

WORCESTER DIOCESAN BOARD OF FINANCE LIMITED

England & Wales · Charity number 247778

Details

Status Registered

Legal form Charitable company

Company number 00271752

Registered 1966-05-13

Register [View on the Charity Commission register](#)

Contact

Address The Diocesan Office
16 Lowesmoor Wharf
Worcester
WR1 2RS

Phone 01905732802

Email jnex@cofe-worcester.org.uk

Website www.cofe-worcester.org.uk

Activities

Objects: TO PROMOTE, AID AND FURTHER THE OBJECTS, WORK AND BUSINESS OF THE CHURCH OF ENGLAND IN THE DIOCESE OF WORCESTER. (FOR FURTHER INFORMATION SEE MEMORANDUM AND ARTICLES OF ASSOCIATION).

Activities: MEETING THE COSTS OF CLERGY STIPENDS, PENSIONS CONTRIBUTIONS, HOUSING, TRAINING TOGETHER WITH DIOCESAN ADMINISTRATION AND SUPPORT FOR MISSION AND MINISTRY OF THE CHURCH OF ENGLAND IN THE DIOCESE OF WORCESTER.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space
- **What:** Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF WORCESTER
- Dudley
- Gloucestershire
- Herefordshire
- Sandwell
- Worcestershire

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£10,631,000	£9,285,000	£89,798,000	48
2023-12-31	£10,080,000	£9,960,000	£85,070,000	46
2022-12-31	£9,184,000	£8,824,000	£78,274,000	47
2021-12-31	£8,162,000	£8,812,000	£80,531,000	50
2020-12-31	£8,887,000	£8,411,000	£74,833,000	52

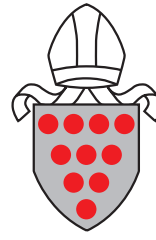
Trustees

Name	Role	Appointed
Canon Hugh Alan Richards		2018-12-19
David Michael Wightman		2022-07-14
ERIC ALLEN WILES		2017-03-16
Michael Douglas Hunter		2023-03-20
Professor Judith Lynn Nichol		2025-01-01
ROBIN CHRISTOPHER LUNN		2025-01-01
Rev Mark Badger		2024-01-01
Rev Timothy John Williams		2022-02-17
Sarah Jayne Hewitt		2025-05-08
Sarah Louise Roberts-Malpass		2025-05-08
THE VEN NICOLA JANE GROARKE		2014-01-11
Tafadzwa Harriet Terera		2023-01-13
The Revd Canon Diane Marie Cooksey		2024-11-04
The Revd Dr Richard Johnson		2022-03-09
The Rt Revd Martin Charles William Gorick		2020-03-09
The Very Revd Dr Stephen Michael Edwards		2023-09-01
Wadham St John Downing		2023-11-06

WORCESTER DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 247778

Accounts



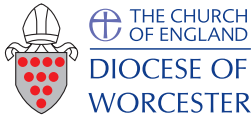
THE CHURCH
OF ENGLAND
DIOCESE OF
WORCESTER



Report of the Directors and Financial Statements
for the year ended 31 December 2024 for
Worcester Diocesan Board of Finance Limited
Registered Charity Limited by Guarantee
Company Registration Number 00271752 Registered Charity Number 247778



2024 REPORT



Company Registration Number 00271752
Registered Charity Number 247778
Published September 2025

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2024

In 2024 our priorities continued to be to:

- Double the number of children and young people worshipping in our churches.
- Create 100 new worshipping communities.
- Invest in the renewal of churches in our major population areas.
- Provide training and development opportunities for our clergy and lay leaders.



Company Information for the year ended 31 December 2024

The full name of the charitable company is Worcester Diocesan Board of Finance Limited (The). The directors, who are also the trustees and members of the Bishop’s Council of the Diocese, during the year and up to the date the report was approved are:

Directors

W S Downing (Chair)
 E A Wiles (Vice Chair)
 The Right Reverend J G Inge (resigned 10 October 2024)
 The Right Reverend M C Gorick
 The Venerable NJ Groarke
 The Venerable R G Jones (resigned 18 April 2024)
 The Venerable M Badger (appointed 1 January 2024)
 The Reverend A C Davies (resigned 2 January 2025)
 The Very Reverend S M Edwards MD Hunter
 The Reverend R Johnson
 P V Kear (resigned 18 January 2025)
 The Reverend Canon C A Lording (resigned 2 January 2025)
 R J Pearce (resigned 2 January 2025)
 D I A R Phillips (resigned 14 November 2024)

HA Richards
 TH Terera
 D M Wightman
 The Reverend Canon T J Williams
 The Reverend Canon D M Cooksey (appointed 24 January 2025)
 R C Lunn (appointed 24 January 2025)
 Prof J L Nichol (appointed 24 January 2025)
 The Reverend A Hadley (appointed 25 March 2025)
 The Reverend S Roberts-Malpass (appointed 12 May 2025)
 The Reverend SJ Hewitt (appointed 12 May 2025)

Company Secretary

The Reverend Canon A G Todd

Registered Office

16 Lowesmoor Wharf
 Worcester WR1 2RS

Registered Number

Company: 00271752
 Charity: 247778

Auditors

Crowe U.K. LLP, Statutory Auditor
 Black Country House, Rounds Green Road,
 Oldbury, West Midlands B69 2DG

Bankers

Lloyds Bank Plc, 4 The Cross,
 Worcester WR1 3PY

Solicitors

Anthony Collins Solicitors LLP,
 134 Edmund Street,
 Birmingham B3 2ES

Investment Advisors

CCLA Investment Management Ltd,
 1 Angel Lane, London EC4R 3AB

Insurance Agents

PIB Insurance Brokers,
 Poppleton Grange, Low Poppleton Lane
 York, Yorkshire YO26 6GZ

Property Investment Adviser

Fisher German LLP Chartered Surveyors,
 Global House, Hindlip Lane,
 Worcester WR3 8SB



Report of the directors for the year ended 31 December 2024

The directors, who are also trustees for the purposes of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2024. The directors/trustees are one and the same and in signing as directors they are also signing in their capacity as trustees.

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

Chair's Report *Commit your work to the Lord, and your plans will succeed.* (Proverbs 16.3)

I spoke in this report last year of our 2023-2030 vision *"to grow as Kingdom People, sharing the good news of Jesus' love in Worcestershire and Dudley through churches that are growing in health and sustainability"*, and the launch of a complex growth orientated transformation plan to achieve our goals. As the plan has been developed and more widely communicated, we have seen more acceptance and early successes.

As a reminder the three key strategic priorities, together with one underpinning priority are to:

- **Double** the number of children and young people worshipping in our churches.
- Create **100 new worshipping communities** offering a range of ways for people to come to faith and worship God.
- **Invest in the renewal** of around a dozen churches to ensure that each major area of population has at least one church with 150 people attending weekly, enabling them to support other local churches.
- Underpin these by investing in our clergy and lay leaders, providing **training and development opportunities** to enable them to grow and feel supported and equipped for mission.

This plan has been significantly mobilised in 2024, and through a great deal of hard work and prayer this is already beginning to show evidence of encouraging developments in our engagement with children and young people, of growth in our Renewals Church congregations and of New Worshipping Communities across the Diocese.

In December 2024 we were very grateful to receive a further £1.1 m capacity funding from the Strategic Mission and Ministry Investment Board, on behalf of Archbishop's Council, to enable key roles to support the programme.

On our financial results for the year 2024 was yet another challenging year for the UK economy, with global unrest and poor domestic growth having implications for our parishioners' finances, and for parish contributions (2% down 2024: £3.9m; 2023:

£4.0m). Against this backdrop the Diocese produced a resilient set of financial results. At the Net Operational Position¹ level, the measure which management uses to measure day to day performance, we achieved a breakeven result for the year (2024 £0.0m; 2023 £0.0m). This is after transfer from reserves (2024 £1.0m; 2023 £1.1m), principally our "total return" transfers from our endowment funds.

Disciplined risk management continued to underpin our balance sheet, and we grew our investments, a mixture of glebe property and investment portfolios up 2% in the year (2024: £50.6m; 2023: £49.6m). These form part of our endowment funds which we need to support our parishes for decades, and hopefully centuries, to come. At all times we maintained enough free reserves to remain within our solvency parameters (2024: £4.7m).

The financial sustainability of parishes continues to be a very real concern for all Dioceses across the country. Growing parish receipts and controlling costs as well as growing reserves for unexpected events is a significant challenge for most. In 2024 we provided over £760k (2023: £560k) to support benefices and parishes working towards this financial sustainability. Understandably we cannot provide this level of finance in perpetuity, and most parishes are starting down the road of putting plans in place to become self-sufficient. This will also require difficult choices. The central team continue to be on hand to support those needing assistance with developing their plans.

Finally, but most importantly, I must add my thanks to the staff and clergy who make this happen. We are blessed with an excellent team across the Diocese and the central team under the leadership of Reverend Andy Todd have done a fantastic job supporting, and challenging, the parishes to deliver this successful 2024. I look forward to working alongside you, and on your behalf, in the year ahead.

Wadham Downing
W S Downing

Public Benefit

The directors of the Worcester Diocesan Board of Finance Limited (WDBF) are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

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

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

Structure, Governance and Management

The company is governed by its memorandum and articles of association. The company is controlled by the Bishop's Council, the members of which are Directors and Trustees. Bishop's Council has two principal committees for finance and governance – the Finance and Resources Committee and the Audit, Risk and Challenge Committee. The statutory responsibilities of the Diocesan Mission, Pastoral and Resources Committee are fulfilled by the Bishop's Council of Trustees, and those of the Parsonages Board and the Glebe Committee are fulfilled by the Finance and Resources Committee. The Diocesan Board of Education is also a Committee of the WDBF, with statutory responsibilities.

The clergy and lay directors are elected by the respective houses of clergy and lay members of the Diocesan Synod and further directors are co-opted by the Bishop's Council so as to seek that among its elected and co-opted members all the deaneries in the Diocese are represented, subject always to there being a majority of lay elected and co-opted directors. At the start of each triennium, the members of the Bishop's Council are given a full and substantive overview of their duties and responsibilities as directors of the company and trustees of the charity. Training is updated within the triennium as and when required. The company is limited by guarantee and therefore the directors have no beneficial interest to disclose.

The Diocesan Secretary is responsible for the day-to-day management of the charity as delegated by the charity trustees. The senior management team is made up of the Diocesan Secretary, the Director of Finance, the Director of Education, the Director of Communications, the Director of Mission and Ministry, the Director of Church Buildings & Net Zero, the Director of Property, the Director of Safeguarding and the Transformation Programme Director. The administration of the charity is undertaken by the employed staff, who are based at 16 Lowesmoor Wharf, Worcester.

The Board is associated with a number of other charities and funds, full details of which are included with the connected party transactions within note number 31 to these financial statements.

¹ The Net Operational Position is defined as the net movement in funds from the SoFA of £4.7m, less a) the net impact of funding of special projects which net off to £0.2m in the SoFA, b) the realised and unrealised gains from our endowment funds investment portfolios of £3.5m, and c) the realised gains on our property portfolio of £1.1m.

Objectives and Activities

The principal object of The Worcester Diocesan Board of Finance (WDBF) is to advance the Christian faith by promoting, assisting and advancing the work of the Church of England in the Diocese of Worcester by acting as the financial executive of the Worcester Diocesan Synod. This includes the enabling of public worship, pastoral care and the promotion of Christian values by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

A major part of the Board's responsibilities results from legislation with regard to funding the costs of the clergy in the diocese of Worcester, including stipends, pension contributions, maintaining clergy houses and paying council tax and water rates. The Board also supports clergy and lay people with training for Christian mission and ministry including children's and youth work.

The WDBF also has the following statutory responsibilities:

- The management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- The repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- The management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education (DBE) Measure; and
- 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 Board's main sources of income are contributions of Ministry Share from Parochial Church Councils and income from grants and from investments. The Board is responsible for the custody and management of the Diocesan Synod's financial affairs as well as those of the Diocesan Board of Education which works with church schools and academies.

In addition to their important role in the governance of the company, and as well as contributing to the work of the Church at a parish level, volunteers make a significant contribution to the delivery of the following activities:

- The work of the Diocese's committees and working groups
- The development of vocations and the provision of training for lay and ordained ministry
- Help and advice given to parishes by the Diocesan Advisory Committee for the care of churches
- Mission and social responsibility work under the umbrella of several groups including the Climate Crisis Task Group.

The Diocese has a long-established Kingdom People vision, which is underpinned by four values: love, compassion, justice, freedom. Our vision is that as we grow as Kingdom People, we will see more people come to worship God, that we will engage in transformative ministry within our communities, bringing hope and supporting those who consider themselves to be Christians develop their faith throughout a lifelong journey of discipleship.

Overview

During 2024 we made significant progress on our approach to Diocesan Transformation, against an ongoing challenging background of cost of living pressures which continue to affect both parishes and the WDBF.

2024 Priorities

In last year's report we set out our priorities for 2024:

- **PRIORITY 1:**

Engagement of Children and Young People: Increasing the number of children and youth workers equipped with effective plans, to ensure greater engagement and discipleship with children and young people.

Over the course of the year, significant progress has been made in the deployment of children and youth workers across the diocese, with targeted investment focused on areas identified as having the highest potential for growth. There are now 17 employed children and youth ministers in post across the diocese. Early indicators suggest increased engagement from children and young people, with promising signs of deepening discipleship where mission plans are embedded in local contexts.

A developing network of practitioners is helping to shape a shared learning culture-enabling peer support, the exchange of good practice, and the emergence of a diocesan-wide pool of expertise in mission and ministry with children, young people, and their households. Strategic planning is now underway at deanery level, fostering a more coordinated approach to resourcing and impact.

A pilot partnership with iSingPop has also been launched to assess the viability of their resources in supporting the formation of new worshipping communities, particularly where integrated into a coherent missional design plan. This work intentionally draws together two of our strategic priorities.

- **PRIORITY 2:**

Support and Development of New Worshipping Communities (NWCs): Prioritising the support and training for new worshipping communities (NWCs) while fostering a culture of innovation. This involves equipping NWC leaders with the necessary resources and guidance to establish vibrant and inclusive worshipping communities that connect with people in new ways.

Support and training for those leading or preparing to lead new worshipping communities has been a key area of focus this year, with further development of the Myriad learning community. Adapted specifically for the Diocese of Worcester, the course equips both lay and ordained leaders to create and lead new worshipping communities, fostering a culture

of innovation while embedding sustainable and contextually appropriate practice.

Alongside this, we have worked closely with the diocesan safeguarding team to ensure that new worshipping communities are fully integrated into local governance structures. This alignment is essential in ensuring that NWCs are not only safe but positioned for long-term viability within the wider ecclesial framework.

We have also explored additional models of learning and support, including the Greenhouse model, to ensure we offer a diverse and responsive portfolio of learning opportunities.

To date, over 50 new worshipping communities have been launched through this strategic priority, engaging with new people in new ways. Several more are currently in the planning stages, demonstrating ongoing momentum and increasing confidence across the diocese in forming diverse expressions of church rooted in local context.

- **PRIORITY 3:**

Renewals Programme Implementation: Finalising mission plans to unlock national funding and advancing the implementation of Phase 1 renewal projects. Additionally, scoping Phase 2 renewal projects to ensure a sustained momentum in our renewal programme.

Detailed missional design plans have now been finalised for all six Phase 1 renewal projects. Five of these have been approved, with funding released from the national church and implementation well underway. The sixth project is pending final approval and is scheduled to launch in May, aligned with the installation of a new incumbent as renewal leader.

Initial work has also begun to scope Phase 2 renewal projects in the remaining major population centres. Conversations are currently underway with key stakeholders in those parishes, and in some cases, early work on the development of missional design plans is already in progress.

- **PRIORITY 4:**

Equipping Ministers of Mission: Empowering clergy and key lay leaders alike, and further equipping them with the necessary skills and resources to fulfil effectively the work of transformation in the diocese. This includes continuation of the Mission Accompanier programme.

This underpinning priority has seen a wide range of activity focused on resourcing and supporting those leading transformation on the ground in parishes, both lay and ordained. Coaching provision has been established for all renewal leaders, supported by the formation of a dedicated learning community for their coaches, enabling mutual learning and alignment with the wider goals of the renewal programme. Alongside this, the learning community for renewal leaders themselves has been reimagined, creating a more engaging, relevant, and practical training programme and a safe space for peer support and shared leadership development.

Investment has also been made in the development of the children and youth ministers network, offering practitioners a growing platform for collaboration and resource sharing. The Myriad learning community continues to equip a new cohort of leaders for new worshipping communities, contributing to the diocese's leadership ecosystem.

Additionally, the work of the Clergy Development Officer has provided focused support around clergy wellbeing, as well as coaching and mentoring opportunities tailored to individual contexts. Collectively, these initiatives represent a significant step forward in creating the leadership culture and capacity necessary for sustained transformation across the diocese.

Ministry Share System

Total contributions to Ministry Share were £3,869k, which represents 90.8% of Ministry Share requests, once Ministry Support Fund and Lowest Income Community (LLnC) grants were considered.

Alongside Ministry Share contributions, grants of £987k were given to help support parishes with Ministry Share. Nearly two-thirds of these grants came from the National Church's Lowest Income Community (LLnC) Fund which are restricted to helping ministry in those parishes that are in the most deprived areas of the country. The remaining grants came from the Ministry Support Fund, which were funds set aside by the WDBF in 2021 to support parishes during the transition from the previous Parish Share system to the current Ministry Support Fund. The intention of the Ministry Support Fund was for it to reduce over time and it is currently expected to be fully utilised by the end of 2026.

7 benefices contributed more than their Ministry Share allocation into the Ministry Support Fund to enable other benefices to receive transitional support. This amounted to £18k, a lower figure than originally hoped for, due not least to the ongoing high energy costs.

Ministry Development

In retrospect, 2024 has been an interim year for the Mission and Ministry Team, with the departure of the Director of Mission and Ministry announced towards the end of the year, and occurring only some 18 months after his appointment, and the first year in which all but two posts (DMM and Lay Training Officer) are now part-time. Nonetheless, work has progressed across all areas of the team's remit, especially in service of the underpinning diocesan priority, equipping ministers for mission.

The Clergy Development Officer is now well embedded in post, and engaged in one-on-one supportive conversations with clergy across the diocese, as well as supporting a number of ongoing developmental programmes, several being delivered in a West Midlands regional partnership. Alongside this is the detailed formational work engaged in by the Director of Ordinands and his volunteer team, and the support programme for curates led by the IME2 Officer, now also established in post. In partnership with the Church Pastoral Aid Society (CPAS), we have run training pilots for both oversight and focal ministry, to explore how we can best support clergy and lay people adapting to changing patterns of ministry.

In the summer the first iteration of the Auxiliary Pathway saw 10 priests ordained alongside 6 who had trained on mainstream pathways, and 4 deacons ordained alongside 5 mainstream ones. Although only one new Licensed Lay Minister (LLM) was admitted in 2024, six are in their second year of training to be licensed in 2025. The second iteration of the Auxiliary Pathway joined training for lay and ordained ministry together, with 9 people on it entering discernment and training for ordination, and 5 people beginning training for Licensed Lay Ministry.

There are 12 ordinands currently in training on mainstream pathways in Theological Education Institutions (8 for stipendiary ministry and 4 for Self-Supporting Ministry).

Ongoing ministry support by all members of the team continues in addition to those areas already mentioned with the ongoing programme of events put on with diocesan colleagues as part of the core offer of diocesan support. 19 people completed Authorised Lay Minister (ALM) training in 2024, of whom 12 have been authorised. 13 people completed a Bishop's Certificate course and 37 started on one. In addition to these planned courses, 726 people attended one or more of 54 other training events organised by WDBF staff, in a mix of online and onsite delivery.

Support for Church Buildings

The year began with the appointment of a new Chair of the Diocesan Advisory Committee (DAC), Gareth Doodles. A relocation for work at the end of the year meant that he resigned in December. Bishop Martin invited Robert Jones, the former Archdeacon of Worcester, to take on the role from January 2025, the appointment has been accepted. Advice visits to 108 churches were made by team members (105 in 2023) along with supporting several longer-term major building projects. Full DAC visits to assess major proposals were just 9, lower than last year's 12: often these respond to demand but were also affected by the availability of DAC members. In 2024, 47 applications for Faculty were considered by the DAC (2023 - 40, 2022 - 54) and 159 List B applications were granted (2023 - 128, 2022 - 148). The first Consistory Court hearing on a church buildings matter since 2015 took place in January, at Holy Trinity, Wordsley.

New appointments to the team were made thanks to funding granted by the Archbishop's Council: a part-time support officer to aid parishes with maintenance and repair issues, and the churches specialist within the Net Zero Carbon cluster (see section below). Jim Grevatte departed the team after a year in July 2024, his role supporting the churches undertaking works as part of the Renewals programme under the Transformation funding was contracted to local heritage project management firm Greenwoods Projects to ensure no time was lost by a recruitment programme. These projects have progressed slowly, mainly due to objections from heritage bodies.

The Minor Repairs and Improvements grants, also issued by the Archbishops' Council for dioceses to distribute through 2024 and 2025 was launched and has proved popular with parishes of all types. The scheme will likely be fully committed by the time it comes to an end in 2025. The team offered training and support sessions for parishes on Faculty Rules, fundraising and churchyard regulation and management. The annual church buildings conference, run along with other Midlands' dioceses, was held in Gloucester this year with decarbonization as its theme. The theme for 2025's event will be planning major projects. A similar joint conference for architects and building professionals was held in Burford, Oxfordshire. Worcester will host this in 2025. Team Leader, Mark Carter, joined the Diocese's delegation to the Three Confessions Conference hosted by our partner diocese in Magdeburg, the subject matter of the conference being the future and repurposing of church buildings.

Work continued on the growing portfolio of closed and closing churches, with progress hampered by delays caused by the staffing restructure within the Church Commissioners' team. The church of St James, Dudley is due to close formally in early 2025 with regular worship having ceased in summer 2024. Funding has been accessed for a significant options analysis for the building's future thanks to the West Midlands Combined Authority and Architectural Heritage Fund.

Education

In 2024, The Diocesan Board of Education published its revised strategy for the Academisation of our ninety-nine Church of England schools. This, alongside revised policy and procedures, has been shared and agreed with the Department for Education. All documentation has been shared with schools and Multi-Academy Trusts (which have Church School Articles of Association for Academisation) with meetings being held with individual Governing Bodies that are considering their options for conversion.

The Education Team has continued its offer of National Professional Qualifications (NPQs) for teachers and support staff in 2024. As regional delivery partner, this year there has been the additional offer of the new NPQ Special Educational Needs Coordinator as well as the continued offer of the following six qualifications; NPQ- Headship, NPQ- Senior Leadership, NPQ - Leading Teacher Development, NPQ - Learning Behaviour and Culture, NPQ - Leading Teaching and NPQ - Mathematics. During 2024 there have been 148 delegates enrolled. As well as providing much-needed professional development and qualifications for senior leaders, teachers and support staff in schools, it continues to generate a modest amount of additional income. The work carried out by the Education Team has continued to focus on providing a range of core services to schools in line with the Diocesan Board of Education (DBE) Measure. In response to this we also offer three Service Level agreements (SLA). The Training and Support SLA provides training for schools for them to become effective and develop as Church Schools, with a theologically-rooted Christian vision, whilst preparing them for Statutory Inspection of Anglican and Methodist Schools (SIAMS); the School Effectiveness SLA provides bespoke packages of support to improve the quality of leadership and teaching and learning; and the third SLA improves governance by

delivering enhanced training courses and audits for governors and their boards.

Through the DBE Service Level Agreements, there is a continued offer of Mental Health and Wellbeing support. This support has been invaluable in supporting school senior leaders who require counselling and support. Requests for support continue to grow and feedback and results from service users have been very positive.

During the year, the Education Team has supported the facilitation of nine building, maintenance and refurbishment projects in Voluntary Aided schools valued at just over £620,000. This work, in the main, is funded by the Department of Education through their School Condition Allocation scheme.

As part of the Framework and Action Planning for the Decarbonisation of Church of England schools, the Education Team continues to work alongside Mantis Energy who have been appointed as Regional Consultants. This work ensures that the Diocesan Board of Education has free access to advice, guidance, and experience to help shape, focus and deliver ongoing plans towards Net Zero Carbon in the Voluntary Aided schools and schools within Diocesan Multi-Academy Trusts, where the diocese holds the responsibility for the maintenance of development of school buildings. To date, as well as providing support and advice, the Education Team alongside the regional consultants have acquired grant funding and completed the first eight decarbonisation plans for Voluntary Aided/ Diocesan Multi-Academy Trust schools within the diocese.

Net Zero Carbon (NZC)

In November 2023, Diocesan Synod approved the Diocese's Practical Path Towards Net Zero Carbon, an emerging plan which outlines specific short-term actions and strategies to reduce our carbon footprint and work towards achieving net-zero carbon emissions within the Diocese by the year 2030. The Climate Crisis Task Group (an evolution of the earlier Diocesan Environment Group) has been convened as a steering group, and it redrafted the Environmental Strategy (originally published in 2008). The Environmental Strategy received Diocesan Synod approval in November 2024. The year also saw the recruitment of the regional team, for which funding had been achieved in 2023, in partnership with colleagues in Hereford and Gloucester dioceses.

Action to date:

- Recruitment of fixed term NZC Regional Programme Manager (July 2024) to advance the Diocese of Worcester's NZC ambitions and lead a cluster of three dioceses (this postholder also holds the church buildings portfolio across the three dioceses).
- Obtaining £58,850 grant funding the central church to run a NZC minor improvement scheme for churches which has helped 6 churches with £20,000 of funding so far
- Visiting and advising churches on first steps and funding available and demonstrating heating technologies
- Gaining a better understanding of church heating systems particularly by driving higher levels of Energy Footprint Tool Returns
- Delivering training to office staff, churches and schools on urgency of issue and actions that can be taken
- Top 20% emitting churches identified and contacts made to assess heating options and budget implications
- A Communications Plan has been drafted and is part of a larger plan shared between the three dioceses working as a cluster.

The research and costing works undertaken this year and at the start of 2025 will be needed for the expected bidding process for the 2026-28 Triennium Funding promised as part of the Church of England's £190m commitment to Net Zero through to 2031. It is expected that £100m will be available for this middle period to be split between dioceses: some will be a continuation of capacity building and there is expected to be some capital funding too.



2025 Priorities

In 2024, we made significant progress in implementing our transformation priorities. In 2025, we continue to build on this momentum - deepening our work across key areas while preparing for Phase 2 of the transformation programme and a next stage of national funding. A new focus on infrastructure, learning, and governance will enable the systems and culture that support long-term transformation across the diocese:

1. **Children and Young People:** Supporting the strengthening and sustainability of engagement with children, young people, and their households by resourcing those on the ground through Children and Young People's Minister networks, training, and strategic coordination at deanery level. This includes the development of practitioner networks, integration of this work into local mission planning, and the piloting of innovative approaches such as the iSingPop partnership, which explores the potential for New Worshipping Communities emerging through schools-based ministry.
2. **New Worshipping Communities (NWCs):** Supporting and embedding new worshipping communities across the diocese, with a growing focus on missional opportunities in areas of new housing development. This priority also includes expanding access to leadership development and deepening our learning community approach through Myriad and other models.
3. **Renewals Programme Preparation:** Laying the foundations for Phase 2 of the Renewals Programme through local engagement, contextual planning, and strategic assessment. This includes the diocese-wide Health and Sustainability Analysis currently underway, which will inform the identification of future renewal locations. Alongside this, work continues to support the development and implementation of robust, locally owned missional design plans in key strategic locations.
4. **Equipping Ministers for Mission:** Developing new models of leadership formation and learning that are theologically grounded, accessible, and inclusive. This includes creating leadership development pathways that are contextually and culturally inclusive, enabling a more diverse range of people to step into roles of missional leadership, and continuing to invest in the well-being and effectiveness of those leading transformation on the ground.
5. **Enabling Strategic Transformation:** Embedding the governance, learning frameworks, and programme infrastructure required to support long-term transformation across the diocese. This includes development of a Project Management Office, strategic alignment of activities, and preparation for the next submission for DIP funding for our second phase of transformation. The Health and Sustainability Analysis, while integral to renewal planning, also serves as a key diagnostic and decision-making framework supporting wider governance, investment, and strategic planning.



Financial Review

Total incoming resources for the year was £13,137k (2023 - £14,163k). The principal funding source was from Ministry Share which represents 29.6% (2023 - 27.9%) of total incoming resources. The increase in this percentage is mainly because of two things: the decreased value of gains on sale of tangible fixed asset properties (£2,506k in 2024, £4,083k in 2023) and the decrease in grants received from the Archbishops' Council (£2,600k in 2024, £3,373k in 2023). If gains and grants are omitted share represents 48.4% of operational income (2023 - 58.9%).

Benefices applied for grants to help fund any gaps between the costs of ministry in their Benefice and what they could afford to pay. This resulted in grants being awarded totalling £987k (2023 - £1,385k), being split between grants from the Ministry Support Fund of £368k (2023 - £430k), £619k (2023 - £683k) from the Lowest Income Communities Grants (LInC), and £0k (2023 - £272k) of other grants towards ministry. These grants mean that the Net Ministry Share Requested (after grants) should have been received in full from the Benefices. However, due to the continuing high inflationary economic environment, including the costs of energy, only 90.8% (2023 - 96.7%) was received. Total Ministry Share received during the year, including donations to the Ministry Support Fund and arrears, was £3,883k (2023 - £3,953k).

Endowments increased by £4,349k (2023 -£6,408k). This was because of an increase in investment valuations at the year-end of £747k (2023 - £2,246k), as well as gains on disposal of endowed assets of £2,506k (2023 - £4,083k). From the endowment £817k (2023 - £811k) was transferred to general funds under Total Return Accounting, see below and note 28. Total resources expended were £9,285k (2023 - £9,960k).

The Statement of Financial Activities on page 21 shows an overall increase in funds of £4,728k (2023 -£6,796k), of which £876k related to unrealised investment gain (2023 - £2,593k), and £2,506k (2023 - £4,083k) from surpluses on property sales.

The underlying operational result for the year, after transfers from Total Return and the Ministry Support Fund, was breakeven (2023 - breakeven).

WDBF Management has continued to monitor its costs and seek to gain additional funding where possible, to support the operations of the organisation, and its operational result, and to allow the Diocese to maximise its support to Benefices, Parishes, Churches and individuals.

Investment Policy

The Board's investment policy was reviewed during the year by an Investment Panel, a working group of the Finance and Resources Committee (FRC), although the ultimate responsibility remains that of the Worcester Diocesan Board of Finance. The policy was reviewed in September 2024 and the overarching objective is to maximise long-term income without exposing capital to undue risk, within a diversified portfolio spread across a broad range of asset classes and without compromising the Board's ethical investment policy, which essentially follows the national guidance established by the Church of England's Ethical Investment Advisory Group.

We remain in regular contact with CCLA Investment Management, our investment advisers, and Fisher German LLP, our property investment advisers, whom we fed into the establishment of the new investment policy.

Reserves *Restricted and endowment funds*

As set out in note 24 the WDBF holds and administers several restricted and endowment funds. As at 31 December 2024 restricted funds totalled £4,768k (2023 -£4,109k) and endowment funds totalled £77,066k (2023 - £72,717k). This includes the Diocesan Unapplied Total Return Fund (UTR) which totalled £22,285k (2023 - £21,403k) – see below.

Total Return Accounting

The law governing the use of Diocesan Endowment funds changed in 2016. Traditionally, permanent endowment funds draw income only, maintaining capital in perpetuity for the benefit of future generations. A Total Return investment approach allows the release of both income and capital gains for use. The Trustees adopted Total Return accounting for the Diocesan Stipends Capital Fund (DSCF) with effect from 1 January 2021 by reference to the following:

- The date used for the initial value, or base year, of the trust for investment was 31 December 1995. At this point the DSCF balance was £15,598k. This is taken as the original value of the endowment.
- CPIH was used to uplift the trust for investment giving rise to a valuation as at 31 December 2024 of £31,259k (2023 - £30,195k). The Unapplied Total Return fund as at 31 December 2024 amounted to £22,285k (2023 - £21,403k).

The Board can then release funds which are transferred to the income fund to fund stipends. This enables other funds which would have normally been used for the funding of stipends to be used as the Board sees fit. As a result, the Board has made transfers into designated funds as follows, in line with its agreed policy:

- Ministry Support Fund Transitional Support for Parishes - £118k in 2024 (2023 - £114k), which is based on an original base value of £100k, uplifted for inflation each year, for six years (to 31 December 2026). This is to help Parishes transition to the new Ministry Share system. This was further supported by an initial allocation of £600k of unrestricted reserves into the Ministry Support Fund in 2021.

- Net Zero Carbon Fund - £27k in 2024 (2023 - £27k), which is based on an original base value of £25k, uplifted for inflation each year, for six years (to 31 December 2026). This is to provide some expert resources to help the diocese achieve the 2030 Net Zero Carbon target.

Total Return Accounting had an impact on the allocation of income to the general and endowment funds. In years prior to 2021, all income arising on the DSCF was allocated to general fund on the understanding that the value of stipend payments would far exceed the value of any income, which they did, and continue to. On the introduction of Total Return Accounting, all such income is allocated to the UTR within the endowment fund with subsequent transfers to the general fund.

Designated funds

The Board may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of the 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 27. At 31 December 2024 total designated reserves were £1,754k (2023 - £2,458k). See note 24 for further details.

Reserves policy *Free reserves*

It is the Board's policy to maintain the year end general unrestricted reserves position, excluding tangible fixed assets, at a level of 4.5 months' expenditure. This should provide sufficient liquid funds to allow the Board to meet its commitments across the year.

As at 31 December 2024 the general unrestricted fund's net assets, excluding tangible fixed assets was £4,678k (2023 - £4,240k), and during 2024 total operational costs were £7,231k (2023 - £7,416k) providing for 8 months of operational expenditure (2023 - 7 months).

The 2025 budget suggests that expenditure will grow to £8,254k (a 4% increase), based on this figure 6.8 months of operational expenditure is provided for.

The Board are aware that the current level of reserves is in excess of the stated reserves target by 2.3 months, however, the financial challenges that Benefices and Parishes face are growing, with the Diocese continuing to provide significant financial support to many areas. Whilst it is expected that Benefices and Parishes will transition to financial sustainability and sustainable level of Ministry, it is considered appropriate to carry the level of free reserves that are currently held so that the Diocese can respond to areas where sustainability is challenging, whilst at the same time invest in growth.

Fundraising

Funds were raised in 2024 for our partner dioceses of Peru and Morogoro: £18.7k (2023 - £10.5k) was raised for the Diocese of Peru; £9.6k (2023 - £8.7k) for the Diocese of Morogoro; £7.2k (2023 - £1.0k) for Berega Hospital, Tanzania; £1k (2023 - £0.7k); and £0.9k (2023 - £0.1k) for Morogoro Bible College.

As a result of the pandemic, we launched a Diocese of Worcester Ministry fund in 2020. The aim was to raise enough to cover the stipend of one vicar for one year to assist with the continued reduced income caused by Covid-19. We encouraged potential donors to support their local church as their first priority and if they were able to make an additional gift to this Ministry Fund. Through donors' generosity £1.6k was received in 2024 (2023 - £3.7k)

Safeguarding

The directors consider the WDBF's safeguarding governance processes to be robust and rigorous. The Diocesan Safeguarding Advisory Panel (DSAP) has an experienced and independent chair. The panel also has members from organisations external to the church including the police, vulnerable adult safeguarding and probationary services. The function of the DSAP is to oversee safeguarding in the diocese and to provide a source of independent advice and expertise on safeguarding policies, procedures and practices. The DSAP makes annual reports to the Bishops' Council, which includes the trustees of the WDBF.

Directors Report

An Operational Safeguarding Group (OSG) made up of diocesan officers, parish representatives and the independent chair of DSAP meets regularly to review the work of the Safeguarding Team including case work, safety plans, DBS checks, parish safeguarding, safeguarding training, and safeguarding strategy and policies.

The OSG makes reports and recommendations to DSAP. The OSG also considers lessons learned from casework and recommends policy/procedural changes as appropriate. An important part of the work of the OSG is to monitor the WDBF's adherence to National Church of England policies and procedures and highlight to DSAP if there are gaps. The trustees receive regular training including safeguarding. The WDBF risk register includes the risks posed by failures to provide adequate safeguarding measures.

In July 2024 an external safeguarding audit of the Diocese of Worcester was undertaken by INEQE. The auditors found that safeguarding in the diocese is effective, that the Diocesan Safeguarding Team is efficient and offers good support to parishes. One of the key audit recommendations was about restructuring safeguarding provision in the diocese and the cathedral to include the appointment of a director of safeguarding. This was approved by the WDBF and additional resources were agreed including the appointment of a new training officer post for safeguarding and the creation of the post of Director of Safeguarding which is the first such post in the Church of England".



Risk Policy

The Directors have continued the process of examining the major strategic and operational risks which the DBF faces. They hold and monitor a register of the significant risks, assessing the probability of occurrence and likely impact if they were to occur, divided into five operational areas.

The most significant risks in this analysis, and plans for mitigation, are:

- High inflation in both the cost of living for individuals, and in the cost of heating churches, lead to lower receipts of Ministry Share, which are insufficient to meet the financial commitments and the strategic plans of the Diocese:
 - The clarity given by the new Ministry Share system brings forward visibility on likely receipts;
 - Regular and active communication with parish treasurers to maintain two-way communication;
 - The launch of a Ministry Support Fund provides support to parishes, encourages medium term planning. The fund will be supplemented for 2024 to provide additional support;
 - Monthly monitoring of receipts and projection for the remainder of the year;
 - Proactive support by the Stewardship Officer with struggling parishes.
- Falling numbers and ageing of attendance / membership within churches in the Diocese leading to their becoming unsustainable:
 - Progress the implementation of the Diocesan Transformation Strategy and begin planning for the next Phase of Renewals;
 - Ensure the Resourcing Churches projects continue to be effective, including the planting and renewing of a number of additional churches;
 - Provision of a Healthier Churches Fund to resource parishes who have developed Health and Sustainability plans;
 - Continued provision of Mission Accompaniers to support parishes develop and implement such plans.
 - Supporting churches with volunteer recruitment and retention.
- Serious safeguarding case:
 - Ensure swift action taken if a situation does arise;
 - Ensure effective safeguarding provision is available, through the diocesan safeguarding team; training officers and caseworkers. This will include use of core groups to bring in a wider team where appropriate;
 - Ensure safer recruitment, training, policies applied and audited at diocesan and parish level;
 - Ensure adequate insurance is in place.
- Complexity & Capacity: The transformation strategy on top of sustaining 'business as usual' provides significant complexity and workload for a small DBF team:
 - Plans have clear priorities and these have been developed with an eye to the capacity to deliver;
 - Many of the priorities will lead to additional employment to deliver the work e.g. parish based Childrens, Families and Youth workers;
 - We are seeking funding from the National Church to add the capacity to deliver at both parish level (especially for renewals) and for the DBF rather than requiring it to be funded through Ministry Share.

It is recognised that there are reputational risks to the DBF associated with each of these key risks. As well as mitigating risk in each of these areas the DBF's Communications team bring expertise to support parishes and the bishops in facilitating the mission of the church across the Diocese.

The directors have established a framework of five risk registers, each of which is reviewed periodically by an appropriate committee. An overview of key risks is considered by Bishop's Council along with the Risk Policy. The Audit, Risk and Challenge Committee reviews the DBF's approach to risk management on an annual basis, including reviewing the risk policy.

Remuneration Policy

The Board's policy regarding level of remuneration is that salaries are those appropriate to recruit and retain staff in the context of the job market. Remuneration for more senior roles is set so as to involve an element of "sacrifice" compared to the secular market, but to be broadly in line with that of equivalent roles in similar dioceses.

Investment Performance

Overall performance

Investments are held in both glebe and general funds. The total value of investments at 31 December 2024 was £50,579k (2023: £49,630k) and the total return on investment saw share values increase by 3% (2023: 9%). Investments in glebe funds are primarily to generate a sustainable income to continue funding clergy stipends.

Agricultural land and properties (Glebe only)

Agricultural, commercial and residential land and buildings were valued at £15,750k (2023: £15,625k). Rents receivable amounted to £244k (2023: £255k) - an income yield of 1.6% (2023: 1.6%). The unrealised market value gain was £150k (2023: £571k) and the realised gain on disposal was £1,271k (2023: £2,487k).

These assets are managed by Fisher German, the property investment advisers for the Board.

Investment securities (Glebe and General)

Investments in equity and other securities were valued at £34,829k (2023: £34,005k). Income from these securities amounted to £1,056k (2023: £1,011k) - an income yield of 3.0% (2023: 3.0%). The unrealised market value gain was £726k (2023: £2,022k).

These assets are managed by CCLA Investment Management, the investment advisers for the Board.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware, there is no relevant audit information of which the charitable company's auditors are unaware; the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

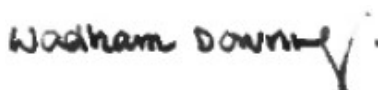
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

As far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware and each director has taken all the steps he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving this Directors' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

On Behalf of the Board: W S Downing



Date: 4 June 2025

Independent Auditor's Report to the Members and Trustees of the Worcester Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Worcester Diocesan Board of Finance Limited ('the charitable company') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Statement of Cash flows and notes to the financial statements, including 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 2024 and of its income and receipts of endowments 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.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019, and the Charities Act 2011 and Church of England Measures. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Blundell LB FCS FCIE DchA (Senior Statutory Auditor)

For and on behalf of Crowe U.K. LLP, Statutory Auditors

Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were those related to employment (including taxation), safeguarding and health and safety.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit & Risk and Challenge Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Helen Blundell

Date: 17 June 2025

Statement of Financial Activities for the Year Ended 31 December 2024

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000	Total 2023 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	3,865	18	-	3,883	3,953
- Archbishops' Council	3a	876	1,724	-	2,600	3,373
- Other donations	3b	225	347	-	572	389
Charitable activities	4	596	52	-	648	615
Other activities	5	509	-	-	509	484
Investments	6	364	-	2,055	2,419	1,266
Other – gains on sale of tangible fixed asset properties		-	-	2,506	2,506	4,083
		6,435	2,141	4,561	13,137	14,163
EXPENDITURE						
Raising funds	7	-	-	142	142	180
Charitable activities						
- Contributions to Archbishops' Council	8	513	-	-	513	528
- Parish Ministry	9	5,184	1,932	-	7,116	7,677
- Support for Ministry	10	810	254	-	1,064	1,165
- Support for Schools	11	306	144	-	450	410
		6,813	2,330	142	9,285	9,960
Net (expenditure) / income before investment gains		(378)	(189)	4,419	3,852	4,203
Net (losses) / gains on investments		92	37	747	876	2,593
Net (expenditure) / income		(286)	(152)	5,166	4,728	6,796
Unapplied Total Returns allocated to income for stipends	25	-	817	(817)	-	-
Transfers between funds	25	6	(6)	-	-	-
Net movement in funds		(280)	659	4,349	4,728	6,796
Total funds brought forward	24	8,244	4,109	72,717	85,070	78,274
Total funds carried forward	24	7,964	4,768	77,066	89,798	85,070

*All incoming resources and resources expended derive from continuing activities.
The notes on pages 24 to 50 form part of these financial statements.*

Income and Expenditure Account Year Ended 31 December 2024

	2024 £'000	2023 £'000
Total income	8,577	9,010
Total expenditure	(9,143)	(9,780)
Operating (deficit) / surplus for the year	(566)	(770)
Net (losses) / gains on investments	129	347
Net (expenditure) for the year	(437)	(423)
Other comprehensive income:		
Net assets transferred from endowments	817	811
Total comprehensive (expenditure) / income	380	388

*The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.
The notes on pages 24 to 50 form part of these financial statements.*

Balance Sheet

Balance Sheet as at 31 December 2024

Company Number 00271752

	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
FIXED ASSETS					
Tangible assets	16		37,685		34,864
Investments					
Investment property	17		15,750		15,625
Investments	17		34,829		34,005
			<u>88,264</u>		<u>84,494</u>
CURRENT ASSETS					
Debtors	18	2,662		2,020	
Cash at bank	19	611		629	
		<u>3,273</u>		<u>2,649</u>	
CREDITORS					
Amounts falling due within one year	20	(740)		(1,353)	
NET CURRENT ASSETS					
			2,533		1,296
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>90,797</u>		<u>85,790</u>
CREDITORS					
Amounts falling due after more than one year	21		(999)		(720)
NET ASSETS					
			<u>89,798</u>		<u>85,070</u>
FUNDS OF THE CHARITY					
Endowment funds	24		77,066		72,717
Restricted Income funds	24		4,768		4,109
Unrestricted Income funds:					
- General funds	24		6,210		5,786
- Designated funds	24		1,754		2,458
			<u>89,798</u>		<u>85,070</u>

The financial statements were approved by the Board of Directors on 4 June 2025 and were signed on its behalf by:

W S Downing

Wadham Downing

Date: 4 June 2025

The notes on pages 24 to 50 form part of these financial statements

Cash Flow Statement for the Year Ended 31 December 2024

Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Net cash flow from operating activities		(2,010)		(1,356)
Cash flows from investing activities				
Dividends, interest and rent from investments	2,419		1,266	
Proceeds from the sale of:				
- Tangible fixed assets	4,403		5,789	
- Investments	1,743		-	
- OCF gift of CCLA accounts	(1,063)		-	
Purchase of:				
- Tangible fixed assets for the use of the WDBF	(4,732)		(1,383)	
- Fixed asset investments	(1,946)		(4,090)	
Net cash provided by investing activities		824		1,582
Change in cash and cash equivalents in the year		(1,186)		226
Cash and Cash Equivalents at 1 January		2,232		2,006
Cash and Cash Equivalents at 31 December		1,046		2,232
Reconciliation of net movements in funds to net cash flow from operating activities				
Net income before investment gains for the year		3,852		4,203
Adjustments for:				
Depreciation Charges	17		25	
Dividends, interest and rent from investments	(2,419)		(1,266)	
(Surplus) on sale of functional assets	(2,481)		(4,083)	
(Increase)/decrease in debtors	(643)		(1,042)	
Increase/(decrease) in creditors	(335)		806	
		(5,862)		(5,560)
Net cash used in operating activities		(2,010)		(1,356)
Analysis of cash and cash equivalents				
Cash in Hand		611		629
Notice Deposits		435		1,603
		1,046		2,232

The notes on pages 24 to 50 form part of these financial statements

1. PRINCIPAL 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 c), 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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The principal accounting policies and estimation techniques are as follows:

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) **Ministry Share and donations for the Ministry Support Fund** recognised as income of the year in respect of which it is receivable up to 7 February 2025.
- 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 up to 7 February 2025.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the WDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Diocesan Stipends Capital Fund (DSCF) account is governed by the Diocesan Stipends' Fund Measure 1953 as amended, and the use of the income is restricted for clergy stipends. In 2021 WDBF elected to apply Total Return Accounting, accordingly income received in relation to the DSCF is accounted for in the endowment fund, with an agreed transfer from the DSCF to general funds occurring each year towards the costs of stipends (which is significantly greater than the value of the transfer). See note 28 for more details.

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 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 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.
- 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 23). The pension costs charged as resources expended represent the WDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes in 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

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.

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 cost.

d) Investment property

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Glebe land with the potential for development is valued according to its agricultural value until such time as planning permission has been granted and is free from challenge and a signed agreement is in place with developer who will purchase the land, at which point it is revalued to reflect the development value, provided this can be determined with reasonable accuracy and taking into account timing and the potential for development not actually taking place. This is chosen as the point of revaluation as up until this point there is no developable land, and both sides can walk away from the deal, delay or renegotiate the agreement, so there is uncertainty regarding the timing and value of any receipt. Costs incurred by WDBF in relation to enabling the development, should there be any, will initially be capitalised; if the development is unsuccessful any aborted costs will be taken to the Statement of Financial Activities as an investment loss.

e) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and Fittings 20% per annum straight line basis

Leasehold improvements are depreciated on a straight-line basis over the course of the lease.

f) 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.
- iii) **Taxation.** The company is a registered charity and is not liable to corporation tax in this year.

g) Fund balances

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

- Unrestricted funds are the WDBF's charity 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 (Stipends Fund Capital and Parsonage Houses) 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.

h) Key judgments

The preparation of the financial statements requires management to make judgments, 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 judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

1. The Trustees perform annual impairment reviews (as explained in c above), and have concluded that there are no indications of material impairment;
2. Freehold properties are not depreciated for the reasons set out in c) above;
3. The assumptions underpinning the pension scheme liabilities are set out in note 23 below;
4. Receipts of Ministry Share, Donations for the Ministry Support Fund, and Fees are recognised in the year under review up to 9 February of the following year.

i) Going concern

Having reviewed the funding facilities available to Worcester DBF together with the forecast cash flows, the trustees conclude that that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, the financial statements are prepared on the going concern basis.

