



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

WINCHESTER DIOCESAN BOARD OF FINANCE

Company number - 142351

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TRUSTEES REPORT

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Introducing the 2019 Annual Report

Looking back at 2019 from the middle of 2020 might evoke a certain nostalgia. We are now much more aware of the blessings which we took for granted, as well as the challenges which lay ahead of us.

In this report we can see how much we have to give thanks for. We can discern God's grace at work among us as the 'community of communities' which makes up the Diocese which is also part of the Church of England.

From this wider perspective I want to share with you both the financial character of the wider church and also something of what seems to be emerging as the vision and strategy for the national church.

The Financial Flows in the Church of England

First, here is paragraph taken from a recent report to the House of Bishops, outlining how the financial flows work in the Church of England:

The Church's financial eco-system is complex: parishes pay money to dioceses for them to meet the cost of parish and other clergy remuneration and the functions run by dioceses; dioceses effectively support some parishes by subsidising the costs of their ministry, the Church Commissioners help fund the ministry of bishops and cathedrals; they hand money to the Archbishops' Council who distribute it to dioceses; dioceses pay money to the Commissioners to meet their clergy stipend bill and make their pension contributions into the pensions fund managed by the Pensions Board; and dioceses pay money to the Council to meet the cost of the national functions it undertakes and the cost of ordination training – the money being channelled through to the Theological Education Institutions.

I think it is important for us all to see this, as we work out how we can best resource the mission of this Diocese and also the national mission of the Church of England to which we all contribute. Our Diocesan model is this: about 80% of income comes from parishes and 20% from investments, fees & grants. About 80% of expenditure is on parishes (clergy stipends, pensions and housing), 12% runs the Diocese and 8% is given to the national church.

Shaping the Future: Five Marks of Mission

Second, the national Church is beginning to look at a new ten-year horizon for our life and mission. The Five Marks of Mission (see: <http://www.anglicancommunion.org/mission/marks-of-mission.aspx>) have emerged as a way of articulating what we are collectively committed to. The '5MM' are summarised as follows:

The mission of the **Church** is the mission of **Christ**:

1. To **proclaim** the Good News of the Kingdom
2. To **teach**, baptise and nurture new believers
3. To **respond** to human need by loving service
4. To **transform** unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation
5. To strive to **safeguard** the integrity of creation, and sustain and renew the life of the earth

In this Diocese we have already adopted the 5MM as a way of describing what it would mean to be a mission-shaped Diocese of the Church of England in the Anglican Communion. The 5MM are also helpful in shaping our relationship with our Companion Links in Africa, Asia and Latin America.

Trusting God Now and for the Future

As we reflect on 2019 in the face of unexpected challenges, we pray that our response will be no less focused on God's mission as we seek his guidance for the future and as we pray for the resources to accomplish his work.

We recall that the Psalms often underscore both God's goodness and his faithfulness to Israel. As Psalm 105 says:

*"Seek the Lord and his strength; seek his presence continually.
Remember the wonderful works he has done, his miracles, and the judgments he has uttered."*

I am grateful to all those who have contributed to this Report, and to those whose generosity it reflects.

+Tim

The Right Reverend Timothy Dakin
The Bishop of Winchester

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2019.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Winchester cover the majority of Hampshire; a part of eastern Dorset, the unitary authority of Southampton and the eastern parts of the unitary authorities of Bournemouth and Poole. The Bishop of Winchester has delegated his Episcopal authority, pastoral and spiritual oversight of the Channel Islands to the Bishop of Dover, who is honorary assistant Bishop in the Diocese.

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

The WDBF has the following statutory responsibilities: -

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

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

STRATEGIC AIMS

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

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

- **SP 1: We grow authentic disciples**, going out as individuals passionately, confidently and courageously sharing their faith, and coming together as creative church communities of prayer and worship that live out Kingdom values.
- **SP 2: We re-imagine the Church** intentionally connecting and engaging with our local communities in culturally relevant ways. We will rejoice in the richness of the 'mixed economy' of all ministry and proactively promote vibrant parochial and breath-taking pioneering ministries amongst 'missing' generations, eg children, young people, under 35s.
- **SP 3: We are agents of social transformation** using our influence as a Diocese to transform public and personal life. We will demonstrate loving faith at work in local communities and across the globe bringing healing, restoration and reconciliation, eg through education, social enterprise, health care, spiritual care teams.

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- **SP 4: We belong together in Christ, practising sacrificial living and good stewardship of all that God has entrusted to us.** We will combine radical generosity, care and capacity building with a clear focus on directing finance into the mission of Jesus. Sharing and multiplying local good practice, using people, buildings and other resources wisely, we will seek to boldly prune, plant and invest in building for the Kingdom.

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

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

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

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

ACTIVITIES IN THE YEAR

The School of Mission continues to see the fruit of implementing the vision of equipping the whole people of God to live the mission of Jesus undergirded by the diocesan Rule of Life. Ninety-nine people were commissioned by the Bishop of Winchester for Mission in October after the introduction of two new Bishop's Commission for Mission (BCM) in the areas of Growing Faith and Children, families and youth. The Bishop's Commission for Mission in Worship and Pastoral continue to be popular. Three people were licensed as lay ministers and a further three as lay workers, demonstrating a deeper commitment to evangelistic and prison lay ministry.

During the year ten people completed a pilot programme that equips them to receive the Bishop's Permission to Preach. In Licensed Ministry Training curates are now able to upgrade their diploma to a bachelor award over two years. The DBF also part funded the Canon Theologian's development of an MA Mission through the University of Winchester. Twenty-one people attended Bishop's Advisory Panel conferences and twenty of these started training in September 2019. Twelve people started training in theological colleges around the country. Nineteen people started training at the School of Mission of whom eight are ordinands and eleven are training for lay ministry. The first two School of Mission ordinands were ordained deacon.

The Parish Support Team ran 15 training events attended by over 660 church officers and clergy. 50 parishes were visited to provide bespoke advice on fundraising, stewardship and parish finances. Nearly 75% of our parishes are now using the Parish giving Scheme, with 65 parishes now using contactless card readers to support their giving.

The DAC Team supported over 350 faculty applications during 2019. The Clerical Registry arranged clerical cover for over 1,785 services across the diocese. The Houses Team arranged for 943 separate repairs and maintenance works to clergy houses, processed over 2,600 invoices and arranged for 120 house moves in and out of our 245 properties.

In 2020 the Parish Support Team will continue to support the Diocesan Mission Strategy by providing professional and bespoke support to our 257 parishes, their clergy, volunteers and PCCs. In particular, we will: Continue to expand the Church Officers Training Programme; Run the first Diocesan wide Stewardship Campaign – Generous June – in conjunction with the Diocese of Sheffield; and launch a new business plan for the Old Alresford Place Conference Centre, looking to increase net income to £100,000 by 2022;

The education 'Bee Inspired' project has had significant impact across our schools, with ecological and other transformational and tangible educational and community results. This received media interest at national as well as local levels. Significant developments and links between parishes and schools was a notable outcome.

The team delivered 'Understanding Christianity' training for all schools, with additional training for Diocesan. The Global Neighbours Award seminars and training for Headteachers and Clergy have resulted in many schools becoming recipients of the National Bronze Award. Many parishes and clergy attended the twilight sessions and adopted practical

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approaches to impacting on wider society, exemplified by many of our schools who have been celebrated by the Christian Aid National Programme, and acknowledged by Ofsted and the Church Schools Inspection Framework (SIAMS)

In 2020, the education team will support the Diocesan SP4 priority in Rwanda and Winchester through the delivery of conferences and training for Clergy and Headteachers in both countries, to support SIAMS, Ofsted and Curriculum expectations. The team will be equipping parishes in tangible ways to support schools in the delivery of the curriculum as well as with mental wellbeing and mental health priorities.

The Winchester Social Enterprise is a separate company supported by a WDBF restricted fund set up in support of SP3. In 2019, it was focussed entirely on setting up its own sustainable business with social objects, namely Launchpad Early Years. This is a network of Christian-based nurseries and pre-schools linked to local churches and schools, with a commitment to excellence in educational standards in line with the Church of England's Vision for Education. Three pre-school settings were opened during 2019 and have begun generating income (£37k in 2019). The aim is to open further settings as resources allow.

