over 2,415 clergy and volunteers undertook safeguarding training during 2021. This vital work helps ensure our churches and worshipping communities can be safe places for all.

Support for Clergy & Ministers

The support for our clergy continues to be a fundamental aspect of all diocesan structures, strategies and resources:

- **Houses:** 2021 was a challenging year for the Clergy Houses Team. There was a backlog of work that was postponed during 2020: an increase of clergy house moves, an unprecedented increase in the cost and delays of materials, logistical challenges of booking in *works* during lockdowns, and contractors self-isolating. All of which created one of the most complex and difficult periods the Team had ever experienced. Despite this, the Clergy Housing Satisfaction Survey in 2021, showed an improvement in almost every area in comparison with the 2019 results. Over 1200 *works* orders were raised and completed during 2021 in relation to our Clergy Houses.

- **Clergy Human Resources (HR):** The HR Team offer a range of bespoke support and care to our clergy and their families. The nature of this support is, by its nature, private but we know from the feedback received how valuable it can be in helping clergy navigate the ever-increasing complexities of roles.
- **Clergy Welfare Fund:** The Diocesan Clergy Welfare Fund is a restricted fund held by the WDBF to help support and resource clergy wellbeing, training, and costs. During 2021, grants totalling £7,548.51 were given to those clergy, who were in need of financial support.
- **Continuing Ministerial Development (CMD)** for clergy and laity: there were 32 training events for prayer and spirituality, 3 online CMD seminars, a Bishop's Learning Day for all licensed clergy, 16 participants on a 6 month programme for Benefice Ministry Training, a clergy wellbeing day, 15 clergy supported in their retreats, and 7 in external courses and academic study. A further 11 clergy attended the Transitions in Ministry training for Area Deans, First Post of Responsibility and pre-retirement programmes, offered collaboratively throughout the South-Central Regional Training Partnership. Two teams comprising 11 people, participated in a new programme of training for church planting, using the Gregory Centre for Church Multiplication material, together with two other churches from Chichester diocese.

Support for Schools

The Portsmouth & Winchester Joint Diocesan Education Team supports 140 schools with 34,000 pupils, engaging with the children, their families and teachers.

The Education Team's commitment to the diocesan strands of Social Justice and Environmental matters continues. To this end 14 Winchester diocesan schools now have the Global Neighbours Award, which is the largest number in any diocese, and the only diocese to have two schools with the Gold Award – Milford on Sea and St Luke's, Sway. We have delivered lots of online training on Courageous Advocacy, where schools are sharing good practice with each other. Despite the pandemic, they have been organising community events - setting up village charity collections and recycling points; working with their local foodbanks and projects to tackle plastic pollution.

We encouraged schools to take part in Interfaith Week in November and a pleasing number organised visits from members of the Sikh, Muslim, Hindu and Jewish communities, arranged trips to places of worship, or led workshops where children could experience food, dance or music from other cultures and traditions. Hands-on experience of aspects of other faiths is a common action point in The Statutory Inspection of Anglican and Methodist Schools (SIAMS) reports, so it is encouraging to see schools taking the initiative in this area.

Our annual four days of events and services for the Year Six Leavers was cancelled again due to Covid, but we created a well-received video with the Cathedral staff. Our Christmas Project centred around the book 'An angel just like me' and was incorporated into our local authority schools, five other dioceses and beyond.

Virtual training has been extremely positive in terms of supporting and informing foundation governors. We have run far more courses and have had far better attendance than ever before and will continue with this mode of delivery for Foundation Governors.

Supporting parishes and schools that are impacted by parish re-organisation and reduction in clergy has been a priority. Chaplaincy, Pastoral Support and ex-officio governor roles are being developed and have been received positively.

Ministry Training

The Winchester School of Mission exists to discern those called to ministry, both lay and ordained, to train, equip and resource them:

- **Bishop's Commission for Mission (BCM):** BCM proved to be popular through the introduction of online training during the pandemic and remains a valuable programme of training covering diverse areas such as prayer, pastoral care, worship, creation care and children & young people. 151 people who had been trained during the pandemic were commissioned in person in the cathedral in October 2021. They joined a total of 388 lay people who have been commissioned since the first pilot was run in 2017. A further 23 lay people completed (12) or started (11) the **Bishop's Permission to Preach** training course in 2021. A review suggests that large multi-parish rural benefices may need around 25 commissioned and authorised laity to provide the resources needed for ministry in addition to licensed ordained and lay ministry.
- **Vocations:** 20 people were recommended for ordination by the national Bishops' Advisory Panel, of whom 13 are to be trained in theological colleges around the country and 7 started training in Winchester School of Mission.
- **Ordinands:** Investing in the next generations of parish clergy continues to be a high priority. There were 47 students training for ordained (33) and licensed lay ministry (14) through the Winchester School of Mission during 2021, of whom 11 started training in September 2021. Once their training is complete, many will move on to hold curacies within our diocese and then, we hope, move on to leading our parishes and worshipping communities. An independent review of the training provided through South Central Theological Education Institution (SCTEI), including the Winchester School of Mission carried out in 2021, concluded that the training provided in Winchester was *"an excellent education for your students which is the equal of any other provider of theological education."*
- **Curates:** There were 26 curates in our 2021 cohort, of whom 11 are stipendiary and 15 in self-supporting ministry. They joined the 26 curates who were already in curacies, ordained in 2019 and 2020. It has been fantastic to see that the nationally and diocesan focussed on encouraging more vocations to ordained ministry, has resulted in such large numbers in recent years, and especially the contribution that the self-supporting ministers are making to their parishes and chaplaincy contexts.

