

GUILDFORD DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 248245

Details

Other names	DIOCESE OF GUILDFORD
Status	Registered
Legal form	Charitable company
Company number	00225289
Registered	1967-09-29
Register	View on the Charity Commission register

Contact

Address	Church House Guildford Stag Hill Guildford GU2 7UP
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Activities

Objects: 4. THE COMPANY'S OBJECTS ('OBJECTS') ARE SPECIFICALLY RESTRICTED TO THE FOLLOWING: 4.1. TO PROMOTE AND ASSIST THE WORK, OBJECTS AND PURPOSES OF THE CHURCH OF ENGLAND (HEREINAFTER CALLED "THE CHURCH") FOR THE ADVANCEMENT OF THE CHRISTIAN RELIGION IN THE DIOCESE; AND 4.2. TO AID AND FURTHER (IN SUCH MANNER AS MAY FROM TIME TO TIME BE APPROVED BY RESOLUTION OF DIOCESAN SYNOD) THE OBJECTS AND WORK OF THE CHURCH OF ENGLAND OUTSIDE THE DIOCESE OR OF ANY OTHER BODY OF CHRISTIANS WHETHER INSIDE OR OUTSIDE THE DIOCESE.

Activities: Our principal activity is to promote and assist the Church of England in spreading the gospel of Jesus Christ primarily in the Diocese of Guildford. We oversee the funding of the ministry within the Diocese, including the provision of housing and pensions; financing of a variety of support service activities; and the support of parishes and other related bodies.

Classification

- **How:** Provides Human Resources
- **What:** Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF GUILDFORD
- Hampshire
- Kingston Upon Thames
- Surrey

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£15,730,909	£16,287,000	£212,102,000	58
2023-12-31	£14,524,000	£15,528,000	£213,367,000	59
2022-12-31	£16,149,000	£14,871,000	£227,364,000	57
2021-12-31	£15,010,000	£14,320,000	£215,079,000	60
2020-12-31	£14,329,000	£13,551,000	£165,795,000	51

Trustees

Name	Role	Appointed
Stephen Peter Roberts	Chair	2016-01-01
Anna Margaret Shaw		2023-05-22
CANON PETER NIGEL EDWARD BRUINVELS		
Elizabeth Angela Klintworth		2025-01-01
Graeme Roderick Holmes Hampshire		2022-01-01
Graham Everness		2019-01-01
Howard Gordon Mason		2025-01-01
Karen Booker		2026-02-23
Keith Robert Malcouronne		
Monilola Babatunde		2025-04-30
Rev Alwyn Antonio Basilio Pereira		2025-01-01
Rev Benjamin Harold Beecroft		2022-01-01
Rev Hannah Terese Moore		2025-05-01
Rev Harold David Uffindell		2024-11-23
Rev Kirsten Louise Rosslyn-Smith		2025-01-01
Rev Martin Christopher Breadmore		2019-11-24
Rev Robert Gerard Cooper		2025-01-26
Revd Dr Simon David Newman Vibert		2026-02-23
The Right Reverend RICHARD PAUL DAVIES		2017-12-10
The Venerable Catharine Mary Mabuza		2024-03-17

Accounts

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2024

GUILDFORD DIOCESAN BOARD OF FINANCE

Company number - 225289

Registered charity number – 248245

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ANNUAL REPORT

For the year ended 31 December 2024

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ANNUAL REPORT

For the year ended 31 December 2024

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2024.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The Diocese of Guildford covers most of Surrey and North East Hampshire, one parish in West Sussex and one in the London Borough of Kingston.

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

The GDBF 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 and the Church Property Measure 2018;
- 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 custodianship of assets relating to church schools under the Diocesan Board of Education Measure 2022; and
- iv. the custodianship of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the GDBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Guildford (in respect of his responsibility for the provision of the cure of souls).

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STRATEGIC AIMS

The diocesan leadership and staff are committed to progressing towards the vision of a [Transforming Church, Transforming Lives \(TCTL\)](#) that was launched in September 2016 and refreshed in March 2022. It is a vision of a diverse, growing, intergenerational church at the heart of each community, working alongside our chaplaincies and schools in living and proclaiming the Good News of God in Jesus Christ. The three priorities of the vision are; **Growing Disciples**, **Growing Diversity** and **Growing Community**.

KEY AREAS OF FOCUS

To help deliver these three priorities at a diocesan and parish level, our staff at Church House focus on seven key strategic objectives:

1. **Evangelism and Discipleship:** All parishes encourage and provide opportunities to deepen discipleship and connect with unbelievers, the unchurched and the de-churched.
2. **Transforming Communities:** Worshipping communities are actively seeking opportunity to serve their parish community, to share the love of Jesus and to take the good news into the community.
3. **Mixed Ecology:** Every parish is implementing at least one fresh expression as a means of reaching the unbeliever and the unchurched by the end of 2027.
4. **Church Vocations:** To provide people with a discernment, training and formational pathway that facilitates God's call for everyone on the vocational journey into both lay and ordained service.
5. **Children & Young People:** The partnership of schools, churches and households enables children and young people to explore and develop their Christian faith and contribute to the life of their church, school, and community.
6. **Net Zero Carbon:** Guildford Diocesan Board of Finance properties achieve carbon net zero by end 2030 (the Church of England objective) and Church of England Schools are supported in reducing their carbon footprint.
7. **Racial Diversity:** That our cathedral, churches, schools, Church House and diocesan structures -- including their leadership -- reflect the racial diversity of their communities.

BRINGING THE VISION TO LIFE

The Church House support to parishes, schools and chaplaincies is [delivered in a number of ways](#) including the Parish Needs Process (PNP), through strengthening relationships and links between churches and our schools, investing in missional projects across the parishes, safeguarding support, and training to raise up new leaders and equipping existing leaders to deliver the diocesan vision.

[Read more on our website](#)

ACTIVITIES AND ACHIEVEMENTS

In 2024, we made good progress against our strategic objectives. Particular areas to celebrate include:

Evangelism and Discipleship

- The PNP was completed in four deaneries and started in a further two. Forty-seven parishes discerned and began to deliver Church Development Plans, 65% of which had specific action points directly relating to deepening discipleship activities.
- In 2024, 20 churches were supported and are progressing through the Revitalisation process to help encourage viable churches.
- All the funds allocated to the diocese's **Mission Fund 2024-2026** (£900,000) were allocated

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to nine projects which contribute to the diocese's objectives in revitalisation, church vocations and carbon net zero. £90,000 from the Mission Fund also part-funded parishes receiving 3 additional curates for 3 years with the ambition that they will be licensed in parishes in need of revitalisation.

- Three Parish Partnerships have been developed in order to achieve sustainability and financial savings. These partnerships are discerned by the parishes as one of their revitalisation options. What begins as supportive explorative partnerships may lead to combining parishes into single parish benefices: St Barnabas Epsom and St Paul's Howell Hill combined into a benefice.
- Our Church Growth events including speakers, such as The Rt Revd Rowan Williams and Canon J John, were attended by 350 leaders.

Transforming Communities

- We appointed eight Borough Deans to strengthen collaboration and links with local government to support community outreach.
- Seven new Hear Here clinics opened in 2024 with a 35% increase in the number of visitors in the last year.

Mixed Ecology

- We were able to support the **Mixed Ecology Strategy** of Mission and Ministry by providing training sessions for Local Ministry Programme (LMP) students, for curates in the IME phase 2, for Training Incumbents, and the diocesan clergy at the Bishop's Study Day.

Church vocations

- The recently launched Foundations in Ministry (FIM) course welcomed a cohort of 40 in its first year and 30 in the second year, which will bolster lay and ordained ministry.

Children and Young People

- The full externally-funded **Youth Catalyst** team started in January 2024 and is enjoying wonderful fruitfulness in four secondary schools and several churches.
 - 455 young people attended across 10 vibrant worship gatherings from May-December 2024, including a 'Thy Kingdom Come' celebration event to mark the end of Pentecost
 - 4 young people came to faith through missional Hub activities
 - 112 young people made a connection in some form to their local church, of which 12 began regularly attending the churches' small discipleship groups
 - An average of 29 young people regularly attended a small discipleship group within their school Hub
 - 5 clergy were trained in Youthscape's Launchpad scheme to help churches begin new youth ministry initiatives within their parish context
- For Children & Families, significant research was conducted which will inform an application to the Strategic Mission and Ministry Investment Board which seeks to encourage children under 12 to consider the Christian faith and to disciple those who choose to follow Jesus. The application will be submitted in October for a project to start in 2026.
- We used funds from the Mission Fund to move the DBE's School & Church Partnerships Advisor to the Mission Team two days a week to help strengthen the partnership between schools and churches.
- Following extensive research, we have rationalised and increased the training that we

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provide for working with Children, Youth and Families.

Net Zero Carbon:

- Net Zero Carbon (NZC) Team reached full strength in September 2024 supported by a £112,000 grant from the National Church. The NZC Programme Manager manages the programme of 3 dioceses which is enabling valuable collaborations.
- We made good progress towards the **Net Zero Carbon** strategy:
 - Air Source Heat Pumps (ASHPs) were installed in 11 schools funded by the Public Sector Decarbonisation Scheme (PSDS)
 - there was a 25% increase in the number of parishes with Eco Church awards, and a 56% increase in those with the silver award. There was an increased incorporation of Creation Care and NZC-related training into our programmes for training for Clergy, Ordinands and Lay Ministry.
 - Thirty-six energy audits were completed for parishes with the highest emitting buildings.
 - Grants totaling in the region of £150k were secured from the National Church through the 'Quick Wins' and 'Demonstrator' initiatives. Through our positive relationship with Surrey County Council, we supported parishes to apply for UK government capital funding, with two parishes securing grants totaling £295k to support their net zero work.
 - 'Energy Assessment Reports (EARs)' have been obtained for 120 properties (as part of Quinquennial Inspections). These provide detailed data on what is required in each property to reach NZC. 'Easy win' NZC work (e.g. improving insulation) is now undertaken when clergy properties are vacant and £50,000 has been secured from the National Church for a clergy housing 'Demonstrator Project'.
 - The new Church House Guildford Office is designed to be energy efficient.

Racial diversity

- We ran three workshops to develop our action plan for increasing racial diversity in our churches and leadership teams and applied for funding (which has been approved) to the national Racial Justice Unit enabling us to recruit a Racial Diversity Enabler full time for 3 years who will work with churches to achieve the desired change in culture.
- We plan to recruit more UKME/GMH members to the Racial Diversity Advisory Group this year.

Online Ministry

- Thanks in part to earlier support from the Communications Team, a high prevalence of churches continue to stream services, and there is a much higher level of knowledge and skills in churches to support online ministry. It was, therefore, agreed that there is no longer a strategic need to develop Online Ministry (a response to the pandemic of 2020-22) but churches continue to receive advice and support from the Communications Team, and are able to access existing resources and guides on Online Ministry via the diocesan website.