The 2019 Safeguarding Training Plan targets were met, 100% parochial clergy and close to 100% clergy with Permission to Officiate, received training. All actions arising from the independent safeguarding review were met. The safeguarding team introduced a training and support programme for Parish Support Officers. A full report and Safeguarding Strategic plan can be found on the diocesan website.

The diocese has continued with its church growth programme, Winchester Mission Action. This is an £8.5 million five-year programme of work which commenced from January 2018. The overall cost of the project is supported by Strategic Development Funding from the Archbishops' Council of £4.2m. Whereas the first year was one of consultation, engagement and project initiation, 2019 has seen significant progress in a number of areas.

A new Resource Church at St Mary's Andover was launched in September 2019. This was preceded by major investment in a new staff team from March 2019 onwards. St Mary's Andover has grown to an average Sunday attendance of 250 by October 2019, a three-fold increase in numbers. Seventy percent of Sunday attendees are under the age of 35 years and evangelistic outreach programmes (Alpha) are attracting 40 participants per time, most of whom are unchurched. St Mary's Andover is working closely with Test Valley Borough Council on plans for regeneration of the town centre, and working with the University of Winchester on social research to better understand the needs of the local population.

The Resource Church at St Mary's Southampton, which was launched in September 2018, has continued to grow and average Sunday attendance reached 450 by November 2019, an almost 20-fold increase in numbers. Seventy percent of Sunday attendees are under the age of 30 and Alpha programmes have attracted 120 participants per time, with over 500 attendees across the four programmes to date. St Mary's Southampton has launched several significant social engagement projects, including *Saints in the City* community events; *Speakeasy* English language café and *Winter Night Shelter*. The Resource Church continues to work with Solent University and Southampton City College in supporting local students.

A Church Plant at St Nicolas North Stoneham was launched in September 2019, revitalising the historical church and providing a hub for community development activities onto the adjoining major development area of North Stoneham Park. The diocese has purchased one of the first houses to be built on the new development, from which a pioneer/planting minister has been leading the church growth programme locally. A new Sunday worshipping community of up to 45 participants has formed, including some new members from Highfield Southampton, and provides the basis for a sustainable church community.

Plans for further Church Plants at Picket Twenty Andover, Augusta Park Andover and King's Barton Winchester are well advanced. Each will be based in local school facilities on major development areas. The Winchester Mission Action programme has been supporting community development and social engagement activities in each of these areas ahead of the opening of new community facilities.

Another major strand of the diocese's growth strategy is Benefice of the Future which aims to serve the ministry and mission of the diocese's rural parishes more effectively and to renew and revitalise their distinctive mission. Three pilot multi-parish benefices have been created at North Hampshire Downs, Avon Valley and Pastrow. These pilot benefices

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are re-organising their parish administration and communication systems, simplifying governance and developing team-based approaches to ministry in order to release time and energy for mission. Each has a clear vision for the future based on careful analysis of local community needs. This has enabled creation of new forms of worship, such as *Sanctus* at Avon Valley, and new forms of outreach and engagement, such as *Pastrow Pilgrimage*. Each benefice has re-branded as part of a process to create stronger shared identity between churches, these being *Moretolife.church*, *Pastrow Family* and *Avon Valley Churches*. There has been a marked increase in new vocations, both lay and ordained, within each benefice. Early indicators suggest arrest in decline of church attendance and increasing engagement with younger generations and local communities across the three pilot areas.

In 2019 the diocese received first-stage approval from Archbishops' Council for a further £3m funding to support church growth programmes focused on church planting and revitalisation in our largest urban areas. Second stage approval is anticipated by June 2020.

FINANCIAL REVIEW

Financial Performance

Common Mission Fund, the mutual cost-sharing across the Diocese to fund mission and ministry is the main incoming resource for the Diocese. We received £9,371,000 (2018: £9,158,000) which represented a recovery rate of 93.0% (2018: of 92.7%) against budget. In line with the recovery rate, actual shortfall on contributions for 2019 stands at £705,000 (2018: £730,000).

Net income on the general fund after transfers excluding the gains on investments and property disposals resulted in a surplus of £2,341,000 (2018 deficit: £1,605,000). This surplus is the net effect of transfers of properties from the Benefices Houses Fund of £3,380,000 arising from pastoral reorganisations, combined with a shortfall of CMF of £705,000.

The capital values of properties increased by £3,935,000 (2018: £6,002,000). Also, during 2019 investments increased by £3,064,000 (2018: £144,000) this latter increase was the net result of additional investments of £1,007,000 revaluation gains of £2,602,000 and disposals of £545,000.

Total expenditure movements

Costs have been controlled by keeping expenditure in line with actual income as opposed to budgeted income.

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 £146.9 (2018: £138.9) 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 £126.9m (2018: £123.8m). Much of the remainder of the assets shown in the balance sheet is held in restricted funds and cannot necessarily be used for the general purposes of the WDBF.

Free reserves

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to aim to hold a balance of free reserves (general fund less tangible fixed assets net of long-term financing) on its general fund equivalent to about 3 months budgeted unrestricted expenditure. At 31 December 2019 the amount required under this policy totalled £3.0m (2018: £2.9m). Actual free reserves as at 31 December totalled £2.1m (2018: £3.0m).

Designated funds

The Trustees may, with the approval of the Board, designate additional unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund, in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 20. At 31 December 2019 total designated reserves were £2.2m (2018: £2.2m).

Restricted and endowment funds

As set out within Notes 18 and 19 WDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £9.5m (2018: £8m) and endowment funds totalled £104.5m (2018:

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£101.5m). Neither are available for the general purposes of the WDBF. Within Notes 18 and 19 “Winchester: Mission Action” restricted fund and “Resourcing Ministerial Education (RME) Training for Ordinands’ fund” are recognised.

Grant making policy

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

Investment policy

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

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

| | Value at 31/12/19 | % of portfolio | 2019 | | 2018 | |
|-------------------------|----------------------|-------------------|-------|--------------|-------|--------------|
| | £000's | | Yield | Total Return | Yield | Total Return |
| CCLA Investment Fund | 16,663 | 85.74% | 3.04% | 23.16% | 3.40% | 2.42% |
| Property Fund | 1,258 | 6.47% | 5.46% | 2.76% | 5.31% | 8.49% |
| | 17,921 | | | | | |
| Deposit Fund | 1,513 | 7.79% | | | | |
| | 19,435 | 100.00% | | | | |

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

Budget and outlook for 2020

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

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

Financially, challenges continue to be felt at all levels. For the diocese, Common Mission Fund remains vital to the functioning of the diocese, in order to continue to provide clergy stipends, housing and other support. Churches are facing financial challenges across the diocese, and we continue to provide support to them in a variety of ways. While a balanced budget was set for 2020, it is now likely that we will incur a significant deficit in 2020 and we will need to sell some of our properties and call on other lending facilities to finance this on a short-term basis. However, reviewing cash reserves and financial projections, the Trustees are confident that the diocese’s finances are sufficiently robust to remain viable, and the Trustees have no doubts over the continued operation.