Strategic Development Projects

Our nationally funded strategic development projects continued to help grow and support parish ministry across our diocese:

- **Benefice of the Future:** The pilot stage of Benefice of the Future has now completed, with the learning and results from the initial three benefices (North Hampshire Downs, Pastrow, and Avon Valley), being collated to help guide and inform sustainable rural ministry across our diocese. This has included content for recent Benefice Ministry Team training. We hope to use this learning to launch a new Growing Rural Ministry initiative during 2022.
- **Church Planting and Revitalisation:** 2021 was a busy year for church planting and revitalisation:
 - Our three Resource Churches in Bournemouth, Southampton and Andover now have a total combined weekly attendance of over 900 people, and a combined worshipping community of over 1,500 people.

- Two parish revitalisation projects and a further local Resource Church, each supported by national funding awarded in 2020, progressed during the year. St Mike's in Bournemouth and St Winifrid's in Totton, both officially relaunched and started the next phase of their ministry and outreach to the people of their parishes. These two churches have grown to a total combined weekly attendance of 170 and combined worshipping community of 250.
- In December we heard that our application for £1.6m to launch a new Resource Church in Basingstoke had been successful. The new ministry team will be joining the existing congregations and church members from the second quarter of 2022 onwards, as they continue to serve a population of 45,000 across the parish of four churches in the town centre and adjoining estates.

Operations & Governance

The operational and governance structures of our Diocese represent our shared framework for decision making and being good stewards of all resources entrusted to us. Such tasks are always much harder during times of financial and resource constraint when there are no 'good' decisions left, and resources have to be prioritised. The Directors of the WDBF took their burden of responsibilities in this regard very seriously during 2021:

- **Implementation of Diocesan Resilience Task Group Report (DRT):** Following the approval of the DRT Report in 2020, the process on implementing the changes and savings recommended by it, was completed in early 2021. Delivering difficult changes of this nature during a pandemic, and with substantially reduced capacity within the Diocesan Leadership Team was not easy. Inevitably there were elements which could have benefited from more time, resource, consultation, and pastoral care – where this was not present to the levels needed, the Directors apologise. The sacrifices asked of clergy, employees, and parishioners mean that our shared diocesan finances were able to withstand the worst of the negative impacts of the last two years.
- **Houses Strategy:** In October, the Bishop's Council in their roles as Directors of the WDBF and Diocesan Parsonages Board, unanimously approved a new Housing Strategy. This new approach to managing our portfolio of properties will result in around 40 houses that are no longer required for ministerial purposes being sold, with the resulting capital being invested in a designated fund, and the resulting income being used to support the future costs of stipendiary parochial ministry.
- **Elections:** 2021 saw a summer of statutory election processes. General Synod, Diocesan Synod and all Diocesan Boards, Committees and Groups were scheduled for re-election. We were delighted to see the level of engagement in the General Synod election with the greatest percentage of voters participating we have ever seen. Elections to Diocesan Synod and our Boards and Committees were somewhat disappointing, with several key critical vacancies at the end of the process. The engagement and participation of clergy and laity in our governance structures is fundamental to ensuring we make good decisions that truly represent the views of our diocesan community.
- **Review of Governance:** The Directors of the WDBF are committed to reviewing our governance structures in 2021. This is and will be an ongoing process of continual review and improvement over years to come. In 2021 the following changes and improvements were actioned:
 - An interim, lay chair of the WDBF was appointed pending formal changes to the Company's Mem & Arts to end the practice of the Diocesan Bishop being the chair.
 - Senior Diocesan Clergy (i.e. suffragan bishops, the archdeacon and dean) were co-opted as full Directors of the DBF.

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- An independent review of the role of Chief Executive was commissioned following the resignation of the previous post holder. This review (published in March 2022) also included significant reflections on the wider diocesan governance structures and processes.

FINANCIAL REVIEW

Financial Performance 2021

Our results for 2021 highlight the ongoing unpredictability of the financial circumstances of our parishes and diocese. Changes on how and where people work and worship, has had a profound aspect on all areas of life.

Across all funds WDBF reported an operating surplus of £0.97m (2020: £1.06m) before transfers, investment gains and the impact of the pension liability. Total income increased by £1.31m and total expenses increased by £1.39m.

During the year unrealised gains on investments recognised were £2.95m (2020: £1.08m), and on tangible fixed assets £16.31m (2020: £9.16m). This significant increase in unrealised gains on tangible assets represents a change in the accounting policy FRS 102 for accounting estimates. In prior years, 20% of the portfolio was revalued every year. In 2021, 100% of properties were revalued.

The net effect of all the above is an overall increase in the value of all funds of £20.60m for the year to £178.82m (2020: £158.21m). The table below summarises this financial position:

	2021	2020
	£'000	£'000
Operating Surplus	296	1,080
Pension Deficit Movement	383	(39)
Sub-total	679	991
Other recognised gains and losses:		
Net gains/losses on investments	2,946	1,081
Unrealised gains on tangible fixed assets	16,310	9,164
Realised gains/(losses) on tangible fixed assets	669	(25)
Net movement on funds for the year	20,604	11,261
Fund balances as at 1st January	158,213	146,952
Fund balances as at 31st December	178,817	158,213

General Fund

Income increased by £0.13m from £10.98m to £11.1m.

Giving from our parishes through Common Mission Fund (CMF), the mutual cost-sharing across the Diocese to fund mission and ministry, is the main incoming resource for the Diocese. We are tremendously grateful to all our parishes who have continued to pay CMF against rising costs and diminishing reserves. We received £8.54m (2020: £9.02m), the lowest it has been since 2009, and £850,000 lower than our last 'normal' year in 2019. This highlights the huge financial pressures our parishes have faced since the start of 2020. Despite this significant shortfall in CMF income, property rentals increased by 24% to £1.0m (2020: £0.83m), however, realised gains on fixed assets disposals increased to £0.30m (2020: £0.02m).