Safeguarding

- Safeguarding continues to be of utmost priority as we strive to achieve the best possible standards in safeguarding across the Diocese. .

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Progress against each strategic area was reported to meetings of the Bishop's Leadership Team and the Bishop's Council. Owners of the strategic areas were each invited to set new goals for 2025-2026. Goals include:

ORGANISATIONAL

Office relocation

- The final decision was made to bring the GDBF and GDBE to the Cathedral campus. The break clause for the lease of Church House was exercised in March 2024. Contracts were tendered and awarded for the construction of an extension to the former Diocesan Education Centre on the cathedral campus and for its fit out. We occupied the new Church House in April 2025.

FUTURE PLANS

Evangelism and Discipleship

- Encouraged by the PNP, a Growing Discipleship plan will be evident in 75% of Church Development Plans by end 2025.
- Each parish has at least one priority in their development plan indicating how they intend to build/continue developing a culture of discipleship amongst their core membership.
- Process evangelism courses evident in 50% of plans by end 2025.

Transforming Communities

- Community engagement projects included in 75% of Church Development Plans by end 2025.
- All 12 deaneries have appointed Borough Deans, working together for community engagement in the diocese. 2025 will see a focus on the distinctiveness of rural ministry and how we best support our rural parishes.
- 2025 will see greater collaboration between the diocese and Ministry in the Edge (MITE) parishes, supporting their ministry in our most deprived areas.
- Interfaith and Immigration/Refugee advisors working together to promote better relations in areas with migrant communities.

Mixed Ecology

- 40% of parishes have at least one full-time clergy.
- Growing number of Intergenerational Churches, 14 churches involved in the Intergenerational Learning Community.
- Increase in the numbers of Pastors and School Leaders engaged in partnerships. Growing Church – School Partnerships leading to New Worshipping Communities
- Three Churches trained through the youth worship framework
- Growing Youth New Worshipping Communities

Church Vocations

- Develop the Local Ministry Programme: Recruit 70 Lay associate ministers by July 2025, 12 ordinands by Sept 2025, 6 Licensed Lay Ministerial candidates by May 2025; Rebrand LMP by July 2025 to make programmes more attractive to a broader range of applicants, and increase the number of participants
- Grow the number of people actively exploring vocations through:-
 - Bishop's Study Morning on vocations
 - 3 x 'Nudge' vocations events per year, and further developing a template for deanery-led Nudge events
 - Re-envision Local Vocation Advisers – 2 per deanery, both to support local vocations,

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to increase diversity of those supporting vocations and to ensure there are multiple points of entry

- Develop strategies for young (18–32) and UKME/GMH vocations in support with LMP colleagues and the Racial Diversity Mission Enabler
- Maximise the opportunity of annual Vocations Sundays (11th May 2025)
- IME2 to encourage local curate-organised vocations events
- Review Ministry Development Reviews (MDR) to support clergy to have more vocational conversations
- Senior staff to preach on church vocations when visiting parishes (especially confirmations), in Cathedral etc.

Children & families

- Continue to develop the Intergenerational Learning Community, inviting more churches to join as appropriate
- Develop a group of church and school leaders who will meet together regularly to explore how their partnership can enhance the spiritual development of children.
- Review and adapt the new Children and Young Families (CYF) training plan so that everyone receiving leadership training within the diocese receives appropriate training around CYF.

Young People

Development of Youth Catalyst Project:

- Creating stronger missional pathways between schools and church
- Training 5 more youth ministries and seeing them using the small group framework,
- Recruit 8 trainees & launch of degree programme with LMP to upskill existing youth leaders.
- Deliver 20 missional worship events for young people
- Initiating Launchpad with 4 more churches to expand their youth work.
- Development of Diocesan Ministry Experience Scheme and Future Youth Streams to support Church ministry and young vocations.

Net Zero Carbon

Targets for 2025 focus on:

Schools

- Complete the implementation of the current schools' PSDS project and monitor acceptance and impact of the Air Source Heat Pumps, identifying/documenting key learning from the design and implementation of the project for application in further funding bids.
- Embed ownership of NZC with school leadership teams, and how our future NZC fundraising efforts will be shaped by the schools' own Carbon Action Plans.

Parishes

- Support more parishes to develop their own NZC action plans;
- Secure more external funds to support parishes' capital works;
- Increased collaboration with the Diocesan Mission Team to strengthen the way that Creation Care and NZC work enables our wider TCTL missional aims.

Clergy Housing

- Complete the Clergy Housing Demonstrator project and identify/share key learnings;
- During vacancies, continue to undertake where possible 'easy win' energy efficiency work as standard, setting up mechanisms to more clearly track and report on what work is being done.

Church House office and diocesan-wide work

- Achieve the A Rocha Eco Diocese 'silver' award in 2025 which will include the development

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and approval of a new GDBF Environment Policy;

- Develop ideas and guidance for staff on practical, environmentally sustainable lifestyles which will also be promoted among parishes and clergy for application at personal and household level.

Racial Diversity

- Recruit a Racial Diversity Enabler. Review the Racial Diversity strategy and develop an implementation plan which aims for the composition of church members and church leaders, both lay and clergy, to reflect the diversity of their local community.

Parish Needs Process

- Continue the programme to visit every parish (not in Revitalisation) every two years to help the parish develop a Church Development Plan, encouraging and delivering growth and advancing diocesan and parish priorities, Growing disciples, Growing younger and Growing diversity
- Develop and agree the theme for PNP cycle three for 2026-2027

Revitalisation

- Revitalising parish ministry and mission through well managed changes and providing them with a better chance to achieve their vision and church development goals: Ten parishes moved onto the next phase within the process. Seven parishes at the beginning of Phase five or exited.
- Synergies and financial savings due to the improved sharing of resources and expertise resulting from re-organisation of parishes or other forms of partnerships where these are taking place: 4-5 Partnership discernment processes.

Engaging Church Schools & Academies

- Increase capacity in the academy sector by supporting the merger of some of our smaller Church of England Multi-Academy Trusts (MATs) to ensure they get to scale
- Ensure that vulnerable schools are pro-actively monitored and supported so they maintain their Good and Outstanding grades at their next inspection (currently 93%).
- Provide training and support for all Church schools and MATs on the new Statutory Inspection of Anglican and Methodist Schools (SIAMS) Framework 2023 so they are adequately prepared and maintain or improve the SIAMS inspection grade.
- Replenish the Uniform Statutory Trust (UST) funds (education endowment) through the sale or long-term lease of former-school sites.
- Support school governing bodies and academy trusts by helping them to improve the diversity of their governing boards and tackling unconscious bias in recruitment processes for school leaders
- Support our Church schools with reducing their carbon emissions by providing training for sustainability leads (champions) to drive improvements

Mission Fund

- Ensure current projects financed by the Mission Fund meet their objectives.
- Identify means of replenishing the Mission Fund in coming years

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Leadership Training

- Develop and implement the Virtual Learning Environment (VLE), beginning with the Foundations in Ministry (FiM) Programme. FiM content will be accessed online from September 2025
- Create a strategic plan for the move of all existing non-accredited courses (First Timers, First Incumbents, Caleb, Initial Ministerial Education (IME) and Occasional Lay Leader Courses) to the online platform. The development work will begin in 2025 and run through to mid-2026.
- Develop, launch and monitor a Continuing Ministerial Development (CMD) programme for clergy, in line with clergy competencies and Ministerial Development Review needs, with the aim of increasing clergy CMD engagement by 50% by the end of 2025.

Safeguarding

- Implementation of the Makin Review (2024) and Scolding Review (2024) recommendations as soon as possible.
- Focus on embedding and developing good practise across the Diocese by the introduction of drop-in 'Safeguarding Surgeries' led by the Diocesan Safeguarding Team (DST) and the Bishop's Leadership Team and a communications campaign to highlight the need for everyone to take responsibility for safeguarding and to raise awareness of how to identify the signs of abuse.
- An increase in Diocesan Safeguarding Team (DST) staff to enable a greater focus on proactive and preventative work in response to Makin and Scolding Reviews and in preparation for the audit in 2027 by a third-party safeguarding auditor.
- Improve and develop comprehensive support for Parish Safeguarding Officers.
- Focus on developing understanding of those who pose a risk of sexual harm to children.

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FINANCIAL REVIEW

Financial Performance

Total income for the year was £15,731,000 (2023: £14,524,000). Parish share contributions were £11,842,000 (2023: £11,569,000). The collection rate came back to up to 97.1% (2023: 96.8%; 2022: 97.3% 2021: 95.5%; 2020: 91.8%) against the amount requested. Parishes are reporting that finances are strained and this continues to cast doubt on our ability to return to pre-pandemic giving levels (2019: 98.7%). Income from statutory fees (weddings & funerals) was £331,000 (2023: £368,000).

The GDBF budgets to break even on its general fund before any capital gains/losses. Various external factors continue to contribute to the uncertainty in financial planning that began with Covid-19. Since that time global economics have been further affected by geopolitical instability in Europe and the Middle East, political changes in the UK and as we go into 2025 the effects of an administration change in the USA. The result was a net deficit of £221,000 on the general fund (2023: £9,000 net income) that, this year, is directly attributable to the clergy housing overspend which was not sufficiently compensated for by stipend savings through vacancies.

<u>General Fund</u>	2024	2023	2022
	£'000s	£'000s	£'000s
Net income after transfers	(221)	(145)	186
Grants paid to parishes relating to 2021 surplus			125
Grants paid to parishes relating to 2022 surplus		154	(154)
Net income per management accounts	(221)	9	157

There was an overall net decrease in funds of £1,265,000 (2023: decrease £13,997,000¹). Values of tangible fixed assets fell by £743,376 (2023: £9,613,000 loss). Total investment value rose during the year resulting in a small net gain of £34,000 (2023: £3,434,000 loss) driven largely by a revaluation of our endowment investments. There was no net actuarial gain on pension funds (2023: £54,000 gain).

The financial stability of the GDBF depends on the financial strength of its parishes. This applies particularly to Guildford which lacks historic reserves and has the highest dependency on parish share of any Diocese. Across the diocese, unrestricted income has exceeded expenditure for the past 3 years but by less than 1%. At the same time the number of regular givers is in decline and in 2023 was 15% lower than in 2019. Approximately 32% of parishes are spending over 50% of their income servicing Parish Share. We continue the review of all our parishes, started in 2021, and work on a significant programme of re-organisations including new plants and growth initiatives to address the long-term sustainability of our parishes and therefore of the GDBF.

Balance sheet position

The balance sheet position remains strong. However, while net assets at the balance sheet date totalled £212m (2023: £213m), most of that represents properties in use for ministry whose value amounted to £189m (2023: £186m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes. Note 21 gives further detail of the allocation of assets to funds.