	Total Funds 2024 £'000	Total Funds 2023 £'000
2. PARISH CONTRIBUTIONS		
Current year's allocation	5,249	5,352
Ministry Support Fund Grants	(368)	(430)
SDF Grant	-	(272)
Lowest Income Communities Grants	(619)	(683)
	<hr/> 4,262	<hr/> 3,967
Shortfall in contributions	(393)	(130)
	<hr/> 3,869	<hr/> 3,837
Arrears for previous years	(4)	15
	<hr/> 3,865	<hr/> 3,852
Ministry Support Fund donations - Restricted	18	101
TOTAL	<hr/> 3,883	<hr/> 3,953

The Ministry Share system was adopted from 1 January 2022. The system included a grants system which saw grants of £368k from the Ministry Support Fund and £619k from the LInC being awarded. Donations of £18k were received from Benefices to support Ministry and Mission in other areas of the Diocese - these are restricted donations.

	2024	2024	2024	2024	2023	2023	(Decrease)	(Decrease)
	Net Ministry		Total	Total	Net Ministry	Total	Increase /	Increase /
	Share Request	Shortfall	Received	Received	Share Request	Received	£'000	%
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Deanery								
Greater Dudley	940	69	871	92.7	949	922	(51.0)	(5.4)
Kidderminster & Stourport	698	27	671	96.1	560	542	129.0	23.0
Malvern & Upton	635	37	598	94.2	574	544	54.0	9.4
Pershore & Evesham	821	175	646	78.7	665	631	15.0	2.3
Redditch & Bromsgrove	411	28	383	93.2	472	459	(76.0)	(16.1)
Worcester	757	57	700	92.5	747	739	(39.0)	(5.2)
	<hr/> 4,262	<hr/> 393	<hr/> 3,869	<hr/> 90.8	<hr/> 3,967	<hr/> 3,837	<hr/> 32.0	<hr/> 0.8

Notes to the Financial Statement

Year Ended 31 December 2024

	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
3a. ARCHBISHOPS' COUNCIL				
Lowest Income Communities Funding	820	-	820	793
Archbishops' Council - RME grant	-	(163)	(163)	80
Registry-Church Commissioners	56	-	56	54
DIP Grant	-	1,123	1,123	1,019
MR&I Grant	-	-	-	135
Myriad Grant	-	-	-	20
SDF Grant - Calling Young Disciples	-	-	-	64
SDF Grant - Resourcing Churches	-	658	658	1,076
SDF Grant - Capacity Grant Funding	-	106	106	132
	876	1,724	2,600	3,373
Total Funds 2023	847	2,526	3,373	
3b. OTHER DONATIONS				
Benefact Trust Grant (HCF)	-	92	92	107
Education Grants and income	52	144	196	153
Parsonage Grants and income	75	-	75	24
Ministry Restricted Donations	-	3	3	3
Net Zero Carbon	-	108	108	15
Developing Ministry Course and income	8	-	8	20
Sundry Income	62	-	62	35
Safeguarding Income	28	-	28	32
	225	347	572	389
Total Funds 2023	120	269	389	
4. CHARITABLE ACTIVITIES				
Statutory fees	429	-	429	389
Education Service Level Agreements	128	-	128	127
Education NPQ	32	-	32	-
Trust Income				
- Clergy Widows and Orphans Fund	-	9	9	11
- Ordination Candidates Fund	-	-	-	30
- Church Schools Improvement and Maintenance Fund	8	-	8	13
- Sundry Trust Funds	-	43	43	45
	596	52	649	615
Total Funds 2023	529	86	615	
5. OTHER ACTIVITIES				
	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Insurance claim	-	-	-	45
Rental income from parsonages	458	-	458	355
Rental income from other property	46	-	46	42
Recharges – rent, salary and service charge	5	-	5	42
	509	-	509	484
Total Funds 2023	439	45	484	

Included in note 3a above is (£163k) relating to an RME grant which was repaid to Archbishop's Council. This was Worcester Diocese's element of a diocese national build-up of unspent balances relating to ministerial education.

Notes to the Financial Statement

Year Ended 31 December 2024

	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Endowed Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
6. INVESTMENTS					
Dividends receivable	292	-	749	1,041	999
Interest receivable	-	-	15	15	12
Ordination Candidates Fund	72	-	1,047	1,119	-
Rents receivable	-	-	244	244	255
	<u>364</u>	<u>-</u>	<u>2,055</u>	<u>2,419</u>	<u>1,266</u>
Total Funds 2023	<u>241</u>	<u>-</u>	<u>1,025</u>	<u>1,266</u>	
7. RAISING FUNDS					
Glebe Agent's fees and expenses	-	-	142	142	180
Total Funds 2023	<u>-</u>	<u>-</u>	<u>180</u>	<u>180</u>	
8. CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL					
Training for Ministry	213	-	-	213	215
National Church responsibilities	150	-	-	150	155
Retired clergy housing costs	89	-	-	89	85
Pooling of ordination candidates' costs	51	-	-	51	61
General Synod Representatives' Expenses	10	-	-	10	12
	<u>513</u>	<u>-</u>	<u>-</u>	<u>513</u>	<u>528</u>
Total Funds 2023	<u>528</u>	<u>-</u>	<u>-</u>	<u>828</u>	
9. PARISH MINISTRY					
Stipends and National Insurance	1,703	954	-	2,657	2,589
Pension costs	528	-	-	528	592
Housing costs – Council Tax	241	-	-	241	248
Parsonage Houses maintenance	927	-	-	927	1,268
Removal, resettlement and other grants	153	-	-	153	121
Lowest Income Communities Grants	49	-	-	49	380
Resourcing Churches	-	608	-	608	1,050
Diocesan Investment Programme Fund	-	298	-	298	-
Minor Repair and Improvements Fund	-	51	-	51	-
Myriad Grant	-	10	-	10	-
Grants to Parishes	47	-	-	47	-
Other expenses	117	11	-	128	148
Healthier Churches Grants	663	-	-	663	561
Support costs - Administration (see note 13)	756	-	-	756	720
	<u>5,184</u>	<u>1,932</u>	<u>-</u>	<u>7,116</u>	<u>7,677</u>
Total Funds 2023	<u>6,461</u>	<u>1,216</u>	<u>-</u>	<u>7,677</u>	
10. SUPPORT FOR MINISTRY					
Ministry and Discipleship	287	-	-	287	309
Calling Young Disciples project	-	-	-	-	89
Church Buildings Team	141	-	-	141	125
Capacity Restructuring	-	106	-	106	132
Safeguarding	155	-	-	155	142
World Church Links	4	-	-	4	8
Ordination Candidates Allowances and tuition fees	81	-	-	81	136
Ministry Hardship Grants for individuals (note 12)	-	4	-	4	20
Confrence Delivery Costs	-	-	-	-	39
Transformation Delivery Unit	-	69	-	69	30
Net Carbon Zero	-	75	-	75	-
Support costs – Administration (see note 13)	142	-	-	142	135
	<u>810</u>	<u>254</u>	<u>-</u>	<u>1,064</u>	<u>1,165</u>
Total Funds 2023	<u>825</u>	<u>340</u>	<u>-</u>	<u>1,165</u>	

Notes to the Financial Statement

Year Ended 31 December 2024

	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Endowed Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
11. SUPPORT FOR SCHOOLS					
Education team	259	144	-	403	365
Support costs – Administration (see note 13)	47	-	-	47	45
	<u>306</u>	<u>144</u>	<u>-</u>	<u>450</u>	<u>410</u>
Total Funds 2023	<u>266</u>	<u>144</u>	<u>-</u>	<u>410</u>	

12. GRANT ANALYSIS

	Closing balance of unpaid commitments 2024 £'000	New commitments approved during 2024 £'000	Grants paid out in 2024 £'000	Grants cancelled in 2024 £'000	Opening balance of unpaid commitments 2023 £'000	
Grants to Parishes						
Lowest Income Communities Grants	308	112	58	74	328	
Healthier Churches Grants	1,045	706	160	93	592	
Total unpaid commitments as per grant accruals on balance sheet	<u>1,353</u>				<u>920</u>	
	2024 £'000	2024 no. of Grants			2023 £'000	2023 no. of Grants
Grants to Individuals						
Removal, Resettlement and Other Grants						
Resettlement Grants	55	19			36	13
First Appointment Grants	52	18			45	22
Removal Grants	47	19			40	15
	<u>154</u>	<u>56</u>			<u>121</u>	<u>50</u>
Ministry Hardship Grants for Individuals						
	<u>4</u>	<u>14</u>			<u>20</u>	<u>20</u>
Total Grant Expenditure excluding Healthier Churches and LiNC	<u>158</u>				<u>141</u>	

13. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Endowed Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Central Administration	780	-	-	780	747
Governance:					
- External audit	21	-	-	21	18
- Registrar and Chancellor	144	-	-	144	135
	<u>945</u>	<u>-</u>	<u>-</u>	<u>945</u>	<u>900</u>
Total Funds 2023	900	-	-	900	

	Activities Undertaken Directly £'000	Support Costs £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Cost of generating funds	<u>142</u>	<u>-</u>	<u>142</u>	<u>180</u>
Contributions to Archbishops' Council	513	-	513	528
Parish Ministry	6,360	756	7,116	7,677
Support for Ministry	922	142	1,064	1,165
Support for Schools	403	47	450	410
Charitable activities	<u>8,198</u>	<u>945</u>	<u>9,144</u>	<u>9,780</u>
	<u>8,340</u>	<u>945</u>	<u>9,285</u>	<u>9,960</u>
Total Funds 2023	9,060	900	9,960	

Support costs are apportioned as 80% Parish Ministry, 15% Support for Ministry and 5% Education.
Support costs are not allocated to the Glebe Agent's fees and expenses because the Glebe Agent provides their own administrative support.

14. STAFF COSTS

Gross Salaries

Employers National Insurance Costs

Other Pension Costs - Annual

2024 £'000	2023 £'000
1,503	1,340
147	128
225	205
1,875	1,673

The average monthly number of employees during the year was as follows:

	No. in 2024	No. in 2023
Full time	22	22
Part time	26	24
	48	46

In terms of full-time equivalent employees, the average number employed and their funding was as follows:

Operational posts funded by the DBF

Project posts and operational posts funded from other sources*

	No. in 2024	No. in 2023
Operational posts funded by the DBF	31	28
Project posts and operational posts funded from other sources*	8	8
	39	36

* Other sources include Strategic Development Funding (SDF) from the National Church, Bishops' office funding from the Church Commissioners, grants from trust funds and a contribution from reserves.

There are three employees with emoluments above £60,000 per annum (2023: three employees). Pension contributions are paid for 9 directors during the year (2023: 7 directors).

There were no redundancies in 2024 (2023: two redundancies). Accordingly, the total paid during the year in termination and redundancy payments was £0k (2023: £8k).

Worcester Diocesan Board of Finance is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than the bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

The WDBF paid an average of 86 (2023: 88) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

Stipends

National Insurance contributions and apprenticeship levy

Pension costs - current year

2024 £'000	2023 £'000
2,573	2,552
230	202
579	617
3,382	3,371

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 2024 they were:

Diocesan Secretary and Company Secretary	Andy Todd
Director of Finance	Shaun Mooney
Director of Education	Tim Reid
Director of Ministry and Discipleship	Roger Latham
Director of Communications	Samantha Setchell
Transformation Programme Director	Damien Herbert
Director of Ordinands	John Fitzmaurice
Director of Property	Ruth Beard (Director role began 1st November 2024)
Director of Church Buildings	Mark Carter (Director role began 1st November 2024)

Remuneration including employers NI and employers pensions contributions for these nine roles amounted to £545,392 (2023: £438,950 for seven roles).

Trustees' emoluments

No trustee received any remuneration for services as Trustee. Five (2023: four) trustees received travelling and out of pocket expenses, totaling £14,756 (2023: £10,671) in respect of General Synod duties, duties as archdeacon or rural dean and other duties as Trustees.

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

	Stipend	Housing	Removal/Resettlement Grant
W S. Downing	No	No	No
EA Wiles	No	No	No
The Right Reverend J G Inge (resigned 10 October 2024)	Yes	Yes	No
The Right Reverend M C Gorick	No	Yes	No
The Venerable NJ Groarke	Yes	Yes	No
The Venerable R G Jones (resigned 18 April 2024)	Yes	Yes	No
The Venerable M Badger (appointed 1 January 2024)	Yes	Yes	No
The Reverend A C Davies (resigned 2 January 2025)	Yes	Yes	No
The Very Reverend S. M Edwards	Yes	Yes	No
MD Hunter	No	No	No
The Reverend R Johnson	Yes	Yes	No
P V Kear (resigned 18 January 2025)	No	No	No
The Reverend Canon CA Lording (resigned 02 January 2025)	Yes	Yes	No
R J Pearce (resigned 2 January 2025)	No	No	No
D I A R Phillips (resigned 14 November 2024)	No	No	No
HA Richards	No	No	No
TH Terera	No	No	No
D M Wightman	No	No	No
The Reverend Canon T J Williams	Yes	Yes	No
The Reverend Canon D M Cooksey (appointed 24 January 2025)	Yes	Yes	No
R C Lunn (appointed 24 January 2025)	No	No	No
Prof J L Nichol (appointed 24 January 2025)	No	No	No
The Reverend A Hadley (appointed 25 March 2025)	Yes	Yes	No

15. SURPLUS FOR THE FINANCIAL YEAR

Is stated after charging / (crediting):

	2024 £'000	2023 £'000
Depreciation	17	25
(Surplus) on disposal of fixed assets	(2,481)	(4,083)
Operating Lease – Rent Lowesmoor Wharf	28	27
Auditors Remuneration – external scrutiny	21	18

16. TANGIBLE FIXED ASSETS

Unrestricted Funds

	Board Houses £'000	Leasehold Improvements £'000	Fixtures and Fittings £'000	Totals £'000
COST				
At 1 January 2024	1,522	67	54	1,643
Additions	-	-	3	3
Disposals	-	-	-	-
At 31 December 2024	<u>1,522</u>	<u>67</u>	<u>57</u>	<u>1,646</u>
DEPRECIATION				
At 1 January 2024	-	52	45	97
Charge for year	-	15	2	17
Disposals	-	-	-	-
At 31 December 2024	<u>-</u>	<u>67</u>	<u>47</u>	<u>114</u>
NET BOOK VALUE				
At 31 December 2024	<u>1,522</u>	<u>-</u>	<u>10</u>	<u>1,532</u>
At 31 December 2023	<u>1,522</u>	<u>15</u>	<u>9</u>	<u>1,546</u>

Restricted Funds

	Glebe Team Vicarages & Curates' Houses £'000	Parsonages Houses £'000	Pastoral Buildings £'000	Totals £'000
COST				
At 1 January 2024	13,165	19,961	192	33,318
Additions	2,612	2,120	-	4,732
Disposals	(816)	(1,081)	-	(1,897)
Transfers	-	-	-	0
At 31 December 2024	<u>14,961</u>	<u>21,000</u>	<u>192</u>	<u>36,153</u>
DEPRECIATION				
At 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE				
At 31 December 2024	<u>14,961</u>	<u>21,000</u>	<u>192</u>	<u>36,153</u>
At 31 December 2023	<u>13,165</u>	<u>19,961</u>	<u>192</u>	<u>33,318</u>

Total Tangible Fixed Assets

Unrestricted funds – Net Book Value
Restricted funds – Net Book Value

2024 £'000	2023 £'000
1,532	1,546
36,153	33,318
<u>37,685</u>	<u>34,864</u>

The parsonage houses are legally vested in the Incumbent as a freeholder during their incumbency. The Incumbent is not free to dispose of the house and is not responsible for the maintaining the house. The charitable company has both the benefits and obligations of ownership.

The trustees consider the difference between the carrying value and the market value of the interests in land and buildings not held as investments is not quantifiable.

Included in land and buildings is freehold land stated at £36.1m (2023 - £33.3m) which is not depreciated. The freehold property of Board, Parsonage, Glebe and Pastoral buildings and the fixtures and fittings are held in the direct furtherance of the charity's objects.

17. FIXED ASSET UK INVESTMENTS

	Land and Property £'000	CBF Shares £'000	Cash £'000	Total £'000
Valuation				
At 1 January 2024	15,625	32,402	1,603	49,630
Additions/increase in deposit accounts	-	1,946	1,203	3,149
OCF gift of CCLA accounts	-	1,063	-	1,063
Disposals /decrease in deposit accounts	(25)	(1,743)	(2,371)	(4,139)
Increase/(Decrease) in revaluation	150	726	-	876
At 31 December 2024	<u>15,750</u>	<u>34,394</u>	<u>435</u>	<u>50,579</u>
At 31 December 2023	<u>15,625</u>	<u>32,402</u>	<u>1,603</u>	<u>49,630</u>

	Total 2024 £'000	Total 2023 £'000	
UK investment property	15,750	15,625	Investment property was valued on an open market basis as at 31 December 2024 by Fisher German LLP, who is Glebe Agent Historical investment costs are not readily available as much of the investment properties was acquired a considerable time ago.
Unlisted UK investment shares	34,394	32,402	
CBF Investments	435	1,603	
	<u>50,579</u>	<u>49,630</u>	

18. DEBTORS

	Total 2024 £'000	Total 2023 £'000
Current year Ministry Share and Donations	184	243
Fee receivable	39	41
Other debtors	496	481
Prepayments	5	82
Accrued Income	1,938	1,173
	2,662	2,020

19. CASH AT BANK

Lloyds Bank PLC Accounts	611	629
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20. CREDITORS:

Amounts falling due within one year

Trade creditors	185	170
Other creditors	40	492
Deferred income	87	93
Grant accruals	354	329
Parsonage houses maintenance accrual	75	269
	740	1,353

21. CREDITORS:

Amounts falling due after more than one year

Grant accruals	999	720
	999	720

22. OPERATING LEASES

Total commitments under non-cancellable operating leases areas follows:

Photocopiers at 16 Lowesmoor Wharf

Payable within one year of the balance sheet date	4	4
Payable in the second to fifth years inclusive of the balance sheet date	13	17
	17	21

Land and Buildings

Payable within one year of the balance sheet date	24	24
Payable in the second to fifth years inclusive of the balance sheet date	20	30
	44	54

23. PENSION COMMITMENTS - Church of England Funded Pension Scheme

The Worcester Diocesan Board of Finance participates in the Church of England Funded Pension 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 scheme separately from those of the Responsible Bodies. Each participating Responsible Body in the Church of England Funded Pensions 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. It is not possible to attribute the Scheme's assets and liabilities to a 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 (2024: £579k, 2023: £607k). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £Nil (2023: £Nil).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation inline with RPI less 0.80% pre 2030 moving to RPI with no adjustments from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a. and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

% of pensionable stipends	Jan 2018 to Dec 2020	Jan 2021 to Dec 2022	Jan 2023 onwards
Deficit repair contributions	11.9%	7.1%	0.0%

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

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

PENSION COMMITMENTS - Church of England Funded Pension Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2024 is nil. The movement in the balance sheet liability over 2023 and over 2024 is set out in the table below.

	2024		2023	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		-		-
Deficit contribution paid	-		-	
Interest cost	-		-	
Remaining change to the balance sheet liability*	-		-	
		-		-
Balance sheet liability at 31 December		-		-

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

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

PENSION COMMITMENTS - Church of England Funded Pension Scheme

Worcester DBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Church of England Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2024: £203k, 2023: £177k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022.

For the Pension Builder Classic section, the 2022 valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due at 31 December 2025.

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

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

24. SUMMARY OF MOVEMENTS IN FUNDS

	Balance at 1 January 2024 £'000	Income and Endowments £'000	Expenditure £'000	Investment Gains / (Losses) £'000	Transfers £'000	Balance at 31 December 2024 £'000
Unrestricted Funds						
General Fund	5,786	5,567	(5,434)	92	199	6,210
Designated Funds						
Healthier Churches Fund	1,659	-	(663)	-	-	996
Ministry Support Fund	507	-	-	-	(232)	275
Net Zero Carbon Fund	62	48	(48)	-	27	89
Conferences Fund	12	-	-	-	12	24
Lowest Income Communities Fund	218	820	(668)	-	-	370
Designated Funds	2,458	868	(1,379)	-	(193)	1,754
Total Unrestricted Funds	8,244	6,435	(6,813)	92	6	7,964
Restricted Income Funds						
Diocesan Stipends Income Fund	-	-	(817)	-	817	-
Education Fund	250	144	(144)	5	-	255
Transformation Delivery Unit	-	-	(69)	-	69	-
Resourcing Churches	-	658	(608)	-	(50)	-
Capacity Grant Restructuring	-	106	(106)	-	-	-
Diocesan Pastoral Account Fund	2,379	-	-	32	-	2,410
Benefact Trust	-	92	(92)	-	-	-
Net Zero Carbon Fund	15	108	(75)	-	-	48
Clergy Widows and Orphans Fund	-	9	(9)	-	-	-
Lay Staff Support Fund	10	-	-	-	-	10
Ministry Restricted Donations	-	3	(3)	-	-	-
RME RMF Fund	174	(163)	-	-	(7)	4
Diocese Investment Programme Fund	1,019	1,123	(298)	-	-	1,844
Minor Repair and Improvements Fund	135	-	(51)	-	-	84
Myriad Fund	20	-	(10)	-	-	10
Ministry Support Fund	-	18	-	-	(18)	-
Ministry Hardship Grants for Individuals	4	-	(4)	-	-	-
Maynard and Outram Smith Library	103	-	-	-	-	103
Sundry Trust Funds	-	43	(43)	-	-	-
Restricted Funds	4,109	2,141	(2,330)	37	811	4,768
Endowment Funds						
Ordination Candidates Fund	-	1,047	-	(6)	-	1,041
Diocesan Stipends Capital Fund	30,195	-	-	1,064	-	31,259
Diocesan Unapplied Total Return	21,403	2,280	(142)	(439)	(817)	22,285
Diocesan Parsonage Capital Fund	21,119	1,234	-	128	-	22,481
Endowment Funds	72,717	4,561	(142)	747	(817)	77,066
TOTAL FUNDS	85,070	13,137	(9,285)	876	-	89,798

25. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted General fund £'000	Unrestricted Designated fund £'000	Restricted funds £'000	Endowed funds £'000	Total 2024 £'000
From General fund					
- Annual allocation	(118)	118	-	-	-
- Reinvestment of operating surplus			-	-	-
From General fund to Net Zero Carbon Fund	(27)	27	-	-	-
Ministry Support	368	(350)	(18)	-	-
Designated fund for 2026 clergy conference	(12)	12	-	-	-
Resourcing Churches	50	-	(50)	-	-
Transformation Delivery Unit costs	(69)	-	69	-	-
RMF payments in advance	7	-	(7)	-	-
	<u>199</u>	<u>(193)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>
From Endowment Fund to General Fund for stipends under Total Return (see note 28)	-	-	817	(817)	-
Total	<u><u>199</u></u>	<u><u>(193)</u></u>	<u><u>811</u></u>	<u><u>(817)</u></u>	<u><u>-</u></u>

26. SUMMARY OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General Fund	1,532	-	7,495	448	(817)	(2,448)	6,210
Designated Funds							
Healthier Churches Fund	-	-	-	-	(593)	1,589	996
Ministry Support Fund	-	-	-	-	-	275	275
Net Zero Carbon Fund	-	-	-	-	-	89	89
Conferences Fund	-	-	-	-	-	24	24
Lowest Income Communities Fund	-	-	-	698	(328)	-	370
Designated Funds	-	-	-	698	(921)	1,977	1,754
Total Unrestricted Funds	1,532	-	7,495	1,146	(1,738)	(471)	7,964
Restricted Funds							
Education Fund	-	-	247	8	-	-	255
Diocesan Pastoral Account Fund	192	-	2,193	25	-	-	2,410
Lay Staff Support Fund	-	-	10	-	-	-	10
Net Zero Carbon Fund	-	-	-	48	-	-	48
Maynard and Outram Smith Library	-	-	-	103	-	-	103
DIP Grant	-	-	-	1,844	-	-	1,844
MR&I Grant	-	-	-	84	-	-	84
Myriad Grant	-	-	-	10	-	-	10
RME Fund	-	-	-	4	-	-	4
Restricted Funds	192	-	2,450	2,126	-	-	4,768
Endowment Funds							
Ordination Candidates Fund	-	-	1,041	-	-	-	1,041
Diocesan Stipends Capital Fund	14,961	15,750	22,974	-	-	(141)	53,544
Diocesan Parsonage Capital Fund	21,000	-	869	-	-	612	22,481
Endowment Funds	35,961	15,750	24,884	-	-	471	77,066
TOTAL FUNDS	37,685	15,750	34,829	3,272	(1,738)	-	89,798

27. PURPOSE OF FUNDS

General Fund is the WDBF's unrestricted undesignated fund available for any of the WDBF's purposes without restriction.

DESIGNATED FUNDS

Healthier Churches Fund (HCF) is a designated fund from which grants are awarded to support our churches towards greater health and sustainability.

Ministry Support Fund (MSF) is a designated fund to offer transitional support for benefices with the new ministry share system and transition to financial sustainability.

Net Carbon Zero Fund (NZC) is a designated fund to support the transition to Net Zero Carbon position.

Conference Designated Fund is an amount set aside to help fund the clergy conference which will take place every 3 years. The most recent conference was in September 2023.

Lower Income Communities Designated Fund (LInC) is income received to support stipendiary ministry in the most deprived areas of the Diocese. Due to a number of reasons not all of the planned projects could take place and hence the increase of the funds held at the year end. There are initial plans to enable these funds to be utilised.

RESTRICTED FUNDS

Restricted Education Fund provides for income to be used for educational purposes.

Resourcing Churches Fund is income received from Archbishops' Council for the Dudley and Worcester Resourcing churches.

Capacity Grant Restructuring Fund is income received from Archbishops' Council (Strategic Development Funding (SDF)) to fund additional central diocesan costs to enable strategic transformation within the diocese.

Diocesan Pastoral Account Fund (DPA) has arisen from the Pastoral Measure 2011 and can be used for purposes laid down in Section 94 of the Pastoral Measure 2011.

This includes expenditure on any property vested by or under this Measure in the Church Commissioners of the DBF, and grants and loans for parsonage and church provision, restoration, improvement or grant.

Where the DBF is satisfied that any monies in the Diocesan Pastoral Account are not (likely to be) required for meeting the costs referred to in this section it may:

- a. Apply those monies by way of grant or loan to the provision, restoration, improvement or repair of church and parsonage house in the diocese, including the repair of any building closed for

regular public worship vested in the Board pending the coming into operation of arrangement under a pastoral (church buildings disposal) scheme, or to other purposes of the diocese or any benefice or parish in the diocese; or

- b. Apply those monies by way of grant or loan for the benefit of another diocese; or
- c. Transfer monies to the Diocesan Stipends Fund Capital or Income Account (which cannot be reversed). Sufficient funds must be held in the Fund to finance all redundant buildings in the Diocese; or
- d. Transfer those monies to one or more other accounts of funds held by the Board.

Benefact Trust Fund is to contribute towards the transformation strategy. This funding was fully spent during the year and no reserve is carried forwards.

Net Carbon Zero Fund (NZC) funding received from the Archbishops' Council to support the transition to Net Zero Carbon position.

Clergy Widows and Orphans Fund is to finance the cost of clergy widows and orphans in the Diocese. The expenditure is funded by a grant from a trust fund, the Clergy Widows and Orphans Trust. No reserves are held in this fund.

Lay Staff Support Fund is a restricted fund which can only be used for specific expenditure for lay support employees working at the WDBF.

Ministry Restricted Donations related to the Diocese of Worcester Ministry fund which was launched as a result of the pandemic, due to the effects of reduced Ministry Share. All income was expended during the year towards a stipend for a vicar.

Resourcing Ministerial Education Fund (RME) from which block grants are received by WDBF, out of which training and maintenance costs are met. Any unused funds at the end of each year can only be used to fund future training and maintenance costs.

Diocesan Investment Programme Fund (DIP) is income received from Archbishops' Council to fund church renewal projects within the diocese.

Minor Repair and Maintenance Fund (MR&I) is income received from Archbishops' Council to fund urgent and necessary repairs and improvements to church buildings within the diocese.

Myriad Fund is income received from Myriad to fund a learning hub to recruit and develop lay church planting teams.

27. PURPOSE OF FUNDS

Ministry Support Fund (MSF) the restricted element of this fund represents donations from Benefices who have paid additional amounts above that of their Ministry Share request to help and support Ministry in other areas of the Diocese. The whole of this restricted fund is spent in the year received on Stipends.

Maynard and Outram Smith Library Fund is from the sale of donated books under the Charities Act Scheme known as Maynard Smith and Outram Smith Library. The proceeds can be used for the advancement of theology and theological learning for the benefit of the public, including providing grants for the training and maintenance of ordination candidates, and continuing education for those who are already ordained. Accordingly, the fund will be spent on clergy training.

Sundry Trust Funds is an amalgamation of sundry restricted trust funds which have been fully expended in the year.

ENDOWMENT FUNDS

Ordination Candidates Fund has started when the separate charity for OCF was closed 30th June 2024 and all assets which comprised of CCLA accounts were transferred to the Diocese of Worcester. Dividends generated from this fund can be spent but the capital remains.

Diocesan Stipends Capital and Income Funds have arisen from and are governed by the provisions of Section 35 of the Endowment and Glebe Measure of 1976 (as amended), which provides for the income to be used to pay clergy stipends and pension premiums. The capital can only be expended as provided by the Measure.

Diocesan Parsonage Capital Fund has arisen from the Mission and Pastoral Measure 2011 and can only be used for the provision of parsonage houses.

28. ENDOWMENT FUND - TOTAL RETURN

	Trust for Investment £'000	Unapplied Total return £'000	2024 Total Endowment £'000	2023 Total Endowment £'000
At 1 January 2024				
Gift component of the permanent endowment	15,598	-	15,598	15,598
Accumulated inflation since original gift	14,597	-	14,597	13,393
Unapplied total return	-	21,403	21,403	17,945
	30,195	21,403	51,598	46,936
Movements in the year:				
Dividends, interest and rental income	-	1,009	1,009	1,070
Realised gains on sale of property	-	1,271	1,271	2,487
Unrealised gains on investments	-	625	625	2,096
Transfer from general fund for reduction in clergy pension deficit payments liability	-	-	-	-
Cost of managing endowments	-	(142)	(142)	(180)
Indexation on base value of investment	1,064	(1,064)	-	-
	1,064	1,699	2,763	5,473
Unapplied Total Return allocated transferred to income to fund stipends:				
- Equating to budgeted dividends and interest	-	(672)	(672)	(670)
- Additional annual transfer	-	(145)	(145)	(114)
	-	(817)	(817)	(811)
	1,064	882	1,946	4,662
Net movements in year:				
At 31 December 2024	31,259	22,285	53,544	51,598

The trustees adopted a Total Return accounting approach under the Diocesan Stipends Funds (Amendment) Measure 2016 with effect from 1 January 2021.

The trustees decided that £7,169k of Unapplied Total Return (UTR) is to be kept as a minimum UTR reserve so that the underlying value of the Unapplied Total Return investment fund is protected.

The indexation base value on investment has been calculated by taking the annual CPIH percentage increase for the year.

The release of funds which can be transferred to the income fund in order to fund stipends is limited to no more than the annual amount spent on stipends for clergy each year. Accordingly, the maximum which could be realised in 2024 was £3,184k (2023 - £3,371k).

29. FINANCIAL INSTRUMENTS

	2024 £'000	2023 £'000
Financial assets measured at fair value	50,144	48,027

Financial assets measured at fair value comprise unlisted investments and agricultural land and buildings.

30. FUNDS HELD AS CUSTODIAN TRUSTEE

The Worcester Diocesan Board of Finance acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are Parochial Church Councils and others.

Assets held in this way are not aggregated in these financial statements as the Board does not control them. The financial assets held in this way may be summarised as follows:

	2024 £'000	2023 £'000
Church of England Investment Fund income shares	15,150	16,736
CBF Church of England Fixed Interest Securities Fund shares	209	215
CBF Church of England Investment Fund accumulation shares	194	184
CBF Church of England Property Fund shares	155	214
CBF Church of England Deposit Fund	2,245	1,939
Total assets held as Custodian Trustee	17,952	19,288

Note - during 2024 Ordination Candidates Fund was closed and £1,063k, with the balance moving from "Funds Held as Custodian Trustee" to DBF Funds.

31. CONNECTED PARTY TRANSACTIONS

The Board is associated with various charities and trusts due to the majority of their trustees being trustees of the Board. The trustees consider that this relationship does not inhibit either charity from pursuing its own separate interests. The amounts due to / (from) the DBF at 31 December 2024 are as shown below. During the year ended 31 December 2024 the Board has received grants from the charities and trusts as follows:

	Grants Receivable 2024	Grants Receivable 2023	Amounts due to/(from) the DBF at 31 Dec 2024	Amounts due to/(from) the DBF at 31 Dec 2023
	£	£	£	£
Worcester Diocesan Social Responsibility Fund	22,000	22,000	-	-
Worcester Diocesan Ordination Candidates Fund	-	32,259	-	-
Worcester Diocesan Church Schools Improvement and Maintenance Fund	144,500	144,500	-	-
Worcester Diocesan Clergy Holiday Fund	5,567	5,250	-	-
Lye Church Estate Trust	8,937	8,799	-	-
Cholmondeley Bequest Fund	1,266	1,236	-	-
Trust Administration Fund	2,073	2,251	-	-
Special Purposes Fund	8,136	8,040	-	-
Redditch Holy Trinity Charity	25,000	25,000	-	-
Diocesan Records Office Income Fund	9,000	12,685	-	8,640
Worcester Diocesan Academies Trust	-	-	-	700
Clergy Widows & Orphans Income	9,421	10,710	-	-
Clent Hall Parish Hall	6,000	6,000	-	-
Abberton Spire Trust Fund	14,500	14,500	867	977

In addition to the above grants, an administration contribution is paid from the Church Schools Improvement and Maintenance Fund. This figure in 2024 was £7,530 (2023: £9,014)

The Board acts as Trustee for a number of funds and has delegated its role, by virtue of a resolution dated 26 June 1934, to its Trust Committee (Diocesan Trustees). These funds objects all fall within the wider objects of the DBF. These funds are:

- Mary Bottjer Trust
- Lye Church Estate Trust
- Queen Victoria Clergy Fund
- In Service Training Fund
- Pendock Church of England Voluntary School Fund
- Ronkswood Holy Trinity & St Matthew Trust Fund
- St Edmund King & Martyr Dudley Fund

The Dean and Chapter of the Cathedral, Worcester is considered a connected party as there are common Trustees between the two entities, being The Bishop of Worcester and The Dean of Worcester. The trustees involved do not have significant control of each entity.

Owing to the nature of the charity's operations and the composition of the Board of Trustees being drawn from the local churches, transactions do arise where a Trustee of the WDBF may also be on the PCC of the local church. All discussions about grant awards or other transactions are undertaken without the presence of the conflicted Trustee.

32. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	3,852	101	-	3,953	4,227
- Archbishops' Council	3a	847	2,526	-	3,373	2,191
- Other donations	3b	120	269	-	389	490
Charitable activities	4	529	86	-	615	712
Other activities	5	439	-	45	484	466
Investments	6	241	-	1,025	1,266	1,098
Other – gains on sale of tangible fixed asset properties		-	-	4,083	4,083	856
		6,028	2,982	5,153	14,163	10,040
EXPENDITURE						
Raising funds	7	-	-	180	180	59
Charitable activities						
- Contributions to Archbishops' Council	8	528	-	-	528	415
- Parish Ministry	9	6,461	1,216	-	7,677	6,791
- Support for Ministry	10	825	340	-	1,165	1,161
- Support for Schools	11	266	144	-	410	398
Other - Old Palace	33	-	-	-	-	-
		8,080	1,700	180	9,960	8,824
Net (expenditure)/income before investment gains		(2,052)	1,282	4,973	4,203	1,216
Net (losses) / gains on investments		257	90	2,246	2,593	(3,473)
Net (expenditure) / income		(1,795)	1,372	7,219	6,796	(2,257)
Transfers between funds	26	907	(96)	(811)	-	-
Other recognised gains/(losses)						
Actuarial gain on defined benefit pension scheme	24	-	-	-	-	-
Net movement in funds		(888)	1,276	6,408	6,796	(2,257)
Total funds brought forward	25	9,132	2,833	66,309	78,274	80,531
Total funds carried forward	25	8,244	4,109	72,717	85,070	78,274

33. PRIOR YEAR COMPARATIVE ANALYSIS OF MOVEMENT IN FUNDS

	Balance at 1 January 2023 £'000	Income and Endowments £'000	Expenditure £'000	Investment Gains / (Losses) £'000	Transfers £'000	Balance at 31 December 2023 £'000
Unrestricted Funds						
General Fund	5,637	5,235	(6,426)	257	1,083	5,786
Designated Funds						
Healthier Churches Fund	2,220	-	(561)	-	-	1,659
Ministry Support Fund	722	-	-	-	(215)	507
Net Zero Carbon Fund	35	-	-	-	27	62
Conferences Fund	10	-	(10)	-	12	12
Lowest Income Communities Fund	489	793	(1,064)	-	-	218
Calling Young Disciples	19	-	(19)	-	-	-
Designated Funds	3,495	793	(1,654)	-	(176)	2,458
Total Unrestricted Funds	9,132	6,028	(8,080)	257	907	8,244
Restricted Income Funds						
Education Fund	232	144	(144)	18	-	250
Transformation Delivery Unit	-	30	(30)	-	-	-
Resourcing Churches	-	1,045	(1,050)	-	5	-
Calling Young Disciples	-	64	(64)	-	-	-
Capacity Grant Restructuring	-	132	(132)	-	-	-
Diocesan Pastoral Account Fund	2,308	-	-	71	-	2,379
Benefact Trust	-	107	(107)	-	-	-
Net Zero Carbon Fund	-	15	-	-	-	15
Ordination Candidates Fund	-	30	(30)	-	-	-
Clergy Widows and Orphans Fund	-	11	(11)	-	-	-
Lay Staff Support Fund	9	-	-	1	-	10
Ministry Restricted Donations	-	3	(3)	-	-	-
Resourcing Ministerial Education Fund	157	81	(64)	-	-	174
Diocese Investment Programme Fund	-	1,019	-	-	-	1,019
Minor Repair and Improvements Fund	-	135	-	-	-	135
Myriad Fund	-	20	-	-	-	20
Ministry Support Fund	-	101	-	-	(101)	-
Ministry Hardship Grants for Individuals	24	-	(20)	-	-	4
Maynard and Outram Smith Library	103	-	-	-	-	103
Sundry Trust Funds	-	45	(45)	-	-	-
Restricted Funds	2,833	2,982	(1,700)	90	(96)	4,109
Endowment Funds						
Diocesan Stipends Capital Fund	28,991	-	-	1,204	-	30,195
Diocesan Unapplied Total Return	17,945	3,557	(180)	892	(811)	21,403
Diocesan Parsonage Capital Fund	19,373	1,596	-	150	-	21,119
Endowment Funds	66,309	5,153	(180)	2,246	(811)	72,717
TOTAL FUNDS	78,274	14,163	(9,960)	2,593	-	85,070

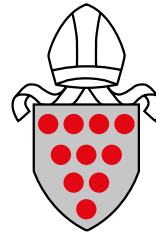
34. PRIOR YEAR COMPARATIVE OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General Fund	1,546	-	4,462	90	(682)	370	5,786
Designated Funds							
Healthier Churches Fund	-	-	-	-	(593)	2,252	1,659
Ministry Support Fund	-	-	-	-	-	507	507
Net Zero Carbon Fund	-	-	-	-	-	62	62
Conferences Fund	-	-	-	-	-	12	12
Lowest Income Communities Fund	-	-	-	546	(328)	-	218
Calling Young Disciples	-	-	-	-	-	-	-
Designated Funds	-	-	-	546	(921)	2,833	2,458
Total Unrestricted Funds	1,546	-	4,462	636	(1,603)	3,203	8,244
Restricted Funds							
Education Fund	-	-	240	10	-	-	250
Diocesan Pastoral Account Fund	192	-	1,654	533	-	-	2,379
Net Zero Carbon Fund	-	-	-	15	-	-	15
Lay Staff Support Fund	-	-	10	-	-	-	10
Resourcing Ministerial Education Fund	-	-	-	174	-	-	174
Diocese Investment Programme Fund	-	-	-	1,019	-	-	1,019
Minor Repair and Improvements Fund	-	-	-	135	-	-	135
Myriad Fund	-	-	-	20	-	-	20
Ministry Hardship Grants for Individuals	-	-	-	4	-	-	4
Maynard and Outram Smith Library	-	-	-	103	-	-	103
Restricted Funds	192	-	1,904	2,013	-	-	4,109
Endowment Funds							
Diocesan Stipends Capital Fund	13,165	15,625	25,229	-	-	(2,421)	51,598
Diocesan Parsonage Capital Fund	19,961	-	2,410	-	(470)	(782)	21,119
Endowment Funds	33,126	15,625	27,639	-	(470)	(3,203)	72,717
TOTAL FUNDS	34,864	15,625	34,005	2,649	(2,073)	-	85,070

WORCESTER DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 247778

Accounts



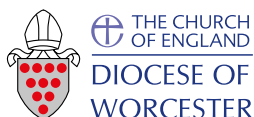
THE CHURCH
OF ENGLAND
DIOCESE OF
WORCESTER



Report of the Directors and Financial Statements
for the year ended 31 December 2023 for
Worcester Diocesan Board of Finance Limited
Registered Charity Limited by Guarantee
Company Registration Number 00271752 Registered Charity Number 247778



2023 REPORT



THE CHURCH OF ENGLAND
DIOCESE OF WORCESTER

Company Registration Number 00271752

Registered Charity Number 247778

Published July 2024

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2023

In 2023 we set out our priorities for the next few years committing to:

- Double the number of children and young people worshipping in our churches.
- Create 100 new worshipping communities.
- Invest in the renewal of churches in our major population areas
- Provide training and development opportunities for our clergy and lay leaders.



10 new Deacons ordained through our Auxiliary Pathway.

£7.7m of funding received in principle from the national church.



Company Information for the year ended 31 December 2023

The full name of the charitable company is Worcester Diocesan Board of Finance Limited. The directors, who are also the trustees and members of the Bishop's Council of the Diocese, during the year and up to the date the report was approved are:

Directors

W S Downing (Chair)
(appointed 6.11.23)
The Reverend A G Todd (Chair)
(resigned 31.8.23)
E A Wiles (Vice Chair)
The Right Reverend J G Inge
The Right Reverend M C Gorick
The Very Reverend P G Atkinson
(resigned 25.8.23)
The Venerable N J Groarke
The Venerable R G Jones
(resigned 18.4.24)
The Venerable M Badger
(appointed 1.1.24)
The Reverend A C Davies
The Reverend Canon S M Edwards
(appointed 1.9.23)
M D Hunter (appointed 20.3.23)
The Reverend R Johnson

P V Kear
The Reverend Canon C A Lording
R J Pearce
D I A R Phillips
H A Richards
T H Terera (appointed 13.1.23)
D M Wightman
The Reverend Canon T J Williams

Company Secretary

The Reverend A G Todd
(appointed 5.9.23)
J P H Preston
(resigned 5.9.23)

Registered Office

16 Lowesmoor Wharf
Worcester WR1 2RS

Registered Number

Company: 00271752
Charity: 247778

Auditors

Crowe U.K. LLP
Black Country House, Rounds Green Road,
Oldbury, West Midlands B69 2DG

Bankers

Lloyds Bank Plc, 4 The Cross,
Worcester WR1 3PY

Solicitors

Anthony Collins Solicitors LLP,
134 Edmund Street,
Birmingham B3 2ES

Investment Advisors

CCLA Investment Management Ltd,
1 Angel Lane, London EC4R 3AB

Insurance Agents

PIB Insurance Brokers Ltd,
Popleton Grange, Low Popleton Lane
York, Yorkshire YO26 6GZ

Property Investment Adviser

Fisher German LLP Chartered Surveyors,
Global House, Hindlip Lane,
Worcester WR3 8SB

£1.1m given to parishes to support the mission and ministry of parishes as they work towards financial stability.



Report of the directors for the year ended 31 December 2023

The directors, who are also trustees for the purposes of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2023. The directors/trustees are one and the same and in signing as directors they are also signing in their capacity as trustees. 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

Chair's Report

"If God is for us, who can be against us?" (Romans 8:31)

I recognise change can be a scary concept for all of us at times. As we look to the future as a Diocese, we have embarked on a 2023-2030 journey with a complex growth-orientated transformation programme. At the same time, we have an uncertain economic and political world for a backdrop. But I, like many others, am very excited about what we are looking to do. I wholeheartedly believe in our vision "to grow as Kingdom People, sharing the good news of Jesus' love in Worcestershire and Dudley through churches that are growing in health and sustainability", and I know that as a church, and financially as a charity, it is the right thing to do. If God is for us, who can be against us?

2023 was a challenging year for the UK economy, with knock-on implications for our parishioners, and for parish contributions (down 4% 2023 £3.9m; 2022 £4.0m). Against this backdrop the Diocese produced a resilient set of financial results. At the Net Operational Position¹ level, the measure which we use to measure day to day performance, we achieved a breakeven result for the year (2023 £0.0m; 2022 £0.4m).

Disciplined risk management continued to underpin our balance sheet, and we grew our investments, a mixture of glebe property and investment portfolios up 9% in the year (2023 £49.6m; 2022 £43.2m). These form part of our endowment funds which support our parishes now, and which we need to support our parishes for decades, and hopefully centuries, to come. At all times we maintained enough free reserves to remain within our solvency parameters (2023 £4.2m).

The Diocesan transformation programme launched in February 2023 to accelerate the progress towards long term healthy and sustainable churches across the Diocese. It has three key strategic priorities, together with one underpinning priority:

- **Double** the number of children and young people worshipping in our churches.
- Create **100 new worshipping communities** offering a range of ways for people to come to faith and worship God. (e.g. Forest Church / Café Church / Walking Church).

- **Invest in the renewal** of around a dozen churches to ensure that each major area of population has at least one church with 150 people attending weekly, enabling them to support other local churches.
- Underpin these by investing in our clergy and lay leaders, providing **training and development opportunities** to enable them to grow and feel supported and equipped for mission.

In 2023 the Diocese had external funding approved in principle of £7.7m from the Church of England's Strategic Mission and Ministry Investment Board to support our renewals. We are very grateful for their backing and support.

I recognise the renewals funding is focused on just a few areas, but we want to strengthen all our churches and encourage and resource them to explore what it might mean to grow in health and sustainability, in their context, as they worship God, make disciples, share hope, and transform their local communities. I would encourage all benefices and parishes to be thinking actively about what steps they might be able to take towards a future that is healthy and sustainable, life-giving and sustaining, and where appropriate to investigate making applications for the support available, whether it is applying for Mission Accompanier resource, applying for grants available from the Heathier Churches Fund or the Kingdom People Fund, or accessing the training available for new worshipping communities, and for equipping our ministers for mission.

The financial sustainability of parishes is a very real and current issue for all Dioceses across the country. Growing parish receipts and controlling costs as well as growing reserves for unexpected events is a significant challenge for many. In 2023 we provided over £1.1m (2022 £1.2m) to support benefices and parishes working towards this financial sustainability. Understandably we cannot provide this level of finance in perpetuity, and many parishes have plans in place, or are working on plans, to become self-sufficient. The central team continue to be on hand to support those needing assistance with developing their plans.

The Diocese has for many years faced structural financial challenges: we have an ageing population; a number of areas of lower incomes; and a high proportion of small congregations. The hard work of many people over the years together with the 2023 transformation growth plan will seek to address these challenges. We can therefore rest assured that by executing our plans and with God's blessing the Diocese will be financially sustainable for many years to come.

Finally, but most importantly, I must add my thanks to the staff and clergy who make this happen. We are blessed with an excellent team across the Diocese and the central team under the leadership of Reverend Andy Todd have done a fantastic job supporting, and challenging, the parishes to deliver this successful 2023. I look forward to working alongside you, and on your behalf, in the year ahead.

Wadham Downing
W S Downing

¹ The Net Operational Position is defined as the net movement in funds from the SoFA of £6.8m, less a) the net impact of funding of special projects which net off to £0.0m in the SoFA, b) the net movement on our endowment funds investment portfolios of £5.3m, and c) the realised gains on our parsonage portfolio of £1.5m.