Expenditure decreased by £0.29m from £10.70m to £10.40m

Resourcing ministry and mission continues to be our most significant expense stream at £6.07m (2020: £7.80m). This saving was only achieved through a significant reduction in the total number of stipendiary posts across our diocese, implemented in the first part of the year. This was then exacerbated by a high number of clergy vacancies during 2021. Together, these two factors meant that we averaged only 102 stipendiary clergy posts across our diocese out of a budgeted total of 116.5 (2020: 138). We remain incredibly grateful for the leadership, ministry and service provided by our self-supporting lay and ordained ministers but recognise the lack of parochial stipendiary resource, has placed significant burdens on our parish structures.

Filling the backlog of vacancies continues to be an urgent priority for our Bishops and the Diocesan Team throughout 2022. As we strive and pray that these posts may all be filled quickly, we must recognise that in doing so, the pressure on our shared finances will increase, with the capacity to absorb further large shortfalls in income, thus reducing future financial substantially.

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 £178.8m (2020: £158.2m), 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 £147.9m (2020: £136.1). 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 aim is 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. The total unrestricted general funds balance of free reserves totals £7.8m. (2020: £4.0m). This balance represents the equivalent of 8.2 months of budgeted expenses for the diocese. Whilst the DBF policy is to hold 3 months budgeted unrestricted expenditure in cash or short-term deposit (approximately £2.8m), this was exceeded at the end of December 2021 with the cash balance in the general fund of £3.7m. The level of cash being held is deliberate and recommended by the Investment Advisory Group (IAG), given the high levels of economic and geopolitical uncertainty at this time. This leaves the WDBF in a good position moving into 2022 as we see months with low CMF collection and therefore lowest cash inflows expected in the first half of 2022, as parishes determine their own financial needs for the year ahead.

Designated funds

The Trustees may, with the approval of the Board, designate 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 latter, is set out in note 20. At 31 December 2021, total designated reserves were £1.7m (2020: £3.0m). This decrease is largely due to the use of the Sustainability Fund for the payment of clergy redundancies and a reduction in the value of the Old Alresford Place (OAP) property.

Restricted and endowment funds

As set out within Notes 18 and 19, the WDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2021, restricted funds totalled £11.7m (2020: £10.0m) and endowment funds totalled £126.9m (2020: 112.5m). Neither are available for the general purposes of the

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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 several trust funds, and these must be invested in accordance with the related trusts. The WDBF’s policy is to regularly review 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 31/12/21	% of portfolio	2021 Total Return	2020 Total Return
CCLA	£000's			
Investment Fund	22,501	76.9%	17.4%	10.2%
Property Fund	1,366	4.7%	19.7%	-0.48%
	23,867			
Deposit Fund	5,374	18.4%	0.05%	
	29,241	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.

Future Financial Outlook & Priorities

Having implemented the difficult and painful budget savings in 2021, our shared diocesan finances are now in a more sustainable and secure position. This has however come at a cost to some of our frontline ministry and mission.

As noted by Bishop Debbie in her introduction, the four priorities suggested by the Archbishop in January 2022 will act as a framework to shape our plans and priorities for 2022 and 2023.

Our Bishop’s Council have already commissioned the Finance Monitoring Group to review new financial strategies and frameworks for our diocese over the coming years – balancing the need to be good stewards of the funds entrusted to us, whilst also rediscovering our vision for growth.

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.

Risk	Strategic Overview
<p>Safeguarding: Child, adult at risk, or domestic abuse 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>Non-Current Cases 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. Two safeguarding incidents were reported to the Charity Commissioners in 2021.</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 2022 the Diocese will undertake further work to review the records it holds as part of its continuing work to review non-current cases.</p>

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Risk	Strategic Overview
<p>Financial: Diocesan Board of Finance 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>Custodian Trustee A parish enters 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. During 2021, the Directors agreed to increase the size and breadth of expertise and experience on both groups, to add greater reassurance and scrutiny of our financial management.</p> <p>The DBF reviews its reserves position and cash flow projections on a quarterly basis through the Finance Monitoring Group to ensure any unexpected losses in income can be covered whilst remedial actions are undertaken.</p> <p>The DBF issues comprehensive Financial Standing Instructions identifying levels of delegation, responsibility and accountability.</p> <p>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 (now the Diocesan Secretary & Chief Operating Officer).The DBF ensures against its most significant serious incidents and all insurance policies are reviewed annually.</p> <p>The DBF offers some advice and support to parishes embarking on major projects or areas of expenditure, assisting them in assessing risk and appropriate mitigations.</p>

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Risk	Strategic Overview
<p>People:</p> <p>Employment Significant staff turnover, staff without appropriate qualifications and skills mix for evolving needs of the DBF and wider Diocese.</p> <p>Appointments 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. Staff support and development are overseen by an HR team led by a highly qualified and experienced Head of Human Resources.</p> <p>Investment and improvement in appointment processes have 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. Whilst these processes can assist and improve appointment processes, the Directors recognise that many diocesan and parish appointments do not fall under secular employment legislation and are therefore risks which cannot be mitigated entirely.</p>

Risk	Strategic Overview
<p>Reputation 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. No serious incidents were reported to the Charity Commissioners during 2021.</p> <p>The Directors commissioned a review of our Communications support (January 2022) drawing in suitably qualified practitioners and experts to advise on the structure, skills and level of resource required.</p>

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established Church and Her Majesty 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 itself is 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: The Bishop of Winchester (currently in vacancy), 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. Members of the DBF have co-opted the Bishop of Southampton, Bishop of Basingstoke, Archdeacon of Winchester and the Dean for the duration of this triennium. Currently the Chair of the House of Laity is serving as interim Chair of the WDBF. The most recent elections were held in November 2021. Details of Trustees who served during the year are set out on page 18.