¹ Based largely on the re-valuation of property

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Reserves policy

Free reserves

Recognising that the Diocese is heavily reliant on parish share receipts and that the major expenditure is on the clergy and lay staff to keep the organisation in operation, the GDBF has set a minimum level of general free reserves, excluding fixed assets, of 25% of budgeted annual expenditure which for 2024 was £4.2m. The balance of reserves excluding fixed assets on the general fund at 31 December was £1.9m (2023: £2.0m). To meet this target, the intention is sell houses that are not required for missional purposes and invest income into accessible investment funds.

The GDBF also has a policy of holding on deposit, or otherwise readily available within the Glebe, Pastoral Account or other suitable funds, sufficient cash over and above funds to meet normal cash-flows to be able to purchase two houses of modest value. 'Modest value' will be calculated using the average freehold cost of a house that meets the requirements of the Green Book within the borders of the Diocese. At 31 December 2024 the GDBF had available cash balances less short-term borrowings of £2.0m (2023: £2.6m) excluding funds restricted to schools and other specific purposes.

Designated funds

The Trustees may designate 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 their designation is no longer considered to be adequate justification for their retention. The balances and the intended use of each reserve are set out in notes 21 and 22. At 31 December 2024 total designated reserves were £2.2m (2023: £2.3m).

Restricted and endowment funds

As at 31 December 2024 restricted funds were £1.6m (2023: £1.9m) and endowment funds £206.5m₂ (2023: £207.0m). The balances and purposes of these are set out in notes 21 to 22.

Grant making policy

The GDBF gives grants from funds established in the annual budget which is approved by Synod and is in line with its objectives. The main grants given in the year are set out within note 9.

Investment policy and performance

The GDBF has power to invest funds not immediately required for operational purposes in such concerns, securities or properties as it thinks fit. The GDBF follows the ethical investment policies and guidelines of the Church of England Ethical Investment Advisory Group. Non-property financial investments at 31 December 2024 had a market value of £12.7m (2023: £10.4m) of which £9.1m (2023: £9.7m) were invested within the Church Funds Board (CBF) Church of England investment funds managed by Church Charity and Local Authority (CCLA) Investment Management Limited. Total return performance for the CBF investment fund for 2024 was +5.09% (2023: +12.6%), somewhat below CCLA's comparator weighted index return of 15.3% (2023: 13.3%). This was due largely to the decision not to invest in the big technology stocks whose performance tilted the market upwards. The five-year fund total return is +5.82% p.a. (comparator +10.1% p.a.).

Property investments are primarily in residential property with some glebe land within the Diocese of Guildford. It also includes £2.9m (2023 £2.9m) of disused school sites. The total market value at 31 December 2024 was £9.7m after re-valuation and the sale of six properties realising £3,733,319 (2023: £13.8m). The Trustees have maintained a high level of residential property investments relative to our financial market investments because a major potential area of expenditure for the Diocese is on residential property for delivering ministry and its residential property investments act as a hedge against that exposure. However, it is a non-diversified, non-liquid asset subject to the risks of the UK housing market and the Trustees have adopted a policy to move more funds from

2 Of which 72% is the nominal book value of benefice housing.

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residential property, where not required for direct ministerial purposes, to financial funds over a number of years. The Board of Education, with the GDBF as Custodian Trustees, reviews how best to realise value on the disused school sites to support Diocesan schools and education activities.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis. The key strategic risk is the persistent gradual decline in church attendance and the increasing age profile. Much of this report has detailed our strategy to respond to this. Other important risks are highlighted as follows with the associated mitigation strategies:

- **Safeguarding:** Safeguarding remains a high priority for the GDBF. 2024's high profile safeguarding media stories have prompted an even more urgent need to promote positive safeguarding culture and has increased awareness. Mitigating measures in place include monitoring training levels and other safeguarding activities in parishes through the Parish Safeguarding Dashboards, an increase in resources for the safeguarding team, an ongoing training strategy and electronic and a social media safeguarding campaign.
- **Parish share:** Covid has had a significant impact on parish finances. This, coupled with the increase in Employer National Insurance Contributions increases the risk that shortfalls will grow. Mitigating controls in place include active engagement with parishes and stewardship and mission support. A number of parishes will need help to re-organise so that they can be financially and missionally sustainable.
- **Appointments:** In common with all Dioceses, the GDBF faces a high number of clergy retirements in the coming years with a reducing pool of potential replacements. Mitigating controls in place include strong Archdeacon engagement, clear appointment process and increased focus on vocations. The GDBF has adopted a strategic goal of increasing vocations and new clergy.

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For the year ended 31 December 2024

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established Church with HM The King having the title of supreme governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a see under the care of a bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are subdivisions of the Diocese.

The national church has a general synod comprising ex-officio and elected representatives from each Diocese and it agrees, and lays before Parliament, measures for the governance of the church's affairs which, if agreed by Parliament, have the force of statute law. In addition to the general synod, the Archbishops' Council has a coordinating role for work authorised by the synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as Bishop within the Diocesan synod. The Diocese itself is divided into twelve deaneries, each with its own synod, and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and act in partnership with neighbouring Dioceses.

Organisational structure

The GDBF is a company limited by guarantee (No. 225289) and a registered charity (No. 248245) governed by its memorandum and articles of association.

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

The governance and policy of the GDBF is the responsibility of the Directors, who are also members of the GDBF and Trustees for the purposes of charity law. The details of Trustees who served during the year are set out on page 21.

The Diocesan synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The synod membership is elected every three years, the last elections having been on 12 July 2024. The Synod elects 12 of the Trustees of the GDBF. Whilst the GDBF is a separate legal entity, with clear responsibilities under both company and charity law as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 1998, the GDBF is subject to the direction of the synod in all its activities unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England school properties are accounted for in the restricted Church Schools fund and are managed by the GDBF in consultation with the Diocesan Board of Education.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Guildford, are set by the Diocesan synod, and the GDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary and Bishop's staff team. The GDBF

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2024

meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the Trustees. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold at least eight meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

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

The Trustees are assisted in their work by the Finance and Audit Sub Committee which monitors management accounts and budget, the use of assets and investment policies and makes recommendations on areas such as loans. A programme board provides additional scrutiny of GDBF's growth and revitalisation projects and grant funding. The Guildford Diocesan Board of Education (GDBE) (as incorporated under the DBE Measure 2021) is a statutory subcommittee of the GDBF responsible for Church of England schools and academy trusts in the Diocese of Guildford.

Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given an induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and at all other relevant times of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Guildford and the Chair of the GDBF in consultation with GDBF's remuneration committee which includes members of Bishop's Council as relevant. Procedures include regular appraisals and benchmarking of remuneration.

Delegation of day-to-day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day-to-day activities of the GDBF. The Diocesan Secretary and other members of Bishop's staff team are given specific and general delegated authority to deliver the business of the GDBF in accordance with the policies framed by the Trustees.

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2024

Funds held as Custodian Trustee

The GDBF is custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the GDBF does not control them, and they are segregated from the GDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £7.58m (2023: £7.56m), are summarised in note 24. Where properties are held as custodian Trustee, the deeds are identified as such and held in safe custody by the GDBF's solicitor.

Funds held on behalf of schools

The Diocesan Board of Education administers on behalf of its schools government grant funds for major repair and capital projects to church schools. It administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December is £4.3m (2023: £4.1m). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £5.5m and £6.2m respectively (2023: £1.8m and £1.9m).

TRUSTEES' RESPONSIBILITIES

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

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

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the GDBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2024

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the GDBF during 2024. The following Trustees served from 1 January 2024 up to the date of this report:

Ex-officio members

The Bishop of Guildford
The Archdeacon of Surrey
The Archdeacon of Dorking
Chair of the GDBF

Bishop nominees

The Bishop of Dorking
The Dean of Guildford
Mr G Everness (Vice Chair of the GDBF)
The Revd Canon B Hunt (to Dec 2024)
The Revd E Prior (to Dec 2024)
The Revd M Babatunde (to Dec 2024)

Co-opted members

Mrs A Shaw (to Dec 2024)

Elected by Synod House of Clergy

The Revd Canon B Beecroft
The Revd C Bessant
The Revd Canon R A Donovan (to Dec 2024)
The Revd Canon S Taylor (to Dec 2024)
The Revd D H Uffindell (from Nov 2024)

Elected by Synod House of Laity

Canon P N E Bruinvels
Mr G Everness (Vice Chair of the GDBF)
Mr G Hampshire
Mrs M Hill (to Sept 2024)
Canon K R Malcouronne
Mr G McFarland
Mr N Stuart (to Dec 2024)

Key Management Personnel

Diocesan Secretary
Deputy Diocesan Secretary
Head of Governance & Operations
Director of Mission Team
Director of Education
Director of Finance
Director of Finance
Director of People & Safeguarding

Canon Geraldine Newbold
Steve Collins (to January 2024)
Katherine Darwent (from February 2024)
The Revd Canon Dr Peter Harwood
Canon Alex Tear
Malcolm Twigger-Ross (to Sept 2024)
Inigo Churchill (from Aug 2024)
Andy Morgan

GUILDFORD DIOCESAN BOARD OF FINANCE

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Advisors

Bankers	Lloyds Bank PLC, High Street, Guildford, Surrey, GU1 3AD
Auditors	Forvis Mazars LLP, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS
Solicitors	Lee Bolton Monier-Williams LLP, 1 The Sanctuary, Westminster, SW1P 3JT (to 31 Aug 2024) Birketts LLP, One London Wall (fifth floor), EC2Y 5EA (from 1 Sep 2024)
Investment Managers	CCLA Investment Management Limited, 1 Angel Lane, London, EC4R 3AB
Insurers	Ecclesiastical Insurance Group, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
Registered Office:	Church House Guildford, 20 Alan Turing Road, Guildford, Surrey, GU2 7YF (to March 2025) Church House Guildford, Stag Hill, Guildford, Surrey, GU2 7UP (from March 2025)

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 1-13 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



Canon Steve Roberts
Chairperson

31 October 2025

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2024

Opinion

We have audited the financial statements of Guildford Diocesan Board of Finance (the 'parent charity') and its subsidiary ('the group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 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 group and parent charity's affairs as at 31 December 2024 and of the group's 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 group or the charity'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 other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 and the strategic 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

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2024

- the strategic report 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 group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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 20, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charity'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 charity 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

Based on our understanding of the charity and its sector, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety regulation, anti-bribery, corruption and fraud and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Charities Act 2011 and the Companies Act 2006.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2024

to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, income recognition (which we pinpointed to the cut off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

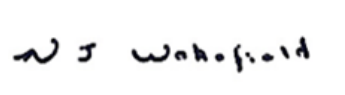
- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.



Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 31 October 2025

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2024

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	2024	2023
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations							
Parishes	2	11,842	-	-	-	11,842	11,569
Archbishops' Council	2	263	311	427	-	1,001	671
Other	2	89	111	-	-	200	238
	2	12,194	422	427	-	13,043	12,478
Charitable activities	3	620	10	124	-	754	676
Other trading activities	4	723	-	(2)	-	721	621
Investments	5	358	-	390	158	906	749
Other	6	-	-	-	307	307	-
		13,895	432	939	465	15,731	14,524
Expenditure on:							
Raising funds	7	(512)	(5)	(8)	(36)	(561)	(639)
Charitable activities	8	(13,923)	(522)	(1,062)	(219)	(15,726)	(14,889)
		(14,435)	(527)	(1,070)	(255)	(16,287)	(15,528)
Net (expenditure)/income before investment gains /(losses)							
		(540)	(95)	(131)	210	(556)	(1,004)
Net gains / (losses) on investments	2	-	-	8	24	34	(3,434)
Net (expenditure)/income							
		(538)	(95)	(123)	234	(522)	(4,438)
Transfers between funds	11	317	(52)	(215)	(50)	-	-
Net (expenditure)/income after transfers		(221)	(147)	(338)	184	(522)	(4,438)
Other recognised gains/(losses)							
(Losses)/Gains on revaluation of fixed assets		-	-	-	(743)	(743)	(9,613)
Actuarial gains on pension schemes	-	-	-	-	-	-	54
Net movement in funds							
		(221)	(147)	(338)	(559)	(1,265)	(13,997)
Total funds brought forward		2,069	2,344	1,905	207,049	213,367	227,364
Total funds carried forward	20	1,848	2,197	1,567	206,490	212,102	213,367

The net surplus of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net income before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above.

GDBF's company only result (net movement in funds) for the year was £1.2m deficit (2023: £14.0m deficit).

All activities derive from continuing activities. The comparative fund analysis for 2023 is given in note 25.

The Notes form part of the financial statements.

Company Number – 225289

GUILDFORD DIOCESAN BOARD OF FINANCE

BALANCE SHEETS

As at 31 December 2024

	Note	Group		GDBF	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12	188,744	186,223	188,744	186,223
Investments	13	19,868	24,210	19,868	24,210
		<u>208,612</u>	<u>210,433</u>	<u>208,612</u>	<u>210,433</u>
Current assets					
Property held for resale		-	600	-	600
Debtors	14	5,718	4,048	5,612	3,966
Cash on deposit		6,566	6,201	6,566	6,201
Cash at bank and in hand		824	628	771	576
		<u>13,108</u>	<u>11,477</u>	<u>12,949</u>	<u>11,343</u>
Liabilities					
Creditors: amounts falling due within one year	15	(6,446)	(5,386)	(6,380)	(5,339)
<i>Net current assets</i>		<u>6,662</u>	<u>6,091</u>	<u>6,569</u>	<u>6,004</u>
<i>Total assets less current liabilities</i>		215,274	216,524	215,181	216,437
Creditors: Amounts falling due after more than one year	16	(2,607)	(2,659)	(2,607)	(2,659)
Provisions for Liabilities	17	(565)	(498)	(565)	(498)
Total net assets		<u>212,102</u>	<u>213,367</u>	<u>212,009</u>	<u>213,280</u>
The funds of the charity					
Unrestricted income funds:					
General funds		1,848	2,069	1,755	1,982
Designated funds		2,197	2,344	2,197	2,344
		<u>4,045</u>	<u>4,413</u>	<u>3,952</u>	<u>4,326</u>
Restricted funds		1,567	1,905	1,567	1,905
Endowment funds		206,490	207,049	206,490	207,049
Total funds	21	<u>212,102</u>	<u>213,367</u>	<u>212,009</u>	<u>213,280</u>

The endowment fund balance above includes revaluation of reserves of £109m (2023: £110m).

The Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 31 October 2025 and signed on behalf of the Board by:



CANON STEVE ROBERTS
GDBF Chairperson

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED CASH FLOW

For the year ended 31 December 2024

	2024 £'000	2023 £'000
Cash flows from operating activities		
Net cash (used in) operating activities	(1,269)	(1,615)
Cash flows from investing activities		
Dividends, interest and rents from investments	906	749
Purchase of property and equipment	(3,859)	(1,058)
Purchase of investments	(74)	(950)
Sale of investments	4,625	1,039
Sales of property and equipment	266	1,691
Net cash generated by investing activities	1,864	1,471
Cash flows from financing activities:		
Repayments of borrowing	(36)	(1,036)
Net cash used in financing activities	(36)	(1,036)
Change in cash and cash equivalents	561	(305)
Cash and cash equivalents at 1 January	6,829	7,134
Cash and cash equivalents at 31 December	7,390	6,829
Reconciliation of net expenditure to net cash flow from operating activities		
Net expenditure	(522)	(4,438)
Adjustments for:		
Depreciation charges	22	20
Gains on property and equipment	307	368
Gains on investments	(34)	3,434
Dividends, interest and rents from investments	(906)	(749)
(Increase) in debtors	(1,084)	(693)
Increase in creditors	949	443
Net cash used in operating activities	(1,268)	(1,615)
Analysis of cash and cash equivalents		
Cash on deposit	6,566	6,201
Cash at bank and in hand	824	628
	7,390	6,829

Cash on deposit includes £3,006,000 (2023: £3,896,000) held for the benefit of schools' buildings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. ACCOUNTING POLICIES

The Trustees have reviewed working capital and capital expenditure requirements and as a result, are satisfied that it is appropriate to prepare these financial statements 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 charitable company's own Statement of Financial Activities has not been presented as permitted by s.408 of the Companies Act 2006.

The Trustees have reviewed the 2025 budget and cash-flow forecasts to 30 June 2026 and believe that it is appropriate for these financial statements to be prepared on a going concern basis.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the GDBF 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 in the year in which it is receivable.
- ii) **Rent** receivable is recognised as income in the period 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 in which they are receivable.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the GDBF'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** consist of costs relating to the renting out of property and to trading services.
- 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 GDBF, 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. 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 GDBF's staff are members of the Church Workers Pension Fund and stipendiary clergy are members of the Church of England Funded Pensions Scheme (see note 19). The pension costs charged as expenditure represent the GDBF's contributions payable in respect of the accounting period, in accordance with FRS102.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

c) Tangible fixed assets and depreciation

Freehold properties

Freehold property is held at revalued amounts. Properties are revalued based on changes in local prices with a five-year cycle of specific valuations. 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 GDBF 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 GDBF 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 GDBF 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 included at fair value.

Assets under construction

New parsonages under construction are included within the functional fixed assets category at the value of costs incurred at the balance sheet date.

Cost values

For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the properties were brought into the current accounting system in 2005.

d) Other tangible fixed assets

All capital expenditure over £5,000 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	15-30% per annum	straight line basis
Leasehold Property	1% - 10% per annum	straight line over the life 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 GDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the life of the lease.
- iii) **Properties held for resale:** when properties are put on the market for sale they are transferred from fixed assets to current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

f) Fund balances

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

- **Unrestricted funds** are the GDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the GDBF. There are two types of unrestricted funds:
 - **General funds** which the GDBF intends to use for the general purposes of the GDBF and
 - **Designated funds** set aside out of unrestricted funds by the GDBF 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 GDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2022) 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. Trusts where the GDBF 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) Judgements and key sources or estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- **Fair value of freehold and investment properties.** Fair market value is based on a 5-year cycle of valuations, the movement of relevant property indices and the provision for any impairments. No depreciation is charged on freehold properties.
- **Pension and other post-employment benefits.** Pension provisions relating to lay staff and clergy are valued every three years on an actuarial basis. Any shortfall in funding pensions and post-retirement benefits is recognised as a liability in the accounts. Further details can be found in note 19.

h) Financial Instruments

Financial assets measured at fair value comprise listed investments, unlisted investments, value linked loans to parishes and bank deposits. Financial assets at amortised cost comprise trade debtors, other debtors and loans to parishes. Financial liabilities measured at amortised cost comprise pension liabilities, bank loans, other creditors and amounts held for other bodies.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. DONATIONS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2024					
Parish Contributions					
Current Year Request	12,067	-	-	-	12,067
Shortfall	(356)	-	-	-	(356)
	11,711	-	-	-	11,711
Received in respect of prior years	131	-	-	-	131
Archbishops' Council	263	311	427	-	1,001
Benefact Trust	-	83	-	-	83
City Church Fund	89	-	-	-	89
Legacies	-	-	-	-	-
Other	-	28	-	-	28
Total	12,194	422	427	-	13,043

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2023					
Parish Contributions					
Current Year Request	11,871	-	-	-	11,871
Shortfall	(380)	-	-	-	(380)
	11,491	-	-	-	11,491
Received in respect of prior years	78	-	-	-	78
Archbishops' Council	305	15	351	-	671
Benefact Trust	-	96	-	-	96
City Church Fund	125	-	-	-	125
Legacies	2	-	-	-	2
Other	15	-	-	-	15
Total	12,016	111	351	-	12,478

The majority of the Diocese's mission is funded through the contributions of parishes. In 2024, the Diocese received 97.1% (2023: 96.8%) of the total requested.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. CHARITABLE ACTIVITIES

2024	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Statutory fees	331	-	-	-	331
Social Responsibility projects grant income	-	-	58	-	58
Other grants receivable and miscellaneous income	289	10	66	-	365
	620	10	124	-	754

2023	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Statutory fees	368	-	-	-	368
Social Responsibility projects grant income	-	-	106	-	106
Other grants receivable and miscellaneous income	133	4	65	-	202
	501	4	171	-	676

4. OTHER TRADING ACTIVITIES

2024	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
School Buildings Project Management	109	-	-	-	109
Training Services to Schools	137	-	-	-	137
Rental income on functional property	477	-	-	-	477
	723	-	-	-	723

2023	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
School Buildings Project Management	51	-	-	-	51
Training Services to Schools	159	-	-	-	159
Rental income on functional property	411	-	-	-	411
	621	-	-	-	621

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. INVESTMENT INCOME

2024	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Dividends receivable	178	-	101	48	327
Interest receivable	28	-	180	(16)	192
Rents receivable on investment property	152	-	107	126	385
	358	-	388	158	904

2023	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Dividends receivable	152	-	77	33	262
Interest receivable	68	-	6	2	76
Rents receivable on investment property	154	-	129	128	411
	374	-	212	163	749

6. OTHER INCOME

2024	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Other income	-	-	-	307	307

2023	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Other income	-	-	-	-	-

7. EXPENDITURE ON RAISING FUNDS

2024	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Schools Building Project Management	82	-	-	-	82
Training Services to Schools	63	-	-	-	63
Rental Management Fees	68	-	-	23	91
Investment Property Costs	146	-	8	13	167
Support Costs	153	5	-	-	158
	512	5	8	36	561

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

2023	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Schools Building Project Management	41	-	-	-	41
Training Services to Schools	68	-	-	-	68
Rental Management Fees	77	-	1	16	94
Investment Property Costs	247	-	13	18	278
Support Costs	154	4	-	-	158
	587	4	14	34	639