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STRATEGIC RISKS AND UNCERTAINTIES

The Directors are responsible for the identification, mitigation and/or 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. The following areas are considered to be the current highest strategic risk areas for the diocese.

| Risk | Strategic Overview |
|--|---|
| <p>Safeguarding: <i>Child, adult at risk, or domestic abuse</i> There is an occurrence of child, adult at risk, or domestic abuse by someone working for or on behalf of the Church (in a parish or parish based organisation or at the Diocesan Office)</p> <p><i>Non-Current Cases</i> It comes to light that there were instances of abuse in the past which were not appropriately dealt with by the clergy/Diocese</p> | <p>The Diocese has a Safeguarding Board that is independently chaired and draws-in senior officers from statutory agencies, law and education as well as the Chief Executive of the Diocese and the Dean of the Cathedral. The Board is responsible for developing Safeguarding Strategy and an action plan of improvement. The Board is supported by a Casework Subcommittee and a Training Subcommittee (both independently chaired). The Board promotes best practice and continuously ensures that the Diocese is adopting and developing appropriate policy and practice.</p> <p>A Safeguarding team, led by a highly qualified and experienced Safeguarding Manager, promotes best practice, supports those making disclosures and manages offenders and those under investigation. In 2019 the Diocese will undertake further work to review the records it holds as part of its continuing work to review non-current cases.</p> |
| <p>Financial: <i>Diocesan Board of Finance</i> A serious loss of income, investment market crash, unforeseen major expense, fraud and theft are all potential serious financial incidents for the Board.</p> <p><i>Custodian Trustee</i> A parish enters into major expenditure without sufficient resources, experiences fraud, has major unforeseen building or staffing issues requiring significant expenditure.</p> | <p>The Diocesan Board of Finance (DBF) is supported by a Finance Monitoring Group, made up of DBF and independent members that scrutinise the budgets, major financial transactions and current and future spending plans. The DBF also has an Investment Advisory Group which is responsible for meeting with fund managers, managing investments to meet the DBF's growth and income targets, and advising on levels of liquidity.</p> <p>The DBF issues comprehensive Financial Standing Instructions and the Chief Executive issues further Financial Operating Instructions to clearly identify levels of delegation, responsibility and accountability. Appropriate measures are in place to ensure that financial transactions require two signatures and property purchases and major contracts also require two director signatures in addition to the Chief Executive. The DBF insures against its most significant serious incidents and all insurance policies are reviewed annually.</p> <p>The DBF reviews parish annual reports and accounts, ensures that all drawdowns on investments and property transactions are viable. Major works to buildings, requiring faculty, are also assessed for financial prudence.</p> |
| <p>People <i>Employment</i> Significant staff turnover, staff without appropriate qualifications and skills mix for evolving needs of the DBF and wider Diocese.</p> <p><i>Appointments</i> 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 HR. Investment and improvement in appointment processes has been a priority for the DBF over the recent years. More use is made of targeted testing and assessment, both prior to and during the early stages of a new employee's appointment.</p> |

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| Risk | Strategic Overview |
|---|--|
| Reputation A serious incident causes adverse publicity and a loss of confidence in the Diocese. | 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. Two serious incidents were reported to the Charity Commissioners during 2019. |

The Covid-19 pandemic raises two key risks for the diocese, as follows:

Operational risk that key IT systems fail, preventing key processes from being carried out – mitigation includes on-going review of IT resilience and capacity, ensuring all staff have adequate hardware to work remotely.

Financial risk that key sources of the diocesan income fall significantly – significant streams likely to be affected include Common Mission Fund as parishes experience reduced giving and rental income, and reduced income from diocesan investment properties as other businesses encounter reductions in income. Mitigation includes close monitoring of diocesan cash flows, pursuing other sources of finance and close communication with parishes to ensure accurate information is received in a timely fashion

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

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

Organisational structure

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

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

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. Following the changes in governance approved in December 2012, the membership of the DBF comprises of: The Bishop of Winchester (ex-officio chairman); the Chairs of the Synod House of Clergy and the Synod House of Laity, together with six people elected from and by the members of Diocesan Synod every three years. The most recent elections were held in October 2015. Details of Trustees who served during the year are set out on page 13.

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

Decision making structure

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

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

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

Finance Monitoring Group: monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the WDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches). The diocesan pastoral account is currently in deficit due to timing differences on disposal and the associated continuing cost of maintaining and insuring a Closed Church following the loss of tenants.

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

Trustee recruitment, selection and induction

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

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2019

Fundraising Code of Practice

The Diocese provides guidance to the parishes with regards to fundraising and will engage directly in fundraising during 2019 via in-house activities. Due regard is given to the Fundraising Code of Practice set by the Fundraising Regulator when providing the advice to the parishes.

Remuneration of key management personnel

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

Delegation of day to day delivery

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

Funds held as Custodian Trustee

The WDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the WDBF does not control them, and they are segregated from the WDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £17,021,000 as at 31 December 2019 (2018: £14,904,000), are available from the WDBF on request, and are summarised in note 25. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the WDBF's solicitor, Blake Laphorn 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 (2017) which covers seven areas:

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

Statement of Disclosure to the Auditors

So far as the Trustees are aware:

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

Appointment of Auditors

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

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2019

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2019. The following are the Trustees who served at any time during 2019 up to the date of this report:

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

Senior staff and advisers

| | |
|---------------------------------------|---|
| Chief Executive and Company Secretary | Andrew R Robinson VR, BA (Hons) MSc, PGD, FCIPD |
| Director of Finance | Lisa Streeter FCCA, MBA |
| Director of Education | Jeff Williams MA, DPhil |
| Principal School of Mission | Mark Collinson BSc, MA |
| Archdeacon for Mission Development: | Paul Moore MA, DPhil, Dip Theol (res 02.03.20) |
| Head of Operations | Colin Harbidge BA (Hons), MCMi |
| Head of Resource Development | Anthony Smith BA (Hons), FCA (res 06.03.20) |
| Head of Human Resources | Susan Beckett, FCIPD |
| Head of Strategic Development | Mark Lowman BSc, MBA, PhD, FHEA |

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

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-9 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

The Right Reverend Timothy Dakin
Chairman
22nd July 2020

Andrew Robinson
Company Secretary
22nd July 2020

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2019

Opinion

We have audited the financial statements of Winchester Diocesan Board of Finance for the year ended 31 December 2019 which comprise the Statement of Financial Activities, 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 2019 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 11 and 12, 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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2019

concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report, which are included in the Trustees' 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 Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the 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.

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 Auditors
22nd July 2020

10 Queen Street Place
London
EC4R 1AG

WINCHESTER DIOCESAN BOARD OF FINANCE

Statement of Financial Activities
For the year ended 31 December 2019

| | | Unrestricted funds | | Restricted | Endowment | Total Funds | Total Funds |
|---|------|--------------------|--------------|--------------|----------------|----------------|----------------|
| | Note | General | Designated | Funds | Funds | 2019 | 2018 |
| | | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Income and endowments from: | | | | | | | |
| Donations | 2 | | | | | | |
| Parish share | | 9,388 | - | - | - | 9,388 | 9,216 |
| Archbishops' Council | | - | - | 1,298 | - | 1,298 | 1,639 |
| Other | | 135 | - | 163 | (1) | 297 | 271 |
| Charitable activities | 3 | 844 | - | 8 | - | 852 | 893 |
| Other trading activities | 4 | 697 | - | - | - | 697 | 822 |
| Investments | 5 | 188 | 19 | 522 | 10 | 739 | 731 |
| Other | 6 | 37 | (8) | - | 88 | 117 | 300 |
| Total | | 11,289 | 11 | 1,991 | 97 | 13,388 | 13,872 |
| Expenditure on: | | | | | | | |
| Raising funds | 7 | 73 | - | - | - | 73 | 72 |
| Charitable activities | 8 | 12,300 | 70 | 964 | 5 | 13,339 | 14,550 |
| Other | 9 | 1 | - | - | 91 | 92 | 34 |
| Total | | 12,374 | 70 | 964 | 96 | 13,504 | 14,656 |
| Net income/(expenditure) before investment gains | | (1,085) | (59) | 1,027 | 1 | (116) | (784) |
| Net (losses)/gains on investments | | 224 | 79 | 819 | 1,480 | 2,602 | (194) |
| Net income/(expenditure) | | (861) | 20 | 1,846 | 1,481 | 2,486 | (978) |
| Transfers between funds | 11 | 3,425 | (11) | (419) | (2,995) | - | - |
| Net income/(expenditure) after transfers | | 2,564 | 9 | 1,427 | (1,514) | 2,486 | (978) |
| Other recognised gains/(losses) | | | | | | | |
| Gains on revaluation of fixed tangible assets | | 1,030 | - | 50 | 2,855 | 3,935 | 6,002 |
| Remeasurement of pension scheme provision | | - | - | - | 1,631 | 1,631 | (53) |
| Net movement in funds | | 3,594 | 9 | 1,477 | 2,972 | 8,052 | 4,971 |
| Total funds at 1 January 2019 | | 27,167 | 2,197 | 7,984 | 101,552 | 138,900 | 133,929 |
| Total funds at 31 December 2019 | 18 | 30,761 | 2,206 | 9,461 | 104,524 | 146,952 | 138,900 |

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

The notes on pages 19 to 45 form part of the financial statements.