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 November 2021. The Synod elects six of the twelve Trustees of the Diocesan Board of Finance (as well as two of the ex officio trustees). 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, at a 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 meet, 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/she 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:

The Finance Monitoring Group: The 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 ensuring a Closed Church following the loss of tenants.

The Investment Advisory Group: The 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 regard 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 Bishop's 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 Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary 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 £20.9m as at 31 December 2021 (2020: £17.8m), 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:

- there is no relevant audit information of which the charitable company's auditors are unaware.
- we have taken all the steps that we ought to as Trustees, 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

There will be a tender process for the appointment of auditors to the WDBF for the financial year ending 31 December 2022.

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2021

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2021. The following are the Trustees who served at any time during 2021 up to the date of this report:

Chairman:	Timothy Dakin BA, MTh, PhD - Bishop of Winchester (retired 06.02.2022)
Interim Chairman:	Alastair Barron BA (Hons), MBA, FSyl (from 04.10.2021)
Ex officio:	Andrew Micklefield BEd (Hons) - Chair of the House of Clergy Alastair Barron BA (Hons), MBA, FSyl – Chair of the House of Laity (from 01.01.2022) Alison Coulter MA, MSc, MFPH - Chair of the House of Laity (retired 31.12.2021)
Synod House of Clergy:	Richard Harlow MA (Cantab), Dip. Psychotherapy (retired 31.12.2021) Charles Stewart MA PGCE (retired 31.12.2021) Timothy Matthews (from 01.01.2022) Rachel Noel (from 01.01.2022)
Synod House of Laity:	Alastair Barron BA (Hons), MBA, FSyl (retired 31.12.2021) Alison Coulter MA, MSc, MFPH (from 01.01.2022) Esther Clift BSc (Hons), MSc, MCSP Ian Newman Mark Ward BA (Hons) (retired 31.12.2021) Gillian Gray Knight (from 01.01.2022)
Co-opted:	Deborah Sellin (04.10.2021 to 31.12.2021 and from 27.01.2022) David Williams (04.10.2021 to 31.12.2021 and from 27.01.2022) Richard Brand (04.10.2021 to 31.12.2021 and from 27.01.2022) Catherine Ogle (04.10.2021 to 31.12.2021 and from 27.01.2022)
Senior Staff and Advisers:	
Company Secretary:	Andrew Robinson (resigned 31.10.2021)
Company Secretary:	Lisa Streeter (01.11.2021 - 31.03.2022)
Company Secretary:	Colin Harbidge (from 01.04.2022)
Chief Executive Officer:	Andrew Robinson (resigned 31.10.2021)
Director of Operations:	Colin Harbidge BA (Hons), PGDip, MCMI
Director of Finance:	Lisa Streeter FCCA, MBA
Director of Education:	Jeff Williams MA, DPhil
Directory of Ministry:	Mark Collinson BSc, MA
Director of Human Resources:	Susan Beckett, FCIPD
Director of Strategic Development:	Mark Lowman BSc, MBA, PhD, FHEA

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2021

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

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4-15, within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

Alastair Barron
Interim DBF Chair
06 June 2022

Colin Harbidge
Company Secretary
06 June 2022

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2021

OPINION

We have audited the financial statements of Winchester Diocesan Board of Finance for the year ended 31 December 2021 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 2021 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 the 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 2021

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 16 and 17, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 2021

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. 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
06 June 2022

10 Queen Street Place
London
EC4R 1AG

WINCHESTER DIOCESAN BOARD OF FINANCE

Statement of Financial Activities
For the year ended 31 December 2021

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	2021	2020
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations							
Parishes	2	8,540	-	-	-	8,540	9,022
Archbishops' Council	2	-	-	1,623	-	1,623	1,996
Other	2	198	-	29	-	227	194
	2	8,738	-	1,652	-	10,390	11,212
Charitable activities	3	695	-	1,201	10	1,906	695
Other trading activities	4	1,077	-	32	-	1,109	849
Investments	5	288	20	425	27	760	714
Other	6	311	-	-	358	669	55
Total		11,109	20	3,310	395	14,834	13,525
Expenditure on:							
Raising funds	7	(20)	-	-	-	(20)	(32)
Charitable activities	8	(10,388)	(561)	(2,900)	-	(13,849)	(12,413)
Other	9	-	-	-	-	-	(25)
Total		(10,408)	(561)	(2,900)	-	(13,869)	(12,470)
Net income/(expenditure) before investment gains		701	(541)	410	395	965	1,055
Net gains on investments		416	82	1,089	1,359	2,946	1,081
Net income/(expenditure)		1,117	(459)	1,499	1,754	3,911	2,136
Transfers between funds	11	(346)	100	-	246	-	-
Net (expenditure)/income after transfers		771	(359)	1,499	2,000	3,911	2,136
Other recognised gains/(losses)							
Gains on revaluation of fixed tangible assets		4,591	(897)	160	12,456	16,310	9,164
Remeasurement of pension scheme provision		330	-	-	53	383	(39)
Net movement in funds		5,692	(1,256)	1,659	14,509	20,604	11,261
Total Funds at 1 January 2021		32,719	3,002	10,012	112,480	158,213	146,952
Total funds at 31 December 2021	18	38,411	1,746	11,671	126,989	178,817	158,213

The net income, 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 28 to 55 form part of the financial statements.