Public Benefit

The directors of the Worcester Diocesan Board of Finance Limited (WDBF) are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

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

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

Structure, Governance and Management

The company is governed by its memorandum and articles of association. The company is controlled by the Bishop's Council, the members of which are Directors and Trustees. Bishop's Council has two principal committees for finance and governance – the Finance and Resources Committee and the Audit, Risk and Challenge Committee. The statutory responsibilities of the Diocesan Mission, Pastoral and Resources Committee are fulfilled by the Bishop's Council of Trustees, and those of the Parsonages Board and the Glebe Committee are fulfilled by the Finance and Resources Committee. The Diocesan Board of Education is also a Committee of the WDBF, with statutory responsibilities.

The clergy and lay directors are elected by the respective houses of clergy and lay members of the Diocesan Synod and further directors are co-opted by the Bishop's Council so as to seek that among its elected and co-opted members all the deaneries in the Diocese are represented, subject always to there being a majority of lay elected and co-opted directors. At the start of each triennium, the members of the Bishop's Council are given a full and substantive overview of their duties and responsibilities as directors of the company and trustees of the charity. Training is updated within the triennium as and when required. The company is limited by guarantee and therefore the directors have no beneficial interest to disclose.

The Diocesan Secretary is responsible for the day-to-day management of the charity as delegated by the charity trustees. The senior management team is made up of the Diocesan Secretary, the Director of Finance, the Director of Education, the Director of Communications, the Director of Mission and Ministry and the Transformation Programme Director. The administration of the charity is undertaken by the employed staff, who are based at 16 Lowesmoor, Worcester.

The Board is associated with a number of other charities and funds, full details of which are included with the connected party transactions within note number 31 to these financial statements.

Objectives and Activities

The principal object of The Worcester Diocesan Board of Finance (WDBF) is to advance the Christian faith by promoting, assisting and advancing the work of the Church of England in the Diocese of Worcester by acting as the financial executive of the Worcester Diocesan Synod. This includes the enabling of public worship, pastoral care and the promotion of Christian values by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

A major part of the Board's responsibilities results from legislation with regard to funding the costs of the clergy in the diocese of Worcester, including stipends, pension contributions, maintaining clergy houses and paying council tax and water rates. The Board also supports clergy and lay people with training for Christian mission and ministry including children's and youth work.

The WDBF also 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 (DBE) Measure; and
- 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 Board's main sources of income are contributions of Ministry Share (Parish Share prior to 1st January 2022) from Parochial Church Councils and income from grants and from investments. The Board is responsible for the custody and management of the Diocesan Synod's financial affairs as well as those of the Diocesan Board of Education which works with church schools and academies.

In addition to their important role in the governance of the company, and as well as contributing to the work of the Church at a parish level, volunteers make a significant contribution to the delivery of the following activities:

- The work of the Diocese's committees and working groups
- The development of vocations and the provision of training for lay and ordained ministry
- Help and advice given to parishes by the Diocesan Advisory Committee for the care of churches
- Mission and social responsibility work under the umbrella of several groups including the Commission for Social Responsibility and the Climate Crisis Task Group.

The Diocese has a long-established Kingdom People vision, which is underpinned by four values: love, compassion, justice, freedom. Our vision is that as we grow as Kingdom People, we will see more people come to worship God, that we will engage in transformative ministry within our communities, bringing hope and supporting those who consider themselves to be Christians develop their faith throughout a lifelong journey of discipleship.

Overview

During 2023 we made significant progress on our approach to Diocesan Transformation, against an ongoing challenging background of cost of living pressures which continue to affect both parishes and the WDBF.

2023 Priorities

In last year's report we set out our priorities for 2023:

- **PRIORITY 1:**

To fully develop and communicate our transformation programme, and a viable funding plan.

In February 2023, following extensive consultation across the diocese throughout 2022, a comprehensive transformation programme was presented to and approved by the Bishop's Council. This programme delineates three strategic priorities, to guide the activities of the WDBF in supporting parishes to achieve transformative outcomes by 2030:

1. Doubling the engagement of Children and Young People
2. Launch of 100 New Worshipping Communities
3. Through renewal, to have a thriving church, with an Average Weekly Attendance (AWA) of 150, in every major centre of population within the diocese.

Each project proposal within the transformation programme includes a workable funding plan, ensuring the feasibility and sustainability of our initiatives for the duration of the programme.

Furthermore, March 2023 brought promising developments as the National Church pledged in-principle support for the Church Renewal aspect of our transformation programme, through Diocesan Improvement Programme (DIP) funding. This commitment was accompanied by substantial grants for capacity building. Additionally, the Bishop's Council allocated significant funds from the Diocese's own Healthier Churches Fund, providing vital financial support for our core transformation initiatives over the next five years. These developments instill confidence and momentum in our collective journey towards a healthy and sustainable diocese.

A transformation communication plan was developed in 2023, devised to disseminate information across the diocese about the strategic priorities and key messages of support for all parishes aspiring to grow. Emphasising the importance of local churches becoming healthy and sustainable, the communications plan underscores the significance of setting context-specific priorities to unlock growth and reverse the decline in our churches.

Moreover, a period of prayer was launched to underpin the transformation strategy and to further engage our parishes in the transformation programme. This initiative seeks to foster a spirit of unity and recognise God's centrality to our shared journey of transformation.

- **PRIORITY 2:**

Continuing our Mission Accompanier Programme, which seeks to support and enable churches to develop health and sustainability plans, and where appropriate, to provide grant funding through the Healthier Churches Fund.

The Mission Accompanier Programme continued through 2023 and has grown to support 64 Churches in 35 contexts (parishes/groups/teams) supported by 24 Mission Accompaniers. The offer of an Accompanier is open to all churches, and has been shared through the diocesan website, various social media posts including video interviews, and by word of mouth. Incumbents have also been encouraged to apply through the Ministerial Development Review programme.

Health and Sustainability Plans have been created in 23 settings so far, with two more in preparation. A further 10 churches have recently begun working with a Mission Accompanier.

Annual reviews were held with church incumbents in November/December 2023. The results indicate that Mission Accompaniers are offering the right mix of encouraging, supportive and challenging input, bringing appropriate levels of honesty, whilst facilitating positive insightful change.

- **PRIORITY 3:**

Increase the number of Children, Families and Youth workers around the diocese, with a target of having a total of ten in place by the year end.

Children, Families and Youth worker posts form a key intervention in our Children and Young People strategy. Through this intervention, we aim to ensure our parishes are places of hospitality to children and young people, and their families. We anticipate that each church hosting a worker would see AWA of children and young people rise to at least 40 by 2030. Across the diocese, we now have 13 children and

youth workers, five of whom are funded through the Healthier Churches Fund (HCF). HCF funding for a further two roles was approved by Bishop's Council by the year end.

- **PRIORITY 4:**

To make initial progress with our priorities for "Renewals" – a programme to create churches with an Average Weekly Attendance of at least 150, and for New Worshipping Communities through the appointment of a parish-based enabler.

In March 2023, our renewals programme received provisional approval for national funding amounting to £6.8m, contingent upon the development of coherent missional designs for each of the seven projects in the initial phase of the programme.

The experiences gained from our two resourcing churches, All Saints Worcester and Top Church Dudley, have been instrumental in shaping the direction of our renewals programme. Learning from their successes and challenges has provided invaluable insights into effective strategies for church renewal. Throughout the year, curates from the leadership pathways at our resourcing churches have actively contributed to the development of missional design in two of our renewals, and a curate from All Saints has been confirmed as the renewal leader at St Stephen's Redditch.

Throughout the year, significant progress has been made in formulating mission plans for each renewal project. Notably, two projects have attained approval for their mission plans, along with the necessary funding, from the Strategic Mission and Ministry Investment Board. The parishes of St. Mary's Kingswinford and the Halas team (St. John's Church Halesowen) have commenced recruitment efforts for key roles and are actively working towards realising the programme's missional impact. These developments signify tangible strides towards revitalising these churches and fostering renewed engagement with their respective communities.

Progress on supporting the creation of New Worshipping Communities (NWCs) was hindered by delays in recruiting an NWC Enabler, who will serve as the strategic lead for this priority. We were able to recruit to this role in January 2024 and eagerly await the arrival of the post holder.

We also successfully recruited an NWC Administrator, who has begun laying the groundwork for NWC initiatives. Notably, work has commenced on assembling a first cohort for the Myriad NWC learning community, facilitating knowledge-sharing

and collaboration. The NWC Administrator has also begun to establish a baseline assessment of existing NWCs within the diocese, providing valuable insights for future planning and strategic decision-making.

Whilst challenges and delays have presented obstacles, our commitment to the renewal and growth of churches within the diocese remains steadfast. With dedicated efforts and strategic investments, we are confident in our ability to realise the vision of vibrant and thriving worshipping communities across the diocese.

- **PRIORITY 5:**

To fully develop the support plan needed to "Equip Ministers for Mission" – through Mission Accompaniment, Coaching and Training, together with the support resources required.

A project proposal for Equipping Ministers for Mission accompanied the transformation programme documents as an underlying priority to support the delivery of our desired outcomes. This intervention is designed to empower clergy and key lay leaders alike, further equipping them with the necessary skills and resources to fulfil effectively the work of transformation in the diocese.

Progress on the detailed implementation plan for Equipping Ministers for Mission was hindered by the vacancy in the Director of Mission and Ministry role until July 23. The recruitment process for this key position caused a delay in finalising the plan and initiating key activities. Since the appointment, efforts have been intensified to expedite the development and delivery of this underlying priority.

The plan is part funded through a capacity grant from the National Church, and aims to provide the necessary resources to implement robust training, coaching, and support initiatives for ministers across the diocese.

- **PRIORITY 6:**

To recruit well to fill a number of senior vacancies.

In 2023, significant strides were made in addressing senior vacancies within the diocese. Key appointments were successfully made to critical positions, including:

- Archdeacon of Worcester
- Diocesan Secretary
- Director of Finance
- Director of Mission and Ministry
- Transformation Programme Director.

Following the retirement in August of the Very Revd Peter Atkinson (Dean of Worcester), Revd Stephen Edwards has been acting as Interim Dean.

Furthermore, progress was made on the recruitment of strategic leads for each of the transformation priorities outlined in our agenda, notably the appointment of the newly-created role of Programme Lead for Children and Young People. This role will lead on initiatives aimed at engaging and empowering children and young people across the diocese, contributing to the realisation of our strategic objectives.

These appointments mark a significant milestone in strengthening our leadership team and positioning the diocese for continued growth and impact in fulfilling our mission.

Ministry Share System

The Diocese transitioned from its previous Parish Share system to its new *Ministry Share* system from January 2022. One of the key objectives of the new approach has been to provide greater transparency regarding the costs of ministry, and that has been welcomed. This has enabled conversations to take place to highlight the degree of subsidy of ministry in some benefices.

The process of requesting grants from the transitional Ministry Support Fund and making allocation decisions generally worked well. 45% of our benefices (32 out of 71) needed some form of support from the Ministry Support Fund during the year. The intention is that this reduces over time, although the currently high level of energy costs in particular will make this challenging. 14 of the 32 were Lowest Income Communities, where we expect that ongoing support will be required to enable ministry in our least affluent communities.

16 benefices made a contribution in excess of their Ministry Share allocation into the Ministry Support Fund to enable other benefices to receive transitional support. These totalled £101k, a lower figure than originally hoped for, due not least to the ongoing high energy costs. Total contributions to Ministry Share totalled £3,837k, which represented 96.7% of Ministry Share requests, once Ministry Support Fund grants were taken into account.

Ministry Development

2023 was a year of significant change for the Ministry and Discipleship Team, not least in a change of name to the Mission and Ministry Team (MMT). This reflects the shift to focus the team squarely upon the “underpinning priority” of the Transformation Strategy, “Equipping Ministers for Mission”. A number of key staff changes have been made with this objective in view, including the appointment of a nationally-funded part-time Clergy Development Officer, and we have begun to review and revise our various areas of work to align these with the wider Transformation Strategy.

The work of vocational discernment and training continues. In 2022-23 18 worship leaders, 5 pastoral workers and 4 children and youth workers were trained through the diocesan Authorised Local Ministry Scheme, and since the autumn 20 worship leaders are being trained locally using the same materials. The intake for Licensed Lay Minister/Reader training has increased, with six new candidates entering training at Queens in autumn 2023. In 2023 the Diocesan Board of Finance put on 83 training events, with a total of 829 attendees, facilitated by the MMT. Of these, 43 were MMT events, with 531 people attending: this includes a diverse range of learning and training opportunities, including both in-person and online delivery.

10 candidates for ordained ministry are currently in training at national Theological Education Institutions. In addition, thirteen candidates on the pilot Auxiliary Pathway have been successfully recommended for training, with 10 of these ordained last autumn and the others due to be ordained during 2024. Following review, a second wave of recruitment for the Auxiliary Pathway is currently underway. There are currently 20 curates in the diocese participating in the post-ordination training (“IME2”) programme: this is under review following the appointment of a new part-time IME2 Officer. We continue to participate in and contribute to the regional Continuing Ministerial Development network, which provides training for clergy at crucial points of transition in ministry. We are currently finalising plans to offer training in skills for Oversight Ministry with a pilot cohort of diocesan clergy in partnership with CPAS.

Support for Church Buildings

There were significant changes of staffing in the diocesan Church Buildings team in 2023, together with the appointment of a new Chair of the Diocesan Advisory Committee (DAC). A considerable amount of induction work has therefore taken place.

Advice visits to 105 churches were made by team members (95 in 2022) along with supporting several longer-term major building projects. Full DAC visits to assess major proposals numbered the same as 2022 (12). In 2023, 40 applications for Faculty were considered by the DAC (2022 – 54, 2021 – 45) and 128 List B applications were granted (2022 – 148, 2021 – 105). Seeking volunteer DAC members with relevant specialisms remains difficult.

The church of St Peter, Upper Gornal formally closed, with considerable input to take on the building, and to catalogue and redistribute the contents. Work continues on the portfolio of other closed and closing churches.

The team were successful with bids to the Archbishops' Council's Buildings for Mission fund for a part-time support officer (to be appointed in 2024 on a fixed-term contract), and also for £135,000 to redistribute to parishes to support minor repairs and improvements to churches, both through to the end of 2025.

Education

In 2023, The Diocesan Board of Education published its strategy for the Academisation of our one hundred Church of England schools. This, alongside revised policy and procedures, has been shared and agreed with the Department for Education. All documentation has been shared with schools and Multi-Academy Trusts (which have Church School Articles of Association for Academisation) with meetings being held with individual Governing Bodies which are currently considering their options for conversion.

The Education Team became the first Diocese in the country to offer the National Professional Qualifications for teachers (NPQs) in 2023. The team has now become the regional delivery partner, offering five different qualifications (NPQ – Headship, NPQ – Senior Leadership, NPQ – Leading Teacher Development, NPQ – Learning Behaviour and Culture, and NPQ - Leading Teaching) and currently has one hundred and thirty participants enrolled. As well as providing much-needed qualifications for senior leaders, teachers and support staff in schools, it continues to generate a modest amount of additional income.

The work carried out by the Education Team has continued to focus on providing a range of core services to schools in line with the Diocesan Board of Education (DBE) measure. In response to this we also offer three Service Level agreements (SLA). The Training and Support SLA provides training for schools for them to become effective Church Schools, with a theologically-rooted Christian vision, whilst

preparing them for Statutory Inspection of Anglican and Methodist Schools (SIAMS) inspection; the School Effectiveness SLA provides bespoke packages of support to improve the quality of leadership, teaching and learning; and the third SLA improves governance by delivering training to governors.

Through the DBE Service Level Agreements, there is a continued offer of Mental Health and Wellbeing support. This support has been invaluable in supporting school senior leaders who require counselling and support. Requests for support continue to grow and feedback and results from service users have been very positive.

During the year the Education Team has supported the facilitation of nine building, maintenance and refurbishment projects in Voluntary Aided schools valued at just over £400,000. This work, in the main, is funded by the Department of Education through their School Condition Allocation scheme.

As part of the Framework for the Decarbonisation of Church of England schools, the Education Team is working alongside Mantis Energy who have been appointed as Regional Consultants. This work ensures that the Diocesan Board of Education has free access to advice, guidance, and experience to help shape, focus and deliver ongoing plans towards Net Zero Carbon in the Voluntary Aided schools and schools within Diocesan Multi-Academy Trusts, where the diocese holds the responsibility for the maintenance of development of school buildings.

Net Zero Carbon

In November 2023, Synod approved the Diocese's 2023/2024 Practical Path Towards Net Zero Carbon, an emerging plan which outlines specific short-term actions and strategies to reduce our carbon footprint and work towards achieving net-zero carbon emissions within the diocese by the year 2030. By receiving this plan, the Diocesan Synod affirmed its commitment to addressing the climate crisis, in alignment with our Kingdom People values.

This first phase of our approach is based upon:

- Measurement, monitoring and reporting - including the Energy Footprint Tool.
- Planning, and the prioritising of early wins.
- Communication, and engagement – and encouraging behaviour change.
- Good maintenance, energy efficiency and insulation.
- Targeted energy reduction opportunities – including heating decarbonisation.
- Switching to green tariffs / renewable energy.

This step-by-step plan lays the groundwork for carbon reduction, and for the decision-making and investment that will be needed. Additionally, we seek to raise awareness of the imperative for energy reduction and the impact of carbon emissions through our communication work, and will be offering carbon literacy training to raise awareness of the need for carbon reduction and how we can all contribute through our individual choices.

Diocesan Synod has made available £25,000 per annum to support our work in progressing these goals. In addition, a successful funding application was made to the first phase of Triennium funding from the Church of England's National Environment Programme as part of a regional bid for a total of £290k of funds, for the appointment of fixed-term (to August 2026) roles across the region to bring expertise, build capacity, set in place decarbonization plans, and engage with initial projects.

A key reason for seeking this funding is to resource capacity for and expertise to take our work to the next, more detailed level, which will include more precise costings of the changes required across the Diocese. We recognise that there are currently gaps in our data, in our understanding of appropriate solutions, and in the availability and costs of technologies. At the same time, it is also recognised that there is a short window to make the necessary changes, and that it will be far cheaper to react now than to bear the financial, human and creation costs of climate crisis in the future if we do not act promptly and decisively.

Consequently, budgeting and finance will undoubtedly need to figure more strongly in any planning and progress. In this context, the recent announcement by the Church Commissioners to release £190 million over the next 9 years, as a one-off investment in the transition towards a lower carbon approach, is encouraging, and may provide us with future funding opportunities. The funding is back-end loaded, with £30m available to the end of 2025, £90m between 2026 and 2028, and the remaining £60 million being released from 2029 to 2031.

That said, the capacity and resource implications of achieving this commitment remain significant, and as a diocese we are committed to exploring a range of options and models to ensure delivery does indeed become a reality.

2024 Priorities

Building on the 2023 priorities to align with our diocesan strategic objectives, we have identified the following key priorities for 2024:

1. **Engagement of Children and Young People:** Increasing the number of children and youth workers equipped with effective plans, to ensure greater engagement and discipleship with children and young people.
2. **Support and Development of New Worshipping Communities (NWCs):** Prioritising the support and training for new worshipping communities (NWCs) while fostering a culture of innovation. This involves equipping NWC leaders with the necessary resources and guidance to establish vibrant and inclusive worshipping communities that connect with new people in new ways.
3. **Renewals Programme Implementation:** Finalising mission plans to unlock national funding and advancing the implementation of Phase 1 renewal projects. Additionally, scoping Phase 2 renewal projects to ensure a sustained momentum in our renewal programme.
4. **Equipping Ministers for Mission:** Empowering clergy and key lay leaders alike, and further equipping them with the necessary skills and resources to fulfil effectively the work of transformation in the diocese. This includes continuation of the Mission Accompanier programme.

Within these Priorities, we have identified a number of focus areas which will support delivery of our goals, in particular: **focusing on Strategic Worker Planning**, including the development of recruitment and leadership pipelines; aligning personnel with specific roles and responsibilities to optimise the effectiveness and impact of our initiatives; **establishment of Learning Processes and Impact Measurement**, implementing robust mechanisms for evaluating the impact of our strategies and initiatives, allowing us to make informed decisions and adjustments as needed; and **Communication of Strategic Priorities**, sustaining ongoing communication of our strategic priorities to stakeholders across the diocese. This entails reinforcing key messages and objectives to ensure clarity, alignment, and engagement among all stakeholders, fostering a shared sense of purpose and commitment to our collective mission.

By prioritising these areas, we will make continued progress towards our transformation goals and realise our vision of a vibrant and thriving diocese – growing as Kingdom People.

Financial Review

Total incoming resources for the year was £14,163k (2022 - £10,040k). The principal funding source was from Ministry Share which represents 27.9% (2022 - 42.1%) of total incoming resources. The reduction in this percentage is as a result of three things: the significantly increased value of gains on sale of tangible fixed asset properties (£4,083k in 2023, £856k in 2022); the increase in grants received from the Archbishops' Council (£3,373k in 2023, £2,191k in 2022); and the reduction in Ministry Share contribution in absolute terms. If gains and grants are omitted share represents 58.9% of operational income (2022 - 60.4%).

Benefices applied for grants to help fund any gaps between the costs of ministry in their Benefice and what they could afford to pay. This resulted in grants being awarded totaling £1,385k (2022 - £1,160k), being split between grants from the Ministry Support Fund of £430k (2022 - £656k), £683k (2022 - £504k) from the Lowest Income Communities Grants (LInC), and £272k (2022 - £232k) of other grants towards ministry. These grants mean that the Net Ministry Share Requested (after grants) should have been received in full from the Benefices. However, due to the continuing high inflationary economic environment, including the costs of energy, only 96.7% (2022 - 95.5%) was received. Total Ministry Share received during the year, including donations to the Ministry Support Fund and arrears, was £3,953k (2022 - £4,227k).

Endowments increased by £6,408k (2022 - decreased by £2,028k). This as a result of an increase in investment valuations at the year-end of £2,246k (2022 - £3,473k decrease in investment valuations), as well as gains on disposal of endowed assets of £4,083k (2022 - £856k). From the endowment £811k (2022 - £963k) was transferred to general funds under Total Return Accounting, see below and note 28. Total resources expended were £9,960k (2022 - £8,824k).

The Statement of Financial Activities on page 20 shows an overall increase in funds of £6,796k (2022 - £2,257k decrease in funds), of which £2,593k related to unrealised investment gain (2022 - £2,257k unrealised investment losses), and £4,083k (2022 - £856k) from surpluses on property sales.

The underlying operational result for the year, after transfers from Total Return and the Ministry Support Fund, was breakeven (2022 - £360k surplus, which was reinvested into the Ministry Support Fund) plus an investment by WDBF of £41k (2022 - £153k) into our strategic projects.

Management has continued to monitor its costs and seek to gain additional funding where possible, to support the operations of the organisation, and its operational result, and to allow the Diocese to maximise its support to Benefices, Parishes, Churches and individuals.

Investment Policy

The Board's investment policy was reviewed during the year by an Investment Panel, a working group of the Finance and Resources Committee (FRC), although the ultimate responsibility remains that of the Worcester Diocesan Board of Finance. The policy was ratified in September 2023 and the overarching objective is to maximise long-term income without exposing capital to undue risk, within a diversified portfolio spread across a broad range of asset classes and without compromising the Board's ethical investment policy, which essentially follows the national guidance established by the Church of England's Ethical Investment Advisory Group.

We remain in regular contact with CCLA Investment Management, our investment advisers, and Fisher German LLP, our property investment advisers, whom fed into the establishment of the new investment policy.

Reserves *Restricted and endowment funds*

As set out in note 24 the WDBF holds and administers several restricted and endowment funds. As at 31 December 2023 restricted funds totaled £4,109k (2022 - £2,833k) and endowment funds totaled £72,717k (2022 - £66,309k). This includes the Diocesan Unapplied Total Return Fund (UTR) which totaled £21,403k (2022 - £17,945k) – see below.

Total Return Accounting

The law governing the use of Diocesan Endowment funds changed in 2016. Traditionally, permanent endowment funds draw income only, maintaining capital in perpetuity for the benefit of future generations. A Total Return investment approach allows the release of both income and capital gains for use. The Trustees adopted Total Return accounting for the Diocesan Stipends Capital Fund (DSCF) with effect from 1 January 2021 by reference to the following:

- The date used for the initial value, or base year, of the trust for investment was 31st December 1995. At this point the DSCF balance was £15,598k. This is taken as the original value of the endowment.
- CPIH was used to uplift the trust for investment giving rise to a valuation as at 31st December 2023 of £30,195k (2022 - £28,991k). The Unapplied Total Return fund as at 31st December 2023 amounted to £21,403k (2022 - £17,945k).

The Board can then release funds which are transferred to the income fund to fund stipends. This enables other funds which would have

normally been used for the funding of stipends to be used as the Board sees fit. The transfer in relation to funding stipends was £670k (2022 - £847k). The Board has discretion to allocate up to a maximum of the original base value of £775k uplifted for inflation each year, for six years (to 31 December 2026) to fund stipends each year.

The Board has also made transfers into designated funds as follows, in line with its agreed policy:

- Transitional Support for Parishes - £114k in 2023 (2022 - £109k), which is based on an original base value of £100k, uplifted for inflation each year, for six years (to 31 December 2026). This is to help Parishes transition to the new Ministry Share system. This was further supported by an initial allocation of £600k of unrestricted reserves into the Ministry Support Fund in 2021.
- Net Carbon Zero Fund – £27k in 2023 (2022 - £27k), which is based on an original base value of £25k, uplifted for inflation each year, for six years (to 31 December 2026). This is to provide some expert resources to help the diocese achieve the 2030 Net Zero Carbon target.

Reserves policy *Free reserves*

It is the Board's policy to maintain the year end general unrestricted reserves position, excluding tangible fixed assets, at a level of 4.5 months' expenditure. This should provide sufficient liquid funds to allow the Board to meet its commitments across the year.

As at 31 December 2023 the general unrestricted fund's net assets, excluding tangible fixed assets was £4,240k (2022 - £4,073k), and during 2023 total operational costs were £7,416k (2022 - £7,047k) providing for 7 months of operational expenditure (2022 - 7 months).

The 2024 budget suggests that expenditure will grow to £8,015k (an 8% increase), based on this figure 6.3 months of operational expenditure is provided for.

The Board are aware that the current level of reserves is in excess of the stated reserves target by 1.8 months, however, the financial challenges that Benefices and Parishes face are growing, with the Diocese continuing to provide significant financial support to many areas. Whilst it is expected that Benefices and Parishes will transition to financial sustainability and sustainable level of Ministry, it is considered appropriate to carry the level of free reserves that are currently held so that the Diocese can respond to areas where sustainability is challenging, whilst at the same time invest in growth.

Fundraising

Funds were raised in 2023 for our partner dioceses of Peru and Morogoro: £10.9k (2022 - £7.1k) was raised for the Diocese of Peru; £8.7k (2022 - £0.5) for the Diocese of Morogoro; £1.0k (2022 - £1.0k) for Berega Hospital, Tanzania; £0.7k (2022 - £0.1k) for Morogoro Sewing Academy; and £0.1k (2022 - £Nil) for Morogoro Bible College.

As a result of the pandemic, we launched a Diocese of Worcester Ministry fund in 2020. The aim was to raise enough to cover the stipend of one vicar for one year to assist with the continued reduced income caused by Covid-19. We encouraged potential donors to support their local church as their first priority and if they were able to make an additional gift to this Ministry Fund. Through donors' generosity £3.7k was received in 2023 (2022 - £10.3k).

Total Return Accounting had an impact on the allocation of income to the general and endowment funds. In years prior to 2021, all income arising on the DSCF was allocated to general fund on the understanding that the value of stipend payments would far exceed the value of any income, which they did, and continue to. On the introduction of Total Return Accounting, all such income is allocated to the UTR within the endowment fund with subsequent transfers to the general fund.

Designated funds

The Board may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of the 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 27. At 31 December 2023 total designated reserves were £2,458k (2022 - £3,495k). See note 24 for further details.

Risk Policy

The Directors have continued the process of examining the major strategic and operational risks which the DBF faces. They hold and monitor a register of the significant risks, assessing the probability of occurrence and likely impact if they were to occur, divided into five operational areas.

The most significant risks in this analysis, and plans for mitigation, are:

- High inflation in both the cost of living for individuals, and in the cost of heating churches, lead to lower receipts of Ministry Share, which are insufficient to meet the financial commitments and the strategic plans of the Diocese:
 - The clarity given by the new Ministry Share system brings forward visibility on likely receipts;
 - Regular and active communication with parish treasurers to maintain two-way communication;
 - The launch of a Ministry Support Fund provides support to parishes, encourages medium term planning. The fund will be supplemented for 2023 to provide additional support;
 - Monthly monitoring of receipts and projection for the remainder of the year;
 - Proactive support by the Stewardship Officer with struggling parishes.
- Falling numbers and ageing of attendance / membership within the Church in the diocese leading to their becoming unsustainable:
 - Progress the implementation of the Diocesan Transformation Strategy and begin planning for the next Phase of Renewals;
 - Ensure the Resourcing Churches projects continue to be effective, including the planting and renewing of a number of additional churches;
 - Provision of a Healthier Churches Fund to resource parishes who have developed Health and Sustainability plans;
 - Continued provision of Mission Accompaniers to support parishes develop and implement such plans.
 - Supporting churches with volunteer recruitment and retention.
- Serious safeguarding case:
 - Ensure swift action taken if a situation does arise;
 - Ensure effective safeguarding provision is available, through the diocesan safeguarding team; training officers and caseworkers. This will include use of core groups to bring in a wider team where appropriate;
 - Ensure safer recruitment, training, policies applied and audited at diocesan and parish level;
 - Ensure adequate insurance is in place.
- Complexity & Capacity: The transformation strategy on top of sustaining 'business as usual' provides significant complexity and workload for a small DBF team:
 - Plans have clear priorities and these have been developed with an eye to the capacity to deliver;
 - Many of the priorities will lead to additional employment to deliver the work e.g. parish based Childrens, Families and Youth workers;
 - We are seeking funding from the National Church to add the capacity to deliver at both parish level (especially for renewals) and for the DBF rather than requiring it to be funded through Ministry Share.

It is recognised that there are reputational risks to the DBF associated with each of these key risks. As well as mitigating risk in each of these areas the DBF's Communications team bring expertise to support parishes and the bishops in facilitating the mission of the church across the Diocese.

The directors have established a framework of five risk registers, each of which is reviewed periodically by an appropriate committee. An overview of key risks is considered by Bishop's Council along with the Risk Policy. The Audit, Risk and Challenge Committee reviews the DBF's approach to risk management on an annual basis, including reviewing the risk policy.

Remuneration Policy

The Board's policy regarding level of remuneration is that salaries are those appropriate to recruit and retain staff in the context of the job market. Remuneration for more senior roles is set so as to involve an element of "sacrifice" compared to the secular market, but to be broadly in line with that of equivalent roles in similar dioceses.

Investment Performance

Overall performance

Investments are held in both glebe and general funds. The total value of investments at 31 December 2023 was £49,630k (2022 - £43,150k) and the total return on investment saw share values increase by 9% (2022 – 12% decrease). Investments in glebe funds are primarily to generate a sustainable income to continue funding clergy stipends.

Agricultural land and properties (Glebe only)

Agricultural, commercial and residential land and buildings were valued at £15,625k (2022 - £15,460k). Rents receivable amounted to £255k (2022 - £219k) – an income yield of 1.6% (2022 - 1.4%). The unrealised market value gain was £571k (2022 - £3k) and the realised gain on disposal was £2,084k (2022 - £856k).

These assets are managed by Fisher German, the property investment advisers for the Board.

Investment securities (Glebe and General)

Investments in equity and other securities were valued at £34,005k (2022 - £27,690k). Income from these securities amounted to £1,011k (2022 - £879k) – an income yield of 3.0% (2022 - 3.2%). The unrealised market value gain was £2,022k (2022 - £3,476k market value loss).

These assets are managed by CCLA Investment Management, the investment advisers for the Board.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware, there is no relevant audit information of which the charitable company's auditors are unaware; the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

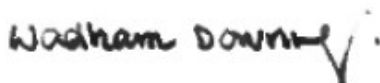
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

As far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware and each director has taken all the steps he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving this Directors' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

On Behalf of the Board: W S Downing



Date: 9 May 2024

Independent Auditor's Report to the Members and Trustees of the Worcester Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Worcester Diocesan Board of Finance Limited ('the charitable company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Statement of Cash flows and notes to the financial statements, including 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 2023 and of its income and receipts of endowments 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.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kerry Brown (Senior Statutory Auditor)

For and on behalf of Crowe U.K. LLP, Statutory Auditors

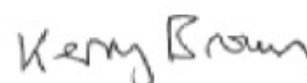
Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit & Risk and Challenge Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.



Date: 7 June 2024

Statement of Financial Activities for the Year Ended 31 December 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	3,852	101	-	3,953	4,227
- Archbishops' Council	3a	847	2,526	-	3,373	2,191
- Other grants & donations	3b	120	269	-	389	490
Charitable activities	4	529	86	-	615	712
Other activities	5	439	-	45	484	466
Investments	6	241	-	1,025	1,266	1,098
Other – gains on sale of tangible fixed asset properties		-	-	4,083	4,083	856
		6,028	2,982	5,153	14,163	10,040
EXPENDITURE						
Raising funds	7	-	-	180	180	59
Charitable activities						
- Contributions to Archbishops' Council	8	528	-	-	528	415
- Parish Ministry	9	6,461	1,216	-	7,677	6,791
- Support for Ministry	10	825	340	-	1,165	1,161
- Support for Schools	11	266	144	-	410	398
		8,080	1,700	180	9,960	8,824
Net (expenditure) / income before investment gains		(2,052)	1,282	4,973	4,203	1,216
Net (losses) / gains on investments		257	90	2,246	2,593	(3,473)
Net (expenditure) / income		(1,795)	(1,372)	7,219	6,796	(2,257)
Transfers between funds	26	907	(96)	(811)	-	-
Net movement in funds		(888)	1,276	6,408	6,796	(2,257)
Total funds brought forward	25	9,132	2,833	66,309	78,274	80,531
Total funds carried forward	25	8,244	4,109	72,717	85,070	78,274

All incoming resources and resources expended derive from continuing activities.
The notes on pages 24 to 50 form part of these financial statements.

Income and Expenditure Account Year Ended 31 December 2023

	2023	2022
	£'000	£'000
Total income	9,010	8,254
Expenditure	(9,780)	(8,765)
Operating (deficit) / surplus for the year	(770)	(511)
Net (losses) / gains on investments	347	(510)
Net (expenditure) for the year	(423)	(1,021)
Other comprehensive income:		
Net assets transferred from endowments	811	792
Total comprehensive (expenditure) / income	388	(229)

*The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.
The notes on pages 24 to 50 form part of these financial statements.*

Balance Sheet

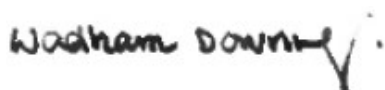
Balance Sheet as at 31 December 2023

Company Number 00271752

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
FIXED ASSETS					
Tangible assets	16		34,864		34,806
Investments					
Investment property	17		15,625		15,460
Investments	17		34,005		27,690
			<u>84,494</u>		<u>77,956</u>
CURRENT ASSETS					
Debtors	18	2,020		978	
Cash at bank	19	629		606	
		<u>2,649</u>		<u>1,584</u>	
CREDITORS					
Amounts falling due within one year	20	(1,353)		(1,119)	
NET CURRENT ASSETS					
			1,296		465
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>85,790</u>		<u>78,421</u>
CREDITORS					
Amounts falling due after more than one year	21		(720)		(147)
NET ASSETS					
			<u>85,070</u>		<u>78,274</u>
FUNDS OF THE CHARITY					
Endowment funds	25		72,717		66,309
Restricted Income funds	25		4,109		2,833
Unrestricted Income funds:					
- General funds	25		5,786		5,637
- Designated funds	25		2,458		3,495
			<u>85,070</u>		<u>78,274</u>

The financial statements were approved by the Board of Directors on 9 May 2024 and were signed on its behalf by:

W S Downing



Date: 9 May 2024

The notes on pages 24 to 50 form part of these financial statements

Cash Flow Statement for the Year Ended 31 December 2023

Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Net cash flow from operating activities		(1,356)		(874)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,266		1,098	
Proceeds from the sale of:				
- Tangible fixed assets	5,789		1,614	
Purchase of:				
- Tangible fixed assets for the use of the WDBF	(1,383)		(1,938)	
- Fixed asset investments	(4,090)		(497)	
Net cash provided by investing activities		1,582		277
Change in cash and cash equivalents in the year		226		(597)
Cash and Cash Equivalents at 1 January		2,006		2,603
Cash and Cash Equivalents at 31 December		2,232		2,006
Reconciliation of net movements in funds to net cash flow from operating activities				
Net income before investment gains for the year		4,203		1,216
Adjustments for:				
Depreciation Charges	25		28	
Dividends, interest and rent from investments	(1,266)		(1,098)	
(Surplus) on sale of functional assets	(4,083)		(833)	
(Increase)/decrease in debtors	(1,042)		(348)	
Increase/(decrease) in creditors	807		161	
Net cash used in operating activities		(5,559)		(2,090)
Analysis of cash and cash equivalents				
Cash in Hand		629		606
Notice Deposits		1,603		1,400
		2,232		2,006

The notes on pages 24 to 50 form part of these financial statements

1. PRINCIPAL 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 c), 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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The principal accounting policies and estimation techniques are as follows:

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) **Ministry Share and donations for the Ministry Support Fund** are recognised as income of the year in respect of which it is receivable up to 9 February 2024.
- 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 up to 9 February 2024.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the WDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Diocesan Stipends Capital Fund (DSCF) account is governed by the Diocesan Stipends' Fund Measure 1953 as amended, and the use of the income is restricted for clergy stipends. In 2021 WDBF elected to apply Total Return Accounting, accordingly income received in relation to the DSCF is accounted for in the endowment fund, with an agreed transfer from the DSCF to general funds occurring each year towards the costs of stipends (which is significantly greater than the value of the transfer). See note 27 for more details..

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 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 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.
- 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 23). 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 in 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

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.

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 cost.

d) Investment property

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Glebe land with the potential for development is valued according to its agricultural value until such time as planning permission has been granted and is free from challenge and a signed agreement is in place with developer who will purchase the land, at which point it is revalued to reflect the development value, provided this can be determined with reasonable accuracy and taking into account timing and the potential for development not actually taking place. This is chosen as the point of revaluation as up until this point there is no developable land, and both sides can walk away from the deal, delay or renegotiate the agreement, so there is uncertainty regarding the timing and value of any receipt. Costs incurred by WDBF in relation to enabling the development, should there be any, will initially be capitalised; if the development is unsuccessful any aborted costs will be taken to the Statement of Financial Activities as an investment loss.

e) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and Fittings 20% per annum straight line basis

Leasehold improvements are depreciated on a straight-line basis over the course of the lease.

f) 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.
- iii) **Taxation.** The company is a registered charity and is not liable to corporation tax in this year.

g) Fund balances

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

- **Unrestricted funds** are the WDBF's charity 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 (Stipends Fund Capital and Parsonage Houses) 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.

h) Key judgments

The preparation of the financial statements requires management to make judgments, 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 judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

1. The Trustees perform annual impairment reviews (as explained in c above), and have concluded that there are no indications of material impairment;
2. Freehold properties are not depreciated for the reasons set out in c) above;
3. The assumptions underpinning the pension scheme liabilities are set out in note 23 below;
4. Receipts of Ministry Share, Donations for the Ministry Support Fund, and Fees are recognised in the year under review up to 9 February of the following year.

i) Going concern

Having reviewed the funding facilities available to Worcester DBF together with the forecast cash flows, the trustees conclude that that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, the financial statements are prepared on the going concern basis.

	Total Funds 2023 £'000	Total Funds 2022 £'000
Current year's allocation	5,352	5,545
Ministry Support Fund Grants	(430)	(656)
Strategic Development Funding Grant (SDF)	(272)	(232)
Lowest Income Communities Grants (LInC)	(683)	(504)
	<hr/>	<hr/>
Net Ministry Share Request	3,967	4,153
Shortfall in contributions	(130)	(185)
	<hr/>	<hr/>
	3,837	3,968
Arrears for previous years	15	50
	<hr/>	<hr/>
	3,852	4,018
Ministry Support Fund donations - Restricted	101	209
	<hr/>	<hr/>
TOTAL	3,953	4,227

The Ministry Share system was adopted from 1 January 2022. The system included a grants system which saw grants of £430k from the Ministry Support Fund, £272k from SDF and £683k from the LInC being awarded. Donations of £101k were received from Benefices to support Ministry and Mission in other areas of the Diocese - these are restricted donations.

	2023	2023	2023	2023	2022	2022	(Decrease)	(Decrease)
	Net Ministry		Total	Total	Net Ministry	Total	Increase /	Increase /
	Share Request	Shortfall	Received	Received	Share Request	Received	Decrease /	Decrease /
	£'000	£'000	£'000	%	£'000	%	£'000	%
Deanery								
Greater Dudley	949	27	922	97.2	997	954	- 32	(3.4)
Kidderminster & Stourport	560	18	542	96.8	549	544	- 2	(0.4)
Malvern & Upton	574	30	544	94.8	599	554	- 10	(1.8)
Pershore & Evesham	665	34	631	94.9	710	679	- 48	(7.1)
Redditch & Bromsgrove	472	13	459	97.2	507	476	- 17	(3.6)
Worcester	747	8	739	98.9	791	761	- 22	(2.9)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,967	130	3,837	96.7	4,153	3,968	-131	(3.2)

	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
3a. ARCHBISHOPS' COUNCIL				
Lower Income Communities Funding (LInC)	793	-	793	776
Resourcing Ministerial Education Grant (RME)	-	80	80	122
Registry - Church Commissioners	54	-	54	47
Donation in Kind	-	-	-	16
Ministry Hardship Grants for Individuals	-	-	-	46
Diocese Improvement Programme Grant (DIP)	-	1,019	1,019	-
Minor Repair and Improvements Grant (MR&I)	-	135	135	-
Myriad Grant	-	20	20	-
Energy Grant for Parishes	-	-	-	283
Calling Young Disciples (SDF Grant)	-	64	64	101
Resourcing Churches (SDF Grant)	-	1,076	1,076	727
Capacity Grant Funding (SDF Grant)	-	132	132	73
	847	2,526	3,373	2,191
Total Funds 2022	823	1,368	2,191	
3b. OTHER GRANTS & DONATIONS				
Benefact Trust Grant	-	107	107	122
Education Grants	9	144	153	145
Parsonage Grants	24	-	24	50
Ministry Restricted Donations	-	3	3	11
Net Zero Carbon	-	15	15	-
Developing Ministry Course	20	-	20	-
Sundry Income	35	-	35	32
Safeguarding Income	32	-	32	27
Income from sale of donated books	-	-	-	103
	120	269	389	490
Total Funds 2022	122	368	490	
4. CHARITABLE ACTIVITIES				
Statutory fees	389	-	389	484
Education Service Level Agreements	127	-	127	137
Education Academy Conversion Fees	-	-	-	21
Trust Income				
- Clergy Widows and Orphans Fund	-	11	11	11
- Ordination Candidates Fund	-	30	30	32
- Church Schools Improvement and Maintenance Fund	13	-	13	7
- Sundry Trust Funds	-	45	45	20
	529	86	615	712
Total Funds 2022	649	63	712	
5. OTHER ACTIVITIES				
	Unrestricted Funds 2023 £'000	Endowed Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Insurance claim	-	45	45	5
Rental income from parsonages	355	-	355	291
Rental income from other property	42	-	42	49
Recharges – rent, salary and service charge	42	-	42	121
	439	45	484	466
Total Funds 2022	466	-	466	

Notes to the Financial Statement

Year Ended 31 December 2023

	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Endowed Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
6. INVESTMENTS					
Dividends receivable	241	-	758	999	878
Interest receivable	-	-	12	12	1
Rents receivable	-	-	255	255	219
	<u>241</u>	<u>-</u>	<u>1,025</u>	<u>1,266</u>	<u>1,098</u>
Total Funds 2022	<u>135</u>	<u>-</u>	<u>963</u>	<u>1,098</u>	
7. RAISING FUNDS					
Glebe Agent's fees and expenses	-	-	180	180	59
	<u>-</u>	<u>-</u>	<u>180</u>	<u>180</u>	<u>59</u>
Total Funds 2022	<u>-</u>	<u>-</u>	<u>59</u>	<u>59</u>	
8. CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL					
Training for Ministry	215	-	-	215	216
National Church responsibilities	155	-	-	155	159
Retired clergy housing costs	85	-	-	85	81
Pooling of ordination candidates' costs	61	-	-	61	(48)
General Synod Representatives' Expenses	12	-	-	12	7
	<u>528</u>	<u>-</u>	<u>-</u>	<u>528</u>	<u>415</u>
Total Funds 2022	<u>415</u>	<u>-</u>	<u>-</u>	<u>415</u>	
9. PARISH MINISTRY					
Stipends and National Insurance	2,434	155	-	2,589	2,726
Pension costs	592	-	-	592	644
Housing costs – Council Tax	248	-	-	248	248
Parsonage Houses maintenance	1,268	-	-	1,268	899
Removal, resettlement and other grants (note 12)	121	-	-	121	45
Lowest Income Communities Grants (note 12)	380	-	-	380	41
Resourcing Churches	-	1,050	-	1,050	749
Energy grants to Parishes (note 12)	-	-	-	-	267
Other expenses	137	11	-	148	121
Healthier Churches Grants (note 12)	561	-	-	561	280
Support costs - Administration (see note 13)	720	-	-	720	771
	<u>6,461</u>	<u>1,216</u>	<u>-</u>	<u>7,677</u>	<u>6,791</u>
Total Funds 2022	<u>5,402</u>	<u>1,389</u>	<u>-</u>	<u>6,791</u>	
10. SUPPORT FOR MINISTRY					
Ministry and Discipleship	309	-	-	309	244
Calling Young Disciples project	25	64	-	89	232
Church Buildings Team	125	-	-	125	121
Capacity Restructuring	-	132	-	132	73
Safeguarding	142	-	-	142	122
World Church Links	8	-	-	8	3
Ordination Candidates Allowances and tuition fees	42	94	-	136	149
Ministry Hardship Grants for individuals (note 12)	-	20	-	20	38
Confrence Delivery Costs	39	-	-	39	-
Transformation Delivery Unit	-	30	-	30	-
Net Carbon Zero	-	-	-	-	17
Support costs – Administration (see note 13)	135	-	-	135	162
	<u>825</u>	<u>340</u>	<u>-</u>	<u>1,165</u>	<u>1,161</u>
Total Funds 2022	<u>798</u>	<u>363</u>	<u>-</u>	<u>1,161</u>	
11. SUPPORT FOR SCHOOLS					
Education team	221	144	-	365	350
Support costs – Administration (see note 13)	45	-	-	45	48
	<u>266</u>	<u>144</u>	<u>-</u>	<u>410</u>	<u>398</u>
Total Funds 2022	<u>266</u>	<u>132</u>	<u>-</u>	<u>398</u>	

12. GRANT ANALYSIS

	2023 £'000		2022 £'000	
<u>Grants to Parishes</u>				
Energy Grants to Parishes - 169 individual grants to Parishes	-		267	
Lowest Income Communities Grants				
Dudley - Facilities manager	49		-	
Credley Heath Community Link - Assistant Centre Manager	153		-	
Bromsgrove - Youth Worker	64		-	
South East Worcester - Children, Youth and Family Worker	55		-	
Children and Youth Network Development	29		-	
Dudley St Augustines - Welcome Area and Stay and Play	10		-	
Parish Mission Suppot - Stewarship and Resources	10		-	
Parish Mission Suppot - Digital Communications	7		3	
Dudley Group Ministry - Administrator	-		17	
Ipsley Parish - Matchborough Community Missioner	-		21	
Other	3		-	
	380		41	
Healthier Churches Grants				
North Worcester - Children and Families Worker	158		-	
Bromsgrove - Youth Worker	93		-	
South East Worcester - Children, Youth and Family Worker	55		-	
All Saints - Children and Youth Worker	148		-	
Children and Youth Network Development	29		-	
Shelsley Beauchamp - Alpha Course	3		-	
Mission Accompaniers	61		37	
Parish Mission Suppot - Stewarship and Resources	10		-	
Parish Mission Suppot - Digital Communications	4		2	
Kempsey - Children & Families Missioner	-		86	
Malvern Chase - Community Minister and Operations Manager	-		52	
Malvern Link with Cowleigh - Community Fridge and Collaborative Café	-		8	
Malvern Link with Cowleigh - Chaplaincy	-		25	
Pershore - Children & Families Worker	-		70	
	561		280	
<u>Grants to Individuals</u>	2023 £'000	2023 No. of Grants	2022 £'000	2022 No. of Grants
Removal, Resettlement and Other Grants				
Resettlement Grants	36	13	13	5
First Appointment Grants	45	22	22	13
Removal Grants	40	15	10	4
	121	50	45	22
Ministry Hardship Grants for Individuals	20	20	38	22
Total Grant Expenditure	1,082		671	

13. RAISING FUNDS

	Activities Undertaken Directly £'000	Support Costs £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Cost of generating funds	180	-	180	59
Contributions to Archbishops' Council	528	-	528	415
Parish Ministry	6,957	720	7,677	6,791
Support for Ministry	1,030	135	1,165	1,161
Support for Schools	365	45	410	398
Charitable activities	8,880	900	9,780	8,765
	9,060	900	9,960	8,824
Total Funds 2022	7,843	981	8,824	

ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Endowed Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Central Administration	747	-	-	747	807
Governance:					
- External audit	18	-	-	18	21
- Registrar and Chancellor	135	-	-	135	135
- Synodical costs	-	-	-	-	1
	900	-	-	900	964
Total Funds 2022	964	-	-	964	

Support costs are apportioned as 80% Parish Ministry, 15% Support for Ministry and 5% Education.
Support costs are not allocated to the Glebe Agent's fees and expenses because the Glebe Agent provides their own administrative support.