8. CHARITABLE ACTIVITIES

2024	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	729	-	-	-	729
National Church Establishment	306	-	-	-	306
Retired clergy housing costs	213	-	-	-	213
Other	74	-	-	-	74
Indirect Support Costs	25	-	-	-	25
	1,347	-	-	-	1,347
Ministry & Mission					
Parish Ministry					
Stipends & pension	5,620	-	-	-	5,620
Housing costs	3,328	-	8	41	3,377
Loss on housing disposals	-	-	-	1	1
Removal & resettlement grants	192	-	-	-	192
Other expenses	339	196	3	58	596
	9,479	196	11	100	9,786
Ministry Support & Training	957	279	909	-	2,145
Indirect Support Costs	1,315	33	3	1	1,352
	11,751	508	923	101	13,283
Education & Mission					
Schools & Education	427	-	139	118	684
Indirect Support Costs	398	14	-	-	412
	825	14	139	118	1,096
Total	13,923	522	1,062	219	15,726

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. CHARITABLE ACTIVITIES (continued)

	Unrestricted funds		Restricted	Endowment	Total
2023	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	713	-	-	-	713
National Church Establishment	299	-	-	-	299
Retired clergy housing costs	202	-	-	-	202
Other	69	-	-	-	69
Indirect Support Costs	25	-	-	-	25
	<u>1,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,308</u>
Ministry & Mission					
Parish Ministry					
Stipends & pension	5,811	-	-	-	5,811
Housing costs	2,461	-	10	89	2,560
Loss on housing disposals	-	-	-	368	368
Removal & resettlement grants	160	-	-	-	160
Other expenses	400	156	-	20	576
	<u>8,832</u>	<u>156</u>	<u>10</u>	<u>477</u>	<u>9,475</u>
Ministry Support & Training	895	84	806	-	1,785
Indirect Support Costs	1,290	24	11	1	1,326
	<u>11,017</u>	<u>264</u>	<u>827</u>	<u>478</u>	<u>12,586</u>
Education & Mission					
Schools & Education	391	-	73	171	635
Indirect Support Costs	351	9	-	-	360
	<u>742</u>	<u>9</u>	<u>73</u>	<u>171</u>	<u>995</u>
Total	<u>13,067</u>	<u>273</u>	<u>900</u>	<u>649</u>	<u>14,889</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2024	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2024 £'000
Raising funds	403	-	158	561
Charitable activities				
National Church	-	1,322	25	1,347
Ministry & Mission	11,466	464	1,353	13,283
Education & Mission	684	-	412	1,096
Total Expenditure	12,553	1,786	1,948	16,287

Grant Funding of Activities

2024	Number	Individuals £'000	Institutions £'000	Total 2024 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	1,143	1,143
Clergy appointment and resettlement	24	192	-	192
Ordinand Maintenance	15	179	-	179
Parish Support	18	-	-	-
<u>From restricted funds</u>				
Parish Mission & development	7	-	271	271
		372	1,414	1,786

2023	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2023 £'000
Raising funds	481	-	158	639
Charitable activities				
National Church	-	1,283	25	1,308
Ministry & Mission	10,751	518	1,317	12,586
Education & Mission	635	-	360	995
Total Expenditure	11,867	1,801	1,860	15,528

Grant Funding of Activities

2023	Number	Individuals £'000	Institutions £'000	Total 2023 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	1,162	1,162
Clergy appointment and resettlement	31	164	-	164
Ordinand Maintenance	11	121	-	121
Parish Support	154	-	154	154
<u>From restricted funds</u>				
Parish Mission & development	10	-	200	200
		285	1,516	1,801

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)

Support costs are allocated by the direct allocation of certain costs that relate specifically to activities with the remaining costs allocated on the basis of staff employed in direct activities.

Included within support costs are fees payable to the auditors of £22,600 (2023: £21,500) in respect of audit services.

Support Costs	2024 £'000	2023 £'000
Diocesan Secretary's Office	123	141
Administration Team	179	157
Communications	152	158
Finance	235	199
Safeguarding	246	221
Human resources	183	219
Diocesan Advisory Committee	83	69
Office Costs	398	368
IT	252	242
Other corporate costs	97	86
Closed Pension Schemes	-	-
	<u>1,948</u>	<u>1,860</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. STAFF & TRUSTEES

Staff Costs	2024	2023
	£'000	£'000
Wages and salaries	2,653	2,113
National insurance contributions	281	218
Pension costs	352	287
Total	3,286	2,618

Average number of full-time equivalent people employed by the group during the year

	2024	2023
	No.	No.
Mission Team	19	17
Mission Youth Catalyst	5	-
Schools, Colleges & Universities	9	8
Parish Support	4	4
Operational Support	3	3
Safeguarding	4	4
Communications	2	2
Property	5	4
DAC	1	1
Finance	3	3
HR	3	3
IT	1	1
Total	58	50

By Main Funding Source

Parish share	40	38
Grants, trading and restricted income	18	12
Total	58	50

The average number of individual persons employed by the group:

	2024	2023
	No.	No.
Mission Team	28	21
Mission Youth Catalyst	6	-
Schools, Colleges & Universities	11	9
Parish Support	5	5
Operational Support	3	3
Safeguarding	5	5
Communications	2	2
Property	5	4
DAC	1	1
Finance	4	4
HR	3	3
IT	1	2
Total	69	59

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. STAFF & TRUSTEES (continued)

The number of employees whose total employee benefits (all remuneration, salary, benefits and any termination payments) excluding employer pension costs fell within each band of £10,000 from £60,000 upwards is as follows:

Employee benefits falling between:	2024 No.	2023 No.
£90,001 to £100,000	1	-
£80,001 to £90,000	2	2
£70,001 to £80,000	2	2
£60,000 to £70,000	1	3

Pension contributions of £69,000 (2023: £76,000) were paid in respect of these people.

The GDBF paid an average of 156.8 (2023: 154) full time equivalent stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese.

	2024 £'000	2023 £'000
Stipends	4,335	4,478
National Insurance	376	372
Pension Contributions	976	1,090
Current year	-	-
Deficit reduction	-	-
	<u>5,687</u>	<u>5,940</u>

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. Key management personnel are set out on page 21. The emoluments, including all benefits in kind including pensions, for these employees amounted to £569,249 (2023: £470,000)

Trustees

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £14,704 (2023: £10,700) in respect of General Synod duties, duties as archdeacon or area/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 GDBF during the year:

	Stipend	Housing
The Bishop of Dorking	-	✓
The Archdeacon of Dorking	✓	✓
The Archdeacon of Surrey	✓	✓
The Revd B Beecroft	✓	✓
The Revd C Bessant	✓	✓
The Revd R A Donovan	✓	✓
The Revd B Hunt	✓	✓
The Revd E. Prior	✓	✓
The Revd S Taylor	✓	✓
The Revd D H Uffindell	✓	✓

In addition, connected parties to the following trustees were also in receipt of stipend and housing: Mrs A. Shaw and The Right Revd A.J. Watson.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. STAFF & TRUSTEES (continued)

The GDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. It 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. The amount of stipend, funded by the GDBF, for each clergy person who are trustees was £40,705 (2023: £39,000) for Archdeacons and £31,606 (2023: £30,101) for incumbent clergy.

11. TRANSFERS BETWEEN FUNDS

2024	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
To fund triennial clergy conference	(17)	17		
To fund parish revitalisation grants	(85)	85		
From retirement fund to general fund for clergy housing retirement costs (CHARM)	50			(50)
From general fund to fund net zero support	(42)	42		
Transfer School Partnership Advisor grant from Mission Fund 2024	7	(7)		
Funding from Pastoral Fund Farnham Rectory	110		(110)	
Funding from Pastoral Fund Woodham Way Rectory	90		(90)	
From School Funds to General Fund to support education activities	204		(204)	
From Growth Fund to Strategic Development Fund		(189)	189	
	317	(52)	(215)	(50)
2023	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
To fund triennial clergy conference	(15)	15	-	-
To fund parish revitalisation grants	(85)	85	-	-
From retirement fund to general fund for clergy housing retirement costs (CHARM)	70	-	-	(70)
Saving on CHARM allocated to Mission Fund	(70)	70	-	-
From Growth Fund to Strategic Development Fund	-	(190)	190	-
From general fund to fund net zero support	(40)	40	-	-
From School Funds to General Fund to support education activities	96	-	(96)	-
From Nugent Fund to support mission grants	-	58	(58)	
From pastoral fund to fund net zero housing improvements	50	-	(50)	-
	6	78	(14)	(70)

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. TANGIBLE FIXED ASSETS

All of the properties in the balance sheet are freehold and are vested in the GDBF, except for benefice houses which are vested in the incumbent. One property, valued at £606,000 (2023: £608,000), was purchased with the help of a value-linked loan from the Church Commissioners; when disposed of 28% of the net sale proceeds will be remitted to the lender, and the related loan liability extinguished.

	Group and GDBF			
	Freehold Land and Buildings	Leasehold Buildings	Office Equipment	Total
	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>				
Balance at 1 January 2024	185,804	923	503	187,230
Additions	2,973	886		3,859
Disposals	(1,065)			(1,065)
Revaluation/impairment	(251)	-	-	(251)
Balance at 31 December 2024	187,461	1,809	503	189,773
<u>Accumulated depreciation</u>				
Balance at 1 January 2024	-	(544)	(463)	(1,007)
Depreciation charge for year	-	(5)	(17)	(22)
Balance at 31 December 2024	-	(549)	(480)	(1,029)
<u>Net book value</u>				
At 31 December 2024	187,461	1,260	23	188,744
At 31 December 2023	185,804	379	40	186,223

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2024

13. INVESTMENTS

	Group and GDBF				
	1 January 2024 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in market value £'000
					31 December 2024 £'000
Investment property	13,790		(3,733)		10,057
CBF Investment Fund	9,697	74	(900)		9,093
Electric & General Fund	376				56
Other listed investments	287				(61)
Program related	60				
	24,210	74	(4,633)	-	217
					19,868

The CBF Investment Fund is managed by CCLA. Program related investment is an equity share loan on a property for clergy housing in partnership with the Methodist church. Such investments are made directly in pursuit of the Board's charitable purposes rather than for financial investment purposes. The amount shown represents the sum originally advanced as required under FRS102. The loan is not expected to be repaid in the short term.