WINCHESTER DIOCESAN BOARD OF FINANCE

BALANCE SHEET

For the year ended 31 December 2019

Company number - 142351

| | Note | 2019 | | 2018 | |
|--|------|----------------|-----------------------|----------------|-----------------------|
| | | £,000 | £,000 | £,000 | £,000 |
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | | 128,854 | | 126,445 |
| Investments | 13 | | 20,230 | | 17,167 |
| | | | <u>149,084</u> | | <u>143,612</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 14 | 1,811 | | 2,060 | |
| Cash on deposit | | 1,515 | | 257 | |
| Cash at bank and in hand | | 26 | | 882 | |
| | | <u>3,352</u> | | <u>3,199</u> | |
| CREDITORS: amounts falling due within one year | 15 | <u>(926)</u> | | <u>(1,319)</u> | |
| NET CURRENT ASSETS | | | <u>2,426</u> | | <u>1,880</u> |
| Total assets less current liabilities | | | 151,510 | | 145,492 |
| CREDITORS: amounts falling due after more than one year | | | | | |
| Pension scheme liabilities | 16 | (1,553) | | (3,473) | |
| Other creditors | | <u>(3,005)</u> | | <u>(3,119)</u> | |
| | | | <u>(4,558)</u> | | <u>(6,592)</u> |
| NET ASSETS | | | <u>146,952</u> | | <u>138,900</u> |
| FUNDS | | | | | |
| Unrestricted Funds | | | | | |
| General funds | | | 30,761 | | 27,167 |
| Designated funds | | | <u>2,206</u> | | <u>2,197</u> |
| | | | 32,967 | | 29,364 |
| Restricted funds: | | | 9,461 | | 7,984 |
| Endowment funds: | | | <u>104,524</u> | | <u>101,552</u> |
| TOTAL FUNDS | 19 | | <u>146,952</u> | | <u>138,900</u> |

The Notes on pages 19 to 45 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 22nd July 2020 and signed on behalf of the Board by:

The Right Reverend Timothy Dakin

WINCHESTER DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

For the year ended 31 December 2019

| | 2019 | | 2018 | |
|---|---------|----------------|-------|--------------|
| | £,000 | £,000 | £,000 | £,000 |
| Net cash (outflow)/ inflow from operating activities | | (1,356) | | (576) |
| Cash flows from investing activities | | | | |
| Dividends, interest and rent from investments | 739 | | 731 | |
| Purchase of property and equipment | (1,662) | | (672) | |
| Purchase of investments | (1,007) | | (410) | |
| Sale of property and equipment | 3,096 | | 320 | |
| Sale of investments | 546 | | 72 | |
| Net cash provided by investing activities | | 1,712 | | 41 |
| Cash flows from financing activities | | | | |
| Repayments of lending | 269 | | 144 | |
| Repayments of borrowing | (105) | | (788) | |
| Cash inflows from new borrowing | 21 | | 795 | |
| Cash outflows from new lending | (138) | | (484) | |
| Net cash used in/(provided by) financing | | 47 | | (333) |
| Change in cash and cash equivalents | | 402 | | (890) |
| Cash and cash equivalents at 1 January | | 1,139 | | 2,029 |
| Cash and cash equivalents at 31 December | | 1,541 | | 1,139 |
| Reconciliation of net income | | | | |
| Net income | | 2,486 | | (978) |
| Adjustments for: | | | | |
| Depreciation charges | | - | | 15 |
| Revaluation Losses/(Gains) on Investments | | (2,602) | | 194 |
| Dividends, interest and rent from investments | | (739) | | (731) |
| (Profit)/Loss on sale of functional assets | | 92 | | 34 |
| (Profit)/Loss on disposal of investments | | - | | - |
| Decrease/(Increase) in debtors | | 118 | | (261) |
| (Decrease)/Increase in creditors | | (712) | | 1,129 |
| Net cash (used in)/provided by operating activities | | (1,356) | | (598) |
| Analysis of cash and cash equivalents | | | | |
| Cash at bank and in hand | | 26 | | 882 |
| Cash on deposit | | 1,515 | | 257 |
| | | 1,541 | | 1,139 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

After reviewing the charity's forecasts and projections, as described in the budget and outlook for 2020 on page 7, 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 them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i. **Common Mission Fund (parish share)** is recognised as income of the year in respect of which it is receivable.
- 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 incoming. 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. However, 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

- v. **Pension contributions.** The WDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 21). The pension costs charged as resources expended represent the WDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which WDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

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

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

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 shorter of the overall 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

- **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.

2. DONATIONS

Parish Contributions

| | Unrestricted funds | | Restricted Funds | Endowment Funds | Total Funds 2019 |
|-----------------------------|--------------------|------------|------------------|-----------------|------------------|
| | General | Designated | | | |
| | £,000 | £,000 | £,000 | £,000 | £,000 |
| Current year apportionment | 10,076 | - | - | - | 10,076 |
| Shortfall in contributions | (705) | - | - | - | (705) |
| | 9,371 | - | - | - | 9,371 |
| Receipts for previous years | 17 | - | - | - | 17 |
| | 9,388 | - | - | - | 9,388 |

| | Unrestricted funds | | Restricted Funds | Endowment Funds | Total Funds 2018 |
|-----------------------------|--------------------|------------|------------------|-----------------|------------------|
| | General | Designated | | | |
| | £,000 | £,000 | £,000 | £,000 | £,000 |
| Current year apportionment | 9,888 | - | - | - | 9,888 |
| Shortfall in contributions | (730) | - | - | - | (730) |
| | 9,158 | - | - | - | 9,158 |
| Receipts for previous years | 58 | - | - | - | 58 |
| | 9,216 | - | - | - | 9,216 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

2. DONATIONS (continued)

The majority of donations are collected from the parishes of the Diocese through the Common Mission Fund. Current year CMF receipts represent 93% of the total apportioned (2018: 92.6%), or, when receipts for previous years are included, 93.2% of the total apportioned (2018: 93.6%).

Archbishop's Council

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2019 £,000 |
|-----------------------------|--------------------|------------|---------------------------|--------------------------|------------------------------|
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| Strategic Development grant | | - | 836 | - | 836 |
| Ordinand Training grant | - | - | 462 | - | 462 |
| Total | - | - | 1,298 | - | 1,298 |

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2018 £,000 |
|-------------------------|--------------------|------------|---------------------------|--------------------------|------------------------------|
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| Capacity Building grant | | 1 | 1,375 | - | 1,376 |
| Ordinand Training grant | - | - | 263 | - | 263 |
| Total | - | 1 | 1,638 | - | 1,639 |

Other donations

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2019 £,000 |
|--------------------------|--------------------|------------|---------------------------|--------------------------|------------------------------|
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| All Churches Trust Grant | 128 | - | - | - | 128 |
| Donations | 7 | - | 163 | (1) | 169 |
| Total | 135 | - | 163 | (1) | 297 |

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2018 £,000 |
|--------------------------|--------------------|------------|---------------------------|--------------------------|------------------------------|
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| All Churches Trust Grant | 63 | - | - | - | 63 |
| Donations | 13 | 1 | 190 | - | 204 |
| Legacies | 4 | - | - | - | 4 |
| Total | 80 | 1 | 190 | - | 271 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