14. STAFF COSTS

Gross Salaries

Employers National Insurance Costs

Employer Pension Costs

2023 £'000	2022 £'000
1,340	1,300
128	126
205	227
1,673	1,653

The average monthly number of employees during the year was as follows:

	No. in 2023	No. in 2022
Full time	22	23
Part time	24	24
	46	47

In terms of full-time equivalent employees, the average number employed and their funding was as follows:

Operational posts funded by the DBF

Project posts and operational posts funded from other sources*

	No. in 2023	No. in 2022
Operational posts funded by the DBF	28	30
Project posts and operational posts funded from other sources*	8	9
	36	39

* Other sources include Strategic Development Funding (SDF) from the National Church, Bishops' office funding from the Church Commissioners, grants from trust funds and a contributions from reserves.

There are three employees with emoluments above £60,000 per annum (2022: two employees). Pension contributions are paid for 45.3 employees at year end (2022: 46.6 employees).

As part of a project coming to an end during the year there were two redundancies in 2023 (2022 – two). Accordingly, the total paid during the year in termination and redundancy payments was £8k (2022: £10k).

Worcester Diocesan Board of Finance is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than the bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

The WDBF paid an average of 88 (2022: 96) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

Stipends

National Insurance contributions

Pension costs - current year

Pension costs - deficit reduction

2023 £'000	2022 £'000
2,552	2,636
202	218
617	741
-	191
3,371	3,786

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 2023 they were:

Diocesan Secretary and Company Secretary	John Preston (resigned September 2023)
Diocesan Secretary and Company Secretary	Andy Todd (appointed September 2023)
Director of Finance	Helen Archer-Smith (resigned April 2023)
Director of Finance	Shaun Mooney (appointed April 2023)
Director of Education	Tim Reid
Director of Ministry and Discipleship	Jonathan Kimber (resigned April 2023)
Director of Ministry and Discipleship	Roger Latham (appointed July 2023)
Director of Communications	Samantha Setchell
Deputy Diocesan Secretary - Restructuring	Robert Quarton (resigned April 2023)
Deputy Diocesan Secretary - Restructuring	Damien Herbert (appointed April 2023)
Director of Ordinands	John Fitzmaurice

Remuneration and pensions for these seven roles amounted to £438,950 (2022: £328,997 for six roles).

Trustees' emoluments

No trustee received any remuneration for services as Trustee. Four (2022: five) trustees received travelling and out of pocket expenses, totaling £10,671 (2022: £8,953) in respect of General Synod duties, duties as archdeacon or rural dean and other duties as Trustees.

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

	Stipend	Housing	Removal/ Resettlement Grant
The Venerable M Badger (appointed 1 January 2024)	Yes	Yes	No
The Reverend A C Davies	Yes	Yes	No
The Right Reverend M Gorick	No	Yes	No
The Venerable N J Groarke	Yes	Yes	No
The Venerable R G Jones (retired 30 November 2023)	Yes	Yes	No
The Reverend Canon C A Lording	Yes	Yes	No
The Reverend A Todd (resigned 31 August 2023)	Yes	Yes	No
The Reverend R Johnson	Yes	Yes	No
The Reverend Canon T J Williams	Yes	Yes	No

15. SURPLUS FOR THE FINANCIAL YEAR

	2023 £'000	2022 £'000
Is stated after charging / (crediting):		
Depreciation	25	28
(Surplus) on disposal of fixed assets	(4,083)	(856)
Operating Lease – Rent Old Palace	-	-
Operating Lease – Rent Lowesmoor Wharf	27	27
Auditors Remuneration – external scrutiny	18	21

16. TANGIBLE FIXED ASSETS

Unrestricted Funds

COST

	Board Houses £'000	Leasehold Improvements £'000	Fixtures and Fittings £'000	Totals £'000
At 1 January 2023	1,522	67	47	1,636
Additions	-	-	7	7
Disposals	-	-	-	-
At 31 December 2023	<u>1,522</u>	<u>67</u>	<u>54</u>	<u>1,643</u>

DEPRECIATION

At 1 January 2023	-	33	39	72
Charge for year	-	19	6	25
Disposals	-	-	-	-
At 31 December 2023	<u>-</u>	<u>52</u>	<u>45</u>	<u>97</u>

NET BOOK VALUE

At 31 December 2023	<u>1,522</u>	<u>15</u>	<u>9</u>	<u>1,546</u>
At 31 December 2022	<u>1,522</u>	<u>34</u>	<u>8</u>	<u>1,564</u>

Restricted Funds

COST

	Glebe Team Vicarages & Curates' Houses £'000	Parsonages Houses £'000	Pastoral Buildings £'000	Totals £'000
At 1 January 2023	12,821	20,229	192	33,242
Additions	1,338	45	-	1,383
Disposals	(388)	(919)	-	(1,307)
Transfers	(606)	606	-	-
At 31 December 2023	<u>13,165</u>	<u>19,961</u>	<u>192</u>	<u>33,318</u>

DEPRECIATION

At 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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NET BOOK VALUE

At 31 December 2023	<u>13,165</u>	<u>19,961</u>	<u>192</u>	<u>33,318</u>
At 31 December 2022	<u>12,821</u>	<u>20,229</u>	<u>192</u>	<u>33,242</u>

Total Tangible Fixed Assets

Unrestricted funds – Net Book Value

Restricted funds – Net Book Value

	2023 £'000	2022 £'000
Unrestricted funds – Net Book Value	1,546	1,564
Restricted funds – Net Book Value	33,318	33,242
	<u>34,864</u>	<u>34,806</u>

The parsonage houses are legally vested in the Incumbent as a freeholder during their incumbency. The Incumbent is not free to dispose of the house and is not responsible for the maintaining the house. The charitable company has both the benefits and obligations of ownership.

The trustees consider the difference between the carrying value and the market value of the interests in land and buildings not held as investments is not quantifiable.

Included in land and buildings is freehold land valued at £33.3m (2022: £33.2m) which is not depreciated. The freehold property of Board, Parsonage, Glebe and Pastoral buildings and the fixtures and fittings are held in the direct furtherance of the charity's objects.

17. FIXED ASSET UK INVESTMENTS

	Land and Property £'000	CBF Shares £'000	Cash £'000	Total £'000
Valuation				
At 1 January 2023	15,460	26,290	1,400	43,150
Additions/increase in deposit accounts	-	4,090	2,660	6,750
Disposals /decrease in deposit accounts	(406)	-	(2,457)	(2,863)
Increase/(Decrease) in revaluation	571	2,022	-	(2,593)
At 31 December 2023	<u>15,625</u>	<u>32,402</u>	<u>1,603</u>	<u>49,630</u>
At 31 December 2022	<u>15,460</u>	<u>26,290</u>	<u>1,400</u>	<u>43,150</u>

	Total 2023 £'000	Total 2022 £'000	
UK investment property	15,625	15,460	Investment property was valued on an open market basis as at 31 December 2023 by Fisher German LLP, who is Glebe Agent. Historical investment costs are not readily available as much of the investment properties was acquired a considerable time ago.
Unlisted UK investment shares	32,402	26,290	
CBF Investments	1,603	1,400	
	<u>49,630</u>	<u>43,150</u>	

18. DEBTORS

	Total 2023 £'000	Total 2022 £'000
Current year Ministry / Parish Share and Donations	243	296
Fee receivable	41	41
Other debtors	481	535
Prepayments	82	26
Accrued Income	1,173	80
	2,020	978

19. CASH AT BANK

Lloyds Bank PLC Accounts	629	606
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20. CREDITORS:

Amounts falling due within one year

Trade creditors	170	157
Other taxes and social security	-	33
Other creditors	492	614
Deferred income	93	99
Accruals	329	102
Parsonage houses maintenance accrual	269	114
	1,353	1,119

21. CREDITORS:

Amounts falling due after more than one year

Accruals	720	147
	720	147

22. OPERATING LEASES

Total commitments under non-cancellable operating leases areas follows:

Photocopiers at 16 Lowesmoor Wharf

Payable within one year of the balance sheet date	4	-
Payable in the second to fifth years inclusive of the balance sheet date	17	-
	21	-

Land and Buildings

Payable within one year of the balance sheet date	24	24
Payable in the second to fifth years inclusive of the balance sheet date	30	20
	54	44

23. PENSION COMMITMENTS - Church of England Funded Pension Scheme

The Worcester Diocesan Board of Finance participates in the Church of England Funded Pension 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 scheme separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions 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. It is not possible to attribute the Scheme's assets and liabilities to a 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 (2023: £607k, 2022: £932k). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £Nil (2022: £191k).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation inline with RPI less 0.80% pre 2030 moving to RPI with no adjustments from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a. and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

% of pensionable stipends	Jan 2018 to Dec 2020	Jan 2021 to Dec 2022	Jan 2023 onwards
Deficit repair contributions	11.9%	7.1%	0.0%

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

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

PENSION COMMITMENTS - Church of England Funded Pension Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2022 and over 2023 is set out in the table below.

	2023		2022	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		-		191
Deficit contribution paid	-		(107)	
Interest cost	-		-	
Remaining change to the balance sheet liability*	-		(84)	
		-		(191)
Balance sheet liability at 31 December		-		-

*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. No assumptions are needed for December 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2022 onwards since pensionable stipends for the remainder of the recovery plan were already known.

	Dec 2023	Dec 2022	Dec 2021	Dec 2020
Discount rate	n/a	n/a	0.0% p.a.	0.2% p.a.
Price inflation	n/a	n/a	n/a	3.1% p.a.
Increase in total pensionable payroll	n/a	n/a	(1.5%)	1.6% p.a.

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

PENSION COMMITMENTS - Church of England Funded Pension Scheme

Worcester DBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Church of England Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2023: £177k, 2022: £190k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019.

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The next valuation is due at 31 December 2022. Calculations for this are currently underway.

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

In December 2023 WDBF was advised by the Pension Board that it had a useable surplus on its Church Workers Pension Fund Defined Benefit Scheme of £621k. This amount will be drawn down from April 2024 by way of a pension contribution holiday.

24. SUMMARY OF MOVEMENTS IN FUNDS

	I January 2023 £'000	Income and Endowments £'000	Expenditure £'000	Gains / (Losses) £'000	Transfers £'000	December 2023 £'000
Unrestricted Funds						
General Fund	5,637	5,235	(6,426)	257	1,083	5,786
Designated Funds						
Healthier Churches Fund	2,220	-	(561)	-	-	1,659
Ministry Support Fund	722	-	-	-	(215)	507
Net Carbon Zero Fund	35	-	-	-	27	62
Conferences Fund	10	-	(10)	-	12	12
Lowest Income Communities Fund	489	793	(1,064)	-	-	218
Calling Young Disciples	19	-	(19)	-	-	-
Designated Funds	3,495	793	(1,654)	-	(176)	2,458
Total Unrestricted Funds	9,132	6,028	(8,080)	257	907	8,244
Restricted Income Funds						
Education Fund	232	144	(144)	18	-	250
Transformation Delivery Unit	-	30	(30)	-	-	-
Resourcing Churches	-	1,045	(1,050)	-	5	-
Calling Young Disciples	-	64	(64)	-	-	-
Capacity Grant Restructuring	-	132	(132)	-	-	-
Diocesan Pastoral Account Fund	2,308	-	-	71	-	2,379
Benefact Trust	-	107	(107)	-	-	-
Net Carbon Zero Fund	-	15	-	-	-	15
Ordination Candidates Fund	-	30	(30)	-	-	-
Clergy Widows and Orphans Fund	-	11	(11)	-	-	-
Lay Staff Support Fund	9	-	-	1	-	10
Ministry Restricted Donations	-	3	(3)	-	-	-
Resourcing Ministerial Education Fund	157	81	(64)	-	-	174
Diocese Investment Programme Fund	-	1,019	-	-	-	1,019
Minor Repair and Improvements Fund	-	135	-	-	-	135
Myriad Fund	-	20	-	-	-	20
Ministry Support Fund	-	101	-	-	(101)	-
Ministry Hardship Grants for Individuals	24	-	(20)	-	-	4
Maynard and Outram Smith Library	103	-	-	-	-	103
Sundry Trust Funds	-	45	(45)	-	-	-
Restricted Funds	2,833	2,982	(1,700)	90	(96)	4,109
Endowment Funds						
Diocesan Stipends Capital Fund	28,991	-	-	1,204	-	30,195
Diocesan Unapplied Total Return	17,945	3,557	(180)	892	(811)	21,403
Diocesan Parsonage Capital Fund	19,373	1,596	-	150	-	21,119
Endowment Funds	66,309	5,153	(180)	2,246	(811)	72,717
TOTAL FUNDS	78,274	14,163	(9,960)	2,593	-	85,070

25. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted General fund £'000	Unrestricted Designated fund £'000	Total Unrestricted fund £'000	Restricted funds £'000	Endowed funds £'000	Total 2023 £'000
From Endowment Fund to General Fund for stipends under Total Return (see note 28)	811	-	811	-	(811)	-
From General fund						
- Annual allocation to Ministry Support Fund	(114)	114	-	-	-	-
- Annual allocation to Net Carbon Zero Fund	(27)	27	-	-	-	-
Use of Ministry Support Fund	430	(329)	101	(101)	-	-
Designed fund for 2026 clergy conference	(12)	12				
Calling Young Disciples adjustment as project is now finished	(5)	-	(5)	5	-	-
Total	1,083	(176)	907	(96)	(811)	-

26. SUMMARY OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General Fund	1,546	-	4,462	90	(682)	370	5,786
Designated Funds							
Healthier Churches Fund	-	-	-	-	(593)	2,252	1,659
Ministry Support Fund	-	-	-	-	-	507	507
Net Carbon Zero Fund	-	-	-	-	-	62	62
Conferences Fund	-	-	-	-	-	12	12
Lowest Income Communities Fund	-	-	-	546	(328)	-	218
Calling Young Disciples	-	-	-	-	-	-	-
Designated Funds	-	-	-	546	(921)	2,833	2,458
Total Unrestricted Funds	1,546	-	4,462	636	(1,603)	3,203	8,244
Restricted Funds							
Education Fund	-	-	240	10	-	-	250
Diocesan Pastoral Account Fund	192	-	1,654	533	-	-	2,379
Net Carbon Zero Fund	-	-	-	15	-	-	15
Lay Staff Support Fund	-	-	10	-	-	-	10
Resourcing Ministerial Education Fund	-	-	-	174	-	-	174
Diocese Investment Programme Fund	-	-	-	1,019	-	-	1,019
Minor Repair and Improvements Fund	-	-	-	135	-	-	135
Myriad Fund	-	-	-	20	-	-	20
Ministry Hardship Grants for Individuals	-	-	-	4	-	-	4
Maynard and Outram Smith Library	-	-	-	103	-	-	103
Restricted Funds	192	-	1,904	2,013	-	-	4,109
Endowment Funds							
Diocesan Stipends Capital Fund	13,165	15,625	25,229	-	-	(2,421)	51,598
Diocesan Parsonage Capital Fund	19,961	-	2,410	-	(470)	(782)	21,119
Endowment Funds	33,126	15,625	27,639	-	(470)	(3,203)	72,717
TOTAL FUNDS	34,864	15,625	34,005	2,649	(2,073)	-	85,070

27. PURPOSE OF FUNDS

General Fund is the WDBF's unrestricted undesignated fund available for any of the WDBF's purposes without restriction.

DESIGNATED FUNDS

Healthier Churches Fund (HCF) is a designated fund from which grants are awarded to support our churches towards greater health and sustainability.

Ministry Support Fund (MSF) is a designated fund to offer transitional support for benefices with the new ministry share system and transition to financial sustainability.

Net Carbon Zero Fund (NZC) is a designated fund to support the transition to Net Zero Carbon position.

Conference Designated Fund is an amount set aside to help fund the clergy conference which will take place every 3 years. The most recent conference was in September 2023.

Lower Income Communities Designated Fund (LInC) is income received to support stipendiary ministry in the most deprived areas of the Diocese. Due to a number of reasons not all of the planned projects could take place and hence the increase of the funds held at the year end. There are initial plans to enable these funds to be utilised.

Calling Young Disciples Fund (CYD) relates to the cost of CYD which will need to be funded by WDBF over the course of the project which is above the restricted income which will be received. This project came to an end in August 2023.

RESTRICTED FUNDS

Restricted Education Fund provides for income to be used for educational purposes.

Transformation Delivery Unit Fund (TDU) is Transformation costs, primarily staff cost related, that are funded by Archbishops' Council.

Resourcing Churches Fund is income received from Archbishops' Council for the Dudley and Worcester Resourcing churches.

Calling Young Disciples Fund (CYD) is to finance the cost of Mission Enablers. The expenditure is funded by grants from the Archbishops' Council (Strategic Development Funding (SDF)).

Capacity Grant Restructuring Fund is income received from Archbishops' Council (Strategic Development Funding (SDF)) to fund additional central diocesan costs to enable strategic transformation within the diocese.

Diocesan Pastoral Account Fund (DPA) has arisen from the Pastoral Measure 2011 and can be used for purposes

laid down in Section 94 of the Pastoral Measure 2011.

This includes expenditure on any property vested by or under this Measure in the Church Commissioners of the DBF, and grants and loans for parsonage and church provision, restoration, improvement or grant.

Where the DBF is satisfied that any monies in the Diocesan Pastoral Account are not (likely to be) required for meeting the costs referred to in this section it may:

- a. Apply those monies by way of grant or loan to the provision, restoration, improvement or repair of church and parsonage house in the diocese, including the repair of any building closed for regular public worship vested in the Board pending the coming into operation of arrangement under a pastoral (church buildings disposal) scheme, or to other purposes of the diocese or any benefice or parish in the diocese; or
- b. Apply those monies by way of grant or loan for the benefit of another diocese; or
- c. Transfer monies to the Diocesan Stipends Fund Capital or Income Account (which cannot be reversed). Sufficient funds must be held in the Fund to finance all redundant buildings in the Diocese; or
- d. Transfer those monies to one or more other accounts of funds held by the Board.

Benefact Trust Fund is to contribute towards the transformation strategy. This funding was fully spent during the year and no reserve is carried forwards.

Net Carbon Zero Fund (NZC) funding received from the Archbishops' Council to support the transition to Net Zero Carbon position.

Ordination Candidates Fund (OCF) is to finance the costs of Ordinands in the Diocese. The expenditure is funded by income from a registered charity, the Ordination Candidates Trust Fund. No reserves are held in this fund.

Clergy Widows and Orphans Fund is to finance the cost of clergy widows and orphans in the Diocese. The expenditure is funded by a grant from a trust fund, the Clergy Widows and Orphans Trust. No reserves are held in this fund.

Lay Staff Support Fund is a restricted fund which can only be used for specific expenditure for lay support employees working at the WDBF.

Ministry Restricted Donations related to the Diocese of Worcester Ministry fund which was launched as a result of the pandemic, due to the effects of reduced Ministry Share. All income was expended during the year towards a stipend for a vicar.

27. PURPOSE OF FUNDS

Resourcing Ministerial Education Fund (RME) from which block grants are received by WDBF, out of which training and maintenance costs are met. Any unused funds at the end of each year can only be used to fund future training and maintenance costs.

Diocesan Investment Programme Fund (DIP) is income received from Archbishops' Council to fund church renewal projects within the diocese.

Minor Repair and Maintenance Fund (MR&I) is income received from Archbishops' Council to fund urgent and necessary repairs and improvements to church buildings within the diocese.

Myriad Fund is income received from Myriad to fund a learning hub to recruit and develop lay church planting teams.

Ministry Support Fund (MSF) raises from donations from Benefices who have paid addition amounts above that of their Ministry Share ask to help and support Ministry in other areas of the Diocese. The whole of this fund is spent in the year received on Stipends.

Maynard and Outram Smith Library Fund is from the sale of donated books under the Charities Act Scheme known as Maynard Smith and Outram Smith Library.

The proceeds can be used for the advancement of theology and theological learning for the benefit of the public, including providing grants for the training and maintenance of ordination candidates, and continuing education for those who are already ordained. Accordingly, the fund will be spent on clergy training.

Sundry Trust Funds is an amalgamation of sundry restricted trust funds which have been fully expended in the year.

ENDOWMENT FUNDS

Diocesan Stipends Capital and Income Funds have arisen from and are governed by the provisions of Section 35 of the Endowment and Glebe Measure of 1976 (as amended), which provides for the income to be used to pay clergy stipends and pension premiums. The capital can only be expended as provided by the Measure.

Diocesan Parsonage Capital Fund has arisen from the Mission and Pastoral Measure 2011 and can only be used for the provision of parsonage houses.

28. ENDOWMENT FUND - TOTAL RETURN

	Trust for Investment £'000	Unapplied Total return £'000	2023 Total Endowment £'000	2022 Total Endowment £'000
At 1 January 2023				
Gift component of the permanent endowment	15,598	-	15,598	15,598
Accumulated inflation since original gift	13,393	-	13,393	10,940
Unapplied total return	-	17,945	17,945	22,319
	28,991	17,945	46,936	48,857
Movements in the year:				
Dividends, interest and rental income	-	1,070	1,070	963
Realised gains on sale of property	-	2,487	2,487	712
Unrealised gains on investments	-	2,096	2,096	(2,745)
Transfer from general fund for reduction in clergy pension deficit payments liability	-	-	-	191
Cost of managing endowments	-	(180)	(180)	(59)
Indexation on base value of investment	1,204	(1,204)	-	-
	1,204	4,269	5,473	(938)
Unapplied Total Return allocated transferred to income to fund stipends:				
- Equating to budgeted dividends and interest	-	(670)	(670)	(847)
- Equating to establishment of Healthier Churches Fund	-	(114)	(114)	(109)
- Equating to contribution to Net Zero Carbon Fund	-	(27)	(27)	(27)
	-	(811)	(811)	(983)
	1,204	3,458	4,662	(1,921)
Net movements in year:				
	30,195	21,403	51,598	46,936

The trustees adopted a Total Return accounting approach under the Diocesan Stipends Funds (Amendment) Measure 2016 with effect from 1 January 2021.

The trustees decided that £7,169k of Unapplied Total Return (UTR) is to be kept as a minimum UTR reserve so that the underlying value of the Unapplied Total Return investment fund is protected.

The indexation base value on investment has been calculated by taking the annual CIPH percentage increase for the year.

The release of funds which can be transferred to the income fund in order to fund stipends is limited to no more than the annual amount spent on stipends for clergy each year. Accordingly, the maximum which could be realised in 2023 was £3,371k (2022 - £3,786k).

29. FINANCIAL INSTRUMENTS

	2023 £'000	2022 £'000
Financial assets measured at fair value	48,027	41,750

Financial assets measured at fair value comprise unlisted investments and agricultural land and buildings.

30. FUNDS HELD AS CUSTODIAN TRUSTEE

The Worcester Diocesan Board of Finance acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are Parochial Church Councils and others.

Assets held in this way are not aggregated in these financial statements as the Board does not control them.

The financial assets held in this way may be summarised as follows:

	2023 £'000	2022 £'000
Church of England Investment Fund income shares	16,736	15,406
CBF Church of England Fixed Interest Securities Fund shares	215	223
CBF Church of England Investment Fund accumulation shares	184	164
CBF Church of England Property Fund shares	214	231
CBF Church of England Deposit Fund	1,939	1,737
Total assets held as Custodian Trustee	19,288	17,761

31. CONNECTED PARTY TRANSACTIONS

The Board is associated with various charities and trusts due to the majority of their trustees being trustees of the Board. The trustees consider that this relationship does not inhibit either charity from pursuing its own separate interests. The amounts due to / (from) the DBF at 31 December 2023 are as shown below. During the year ended 31 December 2023 the Board has received grants from the charities and trusts as follows:

	Grants Receivable 2023	Grants Receivable 2022	Amounts due to/(from) the DBF at 31 Dec 2023	Amounts due to/(from) the DBF at 31 Dec 2022
Worcester Diocesan Social Responsibility Fund	22,000	22,000	-	-
Worcester Diocesan Ordination Candidates Fund	32,259	32,300	-	5,300
Worcester Diocesan Church Schools Improvement and Maintenance Fund	144,500	134,500	-	-
Worcester Diocesan Clergy Holiday Fund	5,250	4,136	-	-
Lye Church Estate Trust	8,799	8,750	-	-
Cholmondeley Bequest Fund	1,236	1,229	-	-
Trust Administration Fund	2,251	1,184	-	-
Special Purposes Fund	8,040	8,001	-	-
Redditch Holy Trinity Charity	25,000	25,000	-	25,000
Diocesan Records Office Income Fund	12,685	19,074	8,640	8,687
Worcester Diocesan Academies Trust	-	-	700	-
Clergy Widows & Orphans Income	10,710	10,577	-	-
Clent Hall Parish Hall	6,000	6,000	-	-
Abberton Spire Trust Fund	14,500	13,675	977	3,000

In addition to the above grants, an administration contribution is paid from the Church Schools Improvement and Maintenance Fund. This figure in 2023 was £9,014 (2022: £13,013)

The Board acts as Trustee for a number of funds and has delegated its role, by virtue of a resolution dated 26 June 1934, to its Trust Committee (Diocesan Trustees). These funds objects all fall within the wider objects of the DBF. These funds are:

- Mary Bottjer Trust
- Lye Church Estate Trust
- Queen Victoria Clergy Fund
- In Service Training Fund
- Pendock Church of England Voluntary School Fund
- Ronkswood Holy Trinity & St Matthew Trust Fund
- St Edmund King & Martyr Dudley Fund

The Dean and Chapter of the Cathedral, Worcester is considered a connected party as there are common Trustees between the two entities, being The Bishop of Worcester and The Dean of Worcester.

32. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Reanalysed Total 2021 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	4,018	209	-	4,227	4,244
- Archbishops' Council	3a	823	1,368	-	2,191	1,866
- Other donations	3b	122	368	-	490	414
Charitable activities	4	649	63	-	712	687
Other activities	5	466	-	-	466	387
Investments	6	135	-	963	1,098	1,015
Other – gains on sale of tangible fixed asset properties		33	-	823	856	1,127
		6,246	2,008	1,786	10,040	9,740
EXPENDITURE						
Raising funds	7	-	-	59	59	64
Charitable activities						
- Contributions to Archbishops' Council	8	415	-	-	415	398
- Parish Ministry	9	5,402	1,389	-	6,791	6,223
- Support for Ministry	10	798	363	-	1,161	1,327
- Support for Schools	11	266	132	-	398	337
Other - Old Palace	33	-	-	-	-	463
		6,881	1,884	59	8,824	8,812
Net (expenditure)/income before investment gains		(635)	124	1,727	1,216	928
Net (losses) / gains on investments		(382)	(128)	(2,963)	(3,473)	4,753
Net (expenditure) / income		(1,017)	(4)	(1,236)	(2,257)	5,681
Transfers between funds	26	770	22	(792)	-	-
Other recognised gains/(losses)						
Actuarial gain on defined benefit pension scheme	24	-	-	-	-	17
Net movement in funds		(247)	18	(2,028)	(2,257)	5,698
Total funds brought forward	25	9,379	2,815	68,337	80,531	74,833
Total funds carried forward	25	9,132	2,833	66,309	78,274	80,531

33. PRIOR YEAR COMPARATIVE ANALYSIS OF MOVEMENT IN FUNDS

	Balance at 1 January 2022 £'000	Income and Endowments £'000	Expenditure £'000	Investment Gains / (Losses) £'000	Transfers £'000	Balance at 31 December 2022 £'000
Unrestricted Funds						
General Fund	5,678	5,261	(5,249)	(382)	329	5,637
Designated Funds						
Healthier Churches Fund	2,500	-	(280)	-	-	2,220
Ministry Support Fund	700	209	(656)	-	469	722
Net Carbon Zero Fund	25	-	(17)	-	27	35
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	28	-	(3)	-	(25)	-
Lowest Income Communities Fund	258	776	(545)	-	-	489
Calling Young Disciples	180	-	(131)	-	(30)	19
Designated Funds	3,701	985	(1,632)	-	441	3,495
Total Unrestricted Funds	9,379	6,246	(6,881)	(382)	770	9,132
Restricted Income Funds						
Education Fund	258	132	(132)	(26)	-	232
Resourcing Churches	-	727	(749)	-	22	-
Calling Young Disciples	-	101	(101)	-	-	-
Capacity Grant Restructuring	-	73	(73)	-	-	-
Diocesan Pastoral Account Fund	2,409	-	-	(101)	-	2,308
Benefact Trust	-	122	(122)	-	-	-
Ordination Candidates Fund	-	32	(32)	-	-	-
Clergy Widows and Orphans Fund	-	11	(11)	-	-	-
Lay Staff Support Fund	11	-	(1)	(1)	-	9
Ministry Restricted Donations	-	11	(11)	-	-	-
Donation in Kind	-	16	(16)	-	-	-
RME Fund	137	122	(102)	-	-	157
Ministry Support Fund	-	209	(209)	-	-	-
Ministry Hardship Grants for Individuals	-	46	(38)	-	16	24
Energy grants to Parishes	-	283	(267)	-	(16)	-
Maynard and Outram Smith Library	-	103	-	-	-	103
Sundry Trust Funds	-	20	(20)	-	-	-
Restricted Funds	2,815	2,008	(1,884)	(128)	22	2,833
Endowment Funds						
Diocesan Stipends Capital Fund	26,538	-	-	2,453	-	28,991
Diocesan Unapplied Total Return	22,319	1,786	(59)	(5,309)	(792)	17,945
Diocesan Parsonage Capital Fund	19,480	-	-	(107)	-	19,373
Endowment Funds	68,337	1,786	(59)	(2,963)	(792)	66,309
TOTAL FUNDS	80,531	10,040	(8,824)	(3,473)	-	78,274

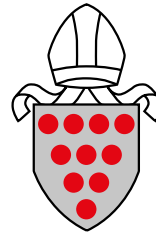
34. PRIOR YEAR COMPARATIVE OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General Fund	1,564	-	2,554	239	(465)	1,745	5,637
Designated Funds							
Healthier Churches Fund	-	-	-	-	(216)	2,436	2,220
Ministry Support Fund	-	-	-	-	-	722	722
Net Carbon Zero Fund	-	-	-	-	-	35	35
Conferences Fund	-	-	-	10	-	-	10
Lowest Income Communities Fund	-	-	-	489	-	-	489
Calling Young Disciples	-	-	-	19	-	-	19
Designated Funds	-	-	-	518	(216)	3,193	3,495
Total Unrestricted Funds	1,564	-	2,554	757	(681)	4,938	9,132
Restricted Funds							
Education Fund	-	-	222	10	-	-	232
Diocesan Pastoral Account Fund	192	-	1,583	533	-	-	2,308
Lay Staff Support Fund	-	-	9	-	-	-	9
Ministry Hardship Grants for Individuals	-	-	-	24	-	-	24
Maynard and Outram Smith Library	-	-	-	103	-	-	103
RME Fund	-	-	-	157	-	-	157
Restricted Funds	192	-	1,814	827	-	-	2,833
Endowment Funds							
Diocesan Stipends Capital Fund	12,821	15,460	22,513	-	-	(3,858)	46,936
Diocesan Parsonage Capital Fund	20,229	-	809	-	(585)	(1,080)	19,373
Endowment Funds	33,050	15,460	23,322	-	(585)	(4,938)	66,309
TOTAL FUNDS	34,806	15,460	27,690	1,584	(1,266)	-	78,274

WORCESTER DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 247778

Accounts



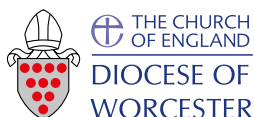
THE CHURCH
OF ENGLAND
DIOCESE OF
WORCESTER



Report of the Directors and Financial Statements
for the year ended 31 December 2022 for
Worcester Diocesan Board of Finance Limited
Registered Charity Limited by Guarantee
Company Registration Number 00271752 Registered Charity Number 247778



2022 REPORT



Company Registration Number 00271752

Registered Charity Number 247778

Published June 2023

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2022



Ministry Share was implemented from January 2022, and contributions were largely sustained despite the cost-of-living crisis.



A team of Mission Accompaniers was set up, offering free support to churches as they work towards being healthier and more sustainable.



15 Candidates began training for ordination through a new 'Auxiliary Pathway' to become locally-based self-supporting clergy.

Company Information for the year ended 31 December 2022

The full name of the charitable company is Worcester Diocesan Board of Finance Limited. The directors, who are also the trustees and members of the Bishop's Council of the Diocese, during the year and up to the date the report was approved are:

Directors

The Reverend A Todd (Chair)
 The Right Reverend J G Inge
 The Right Reverend M Gorick
 The Venerable N J Groarke
 The Venerable R G Jones
 The Very Reverend P G Atkinson
 E A Wiles (Vice Chair)
 B W Allbut (resigned 31.12.22)
 The Reverend M Badger (resigned 10.01.22)
 The Reverend R M Clark (resigned 10.01.22)
 The Reverend A C Davies
 M D Hunter (appointed 20.03.23)
 The Reverend R Johnson (appointed 9.03.22)
 P V Kear (appointed 25.01.22)
 J K Layton
 J A Lovesy (resigned 10.01.22)
 R C Lunn (resigned 10.01.22)

The Reverend Canon C A Lording
 R J Pearce (appointed 6.12.22)
 D I A R Phillips
 The Reverend A M Potter (resigned 10.01.22)
 H A Richards
 The Reverend B E Rienstra (resigned 10.01.22)
 D J Sparkes (resigned 10.01.22)
 T H Terera (appointed 13.01.23)
 D M Wightman (14.07.22)
 The Reverend Cannon T J Williams (appointed 17.02.22)

Company Secretary

J P H Preston

Registered Office

16 Lowesmoor Wharf
 Worcester WR1 2RS

Registered Number

Company: 00271752
 Charity: 247778

Auditors

Crowe U.K. LLP
 Black Country House, Rounds Green Road,
 Oldbury, West Midlands B69 2DG

Bankers

Lloyds Bank Plc, 4 The Cross,
 Worcester WR1 3PY

Solicitors

Anthony Collins Solicitors LLP,
 134 Edmund Street,
 Birmingham B3 2ES

Investment Advisors

CCLA Investment Management Ltd,
 Senator House, 85 Queen Victoria
 Street, London EC4V 4ET

Insurance Agents

PIB Insurance Brokers Ltd,
 Poppleton Grange, Low Poppleton Lane
 York, Yorkshire YO26 6GZ

Property Investment Adviser

Chartered Surveyors, Global House
 Hindlip Lane, Worcester WR3 8SB

Parishes worshipped God, transformed communities, shared hope and made disciples through different types of service and community initiatives, particularly after the death of HM The Queen.



Report of the directors for the year ended 31 December 2022

The directors, who are also trustees for the purposes of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022. The directors/trustees are one and the same and in signing as directors they are also signing in their capacity as trustees. 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

Chair's Report

Date: 10 May 2023

"May the God of hope fill you with all joy and peace in believing, so that by the power of the Holy Spirit you may abound in hope." (Romans 15:13)

I recently overheard a comment in a radio interview which has stuck with me: "Hope is a collective activity." The phrase expressed two profound truths: that hope is not simply a disposition, something we either have or do not have, but something to be worked at; and that it is something best worked at together. If that is true of society at large, how much more in the context of the Church, part of whose vocation is to make tangible the God of Hope in a needy world?

These financial statements are more than simply a collection of words and numbers. They tell a story of hope as a collective activity. I would like to highlight here just three aspects of that story.

Firstly, our financial position. Despite the continuing difficult economic environment, the overall result for the year was a small surplus of £360k (see under Financial Review below), which has been added to the fund available to support benefices in the transition to the new Ministry Share system. For some benefices, this transition is proving understandably challenging, but there is clear evidence that it is being addressed with both realism and hope. As we look to 2023 and beyond, the economic headwinds from energy costs in particular, and inflationary pressures more generally, are if anything even stronger than previously. However, the resilience demonstrated by congregations so far, and the fact that they are already engaged in the difficult conversations which are so necessary, are surely grounds for hope.

Secondly, progress in our Transformation journey. Much has already been achieved by churches seeking to work towards greater health and sustainability, with the support of Diocesan personnel and funds (in the form of the Healthier Churches Fund, made available by the application of a Total Return basis of accounting to the Stipends Capital Fund from 1st January 2021).

I am delighted to be able to report that we have now received in-principle confirmation that these funds are to be supplemented by a very substantial multi-year grant from the National Church, to be applied especially to support our "renewals" programme. But the key message to churches in the Diocese must be: the Transformation Programme is not an initiative 'from above', but is fundamentally about supporting you as you grapple with what a hope-filled, healthy and sustainable future might look like in your context.

Thirdly, the many stories, only hinted at in these pages, of groups making a difference in so many contexts. Churches have worshipped God, encouraged Christian discipleship, shared hope, and transformed communities in a huge variety of innovative ways: Walking Church, Taizé/Benediction services, Community Link, a Community Fridge, and Town Centre chaplaincy are just a few mentioned here. A team of 45 Mission Accompaniers has worked with congregations to explore options for future development. 15 participants have offered themselves for the new "Auxiliary Pathway" to locally-focused ordained ministry. The Diocesan Education Team has become the first Diocese in the country to offer NPOs (National Professional Qualifications) for teachers. And continuing support has been provided to churches seeking greater environmental sustainability.

If you read these accounts in that spirit - as a testimony to the joint activity of hope-making in which the people of this Diocese are engaged (albeit expressed in the conventionally staid language of accounting standards) - who knows? You might even enjoy them!

The Reverend Andy Todd, Chair



Public Benefit

The directors of the Worcester Diocesan Board of Finance Limited (WDBF) are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

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

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

Structure, Governance and Management

The company is governed by its memorandum and articles of association. The company is controlled by the Bishop's Council, the members of which are Directors and Trustees. Bishop's Council has two principal committees for finance and governance – the Finance and Resources Committee and the Audit, Risk and Challenge Committee. The statutory responsibilities of the Diocesan Mission, Pastoral and Resources Committee are fulfilled by the Bishop's Council of Trustees, and those of the Parsonages Board and the Glebe Committee are fulfilled by the Finance and Resources Committee. The Diocesan Board of Education is also a Committee of the WDBF, with statutory responsibilities.

The clergy and lay directors are elected by the respective houses of clergy and lay members of the Diocesan Synod and further directors are co-opted by the Bishop's Council so as to seek that among its elected and co-opted members that all the deaneries in the Diocese are represented, subject always to there being a majority of lay elected and co-opted directors. At the start of each triennium, the members of the Bishop's Council are given a full and substantive overview of their duties and responsibilities as directors of the company and trustees of the charity. Training is updated within the triennium as and when required. The company is limited by guarantee and therefore the directors have no beneficial interest to disclose.

The Diocesan Secretary is responsible for the day-to-day management of the charity as delegated by the charity trustees. The senior management team is made up of the Diocesan Secretary, the Director of Finance, the Director of Education, the Director of Communications, the Director of Ministry and Discipleship and the Deputy Diocesan Secretary - Transformation. The administration of the charity is undertaken by the employed staff, who are based at 16 Lowesmoor, Worcester.

The Board is associated with a number of other charities and funds, full details are included with the connected party transactions within note number 32 to these financial statements.

Objectives and Activities

The principal object of The Worcester Diocesan Board of Finance (WDBF) is to advance the Christian faith by promoting, assisting and advancing the work of the Church of England in the Diocese of Worcester by acting as the financial executive of the Worcester Diocesan Synod. This includes the enabling of public worship, pastoral care and the promotion of Christian values by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

A major part of the Board's responsibilities results from legislation with regard to funding the costs of the clergy in the diocese of Worcester including stipends, pension contributions, maintaining clergy houses and paying council tax and water rates. The Board also supports clergy and lay people with training for Christian mission and ministry including children's and youth work.

The WDBF also 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 (DBE) Measure; and
- 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 Board's main sources of income are contributions of Ministry Share (Parish Share prior to 1st January 2022) from Parochial Church Councils and income from grants and from investments. The Board is responsible for the custody and management of the Diocesan Synod's financial affairs as well as those of the Diocesan Board of Education which works with church schools and academies.

In addition to their important role in the governance of the company, and as well as contributing to the work of the Church at a parish level, volunteers make a significant contribution to the delivery of the following activities:

- The work of the Diocese's committees and working groups
- The development of vocations and the provision of training for lay and ordained ministry
- Help and advice given to parishes by the Diocesan Advisory Committee for the care of churches
- Mission and social responsibility work under the umbrella of several groups including the Commission for Social Responsibility and the Climate Crisis Task Group.

The Diocese has a long-established Kingdom People vision, which is underpinned by four values: love, compassion, justice, freedom. Our vision is that as we grow as Kingdom People, we will see more people come to worship God, that we will engage in transformative ministry within our communities, bringing hope and supporting those who consider themselves to be Christians develop their faith throughout a lifelong journey of discipleship.

Overview

During 2022 we made good progress as a diocese on our approach to Diocesan Transformation, but against a challenging background as the Country emerged from the Coronavirus pandemic and as there were steep increases in the cost of living:

- Ministry Share was implemented from January 2022, and was broadly successful at sustaining contributions despite the cost of living crisis.
- Our Calling Young Disciples project finished its main programme, achieving goals for take up by parishes and for the number of new volunteers. A nine month extension was put in place to seek to help parishes focus on increasing the number of young disciples, the project area where lower progress had been made.
- The pilot of a new "Auxiliary Pathway" was begun with 15 candidates. This seeks to provide a new pathway of discernment and formation for locally focused ordained ministry. This would typically be a self-supporting assistant role, perhaps with day-to-day ministerial responsibility for one or more smaller churches in a larger benefice or team.

2022 Priorities

In last year's report we set out our priorities for 2021:

- **PRIORITY 1:**

To continue our transformation programme, helping churches to think through how they might grow as Kingdom People through healthier and more sustainable churches.

Following development work with a number of groups over the summer and early Autumn, in November, Diocesan Synod enthusiastically adopted a set of four strategic priorities that will shape our Transformation Strategy. These are:

- To seek to double the number of Children and Young People attending our churches each week, largely through enabling at least one paid Childrens, Families and Youth Worker in each major centre of population, and at least two in each deanery.
- To invest in the renewal of a number of churches to ensure that each major area of population has at least one larger (150 Average Weekly Attendance (AWA)) healthy and sustainable church by 2030.
- To encourage every benefice to launch a new worshipping community to enable a wider choice of ways to access church. Examples might include Forest Church, Café Church.
- Underpinned by, amongst other things to enable our clergy and key lay leaders to be equipped with the range of skills necessary to enable the transformation – 'Equipping Ministers for Mission'.

During the year we held a further series of Open Conversations to share with parishes good news stories of how others are making good progress on our priorities. These conversations featured videos of new worshipping communities (Walking Church and a Taize/Benediction service), work to transform communities (Community Link, a Community Fridge and Town Centre chaplaincy), work to share hope with children and young people and ways we're worshipping God across the diocese.

- **PRIORITY 2:**

Supporting and enabling churches to become healthier and more sustainable by an effective Mission Accompanier programme, and providing grant funding through the Healthier Churches Fund.

By the end of the year 18 Mission Accompaniers were actively engaged, covering 45 churches through 26 pairings. Some group and team ministries have chosen to work with each church separately, some are working together, but with breakouts as appropriate for individual churches.

The programme aims to see at least 100 churches thriving as a result of having been supported in creating and delivering a good health and sustainability plan. The first few plans have been developed, and six grants to parishes have been made on the basis of their health and sustainability plans. Three of these have involved supporting the employment of childrens, families or youth workers. The Mission Accompaniers meet in four bi-monthly huddle groups with a Co-Ordinator, where good practice is shared and input on keeping the work on track is given.

- **PRIORITY 3:**

Enabling our Calling Young Disciples (CYD) to move towards a conclusion effectively, seeking to maximise its achievement of desired outcomes. Supporting the Resourcing Church projects to emerge from the pandemic and regain momentum against desired project outcomes.

Calling Young Disciples The first and main phase of the Calling Young Disciples project concluded in November 2022 with a Celebration Event to thank all those involved and to mark all that had been achieved.

During the principal phase of the project 50 churches engaged with CYD and the Mission Enablers (target 50), and over 285 volunteers have been trained and supported (target 250) – of which 68 are 'Lead Volunteers' (target 40). Whilst these engagement and activity levels are at, or ahead of, the hoped-for targets, the number of new worshippers has remained below the target of 600 and is currently around 400. Consequently, and using funds underspent during the pandemic, the project has now entered an 'expansion phase' which will continue up to July 2023, and which has a focus on working with a small number of specific churches in the existing portfolio where it is felt extra focused support and leadership might generate an additional growth of 200 worshippers. Initial signs suggest there appears to be good energy and momentum building in these extension placements, with lots of new contacts already being established - leading to cautious optimism for delivery of the hoped-for outcomes.

Discussions are progressing with the National Church on the form and timing of the evaluation of both the overall and extension phases, that both they and the Diocese are desiring.

Resourcing Churches Both Resourcing Churches continue to recover well following the aftermath of the Covid Pandemic.

Top Church is in use 6 days a week, and now has two in-person services taking place each Sunday - at 11:00am and 4:00pm. Average Weekly Attendance is currently approximately 135, of which around 45 are under 16s. In the last 12 months there have been 4 baptisms and 7 confirmations within the congregation. There is a large and growing portfolio of support and outreach programmes taking place each week which are increasingly growing the church as the central hub for community activity. The resourcing of other churches in the local area is occurring regularly, through the leading of services, and by providing worship and/or children's activities. New staff positions of a Community Hub Leader and an Assistant Operations Manager have been recruited to assist in delivering the vision to renew St Johns & St Francis as Community Hub churches. Regular congregation giving has remained static and ultimately behind where it needs to be, with the impact of the cost-of-living crisis been felt across the local community and within the congregation. Consequently, the Parish Giving Scheme (PGS) is to be built into the welcome provided to new joiners, who may not be aware of how to give on a regular basis.

All Saints Worcester (ASW) is thriving, with a steady flow of new people joining the church over the last 6 months, resulting in the church being full or nearly full every Sunday morning in the early part of 2023. Average Weekly Attendance is now approximately 460 – with the numbers of children and young people steadily growing, and currently standing at around 120. The first church renewal supported by ASW at St Peter's Bengeworth is now in its second year, and under the leadership of the Planting Vicar, Andy Smith, is progressing well – with a congregation growth so far of around 60.

ASW continues to resource the development of informal worship gatherings at both St Peter's Inkberrow and Severnside Parishes and have delivered bespoke training to teams from both of these churches. The reordering project at St Helen's is now underway and good progress is being made.

Both Resourcing Churches have concerns regarding their ongoing financial sustainability at the end of the SDF funded project in 2025, and are working with the Diocesan Team on options and possible actions to manage/mitigate these risks.

- **PRIORITY 4:**

To enable the launch of a Church Buildings Management Partnership which will provide support to our smallest churches in managing their building.

As a diocese, we are continuing to take a lead regionally and nationally, on the development of the 'Church Buildings Management Partnership' concept, to make it implementable. We have registered a Charitable Incorporated Organisation (CIO), which will be able to take a minor legal interest in each building in the scheme in order to be in a position to buy insurance and commission maintenance work. Work with a small number of parishes on a pilot basis is beginning. This will work out the details that will make this scheme practical and attractive, before rolling it out more widely. We await input from the national church on negotiation with the major insurance companies which will be an important part of the funding of the project. The national church have committed to £10k of funding per diocese to help establish this scheme and we are hopeful that we will find ways of working with neighbouring diocese to realise benefits of scale.

- **PRIORITY 5:**

To ensure that the new Ministry Share system is operating well, and that transition is happening effectively.

The Ministry Share system was introduced from January 2022. Whilst a full review of the implementation and the first year will take place during 2023, initial perspectives are that the system has worked well in its first year.