BALANCE SHEET
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Tangible assets	12	147,999	136,105
Investments	13	25,449	21,503
		<u>173,448</u>	<u>157,608</u>
CURRENT ASSETS			
Debtors	14	1,723	1,930
Cash on deposit		5,346	2,658
Cash at bank and in hand		1,908	837
		<u>8,977</u>	<u>5,425</u>
CREDITORS: amounts falling due within one year	15	(771)	(929)
		<u>8,206</u>	<u>4,496</u>
NET CURRENT ASSETS			
		<u>8,206</u>	<u>4,496</u>
Total assets less current liabilities		181,654	162,104
CREDITORS: Amounts falling due after more than one year	16	(2,479)	(2,830)
Pension scheme liabilities	21	(358)	(1,061)
		<u>178,817</u>	<u>158,213</u>
NET ASSETS			
		<u>178,817</u>	<u>158,213</u>
FUNDS			
Unrestricted income funds:			
General funds		38,411	32,719
Designated funds		1,746	3,002
		<u>40,157</u>	<u>35,721</u>
Restricted funds		11,671	10,012
Endowment funds		126,989	112,480
TOTAL FUNDS	19	<u>178,817</u>	<u>158,213</u>

The Notes on pages 28 to 55 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 6th June 2022 and signed on behalf of the Board by:

Alastair Barron
Interim Chair of the Board of Finance

WINCHESTER DIOCESAN BOARD OF FINANCE

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021		2020	
	£,000	£,000	£,000	£,000
Cash flows from operating activities				
Net cash (used in) operating activities		(438)		(342)
Cash flows from investing activities				
Dividends, interest and rent from investments	760		714	
Purchase of property and equipment	-		-	
Purchase of investments	(1,000)		(1,000)	
Sale of property and equipment	5,078		1,905	
Sale of investments	-		808	
Net cash provided by investing activities		4,838		2,427
Cash flows from financing activities				
Repayments of lending	235		215	
Repayments of borrowing	(356)		(247)	
Cash outflows from new lending	(520)		(99)	
Net cash (used in) financing activities		(641)		(131)
Change in cash and cash equivalents in the reporting period		3,759		1,954
Cash and cash equivalents at 1 January		3,495		1,541
Cash and cash equivalents at 31 December		<u>7,254</u>		<u>3,495</u>
<u>Reconciliation of net income to net cash flow from operating activities</u>				
Net income for the reporting period (as per Statement of Financial Activities)		3,911		2,136
Adjustments for:				
Depreciation charges		-		8
Revaluation (Gains) on Investments		(2,946)		(1,081)
Dividends, interest and rent from investments		(760)		(714)
(Profit) on sale of functional assets		(662)		-
Decrease/(Increase) in debtors		207		(235)
(Decrease) in creditors		(188)		(456)
Net cash (used in) operating activities		<u>(438)</u>		<u>(342)</u>
<u>Analysis of cash and cash equivalents</u>				
Cash at bank and in hand		5,346		2,658
Cash on deposit		1,908		837
		<u>7,254</u>		<u>3,495</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 2022 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 in the year in which it is received, plus an accrual for any late payments received in January of the following year.
- 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 2021

- 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:

Fixtures and fittings	15-30% per annum	straight line basis
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 2021

2. DONATIONS**Parish Contributions**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000
	General	Designated			
	£'000	£'000			
Current Year Apportionment	9,375	-	-	-	9,375
Shortfall in Contributions	(859)	-	-	-	(859)
	8,516	-	-	-	8,516
Receipts for previous years	24	-	-	-	24
	8,540	-	-	-	8,540

	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
	9,022	-	-	-	9,022

The majority of donations are collected from the parishes of the Diocese through the Common Mission Fund. Current year CMF receipts represent 90% of the total apportioned (2020: 89.4%), or, when receipts for previous years are included, 91.09% of the total apportioned (2020: 89.5%).

Archbishop's Council

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000
	General	Designated			
	£'000	£'000			
Strategic Development grant	-	-	1,095	-	1,095
Ordinand Training grant	-	-	528	-	528
Total	-	-	1,623	-	1,623

	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
Total	58	550	1,388	-	1,996

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. DONATIONS (continued)**Other donations**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000
	General	Designated			
	£'000	£'000			
All Churches Trust	135	-	26	-	161
Donations	63	-	3	-	66
Total	198	-	29	-	227

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

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000
	General	Designated			
	£'000	£'000			
Statutory fees	445	-	-	-	445
Miscellaneous income	250	-	1,201	10	1,461
	695	-	1,201	10	1,906

	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
	591	62	42	-	695

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2021
	General	Designated			
	£'000	£'000			
Rental income on functional property	1,025	-	32	-	1,057
Other income	52	-	-	-	52
	1,077	-	32	-	1,109

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

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2021
	General	Designated			
	£'000	£'000			
Dividends receivable	204	20	425	27	676
Interest receivable	21	-	-	-	21
Rents receivable	63	-	-	-	63
	288	20	425	27	760

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. OTHER INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2021
	General	Designated			
	£'000	£'000			
Gains on fixed asset disposals	304	-	-	358	662
Coronavirus Job Retention Scheme	7	-	-	-	7
	311	-	-	358	669

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

7. FUNDRAISING COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	Total Funds 2021
	General	Designated			
	£,000	£,000			
Glebe agent's fee	20	-	-	-	20
	20	-	-	-	20

	Unrestricted funds		Restricted Funds	Endowment Funds	Total Funds 2020
	General	Designated			
	£,000	£,000			
Glebe agent's fee	27	-	-	-	27
Conference Centre	5	-	-	-	5
	32	-	-	-	32

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES EXPENDITURE

	Unrestricted funds		Restricted	Endowment	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	2021 £'000
<u>Contributions to Archbishops' Council</u>					
Training for ministry	366	-	-	-	366
National Church Responsibilities	256	-	-	-	256
Grants and provisions	69	-	110	-	179
Mission Agency Pension Costs	16	-	-	-	16
Retired clergy housing costs	-	-	140	-	140
costs	(118)	-	-	-	(118)
	590	-	250	-	839
<u>Resourcing Ministry and Mission</u>					
Stipends and national insurance	3,721	265	222	-	4,208
Pension contributions	1,125	14	33	-	1,172
Housing costs	1,353	24	-	-	1,377
Removal, resettlement and other grants	229	8	5	-	242
RME Training for ministry	289	-	434	-	723
Other expenses	322	-	12	-	334
	7,039	311	706	-	8,056
Support for parish ministry	1,026	28	1,927	-	2,981
Lay pension deficit provision	-	-	-	-	-
Governance	1,388	222	17	-	1,627
	9,453	561	2,650	-	12,664
<u>Expenditure on Education</u>					
Support for church schools and parishes	345	-	-	-	345
Total	10,388	561	2,900	-	13,849