3. CHARITABLE ACTIVITIES

| | Unrestricted funds | | Restricted Funds £'000 | Endowment Funds £'000 | Total Funds 2019 £'000 |
|----------------------|--------------------|---------------------|------------------------------|-----------------------------|------------------------------|
| | General £'000 | Designated £'000 | | | |
| Statutory fees | 517 | - | - | - | 517 |
| Miscellaneous income | 327 | - | 8 | - | 335 |
| | 844 | - | 8 | - | 852 |

| | Unrestricted funds | | Restricted Funds £'000 | Endowment Funds £'000 | Total Funds 2018 £'000 |
|----------------------|--------------------|---------------------|------------------------------|-----------------------------|------------------------------|
| | General £'000 | Designated £'000 | | | |
| Statutory fees | 626 | - | - | - | 626 |
| Miscellaneous income | 267 | - | - | - | 267 |
| | 893 | - | - | - | 893 |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2019 £,000 |
|-------------------|--------------------|---------------------|------------------------------|-----------------------------|------------------------------|
| | General £,000 | Designated £,000 | | | |
| Property rentals | 680 | - | - | - | 680 |
| Conference Centre | 17 | - | - | - | 17 |
| | 697 | - | - | - | 697 |

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2018 £,000 |
|-------------------|--------------------|---------------------|------------------------------|-----------------------------|------------------------------|
| | General £,000 | Designated £,000 | | | |
| Property rentals | 758 | - | - | - | 758 |
| Conference Centre | 64 | - | - | - | 64 |
| | 822 | - | - | - | 822 |

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. INVESTMENT INCOME

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2019 £,000 |
|----------------------|--------------------|------------|------------------------------|-----------------------------|------------------------------|
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| Dividends Receivable | 96 | 19 | 465 | 10 | 590 |
| Interest Receivable | 28 | - | 3 | - | 31 |
| Rents Receivable | 64 | - | 54 | - | 118 |
| | 188 | 19 | 522 | 10 | 739 |

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2018 £,000 |
|----------------------|--------------------|------------|------------------------------|-----------------------------|------------------------------|
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| Dividends Receivable | 92 | 17 | 458 | 9 | 576 |
| Interest Receivable | 20 | - | 14 | - | 34 |
| Rents Receivable | 66 | - | 55 | - | 121 |
| | 178 | 17 | 527 | 9 | 731 |

6. OTHER INCOMING RESOURCES

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

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2018 £,000 |
|----------------------------|--------------------|------------|------------------------------|-----------------------------|------------------------------|
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| Sale of redundant churches | 96 | 204 | - | - | 300 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

7. FUND RAISING COSTS

| | Unrestricted funds | | Restricted Funds | Endowment Funds | Total Funds |
|--------------------|--------------------|------------|------------------|-----------------|-------------|
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| Glebe agent's fee | 38 | - | - | - | 38 |
| Direct Fundraising | 25 | - | - | - | 25 |
| Conference Centre | 10 | - | - | - | 10 |
| | 73 | - | - | - | 73 |
| | Unrestricted funds | | Restricted Funds | Endowment Funds | Total Funds |
| | General | Designated | | | |
| | £,000 | £,000 | | | |
| Glebe agent's fee | 23 | - | - | - | 23 |
| Direct Fundraising | 22 | - | - | - | 22 |
| Conference Centre | 27 | - | - | - | 27 |
| | 72 | - | - | - | 72 |

8. CHARITABLE ACTIVITIES EXPENDITURE

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2018 £,000 |
|---|--------------------|---------------------|---------------------------|--------------------------|------------------------------|
| | General £,000 | Designated £,000 | | | |
| Contributions to Archbishops' Council | | | | | |
| Training for Ministry | 295 | - | - | - | 295 |
| National Church Responsibilities | 316 | - | - | - | 316 |
| Grants and provisions | - | - | - | - | - |
| Mission agency pension costs | 3 | - | - | - | 3 |
| Retired clergy housing costs | 119 | - | - | - | 119 |
| Pooling of ordinands' maintenance grant costs | (43) | - | - | - | (43) |
| | 690 | - | - | - | 690 |
| Resourcing Ministry and Mission | | | | | |
| Stipends and national insurance | 4,225 | - | - | - | 4,225 |
| Pension contributions | 905 | - | - | - | 905 |
| Housing costs | 1,994 | - | 14 | 2 | 2,010 |
| Removal, resettlement and other grants | 133 | - | - | - | 133 |
| RME Training for Ministry | - | - | 223 | - | 223 |
| Other expenses | 372 | 13 | 108 | - | 493 |
| | 7,629 | 13 | 345 | 2 | 7,989 |
| Support for parish ministry | 1,386 | - | 1,545 | - | 2,931 |
| Lay pension deficit provision | 946 | - | - | - | 946 |
| Governance | 1,497 | 42 | - | - | 1,539 |
| | 11,458 | 55 | 1,890 | 2 | 13,405 |
| Expenditure on Education | | | | | |
| Support for church schools and parishes | 455 | - | - | - | 455 |
| | 12,603 | 55 | 1,890 | 2 | 14,550 |

Analysis of Resources Expended Including Grants & Support Costs

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

Analysis of Support costs

| | Unrestricted funds General £,000 | Unrestricted funds Designated £,000 | Restricted Funds £,000 | Endowment Funds £,000 | Total 2019 £,000 |
|-------------------------------|--|---|---------------------------|--------------------------|---------------------|
| Central administration | 1,713 | - | 516 | - | 2,229 |
| Support for Schools | 434 | - | 5 | - | 439 |
| Lay pension deficit provision | 20 | - | - | - | 20 |
| Governance | | | | | |
| External Audit | 20 | - | - | - | 20 |
| Registrar and Chancellor | 115 | - | - | - | 115 |
| Synodical costs | 1,507 | - | - | - | 1,507 |
| | 3,809 | - | 521 | - | 4,330 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Resources Expended Including Grants & Support Costs - 2018

| | Activities undertaken directly £,000 | Grant funding of activities £,000 | Support Costs £,000 | Total 2018 £,000 |
|---------------------------------------|---|--------------------------------------|------------------------|---------------------|
| Raising funds | | | | |
| Investment management costs | 23 | - | - | 23 |
| Direct Fundraising | 22 | - | - | 22 |
| Conference Centre | 27 | - | - | 27 |
| Charitable Activities | | | | |
| Contributions to Archbishop's Council | - | 690 | - | 690 |
| Resourcing ministry and mission | 6,931 | 603 | 5,871 | 13,405 |
| Education | 455 | - | - | 455 |
| Other | 34 | - | - | 34 |
| | 7,492 | 1,293 | 5,871 | 14,656 |

Analysis of Support Costs

| | General £,000 | Unrestricted funds Designated £,000 | Restricted Funds £,000 | Endowment Funds £,000 | Total 2018 £,000 |
|-------------------------------|------------------|--|---------------------------|--------------------------|---------------------|
| Central administration | 1,386 | - | 1,545 | - | 2,931 |
| Support for Schools | 455 | - | - | - | 455 |
| Lay pension deficit provision | 946 | - | - | - | 946 |
| Governance | | | | | |
| External Audit | 15 | - | - | - | 15 |
| Registrar and Chancellor | 104 | - | - | - | 104 |
| Synodical costs | 1,420 | - | - | - | 1,420 |
| | 4,326 | - | 1,545 | - | 5,871 |