It has clearly provided greater transparency on the costs of ministry, and that has been welcomed. This has enabled conversations to take place to highlight the degree of subsidy of ministry in some benefices.

The process of requesting grants from the Ministry Support Fund and making allocation decisions generally worked well in the first year of the system. Half of our benefices (37 out of 73) needed some form of support from the Ministry Support Fund in the first year. The intention is that this reduces over time, although the currently high level of energy costs will make this challenging. 23 of the 37 were Lowest Income Communities, where we expect that ongoing support will be required to enable ministry in our poorest communities.

27 benefices made a contribution in excess of their Ministry Share allocation into the Ministry Support Fund to enable other benefices to receive transitional support. These totalled £209k, a lower total than originally hoped due to the surge in energy costs. Total contributions to Ministry Share totalled £3,968k, which represented 95.5% of Ministry Share requests, once Ministry Support Fund grants were taken into account.

Ministry Development

4 out of 5 candidates were recommended for ordination training in 2022. There are 10 ordinands training, down from 16 last year and 21 the previous year. There were 6 participants in the Growing Leaders Course in 2022. Only 1 new person has begun training for Reader Ministry, with 5 in their second year, and 4 newly licensed. With Authorised Lay Ministers (ALM) training, a pilot project saw two small deanery groups complete Worship Leader training. A cohort of 29 are currently training (across 3 ALM strands). In addition to the ongoing training of new ministers (as described above), the Ministry and Discipleship Team organised over 40 training and support events, with a total attendance of over 570. The Training and Events Administrator has supported the DBF team as a whole (excluding the Education Team) in a total of 66 events, with over 830 attendees.

One significant new development is a new 'Auxiliary Pathway of Discernment and Formation'. As from September 2022, there are 15 participants on this exciting and demanding journey. Training is being carried out within the Diocese, including regular input from each bishop. Selection will happen through the existing (new) national system. The scheme is oriented towards locally-focused ordained ministry – typically a self-supporting assistant role, perhaps with day-to-day ministerial responsibility for one or more smaller churches in a larger benefice or team. The pathway holds considerable promise, and is receiving considerable investment of time, care and energy.

One other significant new development: Autumn 2022 saw the inauguration of 'FCiLL': Foundation Courses in Local Leadership. This is not a new course, but a new way of organising training already on offer and shaping new material. Its focus is very much on the practical and pragmatic, supporting and equipping lay people to lead in parish life and mission. That said, several of the sessions are also proving very helpful for clergy.

Education

This year the Education Team has been successful in becoming the first Diocese in the country to be able to offer National Professional Qualifications for teachers (NPOs). Over the course of 2023, the team will deliver both the National Professional Qualification for Senior Leaders (NPOSL) and the National Professional Qualification for Leading Teaching (NPQLT). As well as providing much needed qualifications for the teachers in our schools it will also generate a modest amount of additional income.

The work carried out by the Education Team has continued to focus on providing a range of core services to schools in line with the Diocesan Board of Education (DBE) measure. In response to this we also offer three Service Level agreements (SLA). The Training and Support SLA provides training for schools for them to become effective church Schools, with a theologically rooted Christian vision, whilst preparing them for Statutory Inspection of Anglican and Methodist Schools (SIAMS) inspection, the School Effectiveness SLA provides bespoke packages of support to improve the quality of leadership, teaching and learning, and the third SLA improves governance by delivering training to governors.

In response to a growing need for Mental Health and Wellbeing support, the DBE, through its SLAs, has developed a suite of services, training and counselling to help schools deal with the increasing rates of stress and anxiety in the

Support for Church Buildings

The team and the Diocesan Advisory Committee (DAC) continue to offer support to parishes as they care for their buildings and churchyards, and develop proposals for restoring or developing their buildings. Visits to churches by the DAC are recommended at the early stages of proposals – 12 were held in 2022 – though the availability of volunteer DAC members and advisers places a strain on how many full visits can be made as opposed to visits that were just from staff members (sometimes with the Archdeacon) – 95 of these in 2022. In 2022, 54 applications for Faculty were considered by the DAC (2021 – 45, 2020 – 44, 2019 – 97), and 148 for Archdeacon's List B consent (2021 – 104, 2020 – 93, 2019 – 108).

NB. 2020 saw major rule changes come into law that brought more matters out of requiring a Faculty, in addition to the drop in cases due to the pandemic.

The team also supported those parishes who were considering the future and potential closure of their church, a workstream that has increased since the pandemic. The former church of St George, Redditch, was sold in 2022, having closed in 2012. The closure of the church of St Peter, Upper Gornal, was finally confirmed by the Church Commissioners toward the end of the year, with the transfer to the DBF set for January 2023. Support has also been provided to the Dean of Smaller Churches as she undertakes her work, including in the formation of the Church Buildings Management Partnership.

workplace. In some cases, this leads to extensive absence, resignation or early retirement. The support has been well received with many schools accessing the suite of support and senior leaders more readily returning to post.

During the year the Education Team supported the facilitation of building projects in Voluntary Aided schools valued at over £450,000.

The Education Team has successfully set up the second Diocesan Multi Academy Trust for Church of England Schools in Dudley. The Elements Diocesan Learning Trust converted two Primary schools in November 2022 with a further two Primary schools joining in February 2023.

Net Zero Carbon

Energy Audits were undertaken on 45 churches in the Greater Dudley, Kidderminster & Stourport and Redditch & Bromsgrove Deaneries. These assess the current energy use and propose lower carbon solutions, highlighting the potential savings in carbon and cost to a building owner. Those in Dudley were funded by the DBF's Total Return budget, those in Worcestershire through funding from Worcestershire County Council's 'Zero Carbon Ready Worcestershire' scheme. Although the results have been limited by lack of comparative use over recent years and difficulty in predicting future financial savings due to the rising cost of energy, they will support these churches as they consider how to decarbonise and contribute to the Church of England meeting its Net Zero target in 2030. Further audits are planned for 2023 in high use/emitting churches in the county as we seek to work closely with the (circa) top 20% of carbon use/emitting churches to put in place Net Zero Action Plans – as required by the Church's Routemap to Net Zero.

New Faculty Rules came into law on 1 July with a view to making permissions more straightforward for works to improve the environmental sustainability of a church and, consequently, more difficult to obtain permission for works that would negatively contribute. For many, this has meant that improvements to lighting, insulation etc., has been a simpler step but the main issue has been the need for a full faculty for the replacement of a gas or oil boiler like-for-like and therefore periods of time without heating – and not without at least first considering lower carbon alternatives.

There has been a clear increase in the demand for DAC advice on matters of heating and decarbonising in the past year, more than can currently be serviced by the volunteer advisers, so support to parishes has not been as available as we would hope it to be. Whilst the appointment of more volunteer DAC advisers may be possible, we will be investigating the options available in the Net Zero package from the Archbishops' Council's triennium funding for professional expertise to build capacity, possibly in tandem with other regional dioceses.

2023 Priorities

Our priorities for 2023 are:

- To fully develop and communicate our transformation programme, and a viable funding plan.;
- Continuing our Mission Accompanier Programme, which seeks to support and enable churches to develop health and sustainability plans, and where appropriate, to provide grant funding through the Healthier Churches Fund;
- Increase the number of Children, Families and Youth workers around the diocese, with a target of having a total of ten in place by the year end.
- To make initial progress with our priorities for "Renewals" – a programme to create churches with an Average Weekly Attendance of at least 150, and for New Worshipping Communities through the appointment of a parish based enabler.
- To fully develop the support plan needed to "Equip Ministers for Mission" – through Mission Accompaniment, Coaching and Training, together with the support resources required.
- To recruit well to fill a number of senior vacancies.

During March 2023 the National Church announced in-principle support for the renewals element of the transformation programme of £6.8 million, and unconditional grant of nearly £1 million for capacity building. This, combined with decisions by Bishop's Council to allocate a significant proportion of the Healthier Churches Fund to our priorities means that the core of our transformation programme is funded for the next five years.

Financial Review

Total incoming resources for the year was £10,040k (2021 - £9,740k). The principal funding source was from Ministry Share which represents 42.1% (2021 - 43.6%) of total incoming resources. This was a new system for 2022, which meant that Benefices applied for grants to help fund any gaps between the costs of ministry in their Benefice and what they could afford to pay. This resulted in grants being awarded totaling £1,160k as split between £656k from the Ministry Support Fund and a further £504k from the Lowest Income Communities Grants. These grants means that the Net Ministry Share Requested (after grants) should have been received in full from the Benefices. However, due to the high cost of inflation and the raising costs of energy meant that instead of 100% received only 95.5% was received. Total Ministry Share received during the year was £4,227k (2021 - £4,244k) representing 95.5% (2021 - 73% - significantly lower due to the old Parish Share system) of the total requested.

Endowments decreased by £2,028k (2021 - £5,975k increase) this is because of a decrease in investment valuations. From the endowment £963k was transferred to general funds under Total Return Accounting (2021 - £3,400k), see below and note 29. Total resources expended were £8,824k (2021 - £8,812k).

The Statement of Financial Activities on page 20 shows an overall decrease in funds of £2,257k (2021 - £5,698k increase), of which £3,473k related to unrealised investment losses, and £856k (2021 - £1,127k) from surpluses on property sales.

The underlying result for the year was an operational surplus of £360k plus an investment of £153k in our strategic projects (2021 - £269k surplus plus an investment into strategic projects of £200k). The reported results included the cash impact of the final clergy pension deficit repayments of £191k.

Despite this, a surplus was achieved due to continued cost savings and additional income from grants and the proceeds from the sale of donated books, which was £103k. Some of these savings were planned as part of the overall cost reduction plan, and others were due to decrease in number of clergy recruited. The cost savings outweighed the fall in the Ministry Share and therefore led to the surplus.

Investment Policy

The Board's investment policy is reviewed regularly by the Finance and Resources Committee, although the ultimate responsibility remains that of the Worcester Diocesan Board of Finance. The Committee seeks to maximise long-term income without exposing capital to undue risk or compromising the Board's ethical investment policy, which essentially follows the national guidance established by the Church of England's Ethical Investment Advisory Group. In the current investment climate, we have maintained regular contact with and received advice from CCLA, our investment advisors. We have sought to maintain and grow the overall income yield, whatever movements in capital values.

Reserves *Restricted and endowment funds*

As set out in note 25 the WDBF holds and administers several restricted and endowment funds. As at 31 December 2022 restricted funds totaled £2,833k (2021 - £2,815k) and endowment funds totaled £66,309k (2021 - £68,337k). This includes the Diocesan Unapplied Total Return funds which totaled £17,945k (2021 - £22,319k) – see below.

Total Return Accounting

The law governing the use of Diocesan Endowment funds changed in 2016. Traditionally, permanent endowment funds draw income only, maintaining capital in perpetuity for the benefit of future generations.

A Total Return investment approach allows the release of both income and capital gains for use. The Directors adopted Total Return accounting for the Diocesan Stipends Capital Fund (DSCF) with effect from 1st January 2021 by reference to the following:

- The date used for the initial value, or base year, of the trust for investment was 31st December 1995. At this point the DSCF balance was £15,598k. This is taken as the original value of the endowment.
- CPIH was used to uplift the trust for investment giving rise to a valuation as at 31st December 2022 of £28,991k (2021 - £26,538k). The Unapplied Total Return fund as at 31st December 2022 amounted to £17,945k (2021 - £22,319k).

The Board can then release funds which are transferred to the income fund to fund stipends. This enables other funds which would have normally been used for the funding of stipends as the Board sees fit. In turn this has meant the Board has made further transfers into designated funds as follows:

- Transitional Support for Parishes - £109k in 2022, which is based on an inflation adjustment amount of £100k per annum for six years – this is help Parishes transition to the new ministry share system. This was further supported by an initial allocation of £600k of unrestricted reserves into the Ministry Support Fund in 2021, and

- Net Carbon Zero Fund – £27k in 2022, which is based on an inflation adjusted amount of £25k per annum for six years – this is to provide some expert resource to help the diocese achieve the 2030 Net Zero Carbon target.

Total Return Accounting had an impact on the allocation of income to the general and endowment funds. In years prior to 2021, all income arising on the DSCF was allocated to general fund on the understanding that the value of stipend payments

would far exceed the value of any income. On the introduction of Total Return Accounting, all such income is allocated to the UTR within the endowment fund with subsequent transfers to the general fund.

Designated funds

The Board may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of the 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 28. At 31 December 2022 total designated reserves were £3,495k (2021 - £3,701k). See note 28 for further details.

Reserves policy *Free reserves*

It is the Board's policy to maintain the year end general unrestricted reserves position, excluding tangible fixed assets, at a level of 4.5 months' expenditure. This should provide sufficient liquid funds to allow the Board to meet its commitments across the year.

As at 31 December 2022 the general unrestricted fund's net assets, excluding tangible fixed assets was £4,115k (2021 - £4,088k) and during 2022 total resources expended in unrestricted funds was £6,881k (2021 - £7,689k), providing for over 7 months of expenditure (2021 – 6 months). Our budget suggests that expenditure will grow – as commented previously, 2022 expenditure was lower than anticipated.

Fundraising

Funds were raised in 2022 for our partner dioceses of Peru and Morogoro: £7,081 was raised for the Diocese of Peru; £470 for the Diocese of Morogoro; £1,000 for Berega Hospital, Tanzania; £121 for Morogoro Sewing Academy.

As a result of the pandemic, we launched a Diocese of Worcester Ministry fund in 2020. The aim was to raise enough to cover the stipend of one vicar for one year to assist with the continued reduced income caused by Covid-19. We encouraged potential donors to support their local church as their first priority and if they were able to make an additional gift to this Ministry fund. Through donors' generosity £11k was received in 2022 (2021 - £16k).

Risk Policy

The Directors have continued the process of examining the major strategic and operational risks which the DBF faces. They hold and monitor a register of the significant risks, assessing the probability of occurrence and likely impact if they were to occur, divided into six operational areas.

The most significant risks in this analysis, and plans for mitigation, are:

- High inflation in both the cost of living for individuals, and in the cost of heating churches, lead to lower receipts of Ministry Share, which are insufficient to meet the financial commitments and the strategic plans of the Diocese:
 - The clarity given by the new Ministry Share system brings forward visibility on likely receipts;
 - Regular and active communication with parish treasurers to maintain two-way communication;
 - The launch of a Ministry Support Fund provides support to parishes, encourages medium term planning. The fund will be supplemented for 2023 to provide additional support;
 - Monthly monitoring of receipts and projection for the remainder of the year;
 - Proactive support by the Stewardship Officer with struggling parishes.

Risk Policy (continued)

- Falling numbers and ageing of attendance / membership within the Church in the diocese leading to churches becoming unsustainable:
 - Agree the detailed planning behind the Diocesan Transformation Strategy and move ahead into implementation;
 - Ensure the Resourcing Churches projects are effective, including the planting and renewing of a number of additional churches;
 - Development of a Healthier Churches Fund to resource parishes who have developed Health and Sustainability plans;
 - Continued provision of Mission Accompaniers to support parishes develop and implement such plans.
- Serious safeguarding case:
 - Ensure swift action taken if a situation does arise;
 - Ensure effective safeguarding provision is available, through the diocesan safeguarding team; training officers and caseworkers. This will include use of core groups to bring in a wider team where appropriate;
 - Ensure safer recruitment, training, policies applied and audited at diocesan and parish level;
 - Ensure adequate insurance is in place.
- Complexity & Capacity: The transformation strategy on top of sustaining 'business as usual' provides significant complexity and workload for a small DBF team:
 - Plans have clear priorities and these have been developed with an eye to the capacity to deliver;
 - Many of the priorities will lead to additional employment to deliver the work e.g. parish based Childrens, Families and Youth workers;
 - We are seeking funding from the national church to add the capacity to deliver at both parish level (especially for renewals) and for the DBF rather than requiring it to be funded through Ministry Share.

It is recognised that there are reputational risks to the DBF associated with each of these key risks. As well as mitigating risk in each of these areas the DBF's Communications team bring expertise to support parishes and the bishops in facilitating the mission of the church across the Diocese.

The directors have established a framework of six risk registers, each of which is reviewed periodically by an appropriate committee. An overview of key risks is considered by Bishop's Council along with the Risk Policy. The Audit, Risk and Challenge Committee reviews the DBF's approach to risk management on an annual basis, including reviewing the risk policy.

Remuneration Policy

The Board's policy regarding level of remuneration is that salaries are those appropriate to recruit and retain staff in the context of the job market. Remuneration for more senior roles is set so as to involve an element of "sacrifice" compared to the secular market, but to be broadly in line with that of equivalent roles in similar dioceses.

Investment Performance

Overall performance

Investments are held in both glebe and general funds. The total value of investments at 31 December 2022 was £43.1m (2021 - £46.7m) and the total return on investment saw share value drop by 12% (2021 - increase of 14%).

Glebe investments

Investments are in glebe funds, primarily to generate a sustainable income to continue funding clergy stipends. Agricultural, commercial and residential land and buildings were valued at £15.46m at 31 December 2022 (2021 - £15.48m). Rents receivable amounted to £219k (2021 - £252k) - an income yield of 1.4% (2021 - 1.6%).

Investment securities (Glebe and General)

Investments in equity and fixed interest securities were valued at £26.3m at 31 December 2022 (2021 - £29.3m). Income from these securities amounted to £878k (2021 - £762k) - a yield of around 3.3% (2021 - 2.6%), which is considered satisfactory.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

As far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware and each director has taken all the steps he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving this Directors' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

On Behalf of the Board: The Reverend Andy Todd

Date: 10 May 2023



Independent Auditor's Report to the Members and Trustees of the Worcester Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Worcester Diocesan Board of Finance Limited ('the charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Statement of Cash flows and notes to the financial statements, including 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 2022 and of its income and receipts of endowments 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.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

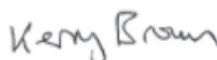
Extent to which the audit was considered capable of detecting irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kerry Brown (Senior Statutory Auditor)



For and on behalf of Crowe U.K. LLP, Statutory Auditors

Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG

Date: 21 July 2023

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit & Risk and Challenge Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Statement of Financial Activities for the Year Ended 31 December 2022

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	4,018	209	-	4,227	4,244
- Archbishops' Council	3a	823	1,368	-	2,191	1,866
- Other donations	3b	122	368	-	490	414
Charitable activities	4	649	63	-	712	687
Other activities	5	466	-	-	466	387
Investments	6	135	-	963	1,098	1,015
Other – gains on sale of tangible fixed asset properties		33	-	823	856	1,127
		6,246	2,008	1,786	10,040	9,740
EXPENDITURE						
Raising funds	7	-	-	59	59	64
Charitable activities						
- Contributions to Archbishops' Council	8	415	-	-	415	398
- Parish Ministry	9	5,402	1,389	-	6,791	6,223
- Support for Ministry	10	798	363	-	1,161	1,327
- Support for Schools	11	266	132	-	398	337
Other – Old Palace	33	-	-	-	-	463
		6,881	1,884	59	8,824	8,812
Net income before investment gains		(635)	124	1,727	1,216	928
Net gains on investments		(382)	(128)	(2,963)	(3,473)	4,753
Net income		(1,017)	(4)	(1,236)	(2,257)	5,681
Transfers between funds	26	770	22	(792)	-	-
Other recognised gains / (losses)						
Actuarial gain / (loss) on defined benefit pension scheme	24	-	-	-	-	17
Net movement in funds		(247)	18	(2,028)	(2,257)	5,698
Total funds brought forward	25	9,379	2,815	68,337	80,531	74,833
Total funds carried forward	25	9,132	2,833	66,309	78,274	80,531

All incoming resources and resources expended derive from continuing activities.
The notes on pages 22 to 46 form part of these financial statements.

Income and Expenditure Account Year Ended 31 December 2022

	2022 £'000	2021 £'000
Total income	8,254	8,162
Expenditure	(8,765)	(8,812)
Operating (deficit)/surplus for the year	(511)	(650)
Net gains /(losses) on investments	(510)	373
Net (expenditure) for the year	(1,021)	(277)
Other comprehensive income:		
Net assets transferred from endowments	792	3,205
Total comprehensive (expenditure)/income	(229)	2,928

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

The notes on pages 22 to 46 form part of these financial statements.

Balance Sheet

Balance Sheet as at 31 December 2022

Company Number 00271752

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
FIXED ASSETS					
Tangible assets	16		34,806		33,654
Investments					
Investment property	17		15,460		15,480
Investments	17		27,690		31,269
			<u>77,956</u>		<u>80,403</u>
CURRENT ASSETS					
Debtors	18	978		630	
Cash at bank	19		606		603
		<u>1,584</u>		<u>1,233</u>	
CREDITORS					
Amounts falling due within one year	20	(1,119)		(1,072)	
NET CURRENT ASSETS					
			465		161
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>78,421</u>		<u>75,111</u>
CREDITORS					
Amounts falling due after more than one year	21		(147)		(33)
NET ASSETS					
			<u>78,274</u>		<u>80,531</u>
FUNDS OF THE CHARITY					
Endowment funds	25		66,309		68,337
Restricted Income funds	25		2,833		2,815
Unrestricted Income funds:					
- General funds	25		5,637		5,678
- Designated funds	25		3,495		3,701
			<u>80,531</u>		<u>80,531</u>

Note: The above funds include investment revaluation reserves as follows:

Endowment funds £22,360,000 (2021 £25,078,000)

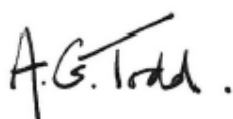
Restricted Income funds £960,000 (2021 £1,088,000)

General funds £2,970,000 (2021 £3,101,000)

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

The Reverend Andy Todd

Date: 10 May 2023



The notes on pages 22 to 46 form part of these financial statements

Cash Flow Statement for the Year Ended 31 December 2022

Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Net cash flow from operating activities		(874)		(784)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,098		1,015	
Proceeds from the sale of:				
- Tangible fixed assets	1,614		1,902	
- Investments	-		63	
Purchase of:				
- Tangible fixed assets for the use of the WDBF	(1,938)		(1,136)	
- Fixed asset investments	(497)		(3,507)	
Net cash provided by investing activities		277		(1,663)
Change in cash and cash equivalents in the year		(597)		(2,447)
Cash and Cash Equivalents at 1 January		2,603		5,050
Cash and Cash Equivalents at 31 December		2,006		2,603
Reconciliation of net movements in funds to net cash flow from operating activities				
Net income before investment gains for the year		1,216		928
Adjustments for:				
Depreciation Charges	28		32	
Dividends, interest and rent from investments	(1,098)		(1,015)	
Actuarial gain/(loss) on pension scheme	-		17	
(Surplus) on sale of functional assets	(833)		(1,127)	
(Increase)/decrease in debtors	(348)		400	
Increase/(decrease) in creditors	161		(19)	
Net cash used in operating activities		(2,090)		(1,712)
Net cash used in operating activities		(874)		(784)
Analysis of cash and cash equivalents				
Cash in Hand		606		603
Notice Deposits		1,400		2,000
		2,006		2,603

The notes on pages 22 to 46 form part of these financial statements

1. PRINCIPAL 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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The principal accounting policies and estimation techniques are as follows:

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) **Ministry Share and donations for the Ministry Support Fund** are recognised as income of the year in respect of which it is receivable up to 10 February 2023.
- 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 up to 10 February 2023.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the WDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953 as amended, and the use of the income is restricted for clergy stipends. 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 (normally much larger) 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 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 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.
- 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 24). 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 in 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

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.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

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 cost.

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and Fittings 20% per annum straight line basis

Leasehold improvements are depreciated on a straight-line basis over the course of the lease.

e) 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.
- iii) **Taxation.** The company is a registered charity and is not liable to corporation tax in this year.

f) Fund balances

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

- **Unrestricted funds** are the WDBF's charity 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 (Stipends Fund Capital and Parsonage Houses) 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.

g) Key judgments

The preparation of the financial statements requires management to make judgments, 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 judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

1. The Trustees perform annual impairment reviews (as explained in c above), and have concluded that there are no indications of material impairment;
2. Freehold properties are not depreciated for the reasons set out in c) above;
3. The assumptions underpinning the pension scheme liabilities are set out in note 24 below;
4. Receipts of Ministry Share, Donations for the Ministry Support Fund, and Fees are recognised in the year under review up to 10 February of the following year.

h) Going concern

Having reviewed the funding facilities available to Worcester DBF together with the forecast cash flows, the trustees conclude that that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, the financial statements are prepared on the going concern basis.

	Total Funds 2022 £'000	Total Funds 2021 £'000
2. PARISH CONTRIBUTIONS		
Current year's allocation	5,313	5,775
Ministry Support Fund Grants	(656)	-
Lowest Income Communities Grants	(504)	-
	4,153	5,775
Shortfall in contributions	(185)	(1,540)
	3,968	4,235
Arrears for previous years	50	9
	4,018	4,244
Ministry Support Fund donations - Restricted	209	-
TOTAL	4,227	4,244

	2022 Net Ministry Request £'000	2022 Share Shortfall £'000	2022 Total Received £'000	2022 Total Received %	2021 Total Received £'000	2021 Total Received %	(Decrease) Increase / £'000	(Decrease) Increase / %
Deanery								
Greater Dudley	997	43	954	95.7	1,011	75.1	(57)	(5.6)
Kidderminster & Stourport	549	5	544	99.1	599	77.2	(55)	(9.2)
Malvern & Upton	599	45	554	92.5	630	76.5	(76)	(12.1)
Pershore & Evesham	710	31	679	95.6	671	65.7	8	1.2
Redditch & Bromsgrove	507	31	476	93.9	532	71.0	(56)	(10.5)
Worcester	791	30	761	96.2	792	74.8	(31)	(3.9)
	4,153	185	3,968	95.5	4,235	73.3	(267)	(6.3)

	Unrestricted Funds 2022 £'000	Restricted Funds 2022 £'000	Total Funds 2022 £'000	Reanalysed Total Funds 2021 £'000
3a. ARCHBISHOPS' COUNCIL				
Lower Income Communities Funding	776	-	776	750
Archbishops' Council – RME grant	-	122	122	187
Registry-Church Commissioners	47	-	47	45
Donation in Kind	-	16	16	-
Ministry Hardship Grants for Individuals	-	46	46	-
Energy Grant for Parishes	-	283	283	-
SDF Grant - Calling Young Disciples	-	101	101	149
SDF Grant - Resourcing Churches	-	727	727	670
SDF Grant - Capacity Grant Funding	-	73	73	65
	823	1,368	2,191	1,866
3b. OTHER DONATIONS				
Benefact Trust Grant	-	122	122	117
Education Grants	13	132	145	118
Parsonage Grants	50	-	50	40
Ministry Restricted Donations	-	11	11	16
Sundry Income	32	-	32	50
Safeguarding Income	27	-	27	29
Income from sale of donated books	-	103	103	-
Furlough Grant	-	-	-	44
	122	368	490	414
4. CHARITABLE ACTIVITIES				
Statutory fees	484	-	484	466
Education Service Level Agreements	137	-	137	146
Education Academy Conversion Fees	21	-	21	-
Trust Income				
- Clergy Widows and Orphans Fund	-	11	11	8
- Ordination Candidates Fund	-	32	32	33
- Church Schools Improvement and Maintenance Fund	7	-	7	7
- Sundry Trust Funds	-	20	20	27
	649	63	712	687
5. OTHER ACTIVITIES				
Insurance claim	5	-	5	3
Rental income from parsonages	291	-	291	245
Rental income from other property	49	-	49	45
Bishop's office – rent, salary and service charge	121	-	121	94
	466	-	466	387

	Unrestricted Funds 2022 £'000	Restricted Funds 2022 £'000	Endowed Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
6. INVESTMENTS					
Dividends receivable	135	-	743	878	762
Interest receivable	-	-	1	1	2
Rents receivable	-	-	219	219	251
	135	-	963	1,098	1,015
7. RAISING FUNDS					
Glebe Agent's fees and expenses (including registration costs)	-	-	59	59	64
8. CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL					
Training for Ministry	216	-	-	216	215
National Church responsibilities	159	-	-	159	179
Retired clergy housing costs	81	-	-	81	79
Pooling of ordination candidates' costs	(48)	-	-	(48)	(80)
General Synod Representatives' Expenses	7	-	-	7	5
	415	-	-	415	398
9. PARISH MINISTRY					
Stipends and National Insurance	2,364	362	-	2,726	2,900
Pension costs	644	-	-	644	735
Housing costs – Council Tax	248	-	-	248	240
Parsonage Houses maintenance	899	-	-	899	51
Removal, resettlement and other grants (note 12)	45	-	-	45	66
Lowest Income Communities Grants (note 12)	41	-	-	41	40
Resourcing Churches	-	749	-	749	670
Energy grants to Parishes (note 12)	-	267	-	267	-
Other expenses	110	11	-	121	188
Healthier Churches Grants (note 12)	280	-	-	280	-
Support costs - Administration (see note 13)	771	-	-	771	733
	5,402	1,389	-	6,791	6,223
10. SUPPORT FOR MINISTRY					
Ministry and Discipleship	244	-	-	244	260
Calling Young Disciples project	131	101	-	232	349
Church Buildings Team	121	-	-	121	116
Capacity Restructuring	-	73	-	73	68
Safeguarding	122	-	-	122	125
World Church Links	3	-	-	3	-
Ordination Candidates Allowances and tuition fees	15	134	-	149	272
Ministry Hardship Grants for individuals (note 12)	-	38	-	38	-
Net Carbon Zero	17	-	-	17	-
Support costs – Administration (see note 13)	145	17	-	162	137
	798	363	-	1,161	1,327
11. SUPPORT FOR SCHOOLS					
Education team	218	132	-	350	291
Support costs – Administration (see note 13)	48	-	-	48	46
	266	132	-	398	337

12. GRANT ANALYSIS

	2022 £'000		2021 £'000	
Grants to Parishes				
Energy Grants to Parishes - 169 individual grants to Parishes	267		-	
Lowest Income Communities Grants				
Malvern St Andrew - Youth Minister				
Toldine Mission	-		2	
Parish Mission Support - Digital Communications	-		6	
Dudley Group Ministry - Administrator				
Ipsley Parish - Matchborough Community Missioner	3		-	
	17		2	
Healthier Churches Grants				
Mission Accompaniers	21		30	
Parish Mission Support - Digital Communications	41		40	
Kempsey - Children & Families Missioner				
Malvern Chase - Community Minister & Operations Manager				
Malvern Link with Cowleigh - Community Fridge & Collaborative Café	37		-	
Malvern Link with Cowleigh - Chaplaincy	2		-	
Pershore - Children & Families Worker	86		-	
	52		-	
Grants to Individuals	8		-	
	25		-	
Removal, Resettlement and Other Grants	70		-	
Resettlement Grants				
First Appointment Grants	280		-	
Removal Grants				
	2022	2022	2021	2021
	£'000	No. of Grants	£'000	No. of Grants
Ministry Hardship Grants for Individuals				
Total Grant Expenditure				
	13	5	25	10
	22	13	19	8
	10	4	22	10
	45	22	66	28
	38	22	-	-
	671		106	

13. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds 2022 £'000	Restricted Funds 2022 £'000	Endowned Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Central Administration	807	-	-	807	745
Governance:					
- External audit	21	-	-	21	28
- Registrar and Chancellor	135	-	-	135	143
- Synodical costs	1	-	-	1	-
	964	-	-	964	916

Support costs are apportioned as 80% Parish Ministry, 15% Support for Ministry and 5% Education.
Support costs are not allocated to the Glebe Agent's fees and expenses because the Glebe Agent provides his own administrative support.

13. ANALYSIS OF SUPPORT COSTS (continued)

	Activities Undertaken Directly £'000	Support Costs £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Cost of generating funds	59	-	59	64
Contributions to Archbishops' Council	415	-	415	398
Parish Ministry	6,020	771	6,791	6,223
Support for Ministry	1,000	162	1,161	1,327
Support for Schools	350	48	398	337
Charitable activities	7,784	981	8,765	8,285
Other - Old Palace	-	-	-	463
	7,843	981	8,824	8,812

14. STAFF COSTS

	2022 £'000	2021 £'000
Gross wages and salaries	1,300	1,374
Employers National Insurance Costs	126	124
Other Pension Costs - Annual	227	246
	1,653	1,744

The average monthly number of employees during the year was as follows:

	No. in 2022	No. in 2021
Full time	23.3	24.3
Part time	23.3	25.4
	46.6	49.6

In terms of full-time equivalent employees, the average number employed and their funding was as follows:

	No. in 2022	No. in 2021
Operational posts funded by the DBF	29.9	31.4
Project posts and operational posts funded from other sources*	9.4	10.0
	39.3	41.4

* other sources include Strategic Development Funding from the National Church, Bishops' office funding from the Church Commissioners, grants from trust funds and a contribution from reserves to the Calling Young Disciples project.

There are two employees with emoluments above £60,000 per annum (2021: two employees). Pension contributions are paid for 47 employees (2021: 50 employees).

As part of a project coming to an end during the year there were two redundancies in 2022 (2021 – three, which were part of an office relocation). Accordingly, the total paid during the year in termination and redundancy payments was £10k (2021: £33k).

Worcester Diocesan Board of Finance is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than the bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

14. STAFF COSTS (continued)

The WDBF paid an average of 96 (2021-108) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipends	2,636	2,815
National Insurance contributions & apprenticeship levy	218	227
Pension costs - current year	741	900
Pension costs - deficit reduction	191	195
	3,786	4,137

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 2022 they were:

Diocesan Secretary and Company Secretary	John Preston
Director of Finance	Helen Archer-Smith
Director of Education	Tim Reid
Director of Ministry and Discipleship	Jonathan Kimber
Director of Communications	Samantha Setchell
Deputy Diocesan Secretary - Restructuring	Robert Quarton

Remuneration and pensions for these six roles amounted to £328,977 (2021: £312,810).

Trustees' emoluments

No trustee received any remuneration for services as Trustee. Five (2021 – six) Trustees received travelling and out of pocket expenses, totaling £8,953 (2021 - £8,437) in respect of General Synod duties, duties as archdeacon or rural dean and other duties as Trustees.

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

	Stipend	Housing	Removal/ Resettlement Grant
The Revd M Badger (resigned 10.01.2022)	Yes	Yes	No
The Revd R M Clark (resigned 10.01.2022)	Yes	Yes	No
The Revd A C Davies	Yes	Yes	No
The Right Revd M Gorick	No	Yes	Yes
The Ven N J Groarke	Yes	Yes	No
The Ven R G Jones	Yes	Yes	No
The Revd Co C A Lording	Yes	Yes	No
The Revd A M Potter (resigned 10.01.2022)	Yes	Yes	No
The Revd B E Rienstra (resigned 10.01.2022)	Yes	Yes	No
The Revd A Todd	Yes	Yes	No
The Revd R Johnson	Yes	Yes	No
The Revd Co T J Williams	Yes	Yes	No

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 bishop but excluding diocesan bishop and cathedral staff.

15. SURPLUS FOR THE FINANCIAL YEAR

Is stated after charging / (crediting):

	2022 £'000	2021 £'000
Depreciation	28	32
(Surplus) on disposal of fixed assets	(879)	(1,127)
Operating Lease – Rent Old Palace	-	25
Operating Lease – Rent Lowesmoor Wharf	27	13
Auditors Remuneration – external scrutiny	21	28

16. TANGIBLE FIXED ASSETS

Unrestricted Funds

COST

	Board Houses £'000	Leasehold Improvements £'000	Fixtures and Fittings £'000	Totals £'000
At 1 January 2022	1,522	67	45	1,634
Additions	-	-	2	2
Disposals	-	-	-	-
At 31 December 2022	<u>1,522</u>	<u>67</u>	<u>47</u>	<u>1,636</u>

DEPRECIATION

At 1 January 2022	-	14	30	44
Charge for year	-	19	9	28
Disposals	-	-	-	-
At 31 December 2022	<u>-</u>	<u>33</u>	<u>39</u>	<u>72</u>

NET BOOK VALUE

At 31 December 2022	<u>1,522</u>	<u>34</u>	<u>8</u>	<u>1,564</u>
At 31 December 2021	<u>1,522</u>	<u>53</u>	<u>15</u>	<u>1,590</u>

Restricted Funds

COST

	Glebe Team Vicarages & Curates' Houses £'000	Parsonages Houses £'000	Pastoral Buildings £'000	Totals £'000
At 1 January 2022	12,293	19,579	192	32,064
Additions	1,288	650	-	1,938
Disposals	(760)	-	-	(760)
At 31 December 2022	<u>12,821</u>	<u>20,229</u>	<u>192</u>	<u>33,242</u>

DEPRECIATION

At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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NET BOOK VALUE

At 31 December 2022	<u>12,821</u>	<u>20,229</u>	<u>192</u>	<u>33,242</u>
At 31 December 2021	<u>12,293</u>	<u>19,579</u>	<u>192</u>	<u>32,064</u>

16. TANGIBLE FIXED ASSETS (continued)

	2022 £'000	2021 £'000
Total Tangible Fixed Assets		
Unrestricted funds – Net Book Value	1,564	1,590
Restricted funds – Net Book Value	33,242	32,064
	34,806	33,654

The parsonage houses are legally vested in the Incumbent as a freeholder during their incumbency. The Incumbent is not free to dispose of the house and is not responsible for the maintaining the house. The charitable company has both the benefits and obligations of ownership. The Trustees consider the difference between the carrying value and the market value of the interests in land and buildings not held as investments is not quantifiable.

Included in land and buildings is freehold land valued at £9.9m (2021- £9.9m) which is not depreciated. The freehold property of Board, Parsonage, Glebe and Pastoral buildings and the fixtures and fittings are held in the direct furtherance of the charity's objects.

17. FIXED ASSET UK INVESTMENTS

	Land and Property £'000	CBF Shares £'000	Cash £'000	Total £'000
Valuation				
At 1 January 2022	15,480	29,269	2,000	46,749
Additions/increase in deposit accounts	-	497	1,940	2,437
Disposals /decrease in deposit accounts	(23)	-	(2,540)	(2,563)
Increase/(Decrease) in revaluation	3	(3,476)	-	(3,473)
At 31 December 2022	15,460	26,290	1,400	43,150
At 31 December 2021	15,480	29,269	2,000	46,749

	Total 2021 £'000	Total 2020 £'000
UK investment property	15,460	15,480
Unlisted UK investment shares	26,290	29,269
CBF Investments	1,400	2,000
	43,150	46,749

Investment property was valued on an open market basis as at 31 December 2022 by Fisher German LLP, who is Glebe Agent. Historical investment costs are not readily available as much of the investment properties was acquired a considerable time ago.

	Total 2022 £'000	Total 2021 £'000
18. DEBTORS		
Current year Ministry / Parish Share and Donations	296	338
Fee receivable	41	57
Other debtors	535	170
Prepayments	26	29
Accrued Income	80	36
	978	630
19. CASH AT BANK		
Lloyds Bank PLC Accounts	606	603
20. CREDITORS: Amounts falling due within one year		
Trade creditors	157	86
Other taxes and social security	33	65
Other creditors	614	477
Deferred income	99	97
Accruals	102	29
Parsonage houses maintenance	114	127
Clergy Pension Scheme	-	191
	1,119	1,072
21. CREDITORS: Amounts falling due after more than one year		
Grant Accruals	147	-
Repayable Grant (see note 22)	-	33
	147	33
22. LOANS Amounts falling due in more than five years:		
Repayable otherwise than by instalments: Church Commissioners – Repayable Grant	-	33
	-	33
23. OPERATING LEASES		
Total commitments under non-cancellable operating leases are as follows:		
Land and Buildings		
Payable within one year of the balance sheet date	24	21
Payable in the second to fifth years inclusive of the balance sheet date	20	44
	44	65

24. PENSION COMMITMENTS - Church of England Funded Pension Scheme

The Worcester Diocesan Board of Finance, as a Responsible Body, participates in the Church of England Funded Pension 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 scheme separately from the company and the other participating Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions 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 a 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 (2022: £932k, 2021: £1,095k).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a. and an allowance for 2020 data of 0% (i.e. $w_{2020} = 0\%$).

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. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	Jan 2018 to Dec 2020	Jan 2021 to Dec 2022
Deficit repair contributions	11.9%	7.1%

Church of England Funded Pension Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022		2021	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		191		402
Deficit contribution paid	(107)		(195)	
Interest cost	-		1	
Remaining change to the balance sheet liability*	(84)		(17)	
		(191)		(211)
Balance sheet liability at 31 December		-		191

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	Dec 2022	Dec 2021	Dec 2020
Discount rate	n/a	0.0% p.a.	0.2% p.a.
Price inflation	n/a	n/a	3.1% p.a.
Increase in total pensionable payroll	n/a	(1.5%)	1.6% p.a.

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

24. PENSION COMMITMENTS - Church of England Defined Benefits Scheme

Worcester DBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Church of England Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2022: £227k, 2021: £246k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

25. SUMMARY OF MOVEMENTS IN FUNDS

	Balance at 1 January 2022 £'000	Income and Endowments £'000	Expenditure £'000	Investment Gains / (Losses) £'000	Transfers £'000	Balance at 31 December 2022 £'000
Unrestricted Funds						
General Fund	5,678	5,261	(5,249)	(382)	329	5,637
Designated Funds						
Healthier Churches Fund	2,500	-	(280)	-	-	2,220
Ministry Support Fund	700	209	(656)	-	469	722
Net Carbon Zero Fund	25	-	(17)	-	27	35
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	28	-	(3)	-	(25)	-
Lowest Income Communities Fund	258	776	(545)	-	-	489
Calling Young Disciples	180	-	(131)	-	(30)	19
Designated Funds	3,701	985	(1,632)	-	441	3,495
Total Unrestricted Funds	9,379	6,246	(6,881)	(382)	770	9,132
Restricted Income Funds						
Education Fund	258	132	(132)	(26)	-	232
Resourcing Churches	-	727	(749)	-	22	-
Calling Young Disciples	-	101	(101)	-	-	-
Capacity Grant Restructuring	-	73	(73)	-	-	-
Diocesan Pastoral Account Fund	2,409	-	-	(101)	-	2,308
Benefact Trust	-	122	(122)	-	-	-
Ordination Candidates Fund	-	32	(32)	-	-	-
Clergy Widows and Orphans Fund	-	11	(11)	-	-	-
Lay Staff Support Fund	11	-	(1)	(1)	-	9
Ministry Restricted Donations	-	11	(11)	-	-	-
Donation in Kind	-	16	(16)	-	-	-
RME Fund	137	122	(102)	-	-	157
Ministry Support Fund	-	209	(209)	-	-	-
Ministry Hardship Grants for Individuals	-	46	(38)	-	16	24
Energy grants to Parishes	-	283	(267)	-	(16)	-
Maynard and Outram Smith Library	-	103	-	-	-	103
Sundry Trust Funds	-	20	(20)	-	-	-
Restricted Funds	2,815	2,008	(1,884)	(128)	22	2,833
Endowment Funds						
Diocesan Stipends Capital Fund	26,538	-	-	2,453	-	28,991
Diocesan Unapplied Total Return	22,319	1,786	(59)	(5,309)	(792)	17,945
Diocesan Parsonage Capital Fund	19,480	-	-	(107)	-	19,373
Endowment Funds	68,337	1,786	(59)	(2,963)	(792)	66,309
TOTAL FUNDS	80,531	10,040	(8,824)	(3,473)	-	78,274

26. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted General fund £'000	Unrestricted Designated fund £'000	Total Unrestricted fund £'000	Restricted funds £'000	Endowed funds £'000	Total 2022 £'000
From Endowment Fund to General Fund for stipends under Total Return (see note 29)	983	-	983	-	(983)	-
From General fund						
- Annual allocation	(109)	109	-	-	-	-
- Reinvestment of operating surplus	(360)	360	-	-	-	-
From General fund to Net Carbon Zero Fund	(27)	27	-	-	-	-
From General fund to Endowment due to reduction in pension deficit liability	(191)	-	(191)	-	191	-
Resourcing Churches funded by DBF	22	-	(22)	22	-	-
Transfer of designated fund re World Church Links to unrestricted fund as no longer required	25	(25)	-	-	-	-
Calling Young Disciples adjustment so that the Designated Fund is equal to the charities budgeted commitment	30	(30)	-	-	-	-
Total	329	441	770	22	(792)	-

27. SUMMARY OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General Fund	1,564	-	2,554	239	(465)	1,745	5,637
Designated Funds							
Healthier Churches Fund	-	-	-	-	(216)	2,436	2,220
Ministry Support Fund	-	-	-	-	-	722	722
Net Carbon Zero Fund	-	-	-	-	-	35	35
Conferences Fund	-	-	-	10	-	-	10
Lowest Income Communities Fund	-	-	-	489	-	-	489
Calling Young Disciples	-	-	-	19	-	-	19
Designated Funds	-	-	-	518	(216)	3,193	3,495
Total Unrestricted Funds	1,564	-	2,554	757	(681)	4,938	9,132
Restricted Funds							
Education Fund	-	-	222	10	-	-	232
Diocesan Pastoral Account Fund	192	-	1,583	533	-	-	2,308
Lay Staff Support Fund	-	-	9	-	-	-	9
Ministry Hardship Grants for Individuals	-	-	-	24	-	-	24
Maynard and Outram Smith Library	-	-	-	103	-	-	103
RME Fund	-	-	-	157	-	-	157
Restricted Funds	192	-	1,814	827	-	-	2,833
Endowment Funds							
Diocesan Stipends Capital Fund	12,821	15,460	22,513	-	-	(3,858)	46,936
Diocesan Parsonage Capital Fund	20,229	-	809	-	(585)	(1,080)	19,373
Endowment Funds	33,050	15,460	23,322	-	(585)	(4,938)	66,309
TOTAL FUNDS	34,806	15,460	27,690	1,584	(1,266)	-	78,274

28. PURPOSE OF FUNDS

General fund is the WDBF's unrestricted undesignated fund available for any of the WDBF's purposes without restriction.

Healthier Churches Fund is a designated fund from which grants are awarded to support our churches towards greater health and sustainability.

Ministry Support Fund is a designated fund to offer transitional support for benefices with the new ministry share system.

Net Carbon Zero Fund is a designated to support the transition to Net Zero Carbon position.

Conference Designated Fund is an amount set aside to help fund the clergy conference which will take place in September 2023.

World Church Links Designated Fund relates to funds which were earmarked for the mission work with the World Church Links, however the balance on this fund was transferred back to unrestricted funds this year. In future this expenditure will be funded from general unrestricted funds.

Lower Income Communities Designated Fund is income received to support stipendiary ministry in the most deprived areas of the Diocese. Due to the pandemic not all of the planned projects could take place and hence the increase of the funds held at the year end.

Resourcing Churches is income received from Archbishops' Council for the Dudley and Worcester Resourcing churches.

Calling Young Disciples (CYD) Designated Fund relates to the cost of CYD which will need to be funded by WDBF over the course of the project which is above the restricted income which will be received. It is budgeted that these funds will be spent by 2023.

Capacity Grant Restructuring is income received from Archbishops' Council to fund additional central diocesan costs to enable strategic transformation within the diocese.

Lay Staff Support Fund is a restricted fund which can only be used for specific expenditure for lay support employees working at the WDBF.

RME Fund is the Resourcing Ministerial Education Fund from which block grants are received by WDBF, out of which training and maintenance costs are met. Any unused funds at the end of each year can only be used to fund future training and maintenance costs.

Ministry Restricted Donations related to the Diocese of Worcester Ministry fund which was launched as a result of the pandemic, due to the effects of reduced Ministry

Share. All income was expended during the year towards a stipend for a vicar.

Ministry Support Fund raises from donations from Benefices who have paid addition amounts above that of their Ministry Share ask to help and support Ministry in other areas of the Diocese. The whole of this fund is spent in the year received on Stipends.

Sundry Trust Funds is an amalgamation of sundry restricted trust funds which have been fully expended in the year.

Restricted Education Fund provides for income to be used for educational purposes.

The Restricted Stipends Capital and Income Funds have arisen from and are governed by the provisions of Section 35 of the Endowment and Glebe Measure of 1976 (as amended), which provides for the income to be used to pay clergy stipends and pension premiums. The capital can only be expended as provided by the Measure.

The Restricted Parsonage Capital Fund has arisen from the Mission and Pastoral Measure 2011 and can only be used for the provision of parsonage houses.

The Restricted Diocesan Pastoral Account Fund has arisen from the Pastoral Measure 2011 and can be used for purposes laid down in Section 94 of the Pastoral Measure 2011. This includes expenditure on any property vested by or under this Measure in the Church Commissioners of the DBF, and grants and loans for parsonage and church provision, restoration, improvement or grant.