Investment in Subsidiary

Guildford Diocesan Board of Finance has one wholly owned subsidiary, Guildford Diocesan Services Limited (GDSDL) which has a share capital of £1. The trading activities of GDSDL primarily consist of the supply of building project management and training services to church schools in the Diocese. The profits of GDSDL are normally wholly gift aided to the GDBF. In accordance with revised guidance issued by the Financial Reporting Council these are now accounted for when paid and not set against the year to which they relate. A summary of the financial results and funds of GDSDL which are consolidated in these financial statements is as follows:

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2024					2024
Other trading activities	246	-	-	-	246
Fundraising costs	(151)	-	-	-	(151)
Gift to GDBF	(90)	-	-	-	(90)
Net income and net movement in funds	5	-	-	-	5
Funds at 1 January	87	-	-	-	87
Funds at 31 December	92	-	-	-	92
	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2023					2023
Other trading activities	210	-	-	-	210
Fundraising costs	(116)*	-	-	-	(116)
Gift to GDBF	(76)	-	-	-	(76)
Net income and net movement in funds	18	-	-	-	18
Funds at 1 January	69	-	-	-	69
Funds at 31 December	87	-	-	-	87

- Fundraising costs in the 2023 accounts were misstated. This has been corrected here

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2024

14. DEBTORS

	Group		GDBF	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<u>Due within one year</u>				
Parish Share	118	148	118	148
Fees	87	64	87	64
Prepayments and accrued income	466	435	368	394
Legacy	-	-	-	-
Other debtors	2,368	625	2,360	584
	<u>3,039</u>	<u>1,272</u>	<u>2,933</u>	<u>1,190</u>
<u>Due after more than one year</u>				
Loans to parishes - housing	2,325	2,339	2,325	2,339
Loans to retired clergy	325	325	325	325
Other loans and debtors	29	112	29	112
	<u>2,679</u>	<u>2,776</u>	<u>2,679</u>	<u>2,776</u>
Total	<u>5,718</u>	<u>4,048</u>	<u>5,612</u>	<u>3,966</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		GDBF	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts held on behalf of school governors	(4,530)	(4,137)	(4,530)	(4,137)
Other creditors and accruals	(1,880)	(1,213)	(1,814)	(1,166)
Loan repayments due in one year	(36)	(36)	(36)	(36)
	<u>(6,446)</u>	<u>(5,386)</u>	<u>(6,380)</u>	<u>(5,339)</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		GDBF	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<u>Loans in respect of house purchases</u>				
Church Commissioners value-linked loans	(2,508)	(2,524)	(2,508)	(2,524)
Church Commissioners other loans	(99)	(135)	(99)	(135)
Other bank loans	-	-	-	-
	<u>(2,607)</u>	<u>(2,659)</u>	<u>(2,607)</u>	<u>(2,659)</u>
The above loans fall due for repayment:				
Between one and two years	(36)	(36)	(36)	(36)
Between two and five years	(108)	(108)	(108)	(108)
In five years and more	(2,463)	(2,515)	(2,463)	(2,515)
	<u>(2,607)</u>	<u>(2,659)</u>	<u>(2,607)</u>	<u>(2,659)</u>

The loans from the Church Commissioners include £2.2m (2023: £2.3m) used to purchase houses for parishes matched by loans from parishes included in debtors.

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For the year ended 31 December 2024

17. PROVISIONS FOR LIABILITIES

	Group and GDBF	
	2024	2023
	£'000	£'000
Diocesan Office Dilapidations and Office rent review	370	298
Freehold Property Dilapidations	195	200
	<u>565</u>	<u>498</u>

The diocesan office provision is in respect of reinstatement obligations related to 20 Alan Turing Road, Guildford, a leasehold property and will be utilised at the end of the lease. The freehold property provision is in respect of rectification work necessary on one of the DBF's properties and will be utilised to demolish the house and restore the graveyard once further permissions have been completed, and retrospective rent review.

18. FINANCIAL INSTRUMENTS

	2024	2023
	£'000	£'000
Financial assets measured at fair value	17,141	17,189
Financial assets measured at amortised cost	5,133	3,464
Financial liabilities measured at amortised cost	(9,221)	(7,647)

19. PENSIONS

Church of England Funded Pension Scheme (Clergy)

The GDBF participates in two defined benefit pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the GDBF and the other Responsible Bodies. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund for lay staff.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The Church of England Funded Pension Scheme (CEFPS) 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 each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £976,000 in 2024 (2023: £1,090,000), plus any figures arising from contributions in respect of the Scheme's deficit (see below). 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 £0 (2023: £0).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 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% pa;
- RPI inflation of 3.6% pa (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pa pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increases in pensionable stipends in line with CPIH;

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. PENSIONS (continued)

- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following 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
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil
31 December 2024	Nil

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.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there were no deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 and 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
Balance sheet liability at 1 January	0	0
Deficit contribution paid	0	0
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability* (recognised in SoFA)	0	0
Balance sheet liability at 31 December	0	0

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

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

Church Workers Pension Fund (CWPF)

The GDBF participates in the Church Workers Pension Fund (CWPF). 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.

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For the year ended 31 December 2024

19. PENSIONS (continued)

CWPF has two sections:

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

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: £352,000, 2023: £287,000).

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 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 as at 31 December 2025.

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.

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

CWPF: the 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.

GUILDFORD DIOCESAN BOARD OF FINANCE

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19. PENSIONS (continued)

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2024: £Nil, 2023: £Nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £Nil for 2024 (2023: £54,000 credit).

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 having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

The movement in the provision is set out below:

	2024	2023
Balance sheet liability at 1 January	0	0
Deficit contribution paid	0	0
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability* (recognised in SoFA)	0	0
Balance sheet liability at 31 December	0	0

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

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

	December 2024	December 2023	December 2022
Discount rate	N/A	N/A	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.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

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20. SUMMARY OF FUND MOVEMENTS

2024	1 January 2024 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2024 £'000
<u>Unrestricted funds</u>						
General	2,069	13,895	(14,435)	317	2	1,848
<u>Designated</u>						
TCTL growth fund	757	-	(39)	(188)	-	530
Mission Fund	347	118	(237)	18	-	246
Strategic change fund	432	303	(195)	101	-	641
Development fund	785	-	(21)	-	-	764
Diocesan Premises reserve	-	-	-	-	-	-
Clergy conference fund	12	-	-	17	-	29
Church fabric repair fund	11	11	(35)	-	-	(13)
	2,344	432	(527)	(52)	-	2,197
<u>Restricted income funds</u>						
Pastoral fund	951	1	(2)	(200)	(1)	749
Strategic Development Fund	-	468	(656)	188	-	-
Glebe income	338	23	(1)	-	2	362
Clergy Hardship	156	16	(6)	-	(1)	165
Moor Park Trust	100	4	-	-	3	107
Regional Training	25	57	(77)	-	-	5
Community Engagement	43	58	(44)	-	1	58
Church Schools income	(41)	48	(58)	(159)	-	(210)
All Saints Fleet	16	1	-	-	-	17
Moss Lane Fund	33	68	(86)	-	(1)	14
Partridge Fund	149	9	-	(44)	5	119
Nugent Income	72	72	(8)	-	-	136
Ministerial Education	63	(40)	(131)	-	-	(108)
Church Schools Building Projects	-	154	(1)	-	-	153
	1,905	939	(1,070)	(215)	8	1,567
<u>Endowment funds</u>						
<u>Expendable endowment</u>						
Board endowment	11,876	25	(59)	-	95	11,937
Onslow bequest	518	-	-	-	11	529
E M Woods trust capital	342	-	-	-	7	349
Church schools capital	4,573	176	(118)	-	(166)	4,465
Retired clergy housing	8,672	138	(52)	(50)	(43)	8,665
Benefice houses fund	150,419	131	-	-	(1,221)	149,329
Nugent fund	3,600	(10)	(19)	-	32	3,603
<u>Permanent endowment</u>						
Glebe capital fund	25,270	5	(7)	-	526	25,794
E Newill trust	278	-	-	-	6	284
Budgen legacy	663	-	-	-	15	678
G Nash will	387	-	-	-	9	396
Power legacy	246	-	-	-	5	251
Toulmin will	96	-	-	-	2	98
St Agnes Lodge fund	109	-	-	-	3	112
	207,049	465	(255)	(50)	(719)	206,490
Total funds	213,367	15,731	(16,287)	-	(709)	212,102

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20. SUMMARY OF FUND MOVEMENTS (continued)

2023	1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2023 £'000
<u>Unrestricted funds</u>						
General	2,160	13,512	(13,654)	6	45	2,069
<u>Designated</u>						
TCTL growth fund	1,122	-	(59)	(306)	-	757
Mission Fund	58	100	(24)	213	-	347
Strategic change fund	378	15	(117)	156	-	432
Development fund	812	-	(27)	-	-	785
Diocesan Premises reserve	-	-	-	-	-	-
Clergy conference fund	47	-	(50)	15	-	12
Church fabric repair fund	11	-	-	-	-	11
	2,428	115	(277)	78	-	2,344
<u>Restricted income funds</u>						
Pastoral fund	1,496	1	-	(50)	(496)	951
Strategic Development Fund	-	119	(310)	190	1	-
Glebe income	313	25	-	-	-	338
Clergy Welfare	153	14	(10)	-	(1)	156
Moor Park Trust	88	4	-	-	8	100
Regional Training	35	65	(75)	-	-	25
Community Engagement	77	105	(139)	-	-	43
Church Schools income	18	44	(49)	(53)	(1)	(41)
All Saints Fleet	16	1	-	-	(1)	16
Moss Lane Fund	24	44	(35)	-	-	33
Partridge Fund	166	8	-	(43)	18	149
Nugent Income	73	69	(14)	(58)	2	72
Ministerial Education	110	235	(282)	-	-	63
	2,569	734	(914)	(14)	(470)	1,905
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	12,878	-	(34)	-	(968)	11,876
Onslow bequest	476	-	-	-	42	518
E M Woods trust capital	311	-	-	-	31	342
Church schools capital	4,861	-	(171)	-	(117)	4,573
Retired clergy housing	9,600	159	(369)	(70)	(648)	8,672
Benefice houses fund	158,699	-	-	-	(8,280)	150,419
Nugent fund	3,498	-	(4)	-	106	3,600
<i>Permanent endowment</i>						
Glebe capital fund	28,259	4	(105)	-	(2,888)	25,270
E Newill trust	254	-	-	-	24	278
Budgen legacy	605	-	-	-	58	663
G Nash will	354	-	-	-	33	387
Power legacy	224	-	-	-	22	246
Toulmin will	88	-	-	-	8	96
St Agnes Lodge fund	100	-	-	-	9	109
	220,207	163	(683)	(70)	(12,568)	207,049
Total funds	227,364	14,524	(15,528)	-	(12,993)	213,367

GUILDFORD DIOCESAN BOARD OF FINANCE

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21. SUMMARY OF ASSETS BY FUND

As at 31 December 2024	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Group</u>					
Unrestricted Funds	25	103	3,986	(2,266)	1,848
Designated Funds	-	-	2,594	(397)	2,197
Restricted Income Funds	373	1,075	4,706	(4,587)	1,567
Expendable Endowment Funds	167,558	14,115	(623)	(2,173)	178,877
Permanent Endowment Funds	20,788	4,575	2,445	(195)	27,613
	<u>188,744</u>	<u>19,868</u>	<u>13,108</u>	<u>(9,618)</u>	<u>212,102</u>
<u>GDBF Company</u>					
Unrestricted Funds	25	103	3,827	(2,200)	1,755
Designated Funds	-	-	2,594	(397)	2,197
Restricted Income Funds	373	1,075	4,706	(4,587)	1,567
Expendable Endowment Funds	167,558	14,115	(623)	(2,173)	178,877
Permanent Endowment Funds	20,788	4,575	2,445	(195)	27,613
	<u>188,744</u>	<u>19,868</u>	<u>12,949</u>	<u>(9,552)</u>	<u>212,009</u>