Governance costs of £1,627,000 includes auditor's remuneration of £25,500.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

	Unrestricted funds		Restricted	Endowment	Total 2020 £'000
	General £'000	Designated £'000	Funds £'000	Funds £'000	
<u>Contributions to Archbishops' Council</u>					
Training for ministry	368	-	-	-	368
National Church Responsibilities	306	-	-	-	306
Grants and provisions	26	-	225	-	251
Retired clergy housing costs	132	-	-	-	132
Pooling of ordinands' maintenance grant costs	(60)	-	-	-	(60)
	772	-	225	-	997
<u>Resourcing Ministry and Mission</u>					
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	-	6	-	1,442
	9,592	2	1,547	1	11,142
<u>Expenditure on Education</u>					
Support for church schools and parishes	274	-	-	-	274
Total	10,638	2	1,772	1	12,413

Analysis of Grants & Support Costs

	Activities undertaken directly £,000	Grant funding of activities £,000	Support Costs £,000	Total 2021 £,000
Raising funds				
Investment management costs	20	-	-	20
Direct Fundraising	-	-	-	-
Conference Centre	-	-	-	-
Charitable Activities				
Contributions to Archbishop's Council	-	808	-	808
Resourcing ministry and mission	8,114	483	4,099	12,696
Education	345	-	-	345
Other				-
	8,479	1,291	4,099	13,869

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)**Analysis of Grants & Support Costs – 2020**

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

Analysis of Grant funding

	2021			Total
	No.	Individuals £,000	Institutions £,000	£,000
From unrestricted funds for national church responsibilities				
Archbishops' Council (note 8)	8	-	808	808
From unrestricted funds				
Clergy for training	5	2	-	2
Ordinands' training, receiving maintenance	29	289	-	289
South Central Regional Training Partnership	20	-	1	1
Total from unrestricted funds	54	291	1	292
From restricted funds for various purposes				
Clergy for charitable purposes	1	2	-	2
Widows and dependants of clergy	51	6	-	6
RME Ordinands in training	55	184	230	414
Other institutional grants	4	-	73	73
Total from restricted funds for various purposes	111	192	303	495
TOTAL	173	483	1,112	1,595

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Grant funding

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

9. OTHER EXPENDITURE

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

There was no other expenditure during 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. STAFF & TRUSTEES

	2021	2020
	£,000	£,000
Wages and salaries	1,923	1,799
National insurance contributions	196	181
Pension costs	245	241
Lay pension deficit provision change	(330)	16
	<u>2,034</u>	<u>2,237</u>

Included in the above are payments made under settlement agreements of £228,692 (2020: £nil).

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

	2021	2020
	Fte	Fte
Resourcing ministry:		
Winchester School of Mission	8	9
Strategic Development	5	5
Administration and Financial management	24	25
Safeguarding	4	4
Property	3	2
Fundraising	1	1
	<u>45</u>	<u>46</u>

The average number of persons employed during the year:

	2021	2020
	no.	no.
Resourcing ministry:		
Winchester School of Mission	10	10
Strategic Development	5	6
Administration and Financial management	28	27
Safeguarding	4	4
Property	3	3
Fundraising	1	1
	<u>51</u>	<u>51</u>

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

	2021	2020
£60,001 - £70,000	4	3
£90,001 - £100,000	1	1

Pension payments of £52,003 (2020: £49,164) were made for these employees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 2021 they were:

Chief Executive and Company Secretary	Andrew R Robinson (resigned 31.10.2021)
Diocesan & Company Secretary	Colin Harbidge (appointed 01.04.2022)
Director of Finance	Lisa Streeter (60%)
Director of Education	Jeff Williams (67%)
Head of Operations	Colin Harbidge
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 amounted to £492,212 (2020: £603,608)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £nil (2020: £86) 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 2021 (2020: 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
2020	Stipend	Housing
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 (2020: 142) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021	2020
	£,000	£,000
Stipends	3,920	3,938
National Insurance	289	295
Pension Costs - Current Year	1,172	1,020
Pension Costs - Deficit Reduction	247	429
	<u>5,628</u>	<u>5,682</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. ANALYSIS OF TRANSFERS BETWEEN FUNDS

2021	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£,000	£,000	£,000	£,000
From General fund to Stipend fund for reduction in pension deficit	(246)	-	-	246
From General fund to Clergy welfare fund for the OAP property loan reduction	(100)	100	-	-
	(346)	100	-	246
2020				
	£,000	£,000	£,000	£,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	-	-
	(521)	100	-	421

12. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £,000	Office Equipment £,000	Total £,000
Valuation as at:			
1 January 2021	136,105	8	136,113
Additions	-	-	-
Disposals	(4,416)	-	(4,416)
Revaluation	16,310	-	16,310
31 December 2021	147,999	8	148,007
Depreciation			
At 1 January 2021	-	(8)	(8)
Disposals	-	-	-
Charge for the year	-	-	-
At 31 December 2021	-	(8)	(8)
Net Book Value			
At 31 December 2021	147,999	-	147,999
At 31 December 2020	136,105	-	136,105