Where the DBF is satisfied that any monies in the Diocesan Pastoral Account are not (likely to be) required for meeting the costs referred to in this section it may:

- a. Apply those monies by way of grant or loan to the provision, restoration, improvement or repair of church and parsonage house in the diocese, including the repair of any building closed for regular public worship vested in the Board pending the coming into operation of arrangement under a pastoral (church buildings disposal) scheme, or to other purposes of the diocese or any benefice or parish in the diocese; or
- b. Apply those monies by way of grant or loan for the benefit of another diocese; or
- c. Transfer monies to the Diocesan Stipends Fund Capital or Income Account (which cannot be reversed).
Sufficient funds must be held in the Fund to finance all redundant buildings in the Diocese; or
- d. Transfer those monies to one or more other accounts of funds held by the Board.

The Restricted Ordination Candidates Fund is to finance the costs of Ordinands in the Diocese. The expenditure is funded by income from a registered charity, the Ordination Candidates Trust Fund. No reserves are held in this fund.

The Restricted Clergy Widows and Orphans Fund is to finance the cost of clergy widows and orphans in the Diocese. The expenditure is funded by a grant from a trust fund, the Clergy Widows and Orphans Trust. No reserves are held in this fund.

The Restricted Calling Young Disciples Fund is to finance the cost of Mission Enablers. The expenditure is funded by grants from the Archbishops' Council.

The Restricted Benefact Trust Fund is to finance the cost towards clergy stipends. The expenditure is funded by grants from Benefact Trust. No reserves are held in this fund.

Energy Grant to Parishes was a grant from National Church to help Parishes with the increasing energy costs of heating their churches; this was distributed by the

Diocese. As allowed by the conditions of the grant, an amount of £16k was transferred to the Ministry Hardship Grants for Individuals.

Ministry Hardship Grants for Individuals was a grant from National Church to help those involved in Ministry with the increasing energy costs.

The Restricted Maynard and Outram Smith Library Fund is from the sale of donated books under the Charities Act Scheme known as Maynard Smith and Outram Smith Library. The proceeds can be used for the advancement of theology and theological learning for the benefit of the public, including providing grants for the training and maintenance of ordination candidates, and continuing education for those who are already ordained. Accordingly, the fund will be spent on clergy training.

The Donation in Kind was a grant in kind of 30 contactless donations devices from the National Church, which in turn were distributed to Parishes to enable them to receive donations in an increasingly cashless society.

29. ENDOWMENT FUND - TOTAL RETURN

	Trust for Investment £'000	Unapplied Total return £'000	2022 Total Endowment £'000	2021 Total Endowment £'000
At 1 January 2022				
Gift component of the permanent endowment	15,598	-	15,598	15,598
Accumulated inflation since original gift	10,940	-	10,940	9,505
Unapplied total return	-	22,319	22,319	21,288
	26,538	22,319	48,857	46,391
Movements in the year:				
Dividends, interest and rental income	-	963	963	902
Realised gains on sale of property	-	712	712	487
Unrealised gains on investments	-	(2,745)	(2,745)	4,265
Transfer from general fund for reduction in clergy pension deficit payments liability	-	191	191	195
Actuarial gain on clergy defined benefit pension scheme	-	-	-	17
Indexation on base value of investment	2,453	(2,453)	-	-
	2,453	(3,391)	(938)	5,866
Unapplied Total Return allocated transferred to income to fund stipends:				
- Equating to budgeted dividends and interest	-	(847)	(847)	(775)
- Equating to establishment of Healthier Churches Fund	-	-	-	(2,500)
- Equating to contribution to Transitional Support for Parishes Fund	-	(109)	(109)	(100)
- Equating to contribution to Net Zero Carbon Fund	-	(27)	(27)	(25)
	-	(983)	(983)	(3,400)
Net movements in year:	2,453	(4,374)	(1,921)	2,466
At 31 December 2022	28,991	17,945	46,936	48,857

29. ENDOWMENT FUND - TOTAL RETURN (continued)

The trustees adopted a Total Return accounting approach under the Diocesan Stipends Funds (Amendment) Measure 2016 with effect from 1 January 2021.

The trustees decided that £7,169k of Unapplied Total Return (UTR) is to be kept as a minimum UTR reserve so that the underlying value of the Unapplied Total Return investment fund is protected.

The indexation base value on investment has been calculated by taking the annual CIPH percentage increase for the year.

The release of funds which can be transferred to the income fund in order to fund stipends is limited to no more than the annual amount spent on stipends for clergy each year. Accordingly, the maximum which could be realised in 2022 was £3,369k (2021 - £3,635k).

30. FINANCIAL INSTRUMENTS

Financial assets measured at fair value

Financial assets measured at amortised cost

Financial liabilities measured at amortised cost

Financial liabilities measured at fair value

	2022 £'000	2021 £'000
Financial assets measured at fair value	26,290	29,269
Financial assets measured at amortised cost	2,983	3,233
Financial liabilities measured at amortised cost	(1,266)	(1,105)
Financial liabilities measured at fair value	-	-

Financial assets measured at fair value comprise unlisted investments.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and receivables and a parish loan.

Financial liabilities measured at amortised cost comprise accruals, other creditors, the Clergy Pension Scheme liability and amounts held for other bodies.

Financial liabilities measured at fair value comprise value linked loans.

31. FUNDS HELD AS CUSTODIAN TRUSTEE

The Worcester Diocesan Board of Finance acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are Parochial Church Councils and others.

Assets held in this way are not aggregated in these financial statements as the Board does not control them. The financial assets held in this way may be summarised as follows:

	2022 £'000	2021 £'000
Church of England Investment Fund income shares	15,406	17,110
CBF Church of England Fixed Interest Securities Fund shares	223	356
CBF Church of England Investment Fund accumulation shares	164	69
CBF Church of England Property Fund shares	231	262
CBF Church of England Deposit Fund	1,737	2,393
Total assets held as Custodian Trustee	17,761	20,190

32. CONNECTED PARTY TRANSACTIONS

The Board is associated with various charities and trusts due to the majority of their trustees being trustees of the Board. The trustees consider that this relationship does not inhibit either charity from pursuing its own separate interests. The amounts due to / (from) the DBF at 31 December 2022 are as shown below. During the year ended 31 December 2022 the Board has received grants from the charities and trusts as follows:

	Grants Receivable 2022	Grants Receivable 2021	Amounts due to/(from) the DBF at 31 Dec 2022	Amounts due to/(from) the DBF at 31 Dec 2021
Worcester Diocesan Social Responsibility Fund	22,000	24,500	-	22,000
Worcester Diocesan Ordination Candidates Fund	32,300	30,000	5,300	2,000
Worcester Diocesan Church Schools Improvement and Maintenance Fund	134,500	106,500	-	(10,977)
Worcester Diocesan Clergy Holiday Fund	4,136	3,665	-	-
Lye Church Estate Trust	8,750	8,463	-	-
Cholmondeley Bequest Fund	1,229	1,189	-	-
Trust Administration Fund	1,184	770	-	-
Special Purposes Fund	8,001	7,751	-	-
Redditch Holy Trinity Charity	25,000	25,000	25,000	-
Diocesan Records Office Income Fund	19,074	8,640	8,687	-
Clergy Widows & Orphans Income	10,577	8,065	-	-
Clent Hall Parish Hall	6,000	6,000	-	-
Abberton Spire Trust Fund	13,675	12,253	570	570

In addition to the above grants, an administration contribution is paid from the Church Schools Improvement and Maintenance Fund. This figure in 2022 was £13,013 (2021 - £11,117)

- The Board acts as Trustee for a number of funds and has delegated its role, by virtue of a resolution dated 26 June 1934, to its Trust Committee (Diocesan Trustees). These funds objects all fall within the wider objects of the DBF. These funds are:
- Mary Bottjer Trust
 - Lye Church Estate Trust
 - Queen Victoria Clergy Fund
 - In Service Training Fund
 - Pendock Church of England Voluntary School Fund
 - Ronkswood Holy Trinity & St Matthew Trust Fund
 - St Edmund King & Martyr Dudley Fund

The Dean and Chapter of the Cathedral, Worcester is considered a connected party as there are common Trustees between the two entities, being The Bishop of Worcester and The Dean of Worcester. Full details of the transaction between these entities are disclosed in note 33 below. £440,000 was owed to The Dean and Chapter of the Cathedral, Worcester at the 2021 year end date as included within creditors in these financial statements; this was fully paid and settled within 2022.

33. OLD PALACE DILAPIDATIONS SETTLEMENT

As part of the charity's cost reduction plan, the operating premises of Worcester Diocesan Board of Finance moved from the Old Palace, Deansway, Worcester to 16 Lowesmoor Wharf, Worcester during 2021. The lease of the Old Palace required the charity to keep the premises in no worse state of repair than when the lease was entered into. Considering the significant investment in the Old Palace over the years, the Board is of the opinion that the Old Palace is in a better state of repair when the lease ceased on 28th September 2021. However, the Board has paid the Dean and Chapter of the Cathedral, Worcester, as the landlords of the Old Palace, a total settlement of £463k to settle all liabilities including dilapidations, final lease costs and legal costs.

34. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	4,244	-	-	4,244	4,431
- Archbishops' Council	3a	750	884	-	1,634	1,372
- Other donations	3b	589	203	-	792	779
Charitable activities	4	466	75	-	541	464
Other activities	5	387	-	-	387	366
Investments	6	113	-	902	1,015	946
Other – gains on sale of tangible fixed asset properties		333	118	676	1,127	1,038
		6,882	1,280	1,578	9,740	9,396
EXPENDITURE						
Raising funds	7	-	64	-	64	58
Charitable activities						
- Contributions to Archbishops' Council	8	398	-	-	398	439
- Parish Ministry	9	5,604	607	-	6,211	6,187
- Support for Ministry	10	873	452	-	1,325	1,312
- Support for Schools	11	336	-	-	336	327
Other - General	12	15	-	-	15	88
Other - Old Palace	33	463	-	-	463	-
		7,689	1,123	-	8,812	8,411
Net income before investment gains		(807)	157	1,578	928	985
Net gains on investments		236	137	4,380	4,753	1,268
Net income		(571)	294	5,958	5,681	2,253
Transfers between funds	26	3,217	(12)	(3,205)	-	-
Other recognised gains/(losses)						
Actuarial gain/(loss) on defined benefit pension scheme	24	-	-	17	17	(29)
Net movement in funds		2,646	282	2,770	5,698	2,224
Total funds brought forward	25	6,733	2,533	65,567	74,833	72,609
Total funds carried forward	25	9,379	2,815	68,337	80,531	74,833

35. PRIOR YEAR COMPARATIVE ANALYSIS OF MOVEMENT IN FUNDS

	Balance at 1 January 2021 £'000	Income and Endowments £'000	Expenditure £'000	Investment & Pension Gains £'000	Transfers £'000	Balance at 31 December 2021 £'000
Unrestricted Funds						
General Fund	6,058	6,132	(6,754)	236	6	5,678
Designated Funds						
Healthier Churches Fund	-	-	-	-	2,500	2,500
Ministry Support Fund	-	-	-	-	700	700
Net Carbon Zero Fund	-	-	-	-	25	25
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	28	-	-	-	-	28
Holland House Fund	-	-	-	-	-	-
Lowest Income Communities Fund	243	750	(735)	-	-	258
Calling Young Disciples	394	-	(200)	-	(14)	180
Designated Funds	675	750	(935)	-	3,211	3,701
Total Unrestricted Funds	6,733	6,882	(7,689)	236	3,217	9,379
Restricted Income Funds						
Education Fund	230	-	-	28	-	258
Resourcing Churches	-	670	(670)	-	-	-
Calling Young Disciples	-	149	(149)	-	-	-
Capacity Grant Restructuring	-	65	(65)	-	-	-
Diocesan Pastoral Account Fund	2,183	118	-	108	-	2,409
Ordination Candidates Fund	-	33	(33)	-	-	-
Clergy Widows and Orphans Fund	-	8	(8)	-	-	-
Lay Staff Support Fund	10	-	-	1	-	11
Ministry Restricted Donations	-	16	(16)	-	-	-
RME Fund	110	187	(148)	-	(12)	137
Other	-	34	(34)	-	-	-
Restricted Funds	2,533	1,280	(1,123)	137	(12)	2,815
Endowment Funds						
Diocesan Stipends Capital Fund	25,103	-	-	1,435	-	26,538
Diocesan Unapplied Total Return	21,288	1,389	-	2,847	(3,205)	22,319
Diocesan Parsonage Capital Fund	19,176	189	-	115	-	19,480
Endowment Funds	65,567	1,578	-	4,397	(3,205)	68,337
TOTAL FUNDS	74,833	9,740	(8,812)	4,770	-	80,531

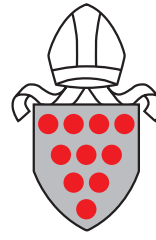
36. PRIOR YEAR COMPARATIVE OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General Fund	1,590	-	3,948	76	(914)	978	5,678
Designated Funds							
Healthier Churches Fund	-	-	-	-	-	2,500	2,500
Ministry Support Fund	-	-	-	-	-	700	700
Net Carbon Zero Fund	-	-	-	-	-	25	25
Conferences Fund	-	-	-	10	-	-	10
World Church Links Fund	-	-	-	28	-	-	28
Lowest Income Communities Fund	-	-	-	258	-	-	258
Calling Young Disciples	-	-	-	180	-	-	180
Designated Funds	-	-	-	476	-	3,225	3,701
Total Unrestricted Funds	1,590	-	3,948	552	(914)	4,203	9,379
Restricted Funds							
Education Fund	-	-	248	10	-	-	258
Diocesan Pastoral Account Fund	192	-	1,683	534	-	-	2,409
Lay Staff Support Fund	-	-	11	-	-	-	11
RME Fund	-	-	-	137	-	-	137
Restricted Funds	192	-	1,942	681	-	-	2,815
Endowment Funds							
Diocesan Stipends Capital Fund	12,293	15,480	24,462	-	(191)	(3,187)	48,857
Diocesan Parsonage Capital Fund	19,579	-	917	-	-	(1,016)	19,480
Endowment Funds	31,872	15,480	25,379	-	(191)	(4,203)	68,337
TOTAL FUNDS	33,654	15,480	31,269	1,233	(1,105)	-	80,531

WORCESTER DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 247778

Accounts



THE CHURCH
OF ENGLAND
DIOCESE OF
WORCESTER



Report of the Directors and Financial Statements
for the year ended 31 December 2021 for
Worcester Diocesan Board of Finance Limited
Registered Charity Limited by Guarantee
Company Registration Number 00271752 Registered Charity Number 247778



2021 REPORT



THE CHURCH OF ENGLAND
DIOCESE OF WORCESTER

Company Registration Number 00271752

Registered Charity Number 247778

Published June 2022

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2021



£4.2 million in parish share received, paying 77% of the cost of parish ministry (£5.5m).



14 people ordained to serve in parishes across the Diocese and 5 new Lay Ministers licensed.

Company Information for the year ended 31 December 2021

The full name of the charitable company is Worcester Diocesan Board of Finance Limited. The directors, who are also the trustees and members of the Bishop's Council of the Diocese, during the year and up to the date the report was approved are:

Directors

The Reverend A Todd
 The Right Reverend J G Inge
 The Right Reverend M Gorick
 The Venerable N J Groarke
 The Venerable R G Jones
 The Very Reverend P G Atkinson
 E A Wiles (Vice Chair)
 B W Allbut
 The Reverend M Badger
 (resigned 10.01.22)
 The Reverend R M Clark
 (resigned 10.01.22)
 The Reverend A C Davies
 The Reverend R Johnson
 (appointed 9.03.22)
 P V Kear (appointed 25.01.22)
 J K Layton
 The Reverend C A Lording
 J A Lovesy (resigned 10.01.22)

R C Lunn (resigned 10.01.22)
 D I A R Phillips
 The Reverend A M Potter
 (resigned 10.01.22)
 H A Richards
 The Reverend B E Rienstra
 (resigned 10.01.22)
 D J Sparkes (resigned 10.01.22)
 The Reverend T J Williams
 (appointed 17.02.22)

Company Secretary

J P H Preston

Registered Office

16 Lowesmoor Wharf
 Worcester WR1 2RS

Registered Number

Company: 00271752
 Charity: 247778

Auditors

Haysmacintyre LLP,
 10 Queen Street Place,
 London EC4R 1AG

Bankers

Lloyds Bank Plc, 4 The Cross,
 Worcester WR1 3PY

Solicitors

SME Solicitors LLP, 8 Sansome Walk,
 Worcester WR1 1LW

Investment Advisors

CCLA Investment Management Ltd,
 Senator House, 85 Queen Victoria
 Street, London EC4V 4ET

Insurance Agents

PIB Insurance Brokers Ltd,
 Poppleton Grange, Low Poppleton Lane
 York, Yorkshire YO26 6GZ

Property Investment Adviser

A N Champion FRICS, Fisher German LLP,
 Chartered Surveyors, Global House,
 Hindlip Lane, Worcester WR3 8SB

In 2021 our finances broke-even thanks to the generosity of parishes and significant cost savings made.



Report of the directors for the year ended 31 December 2021

The directors, who are also trustees for the purposes of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021.

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

Chair's Report

"... the difference that makes the difference" (Gregory Bateson)

Date: 16 May 2022

The English anthropologist Gregory Bateson is credited with the phrase "the difference that makes the difference." He was referring to the ways in which introducing information into a situation can have a huge effect on the outcome, but the phrase can equally well describe the impact of other seemingly small changes which result in big differences. Among the many stories which lie behind this set of Financial Statements – stories of individuals, parishes and benefices, and the whole Diocesan community – I would like to draw your attention to three fairly modest changes which I believe there is reason to hope will come to be seen as "differences which made a difference" in the life of this Diocese.

Firstly, previous years' accounts have described our journey as a Diocese to recover from an operational deficit (the amount by which the Diocese's expenditure on its core operations exceeds its income) of £1.1m in 2018. Despite the very challenging economic environment of the last couple of year, I am delighted that the result for 2021 was essentially break-even. This is a testimony to the remarkable generosity of parishes in sustaining levels of parish share, but also reflects the reality of at-times painful cost savings. To be able to approach the deep ongoing uncertainties now facing our churches with the Diocesan finances on a more sustainable footing is something for which we can be profoundly grateful.

Secondly, the foundations have been laid for the transition from the Parish Share system to Ministry Share, which makes more direct – and therefore more visible – the link between the cost of ministry and benefices' contributions. Inevitably the move has led to some challenging conversations, both within benefices, and between benefices and Diocese, but there is evidence that these conversations are proving very fruitful, underlining the vital importance of open dialogue and good communication at every level. Support, both financial and in terms of advice,

is available to benefices during the transition period. The Diocese has also reiterated its commitment to supporting lower income communities, especially through the Ministry Support Fund supplemented by National Church Grants.

Thirdly, a significant development has been the move to a 'Total Return' basis of managing some of the Diocesan endowed funds, which affords greater flexibility in their use. Users of these accounts who reach Note 29 (as I hope many readers will!) will see a figure of £2.5m relating to the establishment of a Healthier Churches Fund. This is a key element of the support being provided by the Transformation Programme to help parishes formulate and move towards their own aspirations for a healthy and sustainable future. It is the hope of the Diocesan Synod that this fund will result in many seeds being planted to grow the mission and ministry of the Church – differences that will make a difference.

More information is available on these and many other aspects of the stories behind these accounts throughout the pages which follow - and especially in the rest of the Report of the Directors – which I warmly commend to you.

It is clear that parishes are continuing to face very considerable ongoing challenges, not least in the form of inflationary pressures. My hope and prayer is that the modest changes outlined above will go some way towards positioning the Diocese better to weather these storms and indeed to thrive in its calling to grow as Kingdom People. Ultimately, however, our confidence is based only on the faithfulness of God, "our help in ages past, our hope for years to come."



The Reverend Andy Todd, Chair

Public Benefit

The directors of the Worcester Diocesan Board of Finance Limited (WDBF) are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board.

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

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

Structure, Governance and Management

The company is governed by its memorandum and articles of association. The company is controlled by the Bishop's Council of Trustees. The Diocesan Mission, Pastoral and Resources Committee, the Parsonages Committee and the Investment and Glebe Committee have powers related to their activities delegated by the authority of the Diocesan Synod. In March 2021, Diocesan Synod approved and implemented the recommendations of a Governance Review group which clarifies the strategic nature of the Bishop's Council of Trustees, and brings together financial governance into a single Finance and Resources Committee. The report also widens the responsibility of the Audit Committee to expand the challenge it brings to aspects of the WDBF's work.

The elected clergy and lay directors are elected by the respective houses of clergy and lay members of the Diocesan Synod and further directors are co-opted by the Bishop's Council so as to seek that among its elected and co-opted members that all the deaneries in the Diocese are represented, subject always to there being a majority of lay elected and co-opted directors. At the start of each triennium, the members of the Bishop's Council are given a full and substantive overview of their duties and responsibilities as directors of the company and trustees of the charity. Training is updated within the triennium as and when required. The company is limited by guarantee and therefore the directors have no beneficial interest to disclose.

The Diocesan Secretary is responsible for the day-to-day management of the charity as delegated by the charity trustees. The senior management team is made up of the Diocesan Secretary, the Director of Finance, the Director of Education, the Director of Communications, the Director of Ministry and Discipleship and the Deputy Diocesan Secretary - Transformation. The administration of the charity is undertaken by the employed staff, who are based at 16 Lowesmoor, Worcester.

The Board is associated with a number of other charities and funds, full details are included with the related party transactions within note number 32 to these financial statements.

Objectives and Activities

The principal object of The Worcester Diocesan Board of Finance (WDBF) is to advance the Christian faith by promoting, assisting and advancing the work of the Church of England in the Diocese of Worcester by acting as the financial executive of the Worcester Diocesan Synod. This includes the enabling of public worship, pastoral care and the promotion of Christian values by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

A major part of the Board's responsibilities results from legislation with regard to funding the costs of the clergy in the diocese of Worcester including stipends, pension contributions, maintaining clergy houses and paying council tax and water rates. The Board also supports clergy and lay people with training for Christian mission and ministry including children's and youth work.

The WDBF also 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; and
- 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 Board's main sources of income are contributions of Parish Share (Ministry Share from 1st January 2022) from Parochial Church Councils and income from grants and from investments. The Board is responsible for the custody and management of the Diocesan Synod's financial affairs as well as those of the Diocesan Board of Education which works with church schools and academies.

In addition to their important role in the governance of the company, and as well as contributing to the work of the Church at a parish level, volunteers make a significant contribution to the delivery of the following activities:

- The work of the Diocese's committees and working groups
- Work with children and young people
- The development of vocations and the provision of training for lay and ordained ministry
- Help and advice given to parishes by the Diocesan Advisory Committee for the care of churches
- Mission and social responsibility work under the umbrella of several groups including the Commission for Social Responsibility and the Eco-Church group.

2021 Priorities

The Diocese has a long-established Kingdom People vision, which is underpinned by four values: love, compassion, justice, freedom. Our vision is that as we grow as Kingdom People, we will see more people come to worship God, that we will engage in transformative ministry within our communities, bringing hope and supporting those who consider themselves to be Christians develop their faith throughout a lifelong journey of discipleship.

In last year's report we set out our priorities for 2021:

- **PRIORITY 1:**

To continue our transformation programme, helping churches to think through new and creative patterns of worship, to share the hope that Jesus Christ offers, to make disciples and to transform our communities as we live out our Kingdom people values.

The pandemic held back some of the progress we had hoped to make in 2021. Analysis of parish returns for October 2021 showed that numbers attending church at that point were around 20% lower than in 2019, although on top of this there were a number accessing church online (equating to around a third of the reduction). We were able, however, to make good progress with the enablers of transformation: deanery restructuring, a governance review and the new Ministry Share system. These enablers don't by themselves make us healthier or more sustainable but provide a framework in which it is easier for parishes to grow in health and sustainability.

- **PRIORITY 2:**

Supporting and enabling churches to become healthier and more sustainable. Within that, we will offer support and training to the six new deaneries to enable effective local discussions about how our churches can most effectively engage with their communities in ministry and mission.

At the November 2021 Synod we announced the launch of a programme of Mission Companiers, offered to all parishes, which will support them as they develop and implement plans to increase their health and sustainability. At the same Synod, the creation of a Healthier Churches Fund was also announced, blending some funding enabled by the Council's decision to adopt a Total Return approach to the accounting for the Stipends Capital Fund, with funding for our Lowest Income Communities provided by the national church.

- **PRIORITY 3:**

Enabling our Calling Young Disciples and Resourcing Church projects to review their plans in the light of the pandemic and assess whether project plans or activities need to change.

Regular programme reviews have continued

throughout the period and have had a specific focus on the impact of the pandemic on the progress of the projects and on the delivery of the objectives and outcomes of the Calling Young Disciples and Resourcing Churches projects. Timing slippages and project underspend have been constantly reviewed and have resulted in Change Requests being submitted and subsequently approved by the Strategic Development Unit (SDU). This approval formally extended the completion dates of each project, to retime various aspects of the original plans, and to adjust various elements to accommodate the new context and emerging situation.

- **PRIORITY 4:**

Appointing a Dean of Smaller Churches and developing a package of support which makes it easier for smaller and struggling churches to remain open, even if that needs to be in a limited way.

Dean of Smaller Churches was appointed and fully in post by February 2021. Four areas of work have been identified as strategic priorities to support the population of Smaller Churches being Buildings, Administration, Governance, and new models of Ministry. In addition to working proactively on these areas, the Dean of Smaller Churches is working alongside individual churches and with benefices, to encourage them to consider how they can best be healthy and sustainable and help them to implement identified changes.

- **PRIORITY 5:**

To agree and implement a new Parish Share system which builds financial sustainability and more effectively resources ministry across the diocese.

Diocesan Synod gave overwhelming approval to move to a new system of Ministry Share from 1st January 2022. This requests from each benefice a contribution equal to the income-adjusted cost of ministry in that benefice. Diocesan Synod's approval followed a wide consultation, with over 200 people attending a series of consultation events. The new system should enable stability, as requests should only change by the change in the level of clergy stipends/staff wages.

Overview

Despite the Coronavirus pandemic, we sought to continue to grow as Kingdom People. Three enablers of that growth were put in place during 2021:

1. We simplified our deanery structure from 13 deaneries to 6, and new Area Deans were appointed to lead Deanery Leadership Teams in each of these deaneries.
2. The Governance Review group produced its final report, the recommendations of which were accepted by Bishops Council and Diocesan Synod. This simplified our governance structure, focusing financial governance into a Finance and Resources Committee as a sub-group of the Bishop's Council of Trustees. The remit of the Audit Committee was strengthened to add a greater focus on risk management and challenge.
3. The new method of Ministry Share was agreed and implemented from 1st January 2022 (*as reported p7*).

Progress on Strategic Projects

Progress on the "Calling Young Disciples" project which seeks a strategic, significant, and sustained increase in the capacity of many churches across the diocese to engage with children and young people was for the second year significantly impacted by the pandemic – with most staff been furloughed during the first quarter of 2021. Once national coronavirus restrictions began to ease, churches again commenced in-person worship, and confidence was regained, work with children and youth people began to return. This was constrained by social distancing requirements, and by a hesitation in some places to quickly return to pre-Covid norms. Nevertheless, the basic design of the project continues to be judged appropriate and has enabled and embedded new confidence, capacity and capability within parishes.

Clergy are reporting 62 new regular worshippers over 2021, including 19 they specifically discern to be on an active journey of discipleship. It is currently unclear how many volunteers that paused engagement during the pandemic will return. There is similar uncertainty regarding those who had become worshippers at early stages of the project.

Two new Mission Enablers started on the programme during the year to replace a leaver and to cover for one existing ME on maternity leave. Ruth Walker left the role of Project Director in September, and operational leadership of the programme transferred to the Director of Ministry and Discipleship.

Towards the end of the year, approval was sought and gained from the SDU to use the salary underspend generated by the earlier furloughing of Mission Enablers, to extend the project from November 2022 to September 2023. This extension will now allow up to 2 full time equivalent Mission Enablers to remain in post, working with several specific congregations to deliver practical and focused children and young people activities, aimed at further growing the number of new disciples.

Despite significant impact of the Covid pandemic, including the inability to hold in-person worship or community activities for many months, both Resourcing

Churches continue to make progress across many aspects of their plans. Overall, 2021 has been a period of consolidation and regrouping as the churches have slowly emerged from the realities of the pandemic. Both churches continue to see people joining the church and people reconnecting more intentionally – with Sunday attendance increasing and online attendance stabilising. All Saints have seen particular growth in students and youth (which is the group research suggests have struggled the most with online church during the pandemic).

All Saints has enabled the launch of a new Church Plant in September 2021 at St Peter's Bengeworth – with the release of a planting vicar from the clergy team, and a number of All Saints congregation members moving to assist in creating and building the new congregation.

The refit of St Helens which was due to start during 2021 has been delayed by the pandemic and is now looking to commence during the second half of 2022.

Top Church's in-person attendance at the 4pm service has remained relatively stable, with more people from the local community are now regularly attending. A second Sunday service was launched at the end of the year. Additionally, 4 midweek small groups have taken place (Alpha, Black Theology, Spirit Lyfe & Working with Other Faiths). Tiny Town, midweek communion and Places of Welcome have grown since the relaunch in October, with the steady growth in the number of people attending. Community connections continue to grow – with highlights including the Invictus Education Trust's Alternative Provision using the church for 4 mornings per week, and Alcoholics Anonymous holding weekly meetings in the church vestry.

Match-funding for the National Lottery Heritage Fund (NLHF) project at Top Church has not yet been secured, with the project therefore at risk. Multiple funding applications have been submitted with some success, but the remaining funding gap is still significant. Meetings are to be held in the first quarter of 2022 to evaluate the situation and determine a way forward.

Ministry Development

5 out of 5 candidates were recommended for ordination training in 2021. We now have 16 ordinands training, down from 21 last year. The number of those exploring ordination is lower than it has been for some time. In contrast, there were 22 participants in the Growing Leaders Course in 2021 – a new record. A new cohort of 5 has begun training for Reader Ministry, matching the 5 in their second year, and the 5 new Readers who were licensed. 19 completed training for Authorised Lay Ministry (ALM). Experimental deanery-based provision of ALM training is currently underway. Participation in ongoing clergy continual ministerial development (CMD) was, for much of the year, significantly lower than normal. This pattern was repeated in other dioceses. This is probably primarily because of the many other demands and challenges on clergy time and energy. In addition to the ongoing training of new ministers (as described above), the Ministry and Discipleship Team organised over 50 training and support events, with a total attendance of over 1,000.

Living in Love and Faith (LLF), a national project about identity, sexuality, relationships and marriage, has been a national and diocesan focus this year. Its current, nationwide, learning and consultation phase concludes at the end of April 2022. Many who have been able to engage with the national materials have found doing so very enabling insight and conversation. A panel discussion in November saw around 80 attending, in an atmosphere that was both honest and gracious. However, the pandemic context has been a particularly challenging one for this project – parishes and people have varied significantly in whether it has been seen as a sufficient priority to be given time. At least 160 people across the diocese have engaged with the five-session national LLF course.

One significant new development begun in 2021 is the planning of a new 'Auxiliary Pathway' for formation and discernment regarding ordination. An experimental cohort on this pathway is planned to commence in September 2022. It will be locally focused: selection and training will be from within the diocese but guided by the national framework; the bishops will be involved in the formational input; it is oriented towards locally-focused ordained ministry – typically a self-supporting assistant role, perhaps with day-to-day ministerial responsibility for one or more smaller churches in a larger benefice or team. We hope that around two or three people per deanery might engage with this pathway: 12 to 20 in total.

Support for Church Buildings

The team continued to support parishes as they adapted to the changing circumstances of further lockdowns, relaxation of measures and reopening through 2021. They supported several parishes in applications to the Cultural Recovery Fund, with churches in the diocese accessing nearly £250,000 from the fund, both for urgent building works and general operating costs.

A new Chancellor, Jacqueline Humphreys, was appointed at the start of the year. The work of the Diocesan Advisory Committee (DAC) continued with visits to site again possible: applications remained understandably fewer than pre-pandemic though included significant applications for telephony and technology to support the return to church and hybrid working. (2021 – 45, 2020 – 44, 2019 – 97); and for Archdeacon's List B permission 104 (2020 – 93, 2019 – 108).

The team have supported the Dean of Smaller Churches as she began her new role, holding regular meetings and joining site visits as we seek to find sustainable ways to maintain the presence of these buildings in their communities and to launch the Church Buildings Management Partnership.

A major online conference – run with colleagues from other West Midlands dioceses – focused on the ability of churches to resume activities and projects after the pandemic drew attendees from our parishes, those further afield and diocesan colleagues from across the country, Ireland and other denominations (more attendees than could have ever fit in a physical venue). This partnership will run an in-person conference in Kidderminster in 2022, supported by coordinated online sessions.

A key strand of learning for the team and DAC through the year has been to understand the requirements of the Church's ambitious target to become Net Zero Carbon by 2030. Planning for pilot studies to understand the needs of our churches to move towards decarbonisation (both locally and nationally) will take place during 2022.

Education

During the year, The Education Team have had significant staffing changes over the course of the year. Tim Reid was appointed as the new Director of Education, Duncan Hutchison was appointed to lead the teams work on the Training and Support Service Level Agreements (SLA) which focuses on developing the Christian Ethos, Religious Education and Collective Worship and Janine Jenkins was appointed as the Education Team's Administrator.

The work carried out by the Education Team has focused on providing a range of core services to schools in line with the DBE measure, and three Service Level agreements. The Training and Support Service Level Agreement designs and delivers training for all 100 church schools, the School Effectiveness Support Service Level Agreement provides bespoke packages of support to improve the quality of leadership, teaching and learning, and the third Service Level Agreement improves

governance by delivering training to governors.

During the year the Education Team supported the facilitation of building projects in VA schools valuing over £450,000, and also initiated the set-up of a Diocesan Multi Academy Trust for Church of England Schools in Dudley.

The new Diocesan Board of Education Measure scheme was agreed by the DBE on 6th July 2021, approved by Diocesan Synod on 11th November 2021 and certified by Archbishop's Certificate, signed by Nigel Genders on 14th December 2021. The new Measure will come into operation on the 1st January 2023 when the DBE will become a statutory committee of the DBF.

The wider strategy continues to be to promote education within the Diocese. The detail of the strategy is outlined within the scheme published on the Diocese of Worcester website.

Net Zero Carbon

As with other parts of the Church of England, the Diocese has signed up to the ambitious target of achieving net zero carbon emissions by 2030. During the year, an analysis of the carbon usage by area of church life (churches, schools, parsonages, offices etc) was carried out. This will enable the development of sector appropriate strategies to make a significant reduction in carbon emissions. A portion of the Total Return fund has been designated to support this work by enabling specialist consultancy to be engaged to ensure that our strategies are both cost and climate effective.

2022 Priorities

As the nation hopefully emerges from the coronavirus pandemic, our Kingdom People vision will continue to guide us in seeking the coming of God's kingdom on earth. As churches re-commence worshipping in person and re-connect with their communities, our priorities will be:

- To continue our transformation programme, helping churches to think through new and creative patterns of worship, to share the hope that Jesus Christ offers, to make disciples and to transform our communities as we live out our Kingdom people values;
- Supporting and enabling churches to become healthier and more sustainable by an effective Mission Accompanier programme, and providing grant funding through the Healthier Churches Fund;
- Enabling our Calling Young Disciples to move towards a conclusion effectively, seeking to maximise its achievement of desired outcomes. Supporting the Resourcing Church projects to emerge from the pandemic and regain momentum against desired project outcomes;
- To enable the launch of a Church Buildings Management Partnership which will provide support to our smallest churches in managing their buildings;
- To ensure that the new Ministry Share system is operating well, and that transition is happening effectively.

Financial Review

Total incoming resources for the year were £9,740,000 (2020 - £9,396,000). The principal funding source was from Parish Share which represents 43.6% (2020 – 47.2%) of total incoming resources. Total Parish Share received during the year was £4,244,000 (2020 - £4,431,000) representing 73% (2020 – 76%) of the total requested. Endowments rose by £5,975,000 (2020 - £1,419,000) this is as a result of investment income, gains in investments and surpluses on property sales. The significant increase is a result of the investment unrealised gains (see investment performance below). From the endowment £3,205,000 was transferred to general funds under Total Return Accounting, see below and note 26. Total resources expended were £8,812,000 (2020 - £8,411,000).

The Statement of Financial Activities on page 18 shows an overall increase in funds of £5,698,000 (2020 - £2,224,000), of which £4,753,000 related to unrealised investment gains, and £1,127,000 from surpluses on property sales.

The underlying result for the year was an operational surplus of £269,000 plus an investment of £200,000 into our strategic projects (2020 - £236,000 deficit plus an investment into strategic projects of £145,000). From this operational surplus the charity paid £463,000 as exceptional costs to settle all liabilities including dilapidations, final lease costs and legal costs as a result of the long-term cost reduction plan of moving out of the previous operating premises – The Old Palace (see note 33). The reported results included the cash impact of the clergy pension deficit repayments of £195,000 but excluded the gains on property sales of £1,127,000.

The Parish Share contributions were £187,000 (4.2%) down compared to 2020 and over half a million pounds down compared to the budget. Despite this, a surplus was achieved due to the increased investment returns and continued cost savings. Some of these savings were planned as part of the overall cost reduction plan, and others were due to the continual impact of the pandemic. The cost savings outweighed the fall in the Parish Share and therefore led to the surplus. The charity was also financially supported by the Government's Coronavirus Job Retention Scheme and received furlough income of £44,000 (2020 - £167,000).

Investment Policy

The Board's investment policy is reviewed regularly by the Finance and Resources Committee, although the ultimate responsibility remains that of the Worcester Diocesan Board of Finance. The Committee seeks to maximise long-term income without exposing capital to undue risk or compromising the Board's ethical investment policy, which essentially follows the national guidance established by the Church of England's Ethical Investment Advisory Group. In the current investment climate, we have maintained regular contact with and received advice from CCLA, our investment advisors. We have sought to maintain and grow the overall income yield, whatever movements in capital values.

Reserves *Restricted and endowment funds*

As set out in note 28 the WDBF holds and administers several restricted and endowment funds. As at 31 Dec 2021 restricted funds totalled £2,815,000 (2020 - £2,533,000) and endowment funds totalled £68,337,000 (2020 - £65,567,000). This includes the Diocesan Unapplied Total Return funds which totalled £22,319,000 (2020 - £0) – see below.

Total Return Accounting

The law governing the use of Diocesan Endowment funds changed in 2016. Traditionally, permanent endowment funds draw income only, maintaining capital in perpetuity for the benefit of future generations.

A Total Return investment approach allows the release of both income and capital gains for use. The Directors adopted Total Return accounting for the Diocesan Stipends Capital Fund (DSCF) with effect from 1st January 2021 by reference to the following:

- The date used for the initial value, or base year, of the trust for investment was 31st December 1995. At this point the DSCF balance was £15,598k. This is taken as the original value of the endowment.
- CPIH was used to uplift the trust for investment giving rise to a valuation as at 1st January 2021 of £25,103k. The Unapplied Total Return fund as at 1st January 2021 amounted to £21,288k.

The Board can then release funds which is transferred to the income fund in order fund stipends. This enables other funds which would have normally been used for the funding of stipends as the Board sees fit. In turn this has meant the Board has established new designated funds as follows:

- Healthier Churches Fund - £2.5m one off allocation to supporting our churches towards a greater health and sustainability, and

- Transitional Support for Parishes - £100k (inflation adjusted) per annum for six years – this is help Parishes transition to the new ministry share system. This is further supported by an allocation of £600,000 of unrestricted reserves into the Ministry Support Fund, and
- Net Carbon Zero Fund – £25k (inflation adjusted) per annum for six years to provide some expert resource to help the diocese achieve the 2030 Net Zero Carbon target.

The change to Total Return Accounting had an impact on the allocation of income to the general and endowment funds. In previous years, all income arising on the DSCF was allocated to general fund on the understanding that the value of stipend payments would far exceed the value of any income. On the introduction of Total Return Accounting, all such income is allocated to the UTR within the endowment fund with subsequent transfers to the general fund.

Reserves policy *Free reserves*

It is the Board's policy to maintain the year end general unrestricted reserves position, excluding tangible fixed assets, at a level of 4.5 months' expenditure. This should provide sufficient liquid funds are available to allow the Board is able to meet its commitments across the year.

As at 31 December 2021 the general unrestricted fund's net assets, excluding tangible fixed assets was £4,088,000 (2020 - £4,613,000) and during 2021 total resources expended in unrestricted funds was £7,689,000 (2020 - £6,553,000), providing for 6 months of expenditure (2020 – 8 months). Our budget suggests that expenditure will grow – as commented previously, 2021 expenditure was lower than anticipated. Consequently, the Board expects that free reserves will come into line with the target of 4.5 months by 2023.

Fundraising

Funds were raised in 2021 for our partner dioceses of Peru and Morogoro: £12,701 was raised for the Diocese of Peru; £477 for the Diocese of Morogoro; £4,746 for Berega Hospital, Tanzania; £5,441 for Morogoro Sewing Academy and £2,687 for Afghanistan Refugees.

As a result of the pandemic, we launched a Diocese of Worcester Ministry fund in 2020. The aim was to raise enough to cover the stipend of one vicar for one year to assist with the reduced income caused by Covid-19. We encouraged potential donors to support their local church as their first priority and if they were able to make an additional gift to this Ministry fund. Through donors' generosity £16,000 was received in 2021 (2020 - £33,000).

Risk Policy

The Directors have continued the process of examining the major strategic and operational risks which the DBF faces. They hold and monitor a register of the significant risks, assessing the probability of occurrence and likely impact if they were to occur, divided into six operational areas.

The most significant risks in this analysis, and plans for mitigation, are:

- The move to Ministry Share leads to lower receipts, which are insufficient to meet the financial commitments and the strategic plans of the Diocese:
 - Regular and active communication with parish treasurers to maintain two-way communication;
 - The launch of a Ministry Support Fund provides support to parishes, encourages medium term planning and brings forward sight of potential shortfalls by several months;
 - Monthly monitoring of receipts and projection for the remainder of the year;
 - Proactive support by the Stewardship Officer with struggling parishes.

Risk Policy (continued)

- The effect of Covid, and the recovery from it, continues to have a significant impact on the Diocese in terms of impact on income from Parish Share even if the severity of the pandemic subsides:
 - Careful monitoring of expenditure compared to approved budget and parish share income;
 - Cashflow is continuously monitored and alternative sources of credit finance are available to meet any temporary cashflow shortages;
 - The Transformation Steering Group is developing scenarios, to seek as many healthy and sustainable churches as possible but also reduce costs to a more sustainable level ongoing;
 - Following adoption of a Total Return approach to investment, the provision of support funding for parishes struggling to meet their Ministry Share contribution.
- Falling numbers and ageing of attendance / membership within the Church in the diocese leading to churches becoming unsustainable:
 - Continue to invest in the "Calling Young Disciples" project finishes well, with a focus in a final phase on helping parishes attract new children and families;
 - Ensure the Resourcing Churches projects are effective, including the planting and renewing of a number of additional churches;
 - Development of a Healthier Churches Fund to resource parishes who have developed Health and Sustainability plans;
 - Provision of Mission Accompaniers to support parishes develop and implement such plans.
- Serious safeguarding case:
 - Ensure swift action taken if a situation does arise;
 - Ensure effective safeguarding provision is available, through the diocesan safeguarding team; training officers and caseworkers. This will include use of core groups to bring in a wider team where appropriate;
 - Ensure safer recruitment, training, policies applied and audited at diocesan and parish level;
 - Ensure adequate insurance is in place.

It is recognised that there are reputational risks to the DBF associated with each of these key risks. As well as mitigating risk in each of these areas the DBF's Communications team bring expertise to support parishes and the bishops in facilitating the mission of the church across the Diocese.

The directors have established a framework of six risk registers, each of which is reviewed periodically by an appropriate committee. An overview of key risks is considered by Bishop's Council along with the Risk Policy. The Audit Committee reviews the DBF's approach to risk management on an annual basis, including reviewing the risk policy.

Remuneration Policy

The Board's policy regarding level of remuneration is that salaries are those appropriate to recruit and retain staff in the context of the job market. Remuneration for more senior roles is set so as to involve an element of "sacrifice" compared to the secular market..

Investment Performance

Overall performance

Investments are held in both glebe and general funds. The total value of investments at 31 December 2021 was £46.7m (2020 - £40.7m) and the total return on investment was 14% (2020 – 9%).

Glebe investments

Investments are in glebe funds, primarily to generate a sustainable income to continue funding clergy stipends. Agricultural, commercial and residential land and buildings were valued at £15.48m at 31 December 2021 (2020 - £14.20m). Rents receivable amounted to £252,000 (2020 - £222,000) – an income yield of 1.6% (2020 – 1.6%).

Investment securities (Glebe and General)

Investments in equity and fixed interest securities were valued at £29.3m at 31 December 2021 (2020 - £22.3m). Income from these securities amounted to £762,000 (2020 - £718,000) – a yield of around 2.6% (2020 – 3.2%), which is considered satisfactory.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware, there is no relevant audit information of which the charitable company's auditors are unaware; the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

As far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware and each director has taken all the steps he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving this Directors' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

On Behalf of the Board: The Reverend Andy Todd

Date: 16 May 2022

Independent Auditor's Report to the Members and Trustees of the Worcester Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of Worcester Diocesan Board of Finance Limited for the year ended 31 December 2021 which comprise Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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 includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 13, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity and company law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates in particular valuation of property assets and investment properties; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuation.

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

Use of our report

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

Adam Halsey (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place, London EC4R 1AG

Date: 7 June 2022

Statement of Financial Activities for the Year Ended 31 December 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	4,244	-	-	4,244	4,431
- Archbishops' Council	3a	750	884	-	1,634	1,372
- Other donations	3b	589	203	-	792	779
Charitable activities	4	466	75	-	541	464
Other activities	5	387	-	-	387	366
Investments	6	113	-	902	1,015	946
Other – gains on sale of tangible fixed asset properties		333	118	676	1,127	1,038
		6,882	1,280	1,578	9,740	9,396
EXPENDITURE						
Raising funds	7	-	64	-	64	58
Charitable activities						
- Contributions to Archbishops' Council	8	398	-	-	398	439
- Parish Ministry	9	5,604	607	-	6,211	6,187
- Support for Ministry	10	873	452	-	1,325	1,312
- Support for Schools	11	336	-	-	336	327
Other – General	12	15	-	-	15	88
Other – Old Palace	33	463	-	-	463	-
		7,689	1,123	-	8,812	8,411
Net income before investment gains		(807)	157	1,578	928	985
Net gains on investments		236	137	4,380	4,753	1,268
Net income		(571)	294	5,958	5,681	2,253
Transfers between funds	26	3,217	(12)	(3,205)	-	-
Other recognised gains / (losses)						
Actuarial gain / (loss) on defined benefit pension scheme	24	-	-	17	17	(29)
Net movement in funds		2,646	282	2,770	5,698	2,224
Total funds brought forward		6,733	2,533	65,567	74,833	72,609
Total funds carried forward		9,379	2,815	68,337	80,531	74,833

All incoming resources and resources expended derive from continuing activities.
The notes on pages 22 to 44 form part of these financial statements.