Analysis of Grant funding

| | No. | 2019 | | Total £,000 |
|---|------------|----------------------|-----------------------|----------------|
| | | Individuals £,000 | Institutions £,000 | |
| From unrestricted funds for national church responsibilities | | | | |
| Archbishops' Council (note 8) | 6 | - | 748 | 748 |
| From unrestricted funds | | | | |
| PCCs for church inspection fees | 45 | - | 37 | 37 |
| PCCs for faculty fees | 88 | - | 17 | 17 |
| Overseas mission agencies | - | - | - | - |
| Churches Together organisations | 1 | - | 2 | 2 |
| Clergy Spice | - | - | 0 | 0 |
| Clergy for training | 52 | 9 | - | 9 |
| Ordinands' training, receiving maintenance | 19 | 245 | - | 245 |
| South Central Regional Training Partnership | 33 | 7 | 2 | 9 |
| Total from unrestricted funds | 238 | 261 | 58 | 319 |
| From restricted funds for various purposes | | | | |
| Clergy for study leave (Penrose fund) | 8 | 7 | - | 7 |
| Clergy for charitable purposes | 7 | 6 | 2 | 8 |
| Widows and dependants of clergy | 63 | 7 | - | 7 |
| Deaf clubs | 6 | - | 1 | 1 |
| RME Ordinands in training | 63 | 215 | 124 | 339 |
| Other institutional grants | 5 | - | 20 | 20 |
| Total from restricted funds for various purposes | 152 | 235 | 147 | 382 |
| TOTAL | 396 | 496 | 953 | 1,449 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Grant funding

| | 2018 | | | Total £,000 |
|---|--------------------|------------|-----------------------|----------------|
| | Individuals No. | £,000 | Institutions £,000 | |
| From unrestricted funds for national church responsibilities | | | | |
| Archbishops' Council (note 8) | 6 | - | 690 | 690 |
| From unrestricted funds | | | | |
| PCCs for church inspection fees | 35 | - | 29 | 29 |
| PCCs for faculty fees | 101 | - | 22 | 22 |
| Overseas mission agencies | 1 | - | 1 | 1 |
| Churches Together organisations | 1 | - | 2 | 2 |
| Clergy Spice | 1 | - | 1 | 1 |
| Clergy for training | 55 | 8 | - | 8 |
| Ordinands' training, receiving maintenance | 25 | 270 | - | 270 |
| South Central Regional Training Partnership | 21 | 7 | 3 | 10 |
| Total from unrestricted funds | 240 | 285 | 58 | 343 |
| From restricted funds for various purposes | | | | |
| Clergy for study leave (Penrose fund) | 6 | 7 | - | 7 |
| Clergy for charitable purposes | 15 | 6 | 2 | 8 |
| Widows and dependants of clergy | 78 | 9 | - | 9 |
| Deaf clubs | 26 | - | 1 | 1 |
| RME Ordinands in training | 22 | 124 | 99 | 223 |
| Other institutional grants | 5 | - | 12 | 12 |
| Total from restricted funds for various purposes | 152 | 146 | 114 | 260 |
| TOTAL | 398 | 431 | 863 | 1,293 |

9. OTHER EXPENDITURE

| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2019 £,000 |
|------------------------------|--------------------|---------------------|------------------------------|-----------------------------|------------------------------|
| | General £,000 | Designated £,000 | | | |
| Loss on sale of fixed assets | 1 | - | - | 91 | 92 |
| | 1 | - | - | 91 | 92 |
| | | | | | |
| | Unrestricted funds | | Restricted Funds £,000 | Endowment Funds £,000 | Total Funds 2018 £,000 |
| | General £,000 | Designated £,000 | | | |
| Loss on sale of fixed assets | - | - | - | 34 | 34 |
| | - | - | - | 34 | 34 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

10. STAFF & TRUSTEES

| | | |
|----------------------------------|--------------|--------------|
| Staff Costs | 2019 | 2018 |
| | £,000 | £,000 |
| Wages and salaries | 2,032 | 1,792 |
| National insurance contributions | 207 | 177 |
| Pension costs | 237 | 211 |
| Lay pension deficit provision | 946 | 946 |
| | <u>3,422</u> | <u>3,126</u> |

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

| | | |
|---|-------------|-------------|
| | 2019 | 2018 |
| Resourcing ministry: | fte | fte |
| Administration and financial management | 23 | 25 |
| Property | 2 | 3 |
| School of Mission & Stewardship | 13 | 15 |
| Safeguarding | 2 | 2 |
| Fundraising | 1 | 1 |
| Parochial lay staff | 1 | 1 |
| Mission Action | 3 | 3 |
| | <u>45</u> | <u>50</u> |

The average number of persons employed during the year:

| | | |
|---|-------------|-------------|
| | 2019 | 2018 |
| Resourcing ministry: | no. | no. |
| Administration and financial management | 25 | 27 |
| Property | 2 | 3 |
| School of Mission & Stewardship | 15 | 17 |
| Safeguarding | 2 | 2 |
| Fundraising | 1 | 1 |
| Parochial lay staff | 1 | 1 |
| Mission Action | 2 | 3 |
| | <u>48</u> | <u>54</u> |

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

| | | |
|--------------------|-------------|-------------|
| | 2019 | 2018 |
| | no. | no. |
| £60,001 - £70,000 | 5 | 3 |
| £70,001 - £90,000 | - | - |
| £90,001 - £100,000 | 1 | 1 |

Pension payments of £45,000 (2018: £40,000) were made for these employees.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

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 2019 they were:

| | |
|---|-------------------------------------|
| Chief Executive and Company Secretary | Andrew R Robinson |
| Director of Finance | Lisa Streeter (from Feb 2019) (60%) |
| Director of Education | Jeff Williams (67%) |
| Archdeacon for Mission Development | Paul Moore (left March 2020) |
| Head of Operations | Colin Harbidge |
| Head of Resource Development | Anthony Smith (left March 2020) |
| Head of Human Resources | Susan Beckett |
| Head of Strategic Development | Mark Lowman |
| Canon Principal & Head of School of Mission | Mark Collinson (50%) |

Remuneration, pensions and expenses for the 8 employees and 1 clergy stipend amounted to £620,000 (2018: £609,000)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £1,756 (2018: £3,256) 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 2019 (2018: 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 |
| 2018 | Stipend | Housing |
| The Revd A Micklefield | Yes | Yes |
| The Revd A Nutt | Yes | Yes |
| The Revd J Bakker | 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 154 (2018: 155.5) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

| | | |
|-----------------------------------|--------------|--------------|
| | 2019 | 2018 |
| | £,000 | £,000 |
| Stipends | 4,230 | 4,226 |
| National Insurance | 299 | 303 |
| Pension Costs - Current Year | 915 | 905 |
| Pension Costs - Deficit Reduction | 385 | 388 |
| | <u>5,829</u> | <u>5,822</u> |
| Average Stipend | 27 | 27 |
| Average Number | 154.0 | 155.5 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

11. ANALYSIS OF TRANSFERS BETWEEN FUNDS

| Current Year | Unrestricted funds | | Restricted | Endowment |
|---|--------------------|---------------------|----------------|----------------|
| | General £,000 | Designated £,000 | Funds £,000 | Funds £,000 |
| From Parsonage Endowment income to General fund for house costs | 21 | - | (21) | - |
| From Schools fund to General fund for schools officers | 214 | - | (214) | - |
| From Clergy Welfare Trust to General fund for ordinands' grants | 168 | - | (168) | - |
| From Maclean fund to general fund for clergy house costs | 11 | (11) | - | - |
| From Fairbairn Trust fund to General fund for the adviser to the deaf | 1 | - | (1) | - |
| From the ICSF fund to the General fund for property repairs | 15 | - | (15) | - |
| From General fund to Stipend fund for reduction in pension deficit | (385) | - | - | 385 |
| From Benefice Houses to General Fund for transfer of properties | 3,380 | - | - | (3,380) |
| | 3,425 | (11) | (419) | (2,995) |

| Previous Year | Unrestricted funds | | Restricted | Endowment |
|--|--------------------|---------------------|----------------|----------------|
| | General £,000 | Designated £,000 | Funds £,000 | Funds £,000 |
| From Parsonage Endowment income to General fund for house costs | 21 | - | (21) | - |
| From Council for Social Responsibility Fund to General fund to support environment adviser | 17 | - | (17) | - |
| From Schools fund to General fund for schools officers | 270 | - | (270) | - |
| From Pember income to general fund for clergy pensions | 23 | - | (23) | - |
| From Clergy Welfare Trust to General fund for ordinands' grants | 209 | - | (209) | - |
| From Maclean fund to general fund for clergy house costs | 11 | (11) | - | - |
| From Fairbairn Trust fund to General fund for the adviser to the deaf | 1 | - | (1) | - |
| From the ICSF fund to the General fund for property repairs | 15 | - | (15) | - |
| From General fund to Stipends fund for reduction in pension deficit | (388) | - | - | 388 |
| From Clergy Welfare Trust fund to Queen Victoria fund re clergy counselling costs | (9) | - | 9 | - |
| | (215) | 489 | (662) | 388 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