As at 31 December 2023	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Group</u>					
Unrestricted Funds	41	100	3,566	(1,638)	2,069
Designated Funds	-	-	2,664	(320)	2,344
Restricted Income Funds	378	1,067	4,671	(4,211)	1,905
Expendable Endowment Funds	166,728	18,525	(3,079)	(2,174)	180,000
Permanent Endowment Funds	19,076	4,518	3,655	(200)	27,049
Total Funds	<u>186,223</u>	<u>24,210</u>	<u>11,477</u>	<u>(8,543)</u>	<u>213,367</u>
<u>GDBF Company</u>					
Unrestricted Funds	41	100	3,432	(1,591)	1,982
Designated Funds	-	-	2,664	(320)	2,344
Restricted Income Funds	378	1,067	4,671	(4,211)	1,905
Expendable Endowment Funds	166,728	18,525	(3,079)	(2,174)	180,000
Permanent Endowment Funds	19,076	4,518	3,655	(200)	27,049
Total Funds	<u>186,223</u>	<u>24,210</u>	<u>11,343</u>	<u>(8,496)</u>	<u>213,280</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

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22. DESCRIPTION OF FUNDS

General fund	The general reserve is the GDBF's unrestricted undesignated fund available for any of the GDBF's purposes without restriction.
Mission fund	Designated fund to help with diocesan and parish growth initiatives.
TCTL Growth fund	Designated fund for <i>Transforming Church, Transforming Lives</i> initiatives. The majority of this is allocated as joint funding for projects within the Strategic Development Fund below.
Strategic change fund	Designated fund to implement change processes deriving from <i>Transforming church, Transforming lives</i> initiatives. This was set up from grants received in 2020 from the Church Commissioners and the Trust for London.
Development fund	Designated fund for development projects of the Diocese. The principal designation is to fund a move of Diocesan House up to the Cathedral site.
Diocesan Premises reserve	Designated fund to spread the impact of rent-free periods and costs of refurbishment and dilapidations.
Clergy conference fund	Designated fund for the triennial Diocesan clergy conference.
Church fabric repair fund	Designated fund from which to make grants to parishes for fabric repair.
Pastoral fund	The Diocesan pastoral account is regulated by the provisions of the Pastoral Measure 2011. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese • other purposes of the Diocese or any benefice or parish in the Diocese • to make grants or loans to any other Diocese • to transfer funds to other Diocesan funds
Strategic Development Fund	Funds received from the National Church for specific strategic development projects including church growth projects in new housing developments and other church growth projects. Joint funding is being provided from GDBF general funds through the TCTL growth fund.
Ministerial Education	Income and Expenditure on the ministerial education of ordinands.
Glebe income fund	Accumulated income from glebe capital used for clergy stipends and housing costs
Clergy Welfare	Accumulated investment income for needy and retired clergy and their dependants.
Moor Park Trust	Expendable gift from Moor Park College for adult Christian education work.
Regional training	Restricted fund for the activity of the regional training Diocesan partnership.
Community Engagement	Grants and related activity for Community Engagement projects.
Church Schools income	Accumulated income from uniform statutory trusts (church schools fund capital) used for supporting church schools in the Diocese, both buildings and education.
Church Schools Building Projects	Funds for Church School Building Projects.
All Saints Fleet	Funds to support mission in All Saints Fleet.
Moss Lane Fund	Funds to support mission in Godalming.
Partridge Fund	Funds to support Church of England Schools.

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For the year ended 31 December 2024

22. DESCRIPTION OF FUNDS (continued)

Board endowment	Expendable endowment fund for capital growth. Income is credited to the general fund for the general purposes of the Diocese.
Onslow bequest	Expendable endowment for the support of clergy and building churches in Surrey.
E M Woods trust capital	Expendable endowment for the benefit of needy or retired clergy and their dependants. Income is credited to the Clergy Welfare fund.
Church schools fund capital	Expendable endowment arising from sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the Diocese. Income arising may be used to support education generally in the Diocese. The GDBF is Trustee of these funds, which are managed on a day-to-day basis by and in consultation with the Board of Education
Glebe capital fund	The glebe capital fund was created from the Diocesan stipends fund capital account held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976, and glebe assets, to provide income for clergy stipends. It represents glebe assets, the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. Besides glebe property, the funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit. Income is credited to the general fund for the payment of stipends and benefice house outgoings.
Retired clergy fund	Expendable endowment for the provision of housing for retired clergy. Income is credited to this same fund.
Benefice houses fund	The benefice houses fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of benefices concerned, the GDBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese and receives the sale proceeds of benefice houses surplus to requirements into the Diocesan pastoral account.
Nugent fund	Expendable endowment for general church purposes. Income is credited to the Mission Fund.
E Newill trust	Permanent endowment to provide income for family needs. Income is credited to the general fund.
Budgen legacy	Permanent endowment to provide income for general church purposes. Income is credited to the general fund.
G Nash will	Permanent endowment to provide income for general church purposes. Income is credited to the general fund.
Power legacy	Permanent endowment to provide income for clergy stipends. Income is credited to the general fund.
Toulmin will	Permanent endowment to provide income for the training of ordination candidates. Income is credited to the general fund.
St Agnes Lodge fund	Permanent endowment arising from the sale of St Agnes Lodge, to provide income for social responsibility work in the Diocese. Income is credited to the general fund.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. CAPITAL AND OTHER COMMITMENTS

At 31 December, the Board had no capital commitments (2023: None).

The GDBF had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2024	2023
	£'000	£'000
Payment due:		
Not later than one year	72	249
Later than one year and not later than five years	37	62
	<u>109</u>	<u>311</u>

The GDBF had no other off-balance sheet arrangements.

24. FUNDS HELD AS CUSTODIAN TRUSTEE

The GDBF acts as custodian trustee for many parish and other trusts 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 GDBF does not control them. The financial assets held in this way are as follows:

	2024	2023
	£'000	£'000
CCLA Church of England Investment Fund (income)	5,048	5,141
CCLA Church of England Fixed Interest Securities Fund	122	118
CCLA Property Fund	46	46
Other common investment fund holdings	1,783	1,707
Direct holdings in UK equities	58	48
CCLA Church of England Deposit Fund	512	490
Cash at bank	<u>10</u>	<u>10</u>
Total financial assets held as custodian trustee	<u>7,579</u>	<u>7,560</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. PRIOR YEAR COMPARATIVE SOFA

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	2023	2022
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations							
Parishes	2	11,569	-	-	-	11,569	11,802
Archbishops' Council	2	305	15	351	-	671	922
Other	2	142	96	-	-	238	914
	2	12,016	111	351	-	12,478	13,638
Charitable activities	3	501	4	171	-	676	1,181
Other trading activities	4	621	-	-	-	621	651
Investments	5	374	-	212	163	749	679
		13,512	115	734	163	14,524	16,149
Expenditure on:							
Raising funds	7	(587)	(4)	(14)	(34)	(639)	(594)
Charitable activities	8	(13,067)	(273)	(900)	(649)	(14,889)	(14,277)
		(13,654)	(277)	(914)	(683)	(15,528)	(14,871)
Net (expenditure)/income before investment (losses)/gains							
		(142)	(162)	(180)	(520)	(1,004)	1,278
Net (losses) on investments		(9)	-	(470)	(2,955)	(3,434)	(346)
Net (expenditure)/income							
		(151)	(162)	(650)	(3,475)	(4,438)	932
Transfers between funds	11	6	78	(14)	(70)	-	-
Net (expenditure)/income after transfers		(145)	(84)	(664)	(3,545)	(4,438)	932
Other recognised gains/(losses)							
(Losses)/Gains on revaluation of fixed assets		-	-	-	(9,613)	(9,613)	11,240
Actuarial gains on pension schemes		54	-	-	-	54	113
Net movement in funds							
		(91)	(84)	(664)	(13,158)	(13,997)	12,285
Total funds brought forward		2,160	2,428	2,569	220,207	227,364	215,079
Total funds carried forward	20	2,069	2,344	1,905	207,049	213,367	227,364

Accounts

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GUILDFORD DIOCESAN BOARD OF FINANCE

Company number - 225289

Registered charity number – 248245

GUILDFORD DIOCESAN BOARD OF FINANCE

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2023.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The Diocese of Guildford covers most of Surrey and North East Hampshire, one parish in West Sussex and one in the London Borough of Kingston.

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

The GDBF 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 and the Church Property Measure 2018;
- 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 custodianship of assets relating to church schools under the Diocesan Board of Education Measure 2022; and
- iv. the custodianship of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the GDBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Guildford (in respect of his responsibility for the provision of the cure of souls).

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STRATEGIC AIMS

The diocesan leadership and community is committed to the vision of a Transforming Church, Transforming Lives and has been since September 2016.

It is a vision of a diverse, growing, intergenerational church at the heart of each community, working alongside our chaplaincies and schools in living and proclaiming the Good News of God in Jesus Christ.

Following the impact of the Covid-19 pandemic, in 2021 the focus for our diocesan ministry and mission was again revised through a wide-ranging consultation and extensive prayer.

Following that second prayerful listening exercise, and looking at the National Church's focus of 'Simpler, Bolder, Humbler' we have opted for three overall related priorities that refresh, focus and evolve our original vision:

Growing Disciples

This brings together:

- Encountering God through worship, prayer, retreat and learning.
- Everyday Faith – sharing and expressing our faith in daily life and exploring vocation.
- Meeting with our Church family in all sorts of contexts for Christian encouragement, friendship and support.

Growing Diversity

This will mean for many parishes increasing the number of younger people, and growing our diversity in every way to ensure we better reflect the communities we serve. It means continuing the great work our schools are doing. It means having the courage to experiment with new ways of being Church, physically and digitally.

Growing Community

This builds on the community partnerships of our parishes, chaplaincies and schools, many of which were developed throughout the pandemic. It also draws in the critical work across our communities to care for the Earth and reduce carbon emissions.



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Alongside the three priorities, are a set of 'Imagine' statements:

- Imagine a Church that is rooted in prayer, daily recognising our dependence on the God who saves, guides, strengthens and grows the Kingdom.
- Imagine a Church where people of all ages reach their full potential as disciples and leaders, cheering one another on in the adventure of following Jesus.
- Imagine a Church that worships in many ways and places, building diverse, holy, attractive communities of faith that are nourished through word and sacrament, alive in the Spirit, and accessible in every way.
- Imagine a Church at the heart of the communities we serve, reaching out to the poor and marginalised with compassion and purpose, challenging injustice, and bearing gospel fruit around the world.