Income and Expenditure Account Year Ended 31 December 2021

	2021 £'000	2020 £'000
Total income	8,162	8,887
Expenditure	(8,812)	(8,411)
Operating (deficit)/surplus for the year	(650)	476
Net gains /(losses) on investments	373	(36)
Net income for the year	(277)	440
Other comprehensive income:		
Net assets transferred from endowments	3,205	(328)
Total comprehensive income	2,928	112

*The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.
The notes on pages 22 to 44 form part of these financial statements.*

Balance Sheet

Balance Sheet as at 31 December 2021

Company Number 00271752

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
FIXED ASSETS					
Tangible assets	16		33,654		33,325
Investments					
Investment property	17		15,480		14,220
Investments	17		31,269		26,486
			<u>80,403</u>		<u>74,031</u>
CURRENT ASSETS					
Debtors	18	630		1,030	
Cash at bank	19	603		896	
		<u>1,233</u>		<u>1,926</u>	
CREDITORS					
Amounts falling due within one year	20	(1,072)		(846)	
NET CURRENT ASSETS					
			161		1,080
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>80,564</u>		<u>75,111</u>
CREDITORS					
Amounts falling due after more than one year	21		(33)		(278)
NET ASSETS					
			<u>80,531</u>		<u>74,833</u>
FUNDS OF THE CHARITY					
Endowment funds	25		68,337		65,567
Restricted Income funds	25		2,815		2,533
Unrestricted Income funds:					
- General funds	25		5,678		6,058
- Designated funds	25		3,701		675
			<u>80,531</u>		<u>74,833</u>

Note: The above funds include investment revaluation reserves as follows:

Endowment funds £25,078,000 (2020 £23,847,000)

Restricted Income funds £1,088,000 (2020 £1,022,000)

General funds £3,101,000 (2020 £36,000)

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

The Reverend Andy Todd

Date: 16 May 2022

The notes on pages 22 to 44 form part of these financial statements

Cash Flow Statement for the Year Ended 31 December 2021

Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Net cash flow from operating activities		(784)		(1,123)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,015		946	
Proceeds from the sale of:				
- Tangible fixed assets	1,902		2,386	
- Investments	63		5,215	
Purchase of:				
- Tangible fixed assets for the use of the WDBF	(1,136)		(5)	
- Fixed asset investments	(3,507)		(4,272)	
Net cash provided by investing activities		(1,663)		4,270
Change in cash and cash equivalents in the year		(2,447)		3,147
Cash and Cash Equivalents at 1 January		5,050		1,903
Cash and Cash Equivalents at 31 December		2,603		5,050
Reconciliation of net movements in funds to net cash flow from operating activities				
Net income before investment gains for the year		928		985
Adjustments for:				
Depreciation Charges	32		21	
Dividends, interest and rent from investments	(1,015)		(946)	
Actuarial gain/(loss) on pension scheme	17		(29)	
(Surplus) on sale of functional assets	(1,127)		(1,038)	
Decrease in debtors	400		83	
(Decrease) in creditors	(19)		(199)	
Net cash used in operating activities		(784)		(1,123)
Analysis of cash and cash equivalents				
Cash in Hand		603		896
Notice Deposits		2,000		4,154
		2,603		5,050

The notes on pages 22 to 44 form part of these financial statements

1. PRINCIPAL 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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The principal accounting policies and estimation techniques are as follows:

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) **Parish Share** is recognised as income of the year in respect of which it is receivable up to 4 February 2022.
- 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 up to 4 February 2022.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the WDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953 as amended, and the use of the income is restricted for clergy stipends. 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 (normally much larger) 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 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 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.
- 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 24). 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 in 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

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.

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.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

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.

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and Fittings 20% per annum straight line basis

Leasehold improvements are depreciated on a straight-line basis over the course of the lease.

e) 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.
- iii) **Taxation.** The company is a registered charity and is not liable to corporation tax in this year.

f) Fund balances

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

- Unrestricted funds are the WDBF's charity 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 (Stipends Fund Capital and Parsonage Houses) 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.

g) Key judgments

The preparation of the financial statements requires management to make judgments, 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 judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

1. The Trustees perform annual impairment reviews (as explained in c above), and have concluded that there are no indications of material impairment;
2. Freehold properties are not depreciated for the reasons set out in c) above;
3. The assumptions underpinning the pension scheme liabilities are set out in note 24 below;
4. Receipts of Parish Share and Fees are recognised in the year under review up to 4 February of the following year.

h) Going concern

Having reviewed the funding facilities available to Worcester DBF together with the forecast cash flows, the trustees conclude that that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, the financial statements are prepared on the going concern basis.

2. PARISH CONTRIBUTIONS

	Total Funds 2021 £'000	Total Funds 2020 £'000
Current year's allocation	5,775	5,775
Less grants and allowances	-	-
	<u>5,775</u>	<u>5,775</u>
Shortfall in contributions	(1,540)	(1,395)
	<u>4,235</u>	<u>4,380</u>
Arrears for previous years	9	51
TOTAL	<u>4,244</u>	<u>4,431</u>

	2021 Parish Share Requested £'000	2021 Shortfall £'000	2021 Total Received £'000	2021 Total Received %	2020 Total Received £'000	2020 Total Received %	(Decrease) Increase / £'000	(Decrease) Increase / %
Deanery								
Greater Dudley	1,346	335	1,011	75.1	1,018	75.6	(7)	(0.7)
Kidderminster & Stourport	776	177	599	77.2	653	84.1	(54)	(8.3)
Malvern & Upton	823	193	630	76.5	644	78.3	(14)	(2.2)
Pershore & Evesham	1,021	350	671	65.7	733	71.8	(62)	(8.5)
Redditch & Bromsgrove	749	217	532	71.0	577	77.0	(45)	(7.8)
Worcester	1,059	267	792	74.8	755	71.3	37	4.9
	<u>5,774</u>	<u>1,539</u>	<u>4,235</u>	<u>73.3</u>	<u>4,380</u>	<u>75.8</u>	<u>(145)</u>	<u>(3.3)</u>

3a.ARCHBISHOPS' COUNCIL

Unrestricted

Lower Income Communities Funding

Restricted

SDF Grant - Calling Young Disciples

SDF Grant - Resourcing Churches

SDF Grant - Capacity Grant Funding

3b.OTHER DONATIONS

Allchurches Trust

Education Service Level Agreements

Education Academy Conversion Fees

Education Grants

CSF Grant

Parsonage Income

Ministry Restricted Donations

Archbishops' Council – RME grant

Sundry Income

Registry-Church Commissioners

Safeguarding Income

Safeguarding PCR2 Grant

Furlough Grant

4. CHARITABLE ACTIVITIES

Statutory fees

Trust Income

- Clergy Widows and Orphans Fund

- Ordination Candidates Fund

- Church Schools Improvement and Maintenance Fund

- Sundry Trust Funds

5. OTHER ACTIVITIES

Insurance claim

Rental income from parsonages

Rental income from other property

Bishop's office – rent, salary and service charge

	Total Funds 2021 £'000	Total Funds 2020 £'000
	750	725
	750	725
	149	89
	670	500
	65	58
	884	647
	117	112
	146	65
	-	3
	107	-
	11	6
	40	23
	16	33
	187	236
	50	29
	45	44
	29	31
	-	30
	44	167
	792	779
	466	404
	8	10
	33	30
	7	7
	27	13
	541	464
	3	-
	245	223
	45	45
	94	98
	387	366

6. INVESTMENTS

Dividends receivable	762	718
Interest receivable	2	6
Rents receivable	251	222

	1,015	946
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7. RAISING FUNDS

Glebe Agent's fees and expenses
(including registration costs)

	64	58
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8. CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL

Training for Ministry	215	212
National Church responsibilities	179	188
Retired clergy housing costs	79	77
Pooling of ordination candidates' costs	(80)	(40)
General Synod Representatives' Expenses	5	2

	398	439
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9. PARISH MINISTRY

Stipends and national insurance	2,900	3,115
Pension costs	735	748
Housing costs – Council Tax	240	268
Parsonage Houses maintenance	651	572
Removal, resettlement and other grants	71	72
Lowest Income Communities projects	40	50
Resourcing Churches	670	524
Other expenses	183	196
Support costs - Administration (see note 13)	721	642

	6,211	6,187
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10. SUPPORT FOR MINISTRY

Ministry and Discipleship	219	261
Calling Young Disciples project	349	253
Church Buildings Team	116	120
Restructuring	68	15
Mission Development Officers	41	31
Safeguarding	125	179
World Church Links	-	3
Ordination Candidates Allowances and tuition fees	272	330
Support costs – Administration (see note 13)	135	120

	1,325	1,312
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11. SUPPORT FOR SCHOOLS

Education team	291	287
Support costs – Administration (see note 13)	45	40

Total Funds	Total Funds
2021	2020
£'000	£'000

336	327
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12. OTHER EXPENDITURE

Office maintenance and repairs	15	23
Holland House Grant	-	65

15	88
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13. ANALYSIS OF SUPPORT COSTS

Central Administration	730	632
Governance:		
- External audit	28	16
- Registrar and Chancellor	143	152
- Synodical costs	-	2

901	802
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	Activities Undertaken Directly £'000	Support Costs £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Cost of generating funds	64	-	64	58
Contributions to Archbishops' Council	398	-	398	439
Parish Ministry	5,491	721	6,212	6,187
Support for Ministry	1,189	135	1,324	1,312
Support for Schools	291	45	336	327
Charitable activities	7,369	901	8,270	8,265
Other - General	15	-	15	88
Other - Old Palace	463	-	463	-
	7,911	901	8,812	8,411

Support costs are apportioned as 80% Parish Ministry, 15% Support for Ministry and 5% Education.
Support costs are not allocated to the Glebe Agent's fees and expenses because the Glebe Agent provides his own administrative support.

14. STAFF COSTS

	2021 £'000	2020 £'000
Gross wages and salaries	1,374	1,392
Employers National Insurance Costs	124	129
Other Pension Costs - Annual	246	298
	1,744	1,819

The average monthly number of employees during the year was as follows:

	No. in 2021	No. in 2020
Full time	24.3	26.3
Part time	25.3	25.8
	49.6	52.1

In terms of full-time equivalent employees, the average number employed and their funding was as follows:

	No. in 2021	No. in 2020
Operational posts funded by the DBF		
Project posts and operational posts funded from other sources*	31.4	30.4
	10.0	11.2
	41.4	41.6

* other sources include Strategic Development Funding from the National Church, Bishops' office funding from the Church Commissioners, grants from trust funds and a contribution from reserves to the Calling Young Disciples project.

There are two employees with emoluments above £60,000 per annum (2020: two employees). Pension contributions are paid for 50 employees (2020: 53 employees).

As part of an office relocation, there were three redundancies in 2021 (2020 – one). Accordingly, the total paid during the year in termination and redundancy payments was £33,000 (2020: £2,000).

Worcester Diocesan Board of Finance is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than the bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

The WDBF paid an average of 108 (2020-109) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021 £'000	2020 £'000
Stipends	2,815	2,896
National insurance contributions & apprenticeship levy	227	248
Pension costs - current year	900	713
Pension costs - deficit reduction	195	328
	4137	4,185

14. STAFF COSTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2021 they were:

Diocesan Secretary and Company Secretary	John Preston
Director of Finance	Helen Archer-Smith
Director of Education	Margaret James (Jan 21 – May 21)
Director of Education	Tim Reid (June 21 onwards)
Director of Ministry and Discipleship	Jonathan Kimber
Director of Communications	Samantha Setchell
Deputy Diocesan Secretary - Restructuring	Robert Quarton

Remuneration and pensions for these six roles amounted to £339,131 (2020: £295,605).

Trustees' emoluments

No trustee received any remuneration for services as Trustee. Six (2020 – six) Trustees received travelling and out of pocket expenses, totaling £8,437 (2020 - £5,437) in respect of General Synod duties, duties as archdeacon or rural dean and other duties as Trustees.

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 M Badger	Yes	Yes
The Revd R M Clark	Yes	Yes
The Revd A C Davies	Yes	Yes
The Right Revd M Gorick	No	Yes
The Ven N J Groarke	Yes	Yes
The Ven R G Jones	Yes	Yes
The Revd C A Lording	Yes	Yes
The Revd A M Potter	Yes	Yes
The Revd B E Rienstra	Yes	Yes
The Revd A Todd	Yes	Yes
The Revd R Johnson	Yes	Yes
The Revd T J Williams	Yes	Yes

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 bishop but excluding diocesan bishop and cathedral staff.

15. SURPLUS FOR THE FINANCIAL YEAR

Is stated after charging / (crediting):

Depreciation
(Surplus) on disposal of fixed assets
Operating Lease – Rent Old Palace
Operating Lease – Rent Lowesmoor Wharf
Auditors Remuneration – external scrutiny

2021	2020
£'000	£'000
32	21
(1,127)	(1,038)
25	21
13	-
28	16

16. TANGIBLE FIXED ASSETS

Unrestricted Funds

COST

	Board Houses £'000	Leasehold Improvements £'000	Fixtures and Fittings £'000	Totals £'000
At 1 January 2021	1,413	-	313	1,726
Additions	202	67	1	270
Disposals	(93)	-	(269)	(362)
At 31 December 2021	<u>1,522</u>	<u>67</u>	<u>45</u>	<u>1,634</u>

DEPRECIATION

At 1 January 2021	-	-	281	281
Charge for year	-	14	18	32
Disposals	-	-	(269)	(269)
At 31 December 2021	<u>-</u>	<u>14</u>	<u>30</u>	<u>44</u>

NET BOOK VALUE

At 31 December 2021	<u>1,522</u>	<u>53</u>	<u>15</u>	<u>1,590</u>
At 31 December 2020	<u>1,413</u>	<u>-</u>	<u>32</u>	<u>1,445</u>

Restricted Funds

COST

	Glebe Team Vicarages & Curates' Houses £'000	Parsonages Houses £'000	Pastoral Buildings £'000	Totals £'000
At 1 January 2021	11,965	19,693	222	31,880
Additions	866	-	-	866
Disposals	(538)	(114)	(30)	(682)
At 31 December 2021	<u>12,293</u>	<u>19,579</u>	<u>192</u>	<u>32,064</u>

DEPRECIATION

At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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NET BOOK VALUE

At 31 December 2021	<u>12,293</u>	<u>19,579</u>	<u>192</u>	<u>32,064</u>
At 31 December 2020	<u>11,965</u>	<u>19,693</u>	<u>222</u>	<u>31,880</u>

Total Tangible Fixed Assets

Unrestricted funds – Net Book Value
Restricted funds – Net Book Value

2021 £'000	2020 £'000
1,590	1,445
32,064	31,880
<u>33,654</u>	<u>33,325</u>

16. TANGIBLE FIXED ASSETS (continued)

The parsonage houses are legally vested in the Incumbent as a freeholder during their incumbency. The Incumbent is not free to dispose of the house and is not responsible for the maintaining the house. The charitable company has both the benefits and obligations of ownership. The Trustees consider the difference between the carrying value and the market value of the interests in land and buildings not held as investments is not quantifiable.

Included in land and buildings is freehold land valued at £9.9m (2020- £9.9m) which is not depreciated. The freehold property of Board, Parsonage, Glebe and Pastoral buildings and the fixtures and fittings are held in the direct furtherance of the charity's objects.

17. FIXED ASSET UK INVESTMENTS

	Property £'000	CBF Shares £'000	Cash £'000	Total £'000
Valuation				
At 1 January 2021	14,220	22,332	4,154	40,706
Additions	-	3,507	-	3,507
Disposals	-	-	(2,154)	(2,154)
Increase in revaluation	1,260	3,430	-	4,690
At 31 December 2021	<u>15,480</u>	<u>29,269</u>	<u>2,000</u>	<u>46,749</u>
At 31 December 2020	<u>14,220</u>	<u>22,332</u>	<u>4,154</u>	<u>40,706</u>

	Total 2021 £'000	Total 2020 £'000
UK investment property	15,480	14,220
Unlisted UK investment shares	29,269	22,332
CBF Investments	2,000	4,154
	<u>46,749</u>	<u>40,706</u>

Investment property was valued on an open market basis as at 31 December 2021 by A N Champion FRICS, who is Glebe Agent. Historical investment costs are not readily available as much of the investment properties was acquired a considerable time ago.

	Total 2021 £'000	Total 2020 £'000
18. DEBTORS		
Current year Parish Share	328	320
Fee receivable	57	51
Other debtors	170	453
Prepayments	29	135
Accrued Income	36	71
	630	1,030
19. CASH AT BANK		
Lloyds Bank PLC Accounts	603	896
20. CREDITORS: Amounts falling due within one year		
Trade creditors	86	82
Other taxes and social security	65	72
Other creditors	477	23
Deferred income	97	209
Accruals	29	35
Parsonage houses maintenance	127	97
Clergy Pension Scheme	191	328
	1,072	846
21. CREDITORS: Amounts falling due after more than one year		
Loans (see note 22)	-	171
Repayable Grant (see note 22)	33	33
Clergy Pension Scheme	-	74
	33	278
22. LOANS Amounts falling due in more than five years:		
Repayable otherwise than by instalments:		
Church Commissioners – Value Linked Loans (secured on Board Houses)	-	171
Church Commissioners – Repayable Grant	33	33
	33	204
23. OPERATING LEASES		
Total commitments under non-cancellable operating leases are as follows:		
Land and Buildings		
Payable within one year of the balance sheet date	21	15
Payable in the second to fifth years inclusive of the balance sheet date	44	-
	65	15

24. PENSION COMMITMENTS - Church of England Funded Pension Scheme

The Worcester Diocesan Board of Finance, as a Responsible Body, participates in the Church of England Funded Pension 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 scheme separately from the company and the other participating Responsible Bodies.

Each 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 a 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, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 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 assumptions:

- 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.

% of pensionable stipends	Jan 2018 to Dec 2020	Jan 2021 to Dec 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021		2020	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		402		695
Deficit contribution paid	(195)		(328)	
Interest cost	1		6	
Remaining change to the balance sheet liability*	(17)		29	
		(211)		(293)
Balance sheet liability at 31 December		191		402

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

Church of England Funded Pension Scheme (continued)

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:

	Dec 2021	Dec 2020	Dec 2019
Discount rate	0.0%pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase in total pensionable payroll	(1.5%)	1.6% pa	1.3% pa

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

Worcester 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 scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections:
 - 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.

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

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £13,600 per year.

24. PENSION COMMITMENTS - Church of England Defined Benefits Scheme

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is as set out below:

	2021		2020	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		-		-
Deficit contribution paid	-		-	
Interest cost	-		-	
Remaining change to the balance sheet liability*	-		-	
		-		-
Balance sheet liability at 31 December		-		-

*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:

	Dec 2021	Dec 2020	Dec 2019
Discount rate	0%	0%	0%

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.

Church of England Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102.

This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

25. SUMMARY OF MOVEMENTS IN FUNDS

	2021	Endowments	Expenditure	Pension Gains	Transfers	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds						
General Fund	6,058	6,132	(6,754)	236	6	5,678
Designated Funds						
Healthier Churches Fund	-	-	-	-	2,500	2,500
Ministry Support Fund	-	-	-	-	700	700
Net Carbon Zero Fund	-	-	-	-	25	25
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	28	-	-	-	-	28
Holland House Fund	-	-	-	-	-	-
Lowest Income Communities Fund	243	750	(735)	-	-	258
Calling Young Disciples	394	-	(200)	-	(14)	180
Designated Funds	675	750	(935)	-	3,211	3,701
Total Unrestricted Funds	6,733	6,882	(7,689)	236	3,217	9,379
Restricted Income Funds						
Education Fund	230	-	-	28	-	258
Resourcing Churches	-	670	(670)	-	-	-
Calling Young Disciples	-	149	(149)	-	-	-
Capacity Grant Restructuring	-	65	(65)	-	-	-
Diocesan Pastoral Account Fund	2,183	118	-	108	-	2,409
Ordination Candidates Fund	-	33	(33)	-	-	-
Clergy Widows and Orphans Fund	-	8	(8)	-	-	-
Lay Staff Support Fund	10	-	-	1	-	11
Ministry Restricted Donations	-	16	(16)	-	-	-
RME Fund	110	187	(148)	-	(12)	137
Other	-	34	(34)	-	-	-
Restricted Funds	2,533	1,280	(1,123)	137	(12)	2,815
Endowment Funds						
Diocesan Stipends Capital Fund	25,103	-	-	1,435	-	26,538
Diocesan Unapplied Total Return	21,288	1,389	-	2,847	(3,205)	22,319
Diocesan Parsonage Capital Fund	19,176	189	-	115	-	19,480
Endowment Funds	65,567	1,578	-	4,397	(3,205)	68,337
TOTAL FUNDS	74,833	9,740	(8,812)	4,770	-	80,531

26. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted General fund £'000	Unrestricted Designated fund £'000	Total Unrestricted fund £'000	Restricted funds £'000	Endowed funds £'000	Total 2021 £'000
From Endowment Fund to General Fund for stipends under Total Return (see note 29)	3,400	-	3,400	-	(3,400)	-
From General fund to Healthier Churches Fund	(2,500)	2,500	-	-	-	-
From General fund to Ministry Support Fund	(700)	700	-	-	-	-
From General fund to Net Carbon Zero Fund	(25)	25	-	-	-	-
From General fund to Endowment due to reduction in pension deficit liability	(195)	-	(195)	-	195	-
RME Fund non pooling adjustment	12	-	12	(12)	-	-
Calling Young Disciples adjustment so that the Designated Fund is equal to the charities budgeted commitment	14	(14)	-	-	-	-
Total	6	3,211	3,217	(12)	(3,205)	-

27. SUMMARY OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
General Fund	1,590	-	3,948	76	(914)	978	5,678
Designated Funds							
Healthier Churches Fund	-	-	-	-	-	2,500	2,500
Ministry Support Fund	-	-	-	-	-	700	700
Net Carbon Zero Fund	-	-	-	-	-	25	25
Conferences Fund	-	-	-	10	-	-	10
World Church Links Fund	-	-	-	28	-	-	28
Lowest Income Communities Fund	-	-	-	258	-	-	258
Calling Young Disciples	-	-	-	180	-	-	180
Designated Funds	-	-	-	476	-	3,225	3,701
Total Unrestricted Funds	1,590	-	3,948	552	(914)	4,203	9,379
Restricted Funds							
Education Fund	-	-	248	10	-	-	258
Diocesan Pastoral Account Fund	192	-	1,683	534	-	-	2,409
Lay Staff Support Fund	-	-	11	-	-	-	11
RME Fund	-	-	-	137	-	-	137
Restricted Funds	192	-	1,942	681	-	-	2,815
Endowment Funds							
Diocesan Stipends Capital Fund	12,293	15,480	24,462	-	(191)	(3,187)	48,857
Diocesan Parsonage Capital Fund	19,579	-	917	-	-	(1,016)	19,480
Endowment Funds	31,872	15,480	25,379	-	(191)	(4,203)	68,337
TOTAL FUNDS	33,654	15,480	31,269	1,233	(1,105)	-	80,531

28. PURPOSE OF FUNDS

General fund is the WDBF's unrestricted undesignated fund available for any of the WDBF's purposes without restriction.

Healthier Churches Fund is a new fund allocated to a one-off project fund supporting our churches towards a greater health and sustainability

Ministry Support Fund is a new fund to offer transitional support for parishes to navigate the post-Covid area and the transition to the new ministry share system.

Net Carbon Zero Fund is a new fund to support the transition to Net Zero Carbon position.

Conference Designated Fund is an amount set aside to help fund the periodic clergy conference.

World Church Links Designated Fund relates to funds which are earmarked for the mission work with the World Church Links.

Lower Income Communities Designated Fund is income received to support stipendiary ministry in the most deprived areas of the Diocese. Due to the pandemic not all of the planned projects could take place and hence the increase of the funds held at the year end.

Resourcing Churches is income received from Archbishops' Council for the Dudley and Worcester Resourcing churches.

Calling Young Disciples (CYD) Designated Fund relates to the cost of CYD which will need to be funded by WDBF over the course of the project which is above the restricted income which will be received. It is budgeted that these funds will be spent by 2023.

RME Fund is the Resourcing Ministerial Education Fund from which block grants are received by WDBF, out of which training and maintenance costs are met. Any unused funds at the end of each year can only be used to fund future training and maintenance costs.

Ministry Restricted Donations related to the Diocese of Worcester Ministry fund which was launched as a result of the pandemic, due to the effects of reduced Parish Share. All income was expended during the year towards a stipend of a vicar.

Restricted Education Fund provides for income to be used for educational purposes.

The Restricted Stipends Capital and Income Funds have arisen from, and are governed by the provisions of Section 35 of the Endowment and Glebe Measure of 1976 (as amended), which provides for the income to be used to pay clergy stipends and pension premiums.

The capital can only be expended as provided by the Measure.

The Restricted Parsonage Capital Fund has arisen from the Mission and Pastoral Measure 2011 and can only be used for the provision of parsonage houses.

The Restricted Diocesan Pastoral Account Fund has arisen from the Pastoral Measure 2011 and can be used for purposes laid down in Section 94 of the Pastoral Measure 2011. This includes expenditure on any property vested by or under this Measure in the Church Commissioners of the DBF, and grants and loans for parsonage and church provision, restoration, improvement or grant.

Where the DBF is satisfied that any monies in the Diocesan Pastoral Account are not (likely to be) required for meeting the costs referred to in this section it may:

- a. Apply those monies by way of grant or loan to the provision, restoration, improvement or repair of church and parsonage house in the diocese, including the repair of any building closed for regular public worship vested in the Board pending the coming into operation of arrangement under a pastoral (church buildings disposal) scheme, or to other purposes of the diocese or any benefice or parish in the diocese; or
- b. Apply those monies by way of grant or loan for the benefit of another diocese; or
- c. Transfer monies to the Diocesan Stipends Fund Capital or Income Account (which cannot be reversed).

Sufficient funds must be held in the Fund to finance all redundant buildings in the Diocese; or

- d. Transfer those monies to one or more other accounts of funds held by the Board.

The Restricted Ordination Candidates Fund is to finance the costs of Ordinands in the Diocese. The expenditure is funded by income from a registered charity, the Ordination Candidates Trust Fund. No reserves are held in this fund.

The Restricted Clergy Widows and Orphans Fund is to finance the cost of clergy widows and orphans in the Diocese. The expenditure is funded by a grant from a trust fund, the Clergy Widows and Orphans Trust. No reserves are held in this fund.

The Restricted Calling Young Disciples Fund is to finance the cost of Mission Enablers. The expenditure is funded by grants from the Archbishops' Council.

29. ENDOWMENT FUND - TOTAL RETURN

	Trust for Investment £'000	Unapplied Total return £'000	Total Endowment £'000
At 1 January 2021			
Gift component of the permanent endowment	15,598	-	15,598
Accumulated inflation since original gift	9,505	-	9,505
Unapplied total return	-	21,288	21,288
	25,103	21,288	46,391
Movements in the year:			
Dividends, interest and rental income	-	902	902
Realised gains on sale of property	-	487	487
Unrealised gains on investments	-	4,265	4,265
Transfer from general fund for reduction in clergy pension deficit payments liability	-	195	195
Actuarial gain on clergy defined benefit pension scheme	-	17	17
Indexation on base value of investment	1,435	(1,435)	-
	1,435	4,431	5,866
Unapplied Total Return allocated transferred to income to fund stipends:			
- Equating to budgeted dividends and interest	-	(775)	(775)
- Equating to establishment of Healthier Churches Fund	-	(2,500)	(2,500)
- Equating to contribution to Transitional Support for Parishes Fund	-	(100)	(100)
- Equating to contribution to Net Zero Carbon Fund	-	(25)	(25)
	-	(3,400)	(3,400)
	1,435	1,031	2,466
Net movements in year:			
	26,538	22,319	48,857

The trustees adopted a Total Return accounting approach under the Diocesan Stipends Funds (Amendment) Measure 2016 with effect from 1 January 2021.

The trustees decided that £7,169k of UTR is to be kept as a minimum UTR reserve so that the underlying value of the Unapplied Total Return investment fund is protected.

The indexation base value on investment has been calculated by taking the annual CIPH percentage increase for the year. The release of funds which can be transferred to the income fund in order to fund stipends is limited to no more than the annual amount spent on stipends for clergy each year. Accordingly, the maximum which could be realised in 2021 was £3,635k.

30. FINANCIAL INSTRUMENTS

	2021 £'000	2020 £'000
Financial assets measured at fair value	29,269	22,332
Financial assets measured at amortised cost	3,233	6,080
Financial liabilities measured at amortised cost	(1,105)	(1,139)
Financial liabilities measured at fair value	-	(171)

Financial assets measured at fair value comprise unlisted investments.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and receivables and a parish loan.

Financial liabilities measured at amortised cost comprise accruals, other creditors, the Clergy Pension Scheme liability and amounts held for other bodies.

Financial liabilities measured at fair value comprise value linked loans.

31. FUNDS HELD AS CUSTODIAN TRUSTEE

The Worcester Diocesan Board of Finance acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are Parochial Church Councils and others.

Assets held in this way are not aggregated in these financial statements as the Board does not control them. The financial assets held in this way may be summarized as follows:

	2021 £'000	2020 £'000
Church of England Investment Fund income shares	17,110	15,086
CBF Church of England Fixed Interest Securities Fund shares	356	380
CBF Church of England Property Fund shares	262	229
CBF Church of England Deposit Fund	2,393	2,713
Total assets held as Custodian Trustee	20,121	18,408

32. RELATED PARTY TRANSACTIONS

The Board is associated with various charities and trusts due to the majority of their trustees being trustees of the Board. The trustees consider that this relationship does not inhibit either charity from pursuing its own separate interests. The amounts due to / (from) the DBF at 31 December 2021 are as shown below. During the year ended 31 December 2021 the Board has received grants from the charities and trusts as follows:

	Grants Receivable 2021	Grants Receivable 2020	Amounts due to/(from) the DBF at 31 Dec 2021	Amounts due to/(from) the DBF at 31 Dec 2020
Worcester Diocesan Social Responsibility Fund	24,500	17,500	22,000	17,500
Worcester Diocesan Ordination Candidates Fund	30,000	30,000	2,000	6,200
Worcester Diocesan Church Schools Improvement and Maintenance Fund	117,677	6,530	(10,977)	9,350
Worcester Diocesan Clergy Holiday Fund	3,665	3,624	-	-
Lye Church Estate Trust	8,463	8,172	-	-
Cholmondeley Bequest Fund	1,189	1,148	-	-
Trust Administration Fund	770	770	-	-
Special Purposes Fund	7,751	7,832	-	-
Redditch Holy Trinity Charity	25,000	25,000	-	50,000
Diocesan Records Office Income Fund	8,640	14,415	-	16,278
Clergy Widows & Orphans Income	8,065	9,502	-	18,502
Clent Hall Parish Hall	6,000	6,000	-	12,000
Bourneheath Trust Income Fund	-	-	-	3,070
Abberton Spire Trust Fund	12,253	5,762	570	500

The Board acts as Trustee for a number of funds and has delegated its role, by virtue of a resolution dated 26 June 1934, to its Trust Committee (Diocesan Trustees). These funds objects all fall within the wider objects of the DBF.

These funds are:

- Mary Bottjer Trust
- Lye Church Estate Trust
- Queen Victoria Clergy Fund
- In Service Training Fund
- Redditch Holy Trinity Fund
- Pendock Church of England Voluntary School Fund
- Ronkswood Holy Trinity & St Matthew Trust Fund
- St Edmund King & Martyr Dudley Fund

32. RELATED PARTY TRANSACTIONS - CONTINUED

The Dean and Chapter of the Cathedral, Worcester is considered a related party as there are common Trustees between the two entities, being The Bishop of Worcester and The Dean of Worcester. Full details of the transaction between these entities are disclosed in note 33 below. £440,000 was owed to The Dean and Chapter of the Cathedral, Worcester at the year end date as included within creditors in these financial statements; this was fully paid and settled post year end.

33. OLD PALACE DILAPIDATIONS SETTLEMENT

As part of the charity's cost reduction plan, the operating premises of Worcester Diocesan Board of Finance moved from the Old Palace, Deansway, Worcester to 16 Lowesmoor Wharf, Worcester during the year. The lease of the Old Palace required the charity to keep the premises in no worse state of repair than when the lease was entered into. Considering the significant investment in the Old Palace over the years, the Board is of the opinion that the Old Palace is in a better state of repair when the lease ceased on 28th September 2021. However, the Board has paid the Dean and Chapter of the Cathedral, Worcester, as the landlords of the Old Palace, a total settlement of £463k to settle all liabilities including dilapidations, final lease costs and legal costs.

34. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
INCOME AND ENDOWMENTS					
Donations					
- Parish contributions	4,431	-	-	4,431	4,827
- Archbishops' Council	725	647	-	1,372	1,450
- Other donations	475	304	-	779	769
Charitable activities	404	60	-	464	527
Other activities	366	-	-	366	413
Investments	99	847	-	946	976
Other – gains on sale of tangible fixed asset properties	529	-	509	1,038	202
	7,029	1,858	509	9,396	9,164
EXPENDITURE					
Raising funds	-	58	-	58	90
Charitable activities					
- Contributions to Archbishops' Council	439	-	-	439	519
- Parish Ministry	4,898	1,289	-	6,187	6,917
- Support for Ministry	801	511	-	1,312	1,396
- Support for Schools	327	-	-	327	422
Other	88	-	-	88	214
	6,553	1,858	-	8,411	9,558
Net income/(expenditure) before investment gains	476	-	509	985	(394)
Net gains on investments	(69)	33	1,304	1,268	3,312
Net income	407	33	1,813	2,253	2,918
Transfers between funds	(438)	110	328	-	-
Other recognised (losses)					
Actuarial (loss) on defined benefit pension scheme	-	-	(29)	(29)	1,109
Net movement in funds	(31)	143	2,112	2,224	4,027
Total funds brought forward	6,764	2,390	63,455	72,609	68,582
Total funds carried forward	6,733	2,533	65,567	74,833	72,609

35. PRIOR YEAR COMPARATIVE ANALYSIS OF MOVEMENT IN FUNDS

	Balance at 1 January 2020 £'000	Income and Endowments £'000	Expenditure £'000	Investment Gains and (Losses) £'000	Transfers £'000	Balance at 31 December 2020 £'000
Unrestricted Funds						
General fund	6,081	6,304	(5,820)	(69)	(438)	6,058
Designated Funds						
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	31	-	(3)	-	-	28
Holland House Fund	65	-	(65)	-	-	-
Lowest Income Communities Fund	183	725	(665)	-	-	243
Calling Young Disciples	394	-	-	-	-	394
Designated Funds	683	725	(733)	-	-	675
Total Unrestricted funds	6,764	7,029	(6,553)	(69)	(438)	6,733
Restricted Income funds						
Education fund	217	-	-	13	-	230
Diocesan Stipends fund	-	847	(847)	-	-	-
Resourcing Churches	-	500	(500)	-	-	-
Calling Young Disciples	-	132	(132)	-	-	-
Transformation grant	-	15	(15)	-	-	-
Diocesan Pastoral Account fund	2,164	-	-	19	-	2,183
Ordination Candidates fund	-	25	(25)	-	-	-
Clergy Widows and Orphans fund	-	10	(10)	-	-	-
Lay Staff Support fund	9	-	-	1	-	10
Ministry Restricted Donations	-	33	(33)	-	-	-
RME fund	-	236	(236)	-	110	110
Other	-	60	(60)	-	-	-
Restricted funds	2,390	1,858	(1,858)	33	110	2,533
Endowment Funds						
Diocesan Stipends Capital fund	44,316	509	-	1,238	328	46,391
Diocesan Parsonage Capital fund	19,139	-	-	37	-	19,176
Endowment funds	63,455	509	-	1,275	328	65,567
TOTAL FUNDS	72,609	9,395	(8,411)	1,239	-	74,833

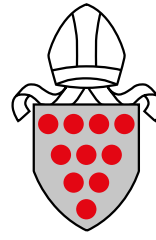
36. PRIOR YEAR COMPARATIVE OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £'000	Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General fund	1,445	-	2,816	467	(722)	2052	6,058
Designated Funds							
Conferences Fund	-	-	-	10	-	-	10
World Church Links Fund	-	-	-	28	-	-	28
Holland House Fund	-	-	-	-	-	-	-
Lowest Income Communities Fund	-	-	-	243	-	-	243
Calling Young Disciples	-	-	-	394	-	-	394
Designated Funds				675			675
Total Unrestricted funds	1,445	-	2,816	1,142	(722)	2,052	6,733
Restricted funds							
Education fund	-	-	219	11	-	-	230
Diocesan Pastoral Account fund	222	-	907	1,054	-	-	2,183
Lay Staff Support fund	-	-	10	-	-	-	10
RME fund	-	-	-	110	-	-	110
Restricted funds	222	-	1,136	1,175	-	-	2,533
Endowment Funds							
Diocesan Stipends Capital fund	11,964	14,220	21,341	-	(402)	(732)	46,391
Diocesan Parsonage Capital fund	19,694	-	802	-	-	(1,320)	19,176
Endowment funds	31,658	14,220	22,143	-	-	(2,052)	65,567
TOTAL FUNDS	33,325	14,220	26,486	1,926	(1,124)	-	74,833

WORCESTER DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 247778

Accounts



THE CHURCH
OF ENGLAND
DIOCESE OF
WORCESTER



Report of the Directors and Financial Statements
for the year ended 31 December 2020 for
Worcester Diocesan Board of Finance Limited
Registered Charity Limited by Guarantee



2020 REVIEW



THE CHURCH
OF ENGLAND
DIOCESE OF
WORCESTER

Company Registration Number 00271752

Registered Charity Number 00247778

Published June 2021

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2020



1100 people who attended one of our Open Conversations at the start of the year.



96 days when Church buildings were closed for public worship due to Coronavirus

13 ordinations: nine new deacons and four ordained priests

Company Information for the year ended 31 December 2020

The full name of the charitable company is Worcester Diocesan Board of Finance Limited. The directors, who are also the trustees and members of the Bishop's Council of the Diocese, during the year and up to the date the report was approved are:

Directors

The Reverend A Todd
(Chair from 29.02.20)
The Right Reverend J G Inge
The Right Reverend M Gorick
(Appointed 09.03.20)
The Venerable N J Groarke
The Venerable R G Jones
The Very Reverend P G Atkinson
E A Wiles (Vice Chair)
B W Allbut
The Reverend M Badger
The Reverend R M Clark
The Reverend A C Davies
D S Hargreaves (Deceased 01.06.20)
J K Layton
The Reverend C A Lording
J A Lovesy
R C Lunn

D I A R Phillips
The Reverend A M Potter
H A Richards
The Reverend B E Rienstra
D J Sparkes

Company Secretary
J P H Preston

Registered Office
The Old Palace, Deansway,
Worcester WR1 2JE

Registered Number
Company: 00271752
Charity: 00247778

Auditors
Haysmacintyre LLP,
10 Queen Street Place,
London EC4R 1AG

Bankers

Lloyds Bank Plc, 4 The Cross,
Worcester WR1 3PY

Solicitors

SME Solicitors LLP, 8 Sansome Walk,
Worcester WR1 1LW

Investment Advisors

CCLA Investment Management Ltd,
Senator House, 85 Queen Victoria
Street, London EC4V 4ET

Insurance Agents

Ecclesiastical Insurance Group,
Beaufort House, Brunswick Rd,
Gloucester GL1 1JZ

Property Investment Adviser

A N Champion FRICS,
Fisher German LLP,
Chartered Surveyors, Global House,
Hindlip Lane, Worcester WR3 8SB

8.2% reduction in Parish Share contributions

Worship swiftly moved online, through zoom (live video-conference) or live-streamed or pre-recorded.



Simplification of deaneries from 13 to 6



Report of the directors for the year ended 31 December 2020

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

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

Chair's Report

Date: 12th May 2021

"... during a severe ordeal of affliction, their abundant joy ... overflowed in a wealth of generosity" (2 Corinthians 8:2)

As I write this Report, the nation is marking the anniversary of the first Covid lockdown with a Day of Reflection, an opportunity (in the words of the Archbishop of Canterbury) "to pause and remember all that has happened over the past year, to mourn those who have died but also to give thanks for those who have looked after us and our communities."

The impact of the pandemic so far on the Diocese of Worcester has been immense. No individual, family or community has been left untouched. Church buildings have been closed for extended periods. Patterns of worship, fellowship and mission have been profoundly altered – including in ways which offer glimpses of hope and new possibilities.

There have also been significant financial challenges. Recognising the very real disruption of revenue streams being faced, parishes were asked simply "to do what they could." The response of parishes to these financial challenges has been nothing short of remarkable, and it is this – of all the many aspects of these financial statements to which I could draw attention – which I wish to note and celebrate here. Sincere gratitude is due to all the parishes which have given sacrificially to sustain ongoing mission and ministry through contributing to Parish Share, with many choosing to draw on reserves to do so, with the result that the total Parish Share contributed in 2020 was only £396k (8.2%) less than in 2019. As St Paul was able to write of the churches in Macedonia in the passage quoted above, a situation of extreme need has become an opportunity to display real generosity.

The financial impact of the suspension of physical services has to some extent been mitigated by the progress which parishes have made in encouraging planned giving, including through the Parish Giving Scheme, with 47% of parishes registered for the scheme at year end (2019: 22%). At the same time, restrictions on staff movements combined with a

focused programme of cost reductions contributed to significant savings in Diocesan expenditure, and we have also benefited from Government support through the Coronavirus Job Retention Scheme and furlough income.

The net result of parishes' generosity and central cost-savings is that it has actually been possible to reduce further the operational deficit in the year (the amount by which the Diocese's expenditure on its core operations exceeds its income) to £251k, from £754k in the previous year, continuing the recovery plan initiated after an operational loss in 2018 of £1.1m.

The Diocese's strategic projects, supported by Strategic Development Funding from the Archbishops' Council with investment by the Diocese, have continued, albeit they have needed to tailor their activities to the evolving context. The Transformation Programme has also continued to engage actively with parishes and to support them in better understanding what a healthy and sustainable future might look like, and in taking meaningful steps towards that future.

There is a broad expectation that 2021 is likely to be a very challenging year financially, perhaps even more so than 2020, especially where parishes' reserves have been depleted. Through a programme of property sales and a sustained focus on central cost management and liquidity, the Diocese has tried to establish as firm a foundation as possible to help face those challenges. Without in any way downplaying the size of the task ahead, the generous response of parishes to date, itself a response to God's own generosity, should give us hope that God can and will continue to guide and sustain His people through this time of unprecedented change.



The Reverend Andy Todd, Chair

Public Benefit

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

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

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

Structure, Governance and Management

The company is governed by its memorandum and articles of association. The company is controlled by the Bishop's Council. The Diocesan Mission, Pastoral and Resources Committee, the Parsonages Committee and the Investment and Glebe Committee have powers related to their activities delegated by the authority of the Diocesan Synod. In March 2021, Diocesan Synod approved the recommendations of a Governance Review group which clarifies the strategic nature of the Bishop's Council of Trustees, and brings together financial governance into a single Finance and Resources Committee. The report also widens the responsibility of the Audit Committee to expand the challenge it brings to aspects of the DBF's work.

The elected clergy and lay directors are elected by the respective houses of clergy and lay members of the Diocesan Synod and further directors are co-opted by the Bishop's Council so as to seek that among its elected and co-opted members that all the deaneries in the Diocese are represented, subject always to there being a majority of lay elected and co-opted directors. At the start of each triennium, the members of the Bishop's Council are given a full and substantive overview of their duties and responsibilities as directors of the company and trustees of the charity. Training is updated within the triennium as and when required. The company is limited by guarantee and therefore the directors have no beneficial interest to disclose.

The Diocesan Secretary is responsible for the day to day management of the charity as delegated by the charity trustees. The senior management team is made up of the Diocesan Secretary, the Director of Finance, the Director of Education, the Director of Communications, the Director of Ministry and Discipleship and the Deputy Diocesan Secretary - Transformation. The administration of the charity is undertaken by the employed staff, who are based at The Old Palace, Deansway, Worcester.

The Board is associated with a number of other charities and funds, full details are included with the related party transactions within note number 31 to these financial statements.

Objectives and Activities

The principal object of The Worcester Diocesan Board of Finance (WDBF) is to advance the Christian faith by promoting, assisting and advancing the work of the Church of England in the Diocese of Worcester by acting as the financial executive of the Worcester Diocesan Synod. This includes the enabling of public worship, pastoral care and the promotion of Christian values by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

A major part of the Board's responsibilities results from legislation with regard to funding the costs of the clergy in the diocese of Worcester including stipends, pension contributions, maintaining clergy houses and paying council tax and water rates. The Board also supports clergy and lay people with training for Christian mission and ministry including children's and youth work.

The WDBF also 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; and
- 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 Board's main sources of income are contributions of Parish Share from Parochial Church Councils and income from grants and from investments. The Board is responsible for the custody and management of the Diocesan Synod's financial affairs as well as those of the Diocesan Board of Education which works with church schools and academies.

In addition to their important role in the governance of the company, and as well as contributing to the work of the Church at a parish level, volunteers make a significant contribution to the delivery of the following activities:

- The work of the Diocese's committees and working groups
- Work with children and young people
- The development of vocations and the provision of training for lay and ordained ministry
- Help and advice given to parishes by the Diocesan Advisory Committee for the care of churches
- Mission and social responsibility work under the umbrella of several groups including the Commission for Social Responsibility and the Eco-Church group.

2020 Priorities

The Diocese has a long-established Kingdom People vision, which is underpinned by four values: love, compassion, justice, freedom. By adopting these values, we seek the coming of God's kingdom on earth, and as well as supporting those who currently consider themselves to be Christians in a lifelong journey of faith, hope and love, plan to see more people coming to follow Jesus.

During 2020, we embarked on a significant transformation programme to seek to make greater progress towards that vision through five priorities:

- Holding two series of "Open Conversations" to draw together people from across the diocese to discuss together how we might increase our health and sustainability as individual churches and as a diocese.
- Continuing with our Calling Young Disciples project to support parishes in developing their capacity and capability for youth and children's work.
- Developing our two Resourcing Church projects, being Top Church, Dudley and All Saints, Worcester, as they seek to grow in number and develop plans for church planting.
- Encouraging the development of vocations, and supporting candidates through the process of initial ministerial education, ordination and curacy.
- Working on three enablers of change: simplifying the number of our deaneries, streamlining diocesan governance, especially financial governance and changing the Parish Share system.

Achievements and Performance

Overview

At the start of the year, we set out to engage with the wider diocese to reflect on how we could increase our health and sustainability as a diocese and as individual churches. Through eleven 'Open Conversations' we engaged with just over 1100 people, 13% of our Usual Sunday Attendance. These events allowed us to gather thoughts and feedback on plans, which were shared with Diocesan Synod in March and informed the planning of a diocesan-wide Transformation programme. A second set of 'Open Conversations' were held in September, but this time through video-conferencing. Nevertheless, over 400 people were able to engage in further consideration of our transformation priorities.

During the year we clarified that the vision for our transformation programme is "To grow as Kingdom People, sharing the good news of Jesus' love in Worcestershire and Dudley. As the body of Christ, we join together to worship God creatively, make disciples, share hope, and transform communities."

The aim of the programme is that we might prayerfully enable church communities across the Diocese to grow in health and sustainability. The Transformation Programme has been overseen by a Steering Group, and an initial meeting of a Challenge Group consisting of a range of people from across the country with diverse skills and experience was held at the end of July. The intention of this group is to improve the robustness of our plans.



Achievements and Performance (continued)

Coronavirus

The coronavirus pandemic had a major impact on our churches and diocesan priorities, as it did across the whole world. On March 23rd, the Government announced that church buildings would need to close for public worship. Many churches were able to swiftly move to some form of online worship – either using video-conferencing or live-streaming or through pre-recorded services. Whilst some churchgoers have struggled to access worship during the pandemic, some services such as morning and night prayer have seen a significant increase in take-up. The longer-term impact on churchgoing, and on our communities will be unknown for some time.

The pandemic has also had a huge impact on the wider parish economy. With church halls also closing, and congregations not able to meet or make offerings in person, many churches have suffered a significant loss of income. Despite this, the Board met its key responsibility for funding the maintenance of stipendiary parochial ministry, funding 111 stipendiary positions, including curates. Support for ministry, particularly in training, was provided to clergy and laity including Licensed Lay Ministry (“Readers”), the diocesan Authorised Lay Ministry (ALM) scheme, although this needed to move online. A number of online briefings were held to support Churchwardens and Treasurers.

Progress on Strategic Projects

Progress on the “Calling Young Disciples” project which seeks a strategic, significant and sustained increase in the capacity of many churches across the diocese to engage with children and young people was significantly impacted by the pandemic. Most staff were furloughed for a part of the year, which we hope will enable the project to be extended after the restrictions imposed by the pandemic are lifted. During the Autumn the Hub Gatherings moved to being held by video-conferencing and the Mission Enablers worked on developing online resources, rather than being engaged in face to face parish work.

A full Cohort of 5 new parish placements will start in January 2021. Once this final Cohort is fully up and running 60 individual churches will have worked with a Mission Enabler, considerably ahead of the Project target of 40. As noted last year the number of new volunteers had already exceeded the anticipated outcome of 250, there are now 271 despite the recording of a loss this last year of 7. Over the last year 69 people have taken part in worship for the first time (many online) and there have been 34 new regular worshippers which brings the total so far to 221 new regular worshippers, compared with an overall target of 600. Though not achieved yet recording an increase in worshippers during this very difficult year is an encouragement, 22 of those new regular worshippers are identified by clergy as being on an active discipleship journey. There is inevitably uncertainty as we come out the Covid restrictions as to the ongoing impact on numbers and engagement. This project is co-funded by Strategic Development Funding from the Archbishops’ Council and investment from reserves.

Despite significant impact of the Covid-19 pandemic, both resourcing churches continue to make progress across many aspects of their plans. Throughout the past year, much of both churches’ worship has had to move on line. Top Church’s online and daily prayer services have proved really popular and more engaging for people, with an average of 180 views for each service. It is believed that around 150 people would recognise Top Church as their home church, although at present, it is difficult to assess how attendance will initially respond once in-person services resume. A successful Alpha course has been held, and online youth mid-week groups have continued on Zoom. Pastoral support to church members has been provided throughout lockdown, and food parcels were delivered door to door in partnership with Jessons School and the Love Black Country network.