12. TANGIBLE FIXED ASSETS

| Current Year | Freehold Land & Buildings £,000 | Office Equipment £,000 | 2019 Total £,000 |
|----------------------------|---------------------------------------|------------------------------|------------------------|
| Valuation as at: | | | |
| 1 January 2019 | 126,437 | 524 | 126,961 |
| Additions | 1,662 | | 1,662 |
| Disposals | (3,188) | | (3,188) |
| Revaluation | 3,935 | | 3,935 |
| 31 December 2019 | <u>128,846</u> | <u>524</u> | <u>129,370</u> |
| Depreciation | | | |
| At 1 January 2019 | - | 516 | 516 |
| Disposals | - | | - |
| Charge for the year | - | - | - |
| At 31 December 2019 | <u>-</u> | <u>516</u> | <u>516</u> |
| Net Book Value | | | |
| At 31 December 2019 | <u>128,846</u> | <u>8</u> | <u>128,854</u> |
| At 31 December 2018 | <u>126,437</u> | <u>8</u> | <u>126,445</u> |

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

13. FIXED ASSET INVESTMENTS

| Current Year | As at 1st January 2019 £,000 | Additions £,000 | Disposals £,000 | Net Gains / (Losses) £,000 | As at 31st December 2019 £,000 |
|---------------------------|---------------------------------------|---------------------|---------------------|-------------------------------------|---|
| Unrestricted funds | | | | | |
| Unlisted Investments | 1,769 | | (546) | 303 | 1,526 |
| Restricted Funds | | | | | |
| Unlisted Investments | 6,351 | 905 | - | 819 | 8,075 |
| Endowment Funds | | | | | |
| Investment property | 997 | 16 | | - | 1,013 |
| Unlisted investments | 8,050 | 86 | | 1,480 | 9,616 |
| | <u>9,047</u> | <u>102</u> | <u>-</u> | <u>1,480</u> | <u>10,629</u> |
| Total | <u>17,167</u> | <u>1,007</u> | <u>(546)</u> | <u>2,602</u> | <u>20,230</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

14. DEBTORS

| | 2019 | 2018 |
|---|---------------------|---------------------|
| | £,000 | £,000 |
| <i>Due within one year</i> | | |
| Current year Common Mission Fund (parish share) | 59 | 96 |
| Loans to parishes | 141 | 141 |
| Loans to others | 71 | 83 |
| Other debtors and prepayments | 492 | 746 |
| | <u>763</u> | <u>1,066</u> |
| <i>Due after more than one year</i> | | |
| Loans to parishes | 682 | 795 |
| Other Loans | 366 | 199 |
| | <u>1,048</u> | <u>994</u> |
| Total debtors | <u>1,811</u> | <u>2,060</u> |

15. CREDITORS: amounts falling due within one year

| | 2019 | 2018 |
|---|-------------------|---------------------|
| | £,000 | £,000 |
| Loan repayments | 106 | 108 |
| Deferred income | 1 | 74 |
| Other taxes and social security | 1 | - |
| Creditor relating to sale proceeds of closed school | 400 | 400 |
| Other creditors and accruals | 245 | 351 |
| Pension scheme liabilities: | | |
| CEFPS for Clergy | 95 | 297 |
| Church Workers DBS | 78 | 89 |
| | <u>926</u> | <u>1,319</u> |
| Total creditors: amounts falling due within one year | <u>926</u> | <u>1,319</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

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

| | 2019 £,000 | 2018 £,000 |
|--|---------------|---------------|
| Loan repayment instalments due after more than one year | | |
| Church Commissioners value-linked loans | 85 | 85 |
| Church Commissioners other loans | 112 | 146 |
| Other loans | 2,808 | 2,888 |
| Pension scheme liabilities: | | |
| CEFPS for Clergy | 855 | 2,669 |
| Church Workers DBS | 698 | 804 |
| Total creditors: amounts falling due after more than one year | 4,558 | 6,592 |
| The maturity of the above loans may be analysed as follows: | | |
| Between one and two years | 37 | 36 |
| Between two and five years | 107 | 106 |
| In five years and more | 2,861 | 2,977 |
| | 3,005 | 3,119 |

17. ANALYSIS OF CHANGES IN DEBT

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

18. SUMMARY OF FUND MOVEMENTS – CURRENT YEAR

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

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

18. SUMMARY OF FUND MOVEMENTS – PREVIOUS YEAR

| | Balances at 1 January 2018 £,000 | Incoming resources £,000 | Expenditure £,000 | Transfers £,000 | Gains and losses £,000 | Balances at 31 December 2018 £,000 |
|-----------------------------------|--|--------------------------------|----------------------|--------------------|------------------------------|---|
| UNRESTRICTED FUNDS | | | | | | |
| General | 27,592 | 11,285 | (12,675) | (215) | 1,180 | 27,167 |
| Parish mission and development | 105 | 2 | - | - | - | 107 |
| Maclean | 320 | 13 | - | (11) | (6) | 316 |
| OAP Property | 950 | - | - | 500 | - | 1,450 |
| Building New Church | 173 | 208 | (13) | - | (2) | 366 |
| Planned maintenance sinking fund | - | - | (42) | - | - | (42) |
| | 1,548 | 223 | (55) | 489 | (8) | 2,197 |
| RESTRICTED FUNDS | | | | | | |
| Pastoral fund | (196) | - | (14) | - | - | (210) |
| Parsonages endowment income | - | 21 | - | (21) | - | - |
| Clergy houses fund | 2,718 | 69 | (76) | - | 80 | 2,791 |
| Major Ball settlement income | 17 | 5 | (4) | - | - | 18 |
| Penrose income fund | 42 | 9 | (7) | - | (1) | 43 |
| Clergy welfare income fund | 513 | 155 | (8) | (209) | (10) | 441 |
| Chalke Bequest income | 17 | 2 | - | - | - | 19 |
| Church schools fund | 2,769 | 162 | - | (270) | (10) | 2,651 |
| Queen Victoria clergy fund | - | 2 | (11) | 9 | - | - |
| Pember income fund | 46 | 23 | - | (23) | (1) | 45 |
| Widows and dependants fund | 682 | 27 | (9) | - | (10) | 690 |
| Thorrold library fund | 12 | 6 | - | - | - | 18 |
| ICSF grant fund | 320 | 8 | - | (15) | (5) | 308 |
| Council for Social Responsibility | 955 | 32 | (86) | (17) | (13) | 871 |
| Falrbarn trust | 254 | 8 | (9) | (1) | (4) | 248 |
| Tale Tellers | 2 | - | - | - | - | 2 |
| Christopher library | 4 | - | - | - | - | 4 |
| RME Training for Mission | - | 263 | (223) | - | - | 40 |
| Winchester Mission Action | - | 1,563 | (1,443) | (115) | - | 5 |
| | 8,155 | 2,355 | (1,890) | (662) | 26 | 7,984 |
| ENDOWMENT FUNDS | | | | | | |
| Expendable | | | | | | |
| Benefice houses | 74,297 | 9 | (34) | - | 3,816 | 78,088 |
| Permanent | | | | | | |
| Stipends fund capital | 14,586 | - | (2) | 388 | 833 | 15,805 |
| Parsonages endowment capital | 624 | - | - | - | (9) | 615 |
| Major Ball settlement capital | 140 | - | - | - | (2) | 138 |
| Penrose capital | 273 | - | - | - | (4) | 269 |
| Clergy welfare capital | 5,484 | - | - | - | (59) | 5,425 |
| Chalke bequest capital | 47 | - | - | - | - | 47 |
| Widows and dependants capital | 156 | - | - | - | (2) | 154 |
| Thorrold library capital | 173 | - | - | - | (3) | 170 |
| Pember capital | 644 | - | - | - | (10) | 634 |
| Christopher Library | 5 | - | - | - | - | 5 |
| Chute endowment | 205 | - | - | - | (3) | 202 |
| | 96,634 | 9 | (36) | 388 | 4,557 | 101,552 |
| Total funds | 133,929 | 13,872 | (14,656) | - | 5,755 | 138,900 |