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. FIXED ASSET INVESTMENTS

Current Year	As at 1st January 2021 £,000	Additions £,000	Disposals £,000	Net Gains / (Losses) £,000	As at 31st December 2021 £,000
Unrestricted funds					
Unlisted Investments	2,625	1,000		197	3,822
Restricted Funds					
Unlisted Investments	8,423	-	-	282	8,705
Endowment Funds					
Investment property	1,013	-	-	-	1,013
Unlisted investments	9,442	-	-	2,467	11,909
	10,455	-	-	2,467	12,922
Total	21,503	1,000	-	2,946	25,449

14. DEBTORS

	2021 £,000	2020 £,000
<i>Due within one year</i>		
Current year Common Mission Fund (parish share)	70	98
Loans to parishes	272	103
Loans to others	19	46
Other debtors and prepayments	364	652
	725	899
<i>Due after more than one year</i>		
Loans to parishes	799	632
Other Loans	199	399
	998	1,031
Total debtors	1,723	1,930

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. CREDITORS: amounts falling due within one year

	2021	2020
	£,000	£,000
Loan repayments	29	34
Deferred income	78	8
Other taxes and social security	48	20
Creditor relating to sale proceeds of closed school	400	400
Other creditors and accruals	176	349
Pension scheme liabilities:		
CEFPS for Clergy	23	53
Church Workers DBS	17	65
Total creditors: amounts falling due within one year	771	929

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

	2021	2020
	£,000	£,000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	85	85
Church Commissioners other loans	75	111
Other loans	2,319	2,634
Pension scheme liabilities:		
CEFPS for Clergy	210	479
Church Workers DBS	148	582
Total creditors: amounts falling due after more than one year	2,837	3,891

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

Between one and two years	27	34
Between two and five years	76	134
In five years and more	2,376	2,662
	2,479	2,830

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

17. ANALYSIS OF CHANGES IN DEBT

	As at 1st January 2021 £,000	Cashflows £,000	Other £,000	As at 31st December 2021 £,000
Cash and cash equivalents	3,495	3,759	-	7,254
Loans falling due within one year	(34)	5	-	(29)
Loans falling due after more than one year	(2,634)	315	-	(2,319)
TOTAL	827	4,079	-	4,906

	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)
TOTAL	(1,373)	2,200	-	827

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For the year ended 31 December 2021

18. SUMMARY OF FUND MOVEMENTS – CURRENT YEAR

	1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2021 £'000
UNRESTRICTED FUNDS						
General	32,719	11,109	(10,409)	(346)	5,338	38,411
General Designated Fund	-	-	(1)	-	-	(1)
Parish mission and development	106	-	-	-	1	107
Maclean	416	16	-	-	60	492
OAP Property	1,550	-	-	100	(897)	753
Building New Church	491	4	(26)	-	22	491
Planned maintenance sinking fund	(106)	-	-	-	-	(106)
Sustainability Fund	545	-	(505)	-	-	40
Clerical Registry fund	-	-	(30)	-	-	(30)
	3,002	20	(562)	100	(814)	1,746
RESTRICTED FUNDS						
General Restricted Fund	-	-	-	-	-	-
Pastoral fund	(267)	-	-	-	-	(267)
Parsonages endowment income	-	-	-	-	1	1
Clergy houses fund	3,101	53	(140)	-	276	3,290
Major Ball settlement income	4	5	(3)	-	-	6
Penrose income fund	55	12	-	-	6	73
Clergy welfare income fund	666	167	(109)	-	86	810
Chalke Bequest income	22	1	-	-	-	23
Diocesan loans fund	0	-	-	-	-	-
Church schools fund	3,122	135	-	-	485	3,742
Queen Victoria clergy fund	(15)	3	(6)	-	1	(17)
Pember income fund	80	-	-	-	10	90
Widows and dependants fund	904	30	(10)	-	115	1,039
Thorrold library fund	24	-	-	-	-	24
ICSF grant fund	399	11	-	-	52	462
Council for Social Responsibility	823	34	(110)	-	167	914
Fairbairn trust	317	9	-	-	45	371
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	408	528	(442)	-	-	494
Winchester Mission Action	363	2,282	(2,073)	-	-	572
New Church Buildings	-	-	(5)	-	(1)	(6)
Northbrook	-	-	-	-	4	4
Giving Advisor	-	40	-	-	-	40
Schools Development Fund						
	10,012	3,310	(2,898)	-	1,247	11,671
ENDOWMENT FUNDS						
Expendable						
Benefice houses	82,828	358	-	-	10,359	93,545
Permanent						
Stipends fund capital	20,320	10	-	246	2,483	23,059
Parsonages endowment capital	780	-	-	-	113	893
Major Ball settlement capital	175	-	-	-	25	200
Penrose capital	341	-	-	-	49	390
Clergy welfare capital	6,480	-	-	-	617	7,097
Chalke bequest capital	60	1	-	-	9	70
Widows and dependants capital	196	-	-	-	28	224
Thorrold library capital	216	-	-	-	31	247
Pember capital	823	26	-	-	116	965
Christopher Library	4	-	-	-	1	5
Chute endowment	257	-	-	-	37	294
	112,480	395	-	246	13,868	126,989
Total funds	158,213	14,834	(13,869)	-	19,639	178,817

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18. SUMMARY OF FUND MOVEMENTS – PREVIOUS YEAR

	1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2021 £'000
UNRESTRICTED FUNDS						
General	30,761	10,981	(10,695)	(521)	2,193	32,719
-						
DESIGNATED FUNDS						
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
RESTRICTED FUNDS						
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
Fairbairn 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
ENDOWMENT FUNDS						
Expendable						
Benefice houses	76,947	-	-	-	5,881	82,828
Permanent						
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 dependant's 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
Total funds	146,952	13,525	(12,470)	-	10,207	158,213

NOTES TO THE FINANCIAL STATEMENTS

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19. SUMMARY OF ASSETS BY FUND – CURRENT YEAR