All Saints Worcester have also adapted well to the restrictions of lockdown, adopting and evolving a strategy of “All Saints Everywhere”, and providing livestreamed Sunday gatherings, online prayer times, midweek resourcing and community events, and moving to a “hybrid” model of church when restrictions allowed. Online methods were used to create fresh approaches to Christmas services which had record levels of engagement. The ongoing Covid-19 restrictions continue to make long term planning a challenge, and the key risks facing both churches centre on the short and mid-term impact of the pandemic on growth in both attendance and financial resources.

Enablers of Change

In support of the overall transformation programme we identified three enablers of change: changing the parish share system, simplifying our deanery structure and seeking to increase the effectiveness of our governance, especially financial governance. Overall progress on these during 2020 was good.

In February 2020, Diocesan Synod approved the basis for a new Parish Share System, moving to adopt a method of calculation of Parish Share requested based on the cost of ministry received adjusted to reflect the incomes of church members. The details of the new system were due to be considered by the July Synod, but this was deferred into 2021 as a result of the pandemic.

A consultation was held between July and December on proposals to simplify our deanery structure, reducing the number from thirteen to six, renaming Rural Deans as Area Deans and strengthening Deanery Leadership Teams. The responses to the consultation made some improvements to the proposal, and a Bishop's Pastoral Order in December was made with new deaneries coming into effect from February 2021.

The third of the enablers of our transformation programme was a review of governance, and especially financial governance. A new structure for governance was approved by Bishop's Council and Diocesan Synod in the autumn, with detailed recommendations on Terms of Reference and composition approved by Synod in March 2021.

Ministry Development

9 new candidates were recommended to start training for ordination, so that by the end of the year we have 21 ordinands in training, 3 non-stipendiary and 18 stipendiary. It was a joy to have 13 ordinations in the year: nine new deacons and four ordained priests, although these had to be delayed by a few months due to the pandemic. Our current cohort of 26 curates is the largest for some time.

In terms of lay ministry, a new cohort of 19 has started training for Authorised Lay Ministry, and a cohort of 5 began training in September for Licensed Lay Ministry, matching the 5 in the second year cohort.

The triennial clergy conference, 'Water in the Wilderness' had to move online, and despite this, feedback indicates that it was widely found to be a renewing and sustaining experience.

People Changes

In February, we welcomed Bishop Martin Gorick as Bishop of Dudley. Bishop Martin has taken on chairing of the Strategic Programmes Group and leading on Church Planting across the diocese. The DBF was successful in gaining a capacity grant from the National Church's Strategic Investment Board to support the transformation programme. This led to Rob Quarton being appointed part-time Deputy Diocesan Secretary – Transformation at the beginning of September. The Chancellor of the Diocese, Dr Charles Mynors, retired from his role after 23 years' service at the end of year; his successor Jacqueline Humphreys (current Deputy Chancellor of Southwell & Nottingham) being appointed in mid-December.

Support for Church Buildings

Throughout the pandemic the Church Buildings Team have sought to adapt their support to parishes as they managed the closure of their buildings for worship and all other activity, gradual reopening, subsequent lockdowns and much uncertainty. Advice and guidance on risk assessment, the hygienic cleaning historic of buildings, temporary permissions, and accessing emergency funding was continually updated and broadcast through the website, presentations at briefings to Churchwardens and Treasurers, and one-to-one discussions.

The Team continued to support churches with major building projects, including two major live National Lottery Heritage Fund supported projects. Four further bids to the fund were placed on hold due to the pandemic but the team supported applications to the various Covid-recovery funds administered by Historic England, National Lottery, numerous trusts and foundations, and the Local Authority Discretionary Grant Schemes. The work of the Diocesan Advisory Committee (DAC) was also affected by the pandemic with only 44 applications for faculty being considered during the year (97 - 2019), along with 93 applications for List B permission (108 - 2019).

2021 Priorities

As the nation hopefully emerges from the coronavirus pandemic, our Kingdom People vision will continue to guide us in seeking the coming of God's kingdom on earth. As churches re-commence worshipping in person and re-connect with their communities, our priorities will be:

- To continue our transformation programme, helping churches to think through new and creative patterns of worship, to share the hope that Jesus Christ offers, to make disciples and to transform our communities as we live out our Kingdom people values.
- Supporting and enabling churches to become healthier and more sustainable. Within that, we will offer support and training to the six new deaneries to enable effective local discussions about how our churches can most effectively engage with their communities in ministry and mission.
- Enabling our Calling Young Disciples and Resourcing Church projects to review their plans in the light of the pandemic, and assess whether project plans or activities need to change.
- Appointing a Dean of Smaller Churches, and developing a package of support which makes it easier for smaller and struggling churches to remain open, even if that needs to be in a limited way.
- To agree and implement a new Parish Share system which builds financial sustainability and more effectively resources.

To continue our transformation programme

Appointing a Dean of Smaller Churches

Supporting and enabling churches to become healthier and more sustainable

Enabling our Calling Young Disciples and Resourcing Church projects to review their plans



To agree and implement a new Parish Share system



Financial Review

The Statement of Financial Activities on page 18 shows an overall increase in movement of funds of £2,224,000 (2019 - £4,027,000). However, in accordance with the Charity SORP this figure includes surpluses and deficits on sale of property and investments and also a surplus on revaluation of investments at the year end.

The underlying result for the year was an operational deficit of £236,000 plus an investment of £145,000 into our strategic projects (2019 - £754,000 deficit plus an investment into strategic projects of £164,000), which included the cash impact of the clergy pension deficit repayments of £328,000 but excluded the gains on property sales of £1,038,000. The reduction in deficit was ahead of the plan shared with Diocesan Synod in November, despite the financial impact of the pandemic.

The Parish Share contributions were £396,000 (8.2%) down compared to 2019 due to the pandemic. However, significant cost savings were achieved, also as a result of the pandemic, due to restrictions placed on staff movements. The cost savings outweighed the fall in the Parish Share and therefore led to the lower operational deficit. The charity was also financially supported by the Government's Coronavirus Job Retention Scheme and received furlough income of £167,000 in 2020.

Total incoming resources for the year were £9,396,000 (2019 - £9,164,000). The principal funding source was from Parish Share which represents 47.2% (2019 – 52.7%) of total incoming resources. Total Parish Share received during the year was £4,431,000 (2019 - £4,827,000) representing 76% (2019 – 85%) of the total requested. Total resources expended were £8,411,000 (2018 - £9,558,000).

Reserves policy

Free reserves

It is the Board's policy to maintain the net assets of the general unrestricted reserves, excluding tangible fixed assets, at a target of 4.5 months' expenditure, in order to ensure that sufficient liquid funds are available to ensure the Board is able to meet its commitments on a daily basis.

As at 31 December 2020 the general unrestricted fund's net assets, excluding tangible fixed assets was £4,613,000 (2019 - £4,540,000) and during 2020 total resources expended in unrestricted funds was £6,553,000 (2019 - £7,690,000), providing for 8 months of expenditure (2019 – 7 months). However, these figures are distorted by the abnormally low expenditure level due to the impact of the pandemic. The Board have a deficit reduction plan in place, which will bring the free reserves in line with the target of 4.5 months by 2023.

Designated funds

The Board may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of the 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 28. At 31 December 2020 total designated reserves were £675,000 (2019 - £683,000).

Restricted and endowment funds

As set out in note 28 the WDBF holds and administers a number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled £2,533,000 (2019 - £2,390,000) and endowment funds totalled £65,567,000 (2019 - £63,455,000). Neither are available for the general purposes of the WDBF.

Reduced operational deficit in 2020

2020



2019



Operational deficit Strategic project investment

Investment Policy

The Board's investment policy is reviewed regularly by the Investment and Glebe sub-committee, although the ultimate responsibility remains that of the Worcester Diocesan Board of Finance. The Committee seeks to maximise long-term income without exposing capital to undue risk or compromising the Board's ethical investment policy. In the current investment climate, we have maintained regular contact with and received advice from CCLA, our investment advisors. We have sought to maintain and grow the overall income yield, whatever movements in capital values.

Fundraising

Funds were raised in 2020 our partner dioceses of Peru and Morogoro: £2,500 was raised for the Diocese of Peru and £5,400 for the Diocese of Morogoro. In addition, £8,640 was raised and remitted to Berega Hospital, Tanzania.

As a result of the pandemic, we launched a Diocese of Worcester Ministry fund. The aim was to raise enough to cover the stipend of one vicar for one year to assist with the reduced income caused by Covid-19. We encouraged potential donors.

to support their local church as their first priority and if they were able to make an additional gift to this Ministry fund. Through donors' generosity £33,000 was received in 2020.

Risk Policy

The Directors have continued the process of examining the major strategic and operational risks which the DBF faces. They hold and monitor a register of the significant risks, assessing the probability of occurrence and likely impact if they were to occur, divided into six operational areas.

The most significant risks in this analysis, and plans for mitigation, are:

- Income from Parish Share is insufficient to meet the financial commitments and the strategic plans of the Diocese
 - Regular and active communication with parish treasurers to maintain two way communication;
 - Zero increase in parish share requested for 2021
 - Proposed implementation of a new approach to Parish Share for 2022;
 - Monthly monitoring of receipts and projection for the remainder of the year;
 - Active engagement with parishes (including seminars and face-to-face meetings);
 - Appointment of a Stewardship Officer to fill vacancy.
- The effect of COVID-19 has a significant impact on the Diocese in terms of impact on income from Parish Share, investment returns and the potential risk to the health and safety of employees:
 - Careful monitoring of expenditure compared to approved budget and parish share income;
 - Cashflow is continuously monitored and alternative sources of credit finance are available to meet any temporary cashflow shortages; This is reviewed by a special task group on a monthly basis.
 - Sensitivity analysis is applied to our forecasting due to the unknown impact of COVID-19;
 - The Transformation Steering Group is developing scenarios, to seek as many healthy and sustainable churches as possible but also reduce costs to a more sustainable level ongoing;
 - Active engagement with parishes (including via video-conferencing) and training on encouraging parishioners to give via electronic means instead of via the plate;
 - Government and National Church of England guidelines are being fully adhered to as regards the working environment for our employees and clergy.

Risk Policy (continued)

- Falling numbers and ageing of attendance / membership within the Church in the diocese leading to churches becoming unsustainable.
 - Continue to invest in the “Calling Young Disciples” project;
 - Ensure the Resourcing Churches projects are effective, including the planting and renewing of a number of additional churches. These projects are funded by a mixture of Strategic Development Funding from the Archbishops’ Council and a planned investment of reserves;
 - Quarterly monitoring of the above projects by the Strategic Programmes group;
 - Continuing to develop lay and ordained ministry through the development of discipleship, through supporting the exploration of vocations, and by providing or enabling access to training;
 - Development of a clear focus on encouraging ‘healthy and sustainable’ churches.
- Serious safeguarding case
 - Ensure swift action taken if a situation does arise;
 - Ensure effective safeguarding provision is available, through the diocesan safeguarding team; training officers and caseworkers. This will include use of core groups to bring in a wider team where appropriate;
 - Implementation of actions arising from the PCR2 review of safeguarding cases and files;
 - Ensure safer recruitment, training, policies applied and audited at diocesan and parish level;
 - Ensure adequate insurance is in place.

It is recognised that there are reputational risks to the DBF associated with each of these key risks. As well as mitigating risk in each of these areas the DBF’s Communications team bring expertise to support parishes and the bishops in facilitating the mission of the church across the Diocese.

The directors have established a framework of six risk registers, each of which is reviewed periodically by an appropriate committee. An overview of key risks is considered by Bishop’s Council along with the Risk Policy. The Audit Committee reviews the DBF’s approach to risk management on an annual basis, including reviewing the risk policy.

Remuneration Policy

The Board’s policy regarding level of remuneration is that salaries are those appropriate to recruit and retain staff in the context of the job market. Remuneration for more senior roles is set so as to involve an element of “sacrifice” compared to the secular market.

Investment Performance

Overall performance

Investments are held in both glebe and general funds. The total value of investments at 31 December 2020 was £40.7m (2019 - £37.3m) and the total return on investment was 9% (2019 – 11%).

Glebe investments

Investments are in glebe funds, primarily to generate a sustainable income to continue funding clergy stipends. Agricultural, commercial and residential land and buildings were valued at £14.20m at 31 December 2020 (2019 - £14.405m). Rents receivable amounted to £222,000 (2019 - £235,000) – an income yield of 1.6% (2019 – 1.6%).

Investment securities (Glebe and General)

Investments in equity and fixed interest securities were valued at £22.3m at 31 December 2020 (2019 - £21.8m). Income from these securities amounted to £718,000 (2019 - £732,000) – a yield of around 3.2% (2019 – 3.4%), which is considered satisfactory.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware, there is no relevant audit information of which the charitable company's auditors are unaware; the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

As far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware and each director has taken all the steps he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving this Directors' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

On Behalf of the Board : The Reverend Andy Todd

Date: 12th May 2021

Independent Auditor's Report to the Members and Trustees of the Worcester Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of Worcester Diocesan Board of Finance Limited for the year ended 31 December 2020 which comprise Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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 includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity and company law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates in particular valuation of property assets and investment properties; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuation.

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

Use of our report

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

Adam Halsey (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place, London EC4R 1AG

Date: 26th May 2021

Statement of Financial Activities for the Year Ended 31 December 2020

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	4,431	-	-	4,431	4,827
- Archbishops' Council		725	647	-	1,372	1,450
- Other donations	3	475	304	-	779	769
Charitable activities	4	404	60	-	464	527
Other activities	5	366	-	-	366	413
Investments	6	99	847	-	946	976
Other – gains on sale of tangible fixed asset properties		529	-	509	1,038	202
		7,029	1,858	509	9,396	9,164
EXPENDITURE						
Raising funds	7	-	58	-	58	90
Charitable activities						
- Contributions to Archbishops' Council	8	439	-	-	439	519
- Parish Ministry	9	4,898	1,289	-	6,187	6,917
- Support for Ministry	10	801	511	-	1,312	1,396
- Support for Schools	11	327	-	-	327	422
Other	12	88	-	-	88	214
		6,553	1,858	-	8,411	9,558
Net income/(expenditure) before investment gains		476	-	509	985	(394)
Net gains on investments		(69)	331	,304	1,268	3,312
Net income		407	33	1,813	2,253	2,918
Transfers between funds	26	(438)	1103	28	-	-
Other recognised (losses)						
Actuarial (loss) on defined benefit pension scheme	24	-	-	(29)	(29)	1,109
Net movement in funds		(31)	143	2,112	2,224	4,027
Total funds brought forward	25	6,764	2,390	63,455	72,609	68,582
Total funds carried forward	25	6,733	2,533	65,567	74,833	72,609

All incoming resources and resources expended derive from continuing activities.
The notes on pages 21 to 44 form part of these financial statements.

Income and Expenditure Account Year Ended 31 December 2020

	2020 £'000	2019 £'000
Total income	8,887	8,962
Expenditure	(8,411)	(9,558)
Operating surplus/(deficit) for the year	476	(596)
Net (losses)/gains on investments	(36)	662
Net income for the year	440	66
Other comprehensive income:		
Net assets transferred from endowments	(328)	1,398
Total comprehensive income	112	1,464

*The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.
The notes on pages 21 to 44 form part of these financial statements.*

Balance Sheet

Balance Sheet as at 31 December 2020

Company Number 00271752

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
FIXED ASSETS					
Tangible assets	16		33,325		34,689
Investments					
Investment property	17		14,220		14,405
Investments	17		26,486		22,892
			<u>74,031</u>		<u>71,986</u>
CURRENT ASSETS					
Debtors	18	1,030		1,113	
Cash at bank	19		896		833
			<u>1,926</u>		<u>1,946</u>
CREDITORS					
Amounts falling due within one year	20	(846)		(743)	
			<u>1,080</u>		<u>1,203</u>
NET CURRENT ASSETS			1,080		1,203
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>75,111</u>		<u>73,189</u>
CREDITORS					
Amounts falling due after more than one year	21		(278)		(580)
NET ASSETS			<u>74,833</u>		<u>72,609</u>
FUNDS OF THE CHARITY					
Endowment funds	25		65,567		63,455
Restricted Income funds	25		2,533		2,390
Unrestricted Income funds:					
- General funds	25		6,058		6,081
- Designated funds	25		675		683
			<u>74,833</u>		<u>72,609</u>

Note: The above funds include investment revaluation reserves as follows:

Endowment funds £23,847,000 (2019 £22,603,000)

Restricted Income funds £1,022,000 (2019 £702,000)

General funds £36,000 (2019 £1,077,000)

The financial statements were approved by the Board of Directors on 12th May 2021 and were signed on its behalf by:

The Reverend Andy Todd

The notes on pages 21 to 44 form part of these financial statements

Cash Flow Statement for the Year Ended 31 December 2020

Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Net cash flow from operating activities		(1,123)		(1,880)
Cash flows from investing activities				
Dividends, interest and rent from investments	946		976	
Proceeds from the sale of:				
- Tangible fixed assets	2,386		924	
- Investments	5,215		891	
Purchase of:				
Tangible fixed assets for the use of the WDBF	(5)		(1,121)	
Fixed asset investments	(4,272)		(672)	
Net cash provided by investing activities		4,270		998
Change in cash and cash equivalents in the year		3,147		(882)
Cash and Cash Equivalents at 1 January		1,903		2,785
Cash and Cash Equivalents at 31 December		5,050		1,903
Reconciliation of net movements in funds to net cash flow from operating activities				
Net income / (expenditure) before investment gains for the year ended 31 December		985		(394)
Adjustments for:				
Depreciation Charges	21		196	
Dividends, interest and rent from investments	(946)		(976)	
Actuarial (loss)/gain on pension scheme	(29)		1,109	
(Surplus) on sale of functional assets	(1,038)		(202)	
Decrease in debtors	83		173	
(Decrease) in creditors	(199)		(1,786)	
Net cash used in operating activities		(2,108)		(1,486)
Net cash used in operating activities		(1,123)		(1,880)
Analysis of cash and cash equivalents				
Cash in Hand		896		833
Notice Deposits		4,154		1,070
		5,050		1,903

The notes on pages 21 to 44 form part of these financial statements

1. PRINCIPAL 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 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The principal accounting policies and estimation techniques are as follows:

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) **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 income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953 as amended, and the use of the income is restricted for clergy stipends. 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 (normally much larger) 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 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 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.
- 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 24). 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 in 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

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.

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.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

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.

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and Fittings 20% per annum straight line basis

e) 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.
- iii) **Taxation.** The company is a registered charity and is not liable to corporation tax in this year.

f) Fund balances

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

- Unrestricted funds are the WDBF's charity 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 (Stipends Fund Capital and Parsonage Houses) 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.

g) Key judgments

The preparation of the financial statements requires management to make judgments, 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 judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

1. The Trustees perform annual impairment reviews (as explained in c above), and have concluded that there are no indications of material impairment.
2. Freehold properties are not depreciated for the reasons set out in c) above.
3. The assumptions underpinning the pension scheme liabilities are set out in note 24 below.
4. Receipts of Parish Share are recognised in the year under review up to 5th February (prior year was 14th February) of the following year.

h) Going concern

Having reviewed the funding facilities available to Worcester DBF together with the forecast cash flows, the trustees conclude that that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, the financial statements are prepared on the going concern basis.

	Total Funds 2020 £'000	Total Funds 2019 £'000
Current year's allocation	5,775	6,190
Less grants and allowances	-	(528)
	5,775	5,662
Shortfall in contributions	(1,395)	(926)
	4,380	4,736
Arrears for previous years	51	91
TOTAL	4,431	4,827

	2020 Parish Share Requested £'000	2020 Shortfall £'000	2020 Total Received £'000	2020 Total Received %	2019 Total Received £'000	2019 Total Received %	(Decrease) Increase / £'000	(Decrease) Increase / %
Worcester Archdeaconry								
Evesham	385	120	265	68.8	358	94.9	(93)	(25.9)
Malvern	585	138	447	76.4	474	82.6	(27)	(5.7)
Martley & Worcester West	268	65	203	75.7	223	84.7	(20)	(8.9)
Pershore	539	142	397	73.7	490	92.8	(93)	(19.0)
Upton	237	40	197	83.1	206	88.4	(9)	(4.4)
Worcester East	621	148	473	76.2	513	84.2	(40)	(7.8)
	2,635	653	1,982	75.2	2,264	87.6	(282)	(12.5)
Dudley Archdeaconry								
Bromsgrove	593	116	477	80.4	514	88.4	(37)	(7.2)
Droitwich	480	203	277	57.7	284	60.4	(7)	(2.5)
Dudley	406	84	322	79.3	344	86.4	(22)	(6.3)
Kidderminster	492	63	429	87.2	423	87.7	6	1.5
Kingswinford	399	88	311	77.9	365	93.3	(54)	(14.7)
Stourbridge	609	157	452	74.2	496	83.1	(44)	(8.9)
Stourport	161	31	130	80.7	137	86.7	(7)	(5.2)
	3,140	742	2,398	76.4	2,563	83.3	(165)	(6.4)
TOTALS	5,775	1,395	4,380	75.8	4,827	85.5	(447)	(9.3)

3. OTHER DONATIONS

	Total Funds 2020 £'000	Total Funds 2019 £'000
Allchurches Trust	112	106
Education Training Courses	-	2
Education Service Level Agreements	65	204
Education Academy Conversion Fees	3	24
Parsonage Houses Income	23	74
Ministry Restricted Donations	33	-
Archbishops' Council – RME grant	236	202
Sundry Income	35	96
Registry-Church Commissioners	44	40
Safeguarding Income	31	21
Safeguarding PCR2 Grant	30	-
Furlough Grant	167	-
	779	769

4. CHARITABLE ACTIVITIES

Statutory fees	404	483
Trust Income		
- Clergy Widows and Orphans Fund	10	9
- Ordination Candidates Fund	30	25
- Church Schools Improvement and Maintenance Fund	7	-
- Sundry Trust Funds	13	10
	464	527

5. OTHER ACTIVITIES

Rental income from parsonages	223	224
Rental income from other property	45	78
Bishop's office – rent and service charge	98	111
	366	413

6. INVESTMENTS

Dividends receivable	718	732
Interest receivable	6	9
Rents receivable	222	235
	946	976

7. RAISING FUNDS

Glebe Agent's fees and expenses (including registration costs)	58	90
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8. OTHER DONATIONS

CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL

	Total Funds 2020 £'000	Total Funds 2019 £'000
Training for Ministry	212	215
National Church responsibilities	188	192
Retired clergy housing costs	77	74
Pooling of ordination candidates' costs	(40)	32
General Synod Representatives' Expenses	2	6
	439	519

9. PARISH MINISTRY

Stipends and national insurance	3,115	3,107
Pension costs	748	762
Housing costs – Council Tax	268	259
Parsonage Houses maintenance	572	1,072
Removal, resettlement and other grants	72	102
Lowest Income Communities projects	50	98
Resourcing Churches	524	577
Other expenses	196	222
Support costs - Administration (see note 13)	642	718
	6,187	6,917

10. SUPPORT FOR MINISTRY

Ministry and Discipleship	261	407
Calling Young Disciples project	253	303
Diocesan Advisory Committee	120	73
Restructuring	15	-
Heritage Buildings & Community Development Officer	-	5
Social Responsibility	-	2
Mission Development Officers	31	30
Safeguarding	179	117
World Church Links	3	8
Ordination Candidates Allowances and tuition fees	330	316
Support costs – Administration (see note 13)	120	135
	1,312	1,396

11. SUPPORT FOR SCHOOLS

Education team	287	377
Support costs – Administration (see note 13)	40	45
	327	422

12. OTHER EXPENDITURE

	Total Funds 2020 £'000	Total Funds 2019 £'000
Old Palace costs	23	194
Holland House Grant	65	-
Demolition of Redundant Church	-	20
	88	214

13. ANALYSIS OF SUPPORT COSTS

Central Administration	632	739
Governance:		
- External audit	16	18
- Registrar and Chancellor	152	137
- Synodical costs	2	3
	802	897

	Activities Undertaken Directly £'000	Support Costs £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Cost of generating funds	58	-	58	90
Contributions to Archbishops' Council	439	-	439	519
Parish Ministry	5,545	642	6,187	6,917
Support for Ministry	1,192	120	1,312	1,396
Support for Schools	287	40	327	422
Charitable activities	7,463	802	8,265	9,254
Other resources expended (note 12)	88	-	88	214
	7,609	802	8,411	9,558

*Support costs are apportioned as 80% Parish Ministry, 15% Support for Ministry and 5% Education.
Support costs are not allocated to the Glebe Agent's fees and expenses because the Glebe Agent provides his own administrative support.*

14. STAFF COSTS

	2020 £'000	2019 £'000
Gross wages and salaries	1,392	1,427
Employers National Insurance Costs	129	131
Other Pension Costs - Annual	298	313
	1,819	1,871

The average monthly number of employees during the year was as follows:

	No. in 2020	No. in 2019
Full time	26.3	27.5
Part time	25.8	27
	52.1	54.5

In terms of full-time equivalent employees, the average number employed and their funding was as follows:

	No. in 2020	No. in 2019
Operational posts funded by the DBF	30.4	30.1
Project posts and operational posts funded from other sources*	11.2	14.1
	41.6	44.2

* other sources include Strategic Development Funding from the National Church, Bishops' office funding from the Church Commissioners, grants from trust funds and a contribution from reserves to the Calling Young Disciples project.

There are two employees with emoluments above £60,000 per annum (2019: two employees). Pension contributions are paid for 53 employees (2019: 56 employees).

As part of a fixed term contract coming to an end, there was one redundancy in 2020. Accordingly, the total paid during the year in termination and redundancy payments was £2,000 (2019: £40,554).

Worcester Diocesan Board of Finance is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than the bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

The WDBF paid an average of 109 (2019-108) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £'000	2019 £'000
Stipends	2,896	2,832
National insurance contributions & apprenticeship levy	248	243
Pension costs - current year	713	676
Pension costs - deficit reduction	328	322
	4,185	4,074

14. STAFF COSTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2020 they were:

Diocesan Secretary and Company	Secretary John Preston
Director of Finance	Helen Archer-Smith
Director of Education	Margaret James
Director of Ministry and Discipleship	Jonathan Kimber
Director of Communications	Samantha Setchell
Deputy Diocesan Secretary - Restructuring	Robert Quarton (from 14.09.20)

Remuneration and pensions for these six employees amounted to £295,605 (2019: £266,464).

Trustees' emoluments

No trustee received any remuneration for services as Trustee. Six (2019 – ten) Trustees received travelling and out of pocket expenses, totaling £5,437 (2019 - £14,576) in respect of General Synod duties, duties as archdeacon or rural dean and other duties as Trustees.

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 M Badger	Yes	Yes
The Revd R M Clark	Yes	Yes
The Revd A C Davies	Yes	Yes
The Right Revd M Gorick	No	Yes
The Ven N J Groarke	Yes	Yes
The Ven R G Jones	Yes	Yes
The Revd C A Lording	Yes	Yes
The Revd A M Potter	Yes	Yes
The Revd B E Rienstra	Yes	Yes
The Revd A Todd	Yes	Yes

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 bishop but excluding diocesan bishop and cathedral staff.

15. SURPLUS FOR THE FINANCIAL YEAR

Is stated after charging / (crediting):

	2020 £'000	2019 £'000
Depreciation	21	196
(Surplus)/deficit on disposal of fixed assets	(1,038)	(202)
Operating Lease – Rent	21	21
Auditors Remuneration – external scrutiny	16	18

16. TANGIBLE FIXED ASSETS

Unrestricted Funds

COST

	Board Houses £'000	Fixtures and Fittings £'000	Totals £'000
At 1 January 2020	1,488	312	1,800
Disposals	(75)	-	(75)
At 31 December 2020	<u>1,413</u>	<u>312</u>	<u>1,725</u>

DEPRECIATION

At 1 January 2020	-	259	259
Charge for year	-	21	21
At 31 December 2020	<u>-</u>	<u>280</u>	<u>280</u>

NET BOOK VALUE

At 31 December 2020	<u>1,413</u>	<u>32</u>	<u>1,445</u>
At 31 December 2019	<u>1,488</u>	<u>53</u>	<u>1,541</u>

Restricted Funds

COST

	Glebe Team Vicarages & Curates' Houses £'000	Parsonages Houses £'000	Pastoral Buildings £'000	Totals £'000
At 1 January 2020	13,114	19,812	222	33,148
Additions	-	5	-	5
Disposals	(1,150)	(123)	-	(1,273)
At 31 December 2020	<u>11,964</u>	<u>19,694</u>	<u>222</u>	<u>31,880</u>

DEPRECIATION

At 1 January & 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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NET BOOK VALUE

At 31 December 2020	<u>11,964</u>	<u>19,694</u>	<u>222</u>	<u>31,880</u>
At 31 December 2019	<u>13,114</u>	<u>19,812</u>	<u>222</u>	<u>33,148</u>

Total Tangible Fixed Assets

Unrestricted funds – Net Book Value
Restricted funds – Net Book Value

2020 £'000	2019 £'000
1,445	1,541
31,880	33,148
<u>33,325</u>	<u>34,689</u>

16. TANGIBLE FIXED ASSETS (continued)

The parsonage houses are legally vested in the Incumbent as a freeholder during their incumbency. The Incumbent is not free to dispose of the house and is not responsible for the maintaining the house. The charitable company has both the benefits and obligations of ownership. The Trustees consider the difference between the carrying value and the market value of the interests in land and buildings not held as investments is not quantifiable.

Included in land and buildings is freehold land valued at £9.9m (2019- £9.9m) which is not depreciated. The freehold property of Board, Parsonage, Glebe and Pastoral buildings and the fixtures and fittings are held in the direct furtherance of the charity's objects.

17. FIXED ASSET UK INVESTMENTS

	Property £'000	CBF Shares £'000	Cash £'000	Total £'000
Valuation				
At 1 January 2020	14,405	21,822	1,070	37,297
Additions	-	1,188	3,084	4,272
Disposals	(491)	(1,555)	-	(2,046)
Increase in revaluation	306	877	-	1,183
At 31 December 2020	<u>14,220</u>	<u>22,332</u>	<u>4,154</u>	<u>40,706</u>
At 31 December 2019	<u>14,405</u>	<u>21,822</u>	<u>1,070</u>	<u>37,297</u>

	Total 2020 £'000	Total 2019 £'000
UK investment property	14,220	14,405
Unlisted UK investment shares	22,332	21,822
CBF Investments	4,154	1,070
	<u>40,706</u>	<u>37,297</u>

Investment property was valued on an open market basis as at 31 December 2020 by A N Champion FRICS, who is Glebe Agent. Historical investment costs are not readily available as much of the investment properties was acquired a considerable time ago.

	Total 2020 £'000	Total 2019 £'000
18. DEBTORS		
Current year Parish Share	320	415
Fee receivable	51	52
Other debtors	453	438
Prepayments	135	145
Accrued Income	71	63
	1,030	1,113
19. CASH AT BANK		
Lloyds Bank PLC Accounts	896	833
20. CREDITORS: Amounts falling due within one year		
Trade creditors	82	112
Other taxes and social security	72	68
Other creditors	23	104
Deferred income	20	91
Accruals	35	55
Parsonage houses maintenance	97	84
Clergy Pension Scheme	328	319
	846	743
21. CREDITORS: Amounts falling due after more than one year		
Loans (see note 22)	171	171
Repayable Grant (see note 22)	33	33
Clergy Pension Scheme	74	376
	278	580
22. LOANS Amounts falling due in more than five years:		
Repayable otherwise than by instalments:		
Church Commissioners – Value Linked Loans (secured on Board Houses)	171	171
Church Commissioners – Repayable Grant	33	33
	204	204
23. OPERATING LEASES		
Total commitments under non-cancellable operating leases are as follows:		
Land and Buildings		
Payable within one year of the balance sheet date	15	10

24. PENSION COMMITMENTS - Church of England Funded Pension Scheme

The Worcester Diocesan Board of Finance, as a Responsible Body, participates in the Church of England Funded Pension Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from the company and the other participating Responsible Bodies. Each 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 specific Responsible Bodies and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 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 assumptions:

- 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.

% of pensionable stipends	Jan 2018 to Dec 2020	Jan 2021 to Dec 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 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2019 is set out in the table below.

	2020		2019	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		695		2,083
Deficit contribution paid	(328)		(322)	
Interest cost	6		43	
Remaining change to the balance sheet liability*	29		(1,109)	
		(293)		(1,388)
Balance sheet liability at 31 December		402		695

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

Church of England Funded Pension Scheme (continued)

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:

	Dec 2020	Dec 2019	Dec 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1% pa	2.8% pa	3.1% pa
Increase in total pensionable payroll	1.6% pa	1.3% pa	1.6% pa

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

Worcester 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 scheme separately from those of the Employer and the other participating employers.

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

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

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

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

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

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers'

sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

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

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts. Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £12,400 per year.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

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

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

24. PENSION COMMITMENTS - Church of England Defined Benefits Scheme

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognized as a liability. The movement in the provision is as set out below:

	2020		2019	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		-		-
Deficit contribution paid	-		-	
Interest cost	-		-	
Remaining change to the balance sheet liability*	-		-	
		-		-
Balance sheet liability at 31 December		-		-

*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:

	Dec 2020	Dec 2019	Dec 2018
Discount rate	0%	0%	0%

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.

Church of England Pension Builder Scheme

During 2020 the Worcester DBF (DBS) Defined Benefits Scheme section of CWPF for lay staff was closed and was replaced with the Pension Builder Scheme. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors. Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no

requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age. There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

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

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time. For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

25. SUMMARY OF MOVEMENTS IN FUNDS

	Balance at 1 January 2020 £'000	Income and Endowments £'000	Expenditure £'000	Investment and actuarial Gains and (Losses) £'000	Transfers £'000	Balance at 31 December 2020 £'000
Unrestricted Funds						
General fund	6,081	6,304	(5,820)	(69)	(438)	6,058
Designated Funds						
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	31	-	(3)	-	-	28
Holland House Fund	65	-	(65)	-	-	-
Lowest Income Communities Fund	183	725	(665)	-	-	243
Calling Young Disciples	394	-	-	-	-	394
Designated Funds	683	725	(733)	-	-	675
Total Unrestricted funds	6,764	7,029	(6,553)	(69)	(438)	6,733
Restricted Income funds						
Education fund	217	-	-	13	-	230
Diocesan Stipends fund	-	847	(847)	-	-	-
Resourcing Churches	-	500	(500)	-	-	-
Calling Young Disciples	-	132	(132)	-	-	-
Capacity Grant Restructuring	-	15	(15)	-	-	-
Diocesan Pastoral Account fund	2,164	-	-	19	-	2,183
Ordination Candidates fund	-	25	(25)	-	-	-
Clergy Widows and Orphans fund	-	10	(10)	-	-	-
Lay Staff Support fund	9	-	-	1	-	10
Ministry Restricted Donations	-	33	(33)	-	-	-
RME fund	-	236	(236)	-	110	110
Other	-	60	(60)	-	-	-
Restricted funds	2,390	1,858	(1,858)	33	110	2,533
Endowment Funds						
Diocesan Stipends Capital fund	44,316	509	-	1,238	328	46,391
Diocesan Parsonage Capital fund	19,139	-	-	37	-	19,176
Endowment funds	63,455	509	-	1,275	328	65,567
TOTAL FUNDS	72,609	9,396	(8,411)	1,239	-	74,833

26. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted General fund £'000	Unrestricted Designated fund £'000	Total Unrestricted fund £'000	Restricted funds £'000	Endowed funds £'000	Total 2020 £'000
Historical correction of RME Fund	(110)	-	(110)	110	-	-
General fund to Endowment due to reduction in pension deficit	(328)	-	(328)	-	328	-
Total	(438)	-	(438)	110	328	-

27. SUMMARY OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General fund	1,445	-	2,816	467	(722)	2,052	6,058
Designated Funds							
Conferences Fund	-	-	-	10	-	-	10
World Church Links Fund	-	-	-	28	-	-	28
Lowest Income Communities Fund	-	-	-	243	-	-	243
Calling Young Disciples	-	-	-	394	-	-	394
Designated Funds	-	-	-	675	-	-	675
Total Unrestricted funds	1,445	-	2,816	1,142	(722)	2,052	6,733
Restricted funds							
Education fund	-	-	219	11	-	-	230
Diocesan Pastoral Account fund	222	-	1,298	663	-	-	2,183
Lay Staff Support fund	-	-	10	-	-	-	10
RME fund	-	-	-	110	-	-	110
Restricted funds	222	-	1,527	784	-	-	2,533
Endowment Funds							
Diocesan Stipends Capital fund	11,964	14,220	21,341	-	(402)	(732)	46,391
Diocesan Parsonage Capital fund	19,694	-	802	-	-	(1,320)	19,176
Endowment funds	31,658	14,220	22,143	-	(402)	(2,052)	65,567
TOTAL FUNDS	33,325	14,220	26,486	1,926	(1,124)	-	74,833

28. PURPOSE OF FUNDS

General fund is the WDBF's unrestricted undesignated fund available for any of the WDBF's purposes without restriction.

Conference designated fund is an amount set aside to help fund the periodic clergy conference.

World Church Links designated fund relates to funds which are earmarked for the mission work with the World Church Links.

Holland House designated fund is the remaining unspent net proceeds of sale of Vine Cottage which was sold off several years ago as part of Holland House. This remaining balance of this fund was given to the Trustees of Holland House during 2020 to help them manage the effects of the pandemic.

Lower Income Communities designated fund is income received to support stipendiary ministry in the most deprived areas of the Diocese. Due to the pandemic not all of the planned projects could take place and hence the increase of the funds held at the year end.

Resourcing Churches is income received from Archbishops' Council for the Dudley and Worcester Resourcing churches.

Calling Young Disciples (CYD) designated fund relates to the cost of CYD which will need to be funded by WDBF over the course of the project which is above the restricted income which will be received. It is budgeted that these funds will be spent by 2023.

RME fund is the resourcing Ministerial Education fund from which block grants are received by WDBF, out of which training and maintenance costs are met. Any unused funds at the end of each year can only be used to fund future training and maintenance costs.

Ministry Restricted donations related to the Diocese of Worcester Ministry fund which was launched as a result of the pandemic, due to the effects of reduced Parish Share. All income was expended during the year towards a stipend of a vicar.

Restricted Education Fund provides for income to be used for educational purposes.

The Restricted Stipends Capital and Income Funds have arisen from, and are governed by the provisions of Section 35 of the Endowment and Glebe Measure of 1976 (as amended), which provides for the income to be used to pay clergy stipends and pension premiums. The capital can only be expended as provided by the Measure.

The Restricted Parsonage Capital Fund has arisen from the Mission and Pastoral Measure 2011 and can only be used for the provision of parsonage houses.

The Restricted Diocesan Pastoral Account Fund has arisen from the Pastoral Measure 2011 and can be used for purposes laid down in Section 94 of the Pastoral Measure 2011. This includes expenditure on any property vested by or under this Measure in the Church Commissioners of the DBF, and grants and loans for parsonage and church provision, restoration, improvement or grant.

Where the DBF is satisfied that any monies in the Diocesan Pastoral Account are not (likely to be) required for meeting the costs referred to in this section it may:

- a. Apply those monies by way of grant or loan to the provision, restoration, improvement or repair of church and parsonage house in the diocese, including the repair of any building closed for regular public worship vested in the Board pending the coming into operation of arrangement under a pastoral (church buildings disposal) scheme, or to other purposes of the diocese or any benefice or parish in the diocese; or
- b. Apply those monies by way of grant or loan for the benefit of another diocese; or
- c. Transfer monies to the Diocesan Stipends Fund Capital or Income Account (which cannot be reversed).
Sufficient funds must be held in the Fund to finance all redundant buildings in the Diocese; or
- d. Transfer those monies to one or more other accounts of funds held by the Board.

The Restricted Ordination Candidates Fund is to finance the costs of Ordinands in the Diocese. The expenditure is funded by income from a registered charity, the Ordination Candidates Trust Fund. No reserves are held in this fund.

The Restricted Clergy Widows and Orphans Fund is to finance the cost of clergy widows and orphans in the Diocese. The expenditure is funded by a grant from a trust fund, the Clergy Widows and Orphans Trust. No reserves are held in this fund.

The Restricted Calling Young Disciples Fund is to finance the cost of Mission Enablers. The expenditure is funded by grants from the Archbishops' Council.

29. FINANCIAL INSTRUMENTS

	2020 £'000	2019 £'000
Financial assets measured at fair value	22,332	21,822
Financial assets measured at amortised cost	6,080	3,016
Financial liabilities measured at amortised cost	(1,139)	(1,323)
Financial liabilities measured at fair value	(171)	(171)

Financial assets measured at fair value comprise unlisted investments.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and receivables and a parish loan.

Financial liabilities measured at amortised cost comprise accruals, other creditors, the Clergy Pension Scheme liability and amounts held for other bodies.

Financial liabilities measured at fair value comprise value linked loans.

30. FUNDS HELD AS CUSTODIAN TRUSTEE

The Worcester Diocesan Board of Finance acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are Parochial Church Councils and others. Assets held in this way are not aggregated in these financial statements as the Board does not control them. The financial assets held in this way may be summarized as follows:

	2020 £'000	2019 £'000
Church of England Investment Fund income shares	15,086	14,224
CBF Church of England Fixed Interest Securities Fund shares	380	367
CBF Church of England Property Fund shares	229	241
CBF Church of England Deposit Fund	2,713	1,908
Total assets held as Custodian Trustee	18,408	16,740

31. RELATED PARTY TRANSACTIONS

The Board is associated with various charities and trusts due to the majority of their trustees being trustees of the Board. The trustees consider that this relationship does not inhibit either charity from pursuing its own separate interests. The amounts due to / (from) the DBF at 31 December 2020 are as shown below. During the year ended 31 December 2020 the Board has received grants from the charities and trusts as follows:

	Grants Receivable 2020	Grants Receivable 2019	Amounts due to/(from) the DBF at 31 Dec 2020	Amounts due to/(from) the DBF at 31 Dec 2019
Worcester Diocesan Social Responsibility Fund	17,500	20,188	17,500	81,472
Worcester Diocesan Sites and Buildings Fund	-	90	-	(40,298)
Worcester Diocesan Ordination Candidates Fund	30,000	25,000	5,000	25,840
Worcester Diocesan Church Schools Improvement and Maintenance Fund	6,530	4,840	9,350	8,290
Worcester Diocesan Clergy Holiday Fund ³	,624	3,650	-	3,050
Lye Church Estate Trust	8,172	7,934	-	-
Cholmondeley Bequest Fund	1,148	1,129	-	-
Trust Administration Fund	770	748	-	-
Special Purposes Fund	7,832	7,769	-	-
Redditch Holy Trinity Charity	25,000	25,000	50,000	25,000
Worcester St Johns Meeting Room Income Fund	-	-	-	(594)
Diocesan Records Office Income Fund	-	-	16,278	18,668
Clergy Widows & Orphans Income	9,502	-	18,502	10,932
Clent Hall Parish Hall	-	-	12,000	6,000
Bourneheath Trust Income Fund	-	-	3,070	1,241
Belbroughton Village Hall Fund	-	-	-	320
Abberton Spire Trust Fund	-	-	500	6,365

The Board acts as Trustee for a number of funds and has delegated its role, by virtue of a resolution dated 26 June 1934, to its Trust Committee (Diocesan Trustees). These funds objects all fall within the wider objects of the DBF. These funds are:

- Mary Bottjer Trust
- Lye Church Estate Trust
- Queen Victoria Clergy Fund
- In Service Training Fund
- Redditch Holy Trinity Fund
- Pendock Church of England Voluntary School Fund
- Ronkswood Holy Trinity & St Matthew Trust Fund
- St Edmund King & Martyr Dudley Fund
- Worcester Diocesan Church Schools Improvement and Maintenance Fund

32. CONTINGENT LIABILITY

The operating premises for the Worcester Diocesan Board of Finance are based at the Old Palace, Deansway, Worcester but this will cease on 28th September 2021. In accordance with the lease for the Old Palace, the Worcester Diocesan Board of Finance is required to keep the premises in no worse state of repair than when the lease was entered into. Considering the significant investment in the Old Palace over the years, the Board is of the opinion that the premises are currently in a better state compared to when the lease was entered into. Accordingly, the Board have decided that no provision is required to be made for any potential repair works under the lease. However, at the date of sign off of these financial statements, the discussions for repair works with the landlord were still ongoing and therefore considered to be a contingent liability.

33. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	4,827	-	-	4,827	4,579
- Archbishops' Council		734	716	-	1,450	897
- Other donations	3	525	244	-	769	652
Charitable activities	4	482	45	-	527	697
Other activities	5	413	-	-	413	373
Investments	6	105	871	-	976	900
Other – gains on sale of tangible fixed asset properties		-	-	202	202	1,665
		7,086	1,876	202	9,164	9,763
EXPENDITURE						
Raising funds	7	-	90	-	90	53
Charitable activities						
- Contributions to Archbishops' Council	8	519	-	-	519	515
- Parish Ministry	9	5,617	1,300	-	6,917	6,684
- Support for Ministry	10	918	478	-	1,396	1,189
- Support for Schools	11	422	-	-	422	440
Other	12	214	-	-	214	48
		7,690	1,868	-	9,558	8,929
Net income/(expenditure) before investment gains		(604)	8	202	(394)	834
Net gains on investments		204	458	2,650	3,312	4,190
Net income/(expenditure)		(400)	466	2,852	2,918	5,024
Transfers between funds	26	1,479	(81)	(1,398)	-	-
Other recognised gains / (losses)						
Actuarial gain on defined benefit pension scheme	24	-	-	1,109	1,109	101
Net movement in funds		1,079	385	2,563	4,027	5,125
Total funds brought forward	25	5,685	2,005	60,892	68,582	63,457
Total funds carried forward	25	6,764	2,390	63,455	72,609	68,582

34. PRIOR YEAR COMPARATIVE ANALYSIS OF MOVEMENT IN FUNDS

	Balance at 1 January 2019 £'000	Income and Endowments £'000	Expenditure £'000	Investment Gains and (Losses) £'000	Transfers £'000	Balance at 31 December 2019 £'000
Unrestricted Funds						
General fund	4,935	6,352	(6,944)	204	1,534	6,081
Designated Funds						
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	39	-	(8)	-	-	31
Holland House Fund	69	-	(4)	-	-	65
Lowest Income Communities Fund	183	734	(734)	-	-	183
Calling Young Disciples	394	-	-	-	-	394
Old Palace External Decorations and Major Repairs Fund	55	-	-	-	(55)	-
Designated Funds	750	734	(746)	-	(55)	683
Total Unrestricted funds	5,685	7,086	(7,690)	204	1,479	6,764
Restricted Income funds						
Education fund	188	-	-	29	-	217
Diocesan Stipends fund	-	871	(871)	-	-	-
Resourcing Churches	-	519	(519)	-	-	-
Calling Young Disciples	-	197	(197)	-	-	-
Diocesan Pastoral Account fund	1,817	-	-	428	(81)	2,164
Ordination Candidates fund	-	25	(25)	-	-	-
Clergy Widows and Orphans fund	-	9	(9)	-	-	-
Lay Staff Support fund	-	8	-	1	-	9
RME fund	-	202	(202)	-	-	-
Other	-	45	(45)	-	-	-
Restricted funds	2,005	1,876	(1,868)	458	(81)	2,390
Endowment Funds						
Diocesan Stipends Capital fund	42,060	202	-	3,759	(1,705)	44,316
Diocesan Parsonage Capital fund	18,832	-	-	-	307	19,139
Endowment funds	60,892	202	-	3,759	(1,398)	63,455
TOTAL FUNDS	68,582	9,164	(9,558)	4,421	-	72,609

35. PRIOR YEAR COMPARATIVE OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General fund	1,541	-	2,761	190	(624)	2,213	6,081
Designated Funds							
Conferences Fund	-	-	-	10	-	-	10
World Church Links Fund	-	-	-	31	-	-	31
Holland House Fund	-	-	69	-	(4)	-	65
Lowest Income Communities Fund	-	-	-	183	-	-	183
Calling Young Disciples	-	-	-	394	-	-	394
Designated Funds			69	618	(4)	-	683
Total Unrestricted funds	1,541	-	2,830	808	(628)	2,213	6,764
Restricted funds							
Education fund	-	-	206	11	-	-	217
Diocesan Pastoral Account fund	222	-	421	1,521	-	-	2,164
Lay Staff Support fund	-	-	9	-	-	-	9
Restricted funds	222	-	636	1,532	-	-	2,390
Endowment Funds							
Diocesan Stipends Capital fund	13,114	14,405	19,032	-	(695)	(1,540)	44,316
Diocesan Parsonage Capital fund	19,812	-	-	-	-	(673)	19,139
Endowment funds	32,926	14,405	19,032	-	(695)	(2,213)	63,455
TOTAL FUNDS	34,689	14,405	22,498	2,340	(1,323)	-	72,609