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

19. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

| | Fixed assets | | Current | Creditors £,000 | Net |
|-------------------------------------|--------------|-------------|---------|--------------------|---------|
| | Tangible | Investments | Assets | | Assets |
| | £,000 | £,000 | £,000 | | £,000 |
| Unrestricted funds - general | 27,694 | 1,309 | 2,495 | (4,331) | 27,167 |
| Unrestricted - designated | | | | | |
| Parish mission & development | - | - | 107 | - | 107 |
| Maclean | - | 343 | (27) | - | 316 |
| OAP property | 2,750 | - | (1,300) | - | 1,450 |
| Building New Church | - | 117 | 249 | - | 366 |
| Planned maintenance sinking fund | - | - | (42) | - | (42) |
| | 2,750 | 460 | (1,013) | - | 2,197 |
| Restricted | | | | | |
| Pastoral fund | - | - | (210) | - | (210) |
| Pesonages Endowment income fund | 1 | - | - | - | 1 |
| Clergy houses fund | 2,215 | 643 | 132 | (199) | 2,791 |
| Major Ball settlement income | - | - | 18 | - | 18 |
| Penrose income fund | - | 44 | (1) | - | 43 |
| Clergy Welfare income fund | - | 519 | (78) | - | 441 |
| Chalke Bequest income | - | - | 19 | - | 19 |
| Church schools fund | - | 2,959 | 92 | (400) | 2,651 |
| Pember income fund | - | 65 | (20) | - | 45 |
| Queen Victoria clergy fund | (1) | - | - | - | (1) |
| Widows and dependants fund | - | 630 | 60 | - | 690 |
| Thorrold library fund | - | - | 18 | - | 18 |
| ICSF grant fund | - | 321 | (13) | - | 308 |
| Council for Social Responsibility | - | 919 | (48) | - | 871 |
| Fairbarn Trust | - | 251 | (3) | - | 248 |
| Tale Tellers | - | - | 2 | - | 2 |
| Christopher Library | - | - | 4 | - | 4 |
| RME Training for Mission | - | - | 40 | - | 40 |
| Winchester Mission Action | - | - | 5 | - | 5 |
| | 2,215 | 6,351 | 17 | (599) | 7,984 |
| Expendable endowment | | | | | |
| Benefice houses | 78,246 | 185 | (328) | (15) | 78,088 |
| Permanent endowment | | | | | |
| Stipends fund capital | 15,540 | 2,702 | 529 | (2,966) | 15,805 |
| Parsonages endowment capital | - | 615 | - | - | 615 |
| Major Ball settlement capital | - | 137 | 1 | - | 138 |
| Penrose capital | - | 269 | - | - | 269 |
| Clergy Welfare capital | - | 3,925 | 1,500 | - | 5,425 |
| Chalke bequest capital | - | 47 | - | - | 47 |
| Widows and dependants capital | - | 154 | - | - | 154 |
| Thorrold library capital | - | 171 | (1) | - | 170 |
| Pember capital | - | 634 | - | - | 634 |
| Christopher Library | - | 6 | (1) | - | 5 |
| Chute endowment | - | 202 | - | - | 202 |
| | 93,786 | 9,047 | 1,700 | (2,981) | 101,552 |
| Total funds | 126,445 | 17,167 | 3,199 | (7,911) | 138,900 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 | 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: <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 dependants | These funds have been left to, or settled with, the WDBF specifically for the benefit of clergy widows and dependants. |

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

| | |
|--|--|
| Thorrold Library fund | The purpose of this fund is to provide a theological library for the clergy of the Diocese. The Thorrold and Lyttelton Library has been loaned to the University of Winchester to secure its future accessibility and development. |
| 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. |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 as at December 2018 and December 2019 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 2019 | December 2018 |
|--|---------------|---------------|
| Number of members at this Responsible Body | 155 | 157 |

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. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year.

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter” of 7 and an initial addition to mortality improvements of 0.5% pa.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

21. PENSIONS (continued)

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

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 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 2017 and over 2018 is set out in the table below.

| | 2019 | 2018 |
|---|------------|-----------|
| Balance sheet liability at 1 January | 2,966,000 | 3,301,000 |
| Deficit contribution paid | -443,000 | -431,000 |
| Interest cost (recognised in SoFA) | 58,000 | 43,000 |
| Remaining change to the balance sheet liability* (recognised in SoFA) | -1,631,000 | 53,000 |
| Balance sheet liability at 31 December | 950,000 | 2,966,000 |

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

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

| | December 2019 | December 2018 | December 2017 |
|---------------------------------------|---------------|---------------|---------------|
| Discount rate | 1.1% pa | 2.1% pa | 1.4% pa |
| Price inflation | 2.8% pa | 3.1% pa | 3.0% pa |
| Increase to total pensionable payroll | 1.3% pa | 1.6% pa | 1.5% 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

21. PENSIONS (continued)

Church Workers Pension Fund (CWPF)

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

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

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. There were no current WDBF employees participating in the scheme so the pension cost charged to the SoFA in the year (and for 2018) consist solely of the impact of deficit contributions set out below.

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 recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

21. PENSIONS (continued)

| | 2019 | 2018 |
|--|----------|----------|
| Balance sheet liability at 1 January | 893,000 | 70,000 |
| Deficit contribution paid | -154,000 | -123,000 |
| Interest cost (recognised in SoFA) | 17,000 | 0 |
| Remaining change to the balance sheet liability*(recognised in SoFA) | 20,000 | 946,000 |
| Balance sheet liability at 31 December | 776,000 | 893,000 |

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

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

| | December 2019 | December 2018 | December 2017 |
|---------------|---------------|---------------|---------------|
| Discount rate | 1.30% | 2.10% | 1.00% |

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

Teachers' pension scheme (TPS)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

22. OPERATING LEASES

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

| | 2019 | 2018 |
|--|-----------|-----------|
| | £,000 | £,000 |
| Land and buildings | | |
| Within one year of the balance sheet date | - | 9 |
| In the second to fifth years inclusive of the balance sheet date | 21 | 27 |
| | <u>21</u> | <u>36</u> |
| Other operating leases: | | |
| Within one year of the balance sheet date | - | 8 |
| In the second to fifth years inclusive of the balance sheet date | 13 | - |
| | <u>13</u> | <u>8</u> |

23. POST BALANCE SHEET EVENTS

Since the reporting date, the impact of the COVID-19 coronavirus on financial markets has led to an 11%, £1,984,000 decline in the value of the charity's listed investments, based on the CCLA valuations received to March 30, 2020. This volatility in global markets is to be expected considering the impact social distancing restrictions is having on the economy, covid-19 is a non-adjusting event.

The Trustees do not consider that this decline will have a material impact on the charity's ability to continue as a going concern or on its ability to continue to operate in line with the current strategic plan.

24. CAPITAL COMMITMENTS

At 31 December 2019 the WDBF had capital expenditure commitments authorised but not contracted of £nil (2018 - £nil) and contracted for but not yet due of £nil (2018 - £nil).

25. 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:

| | 2019 | 2018 |
|---|---------------|---------------|
| | £,000 | £,000 |
| CBF Church of England Investment Fund income shares | 14,467 | 12,045 |
| CBF Church of England Fixed Interest Securities Fund shares | 647 | 524 |
| CBF Church of England Property Fund shares | 271 | 278 |
| COIF income and accumulation shares | 39 | 39 |
| Other common investment fund holdings | 298 | 680 |
| Direct holdings in UK equities | - | - |
| Other fixed interest stocks | 101 | 101 |
| CBF Church of England Deposit Fund | 1,206 | 1,244 |
| Sundry debtors | - | - |
| Cash at bank | 9 | 10 |
| Sundry creditors | (17) | (17) |
| Total assets held as Custodian Trustee | <u>17,021</u> | <u>14,904</u> |