	Fixed assets		Current Assets £,000	Creditors £,000	Net Assets £,000
	Tangible £,000	Investments £,000			
Unrestricted funds - general	33,366	3,068	4,737	(2,760)	38,411
Unrestricted - designated					
General Designated Fund	-	-	(1)	-	(1)
Parish mission and development	-	-	107	-	107
Maclean	-	485	7	-	492
OAP Property	1,853	-	(1,100)	-	753
Building New Church	800	170	(479)	-	491
Planned maintenance sinking fund	-	-	(106)	-	(106)
Sustainability	-	-	40	-	40
Clerical Registry fund	-	-	(29)	(0)	(30)
	2,653	654	(1,561)	(0)	1,746
Restricted					
General Restricted Fund	-	-	(1)	-	(1)
Pastoral fund	-	-	(267)	-	(267)
Parsonages endowment income	-	-	1	-	1
Clergy houses fund	1,536	924	1,119	(289)	3,290
Major Ball settlement income	-	-	6	-	6
Penrose income fund	-	46	27	-	73
Clergy welfare income fund	-	696	114	-	810
Chalke Bequest income	-	-	13	-	13
Church schools fund	-	3,869	285	(400)	3,753
Queen Victoria clergy fund	-	4	(21)	-	(17)
Pember income fund	-	79	11	-	90
Widows and dependants fund	-	915	123	(0)	1,038
Thorold library fund	-	-	24	-	24
ICSF grant fund	-	458	5	-	462
Council for Social Responsibility	-	1,345	(431)	-	914
Falrarn trust	1	368	3	-	372
Tale Tellers	-	-	2	-	2
Christopher library	-	-	4	-	4
RME Training for Mission	-	-	494	-	494
Winchester Mission Action	-	-	496	75	572
New Church Buildings	-	-	(6)	-	(6)
Northbrook	-	2	2	-	4
Giving Advisor	-	-	40	-	40
Schools Development Fund	-	-	-	-	-
	1,537	8,705	2,044	(615)	11,671
Endowment funds					
Expendable endowment					
Benefice houses	93,518	195	(169)	-	93,544
Permanent					
Stipends fund capital	16,925	3,484	2,883	(233)	23,060
Parsonages endowment capital	-	893	0	-	893
Major Ball settlement capital	-	199	1	-	200
Penrose capital	-	391	(1)	-	390
Clergy welfare capital	-	6,097	1,000	-	7,097
Chalke bequest capital	-	68	1	-	70
Widows and dependants capital	-	225	(1)	-	224
Thorold library capital	-	248	(1)	-	247
Pember capital	-	920	45	-	965
Christopher Library	-	8	(3)	-	5
Chute endowment	-	294	(0)	-	294
	110,443	13,022	3,757	(233)	126,989
Total funds	147,999	25,449	8,977	(3,608)	178,817

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For the year ended 31 December 2021

19. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£,000	£,000	£,000	£,000	£,000
Unrestricted funds - general					
	32,548	1,752	1,966	(3,547)	32,719
Unrestricted - designated					
Parish mission and development	-	-	106	-	106
Maclean	-	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
Restricted					
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
Fairbairn 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
Endowment funds					
Expendable endowment					
Benefice houses	83,826	171	(1,170)	-	82,828
Permanent					
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
Total funds	136,105	21,503	5,425	(4,821)	158,213

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">• 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• to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese• other purposes of the diocese or any benefice or parish in the diocese• to make grants or loans to any other diocese• to transfer funds to the diocesan stipends fund income or capital accounts.
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 Dependents:	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

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For the year ended 31 December 2021

Winchester to secure its future accessibility and development.

- 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 2021

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 2020 and December 2021 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 2021	December 2020
Number of members at this Responsible Body	135	146

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% p.a.

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.

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For the year ended 31 December 2021

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

As at 31 December 2019, 31 December 2020 and 31 December 2021 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 2020 and over 2021 is set out in the table below.

	2021	2020
Balance sheet liability at 1 January	532,000	950,000
Deficit contribution paid	-247,000	-429,000
Interest cost (recognised in SoFA)	1,000	8,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-53,000	3,000
Balance sheet liability at 31 December	233,000	532,000

* 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. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5%	1.6% pa	1.3% 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.

CWPf has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two sub-sections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance section known as Pension Builder 2014.

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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. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,171,892 2020: £1,017,280) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,472,892 for 2021 (2020: £1,451,280).

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 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m 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 £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £8,500 per year. In addition, deficit payments of £153,956 per year have been agreed for 1.83 years from 1 April 2021 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:

	2021	2020
Balance sheet liability at 1 January	647,000	776,000
Deficit contribution paid	-154,000	-154,000
Interest cost (recognised in SoFA)	2,000	9,000
Remaining change to the balance sheet liability*(recognised in SoFA)	-330,000	16,000
Balance sheet liability at 31 December	165,000	647,000

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

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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 2021	December 2020	December 2019
Discount rate	1.30%	0.40%	1.30%

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 1 employee who had previously been a teacher. 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:

	2021	2020
	£,000	£,000
Land and buildings		
Within one year of the balance sheet date	15	16
In the second to fifth years inclusive of the balance sheet date	-	13
	<u>15</u>	<u>29</u>
Other operating leases:		
Within one year of the balance sheet date	6	9
In the second to fifth years inclusive of the balance sheet date	-	5
	<u>6</u>	<u>14</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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:

	2021	2020
	£,000	£,000
CBF Church of England Investment Fund income shares	18,353	15,288
CBF Church of England Fixed Interest Securities Fund shares	478	590
CBF Church of England Property Fund shares	278	243
COIF income and accumulation shares	3	31
Other common investment fund holdings	279	288
Other fixed interest stocks	104	104
CBF Church of England Deposit Fund	1,326	1,233
Cash at bank	68	15
Total assets held as Custodian Trustee	20,889	17,792