To deliver these three priorities, there are eight key areas of focus with a key strategic objective.

1. **Evangelism and Discipleship:** All parishes encourage and provide opportunities to deepen discipleship and connect with unbelievers, unchurched and de-churched.
2. **Transforming Communities:** Worshipping communities are actively seeking opportunity to serve their parish community, to share the love of Jesus and to take the good news into the community.
3. **Mixed Ecology:** Every parish is implementing at least one fresh expression as a means of reaching the unbeliever, the unchurched and non-churched by the end of 2027.
4. **Online ministry:** Every parish can offer their community ways of connecting digitally with services, both streamed and recorded.
5. **Church Vocations:** To provide people with a discernment, training and formational pathway that facilitates God's call for everyone on the vocational journey into both lay and ordained service.
6. **Children & Young People:** The partnership of schools, churches and households enables children and young people to explore and develop their Christian faith and contribute to the life of their church, school, and community.
7. **Net Zero Carbon:** GDBF properties achieve carbon net zero by end 2030 (the national objective) and Church of England Schools are supported in reducing their carbon footprint.
8. **Racial Diversity:** That our cathedral, churches, schools, Church House and diocesan structures – including their leadership – reflect the racial diversity of their communities.

These objectives inform our **Parish Needs Process** (PNP) and guide the work of the team at Church House. The parish needs process focuses on a listening process; where we are seeking to listen to God, through all aspects of a parish - the church, the schools and the wider community. What this looks like will vary from parish to parish who will be each visited in turn on a deanery-by-deanery basis. After research and consultation, the parish needs process will focus on encouraging and enabling churches to make disciples who make disciples. The Mission Enabler Team, with its range of specialisms, then work with each parish to help them confirm and implement their plans.

GUILDFORD DIOCESAN BOARD OF FINANCE

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Other ways the teams at Church House will be supporting the outworking of the vision at diocesan and parish level include:

- Our work on **Revitalisation**, seeking to create healthy, viable parish churches, whether through pastoral reorganisation or supporting parishes to develop growth plans.
- Encouraging the best possible standards of **Safeguarding** at every level.
- A recognition of the discrete work and strategy of the Diocesan Board of Education and its responsibilities for **church schools and academies**, as well as the ambition to develop closer relationship between our churches and church schools.
- The development of a **Mission Fund** to make the best use of our diocesan assets for the Kingdom.
- A **Training Plan**, ensuring that those in leadership (lay and ordained) are properly equipped and trained.

ACTIVITIES AND ACHIEVEMENTS

The following sets out our objectives and achievements for 2023 against our strategic framework. Particular areas to celebrate include:

- Foundations in Ministry course successfully launched in September 2023 with 33 current, lay participants as part of our strategy to increase lay and ordained ministry.
- The launch of our Youth Catalyst Project with £3.3m of National Church funding.
- The progress on encouraging racial diversity in our churches and leadership.
- Establishment of a Mission Growth Fund providing £900k+ over 2023-2025 for new growth initiatives.
- The current high standard of our safeguarding team.
- £4.1m secured from the Public Sector Decarbonisation Scheme to replace school boilers with heat pumps.
- Significant progress on moving our diocesan offices to the Cathedral site.

Evangelism and Discipleship:

Aim: A Growing Discipleship plan evident in 75% of Church Development Plans (CDPs) by end 2024

- 99 churches have a development plan created no earlier than 2021; 101 churches provide children's ministry, 61 provide youth ministry and 59 are involved in evangelism.
- In Woking and Farnham deaneries, 83% of development plans featured discipleship in the form of small groups.
- 30 parishes trained in small groups workshops.
- 500 people attended the 2023 Church Growth Conference, including about 100 incumbents.
- Seven parishes participating in a Leading Evangelism Learning hub with good feedback.
- Diocesan Evangelists' Network relaunched.

Aim: Process evangelism courses evident in 50% of Church Development Plans by end of 2024.

- In Woking and Farnham deaneries, 44% of plans featured Christian basics and faith sharing courses.
- Incumbents survey May 2023: 65 out of 89 parishes offering a Christian basics course or faith sharing course in past 6 months or plan to do so in the next 6 month.

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Transforming Communities

Aim: Community engagement projects included in 50% of Church Development Plans by the end of 2023, 75% by the end of 2025; 'Hear Here' Clinics¹ will be seen as part of the church's mission; Parishes that want to start community engagement will know how to carry out a Community Audit.

- In the second cycle of the parish needs process, parishes will be encouraged to think about how discipling the core church members helps outreach and builds community.
- 50% of parishes included Community engagement on their Church Development Plans by the end of 2023.
- Incumbents survey May 2023 showed that 83 out of 89 churches who responded are involved in community projects.
- 'Hear Here' training includes 'how to use your clinic as mission' and Lead Champions will be trained in evangelism.
- Consultancies will be offered as part of the second cycle of the parish needs process on how to carry out a community audit.

Aim: Appoint borough deans (deanery representatives who liaise with Council leaders) in 6 boroughs by end of 2023 and in all 12 boroughs by end of 2024.

- 8 borough deans have been appointed.

Mixed Ecology

Aim: Consultancy to support a mixed ecology provided to at least two Deaneries per annum.

- Parish Cultivation Tool used in the parish need process strategy days to encourage a mixed ecology approach to parish mission.

Aim: Learning communities ("Greenhouses") established in two areas of the Diocese by the end of 2023.

- One Greenhouse established; Incumbents survey May 2023 showed 43 out of 89 churches involved in Fresh Expressions.

Online Ministry

Aim: By end 2023, up to date toolkit for online ministry is available

- Toolkit developed that helps support development of church based online offerings including best practice, 'how to' guides, signposting to churches doing this well.
- New online ministry tool developed on digital evangelism and digital discipleship guidance – pulling together and signposting to all the latest research, news, resources, and guidance.
- All materials available on our website under Parish Support

¹Hear Here is a project in partnership with Sight for Surrey and the NHS, where NHS audiology-trained volunteers provide community-based hearing aid maintenance. A Hear Here Clinic, held in a Church or Community building, offers basic hearing aid maintenance and advice to support hearing aid wearers to get the best from their devices.

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Aim: By end 2023 all mission enablers and Area Deans trained on the online ministry offering.

- Created and piloted training sessions which looked at:
 - Using social media
 - Understanding your audience, their needs and available communication tools
 - Online Ministry
 - Stakeholder management including media relations and media training.

Church Vocations

Aim: Create a more proactive church vocational culture.

- Ministerial Development Review material has been adapted with vocational objectives and training plan as an output.
- Curacy training is being reviewed to ensure training incumbents model empowering leadership.
- Parish needs process second cycle focusing on developing leaders to deliver increased vocations.
- The Bishop of Dorking, Diocesan Director of Ordinands (DDO) & Local Ministry Programme (LMP) Dean preaching around the diocese on vocations

Aim: Develop more and better vocations events: (a) Curates have the expectation that they will organise vocations events (usually deanery wide as part of their training. (b) Diocesan vocational events to run through the year with at least one large diocesan-wide event per annum and three smaller events; (c) Maximise the opportunities for licensing services to raise vocational questions.

- Good progress. three in-person 'Nudge' vocations events and two online events have attracted over 60 people since October 2023.

Aim: Develop non-validated training for Lay Associate Ministers.

- Foundations in Ministry course successfully launched in September 2023 with 33 current participants.

Aim: Increase the number and lower the average age of people coming through for Licensed Lay Minister (LLM) training by using lay associate minister training as a vocational opportunity and reducing the length of training to 2 years.

- LLM now a 2-year certificate programme from September. Lay associate minister candidates younger than typical LLM candidate.

Aim: Increase the capacity of the Vocations team.

- Initial Ministerial Education officer joined in Q2 2023 significantly increasing vocations capacity and three new Assistant Diocesan Directors of Ordinands recruited (currently seven in total).

Aim: Strengthen the roles and profile of our UK minority ethnicities and young vocations champions

- Bishop of Dorking championing both vocations and diversity. Vocations Working Group launched with 2nd meeting upcoming. New Young Vocations and UK Minority Ethnicities Champions both in role.

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Children and Young People

Aim: Complete schools research and use findings to develop pathways to encourage effective church school partnerships (through the parish needs process, training, resources etc.) Survey completed June 2023 with a view to begin implementation September 2023.

- Research completed. Results and analysis with the Growing Faith Foundation. Discussions with Strategic Ministry & Mission Investment Fund (SMMIF) in November 2023 with objective of writing an application for late-2024 to strengthen ministry with primary and infant school children and connection between churches and schools.

Aim: Implement Youth Catalyst project.

- £3.3m of funding awarded by Strategic Mission and Ministry Investment Fund from July 2023 to end 2026. Programme Manager appointed. Two hub leaders have been recruited and in-school work will start in January 2024. First trainees to start Sept 2024. Review planned for first quarter 2026 with the potential for a second application in May 2026.

Aim: 75% of Church Development Plans feature children and youth, with 35% showing evidence of intergenerational thinking by end 2024.

- Developing database to capture the required information.

Net Zero Carbon (“NZC”)

Aim: Provide a carbon emissions report to Diocesan Synod annually from end 2023.

- All the data necessary to develop this report for 2022 was provided in the Energy Footprint Tool submissions in late summer (the highest submission rate of any diocese in England). The report itself is generated by the National Office and is still awaited. It will be circulated to Diocesan Synod members when available with the data from 2020 and 2021 for comparison.

Aim: Audit 33% of clergy property and develop a refitting plan by end 2023

- During 2023, 60 Quinquennial Inspections (c.33% of our clergy properties) were completed which included an analysis from a Net Zero Carbon perspective for the first time. The NZC action plan for these properties will be pulled together in the first quarter of 2024 once we have the new NZC Project Manager (Parish and clergy property workstreams) in place. Between now and Dec 2025, the actions will concentrate primarily on improving insulation as per the NZC strategy. Major refits are scheduled in the strategy for post-2025.

Racial Diversity

Aim: Diversity Monitoring forms mandatory for every application process from January 2023.

- In place for applications for clergy and Church House positions.

Aim: Make an online learning programme on unconscious bias available to PCC Reps and appointment panels for clergy posts by end 2023.

- An unconscious bias online learning platform was implemented in 2023, and senior staff have completed it. Following a review, an improved platform was sought from a different provider to be used in 2024. It requires participants to pass a test and it will inform the People Team of who has completed the training.

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Aim: By end 2023, 90% of parishes which have identified their contested artefacts and have an agreed way forward within the national and diocesan guidelines.

- Contested heritage report shared with parishes with identified contested heritage.
- Follow up delegated to Area Deans by the Archdeacons.
- Incumbents and PCCs working on agreeing the way forward for their respective parishes.

Aim: Testimonies to raise the profile of Global Majority Heritage lay and ordained leadership in Parish updates and on the diocese website at least 3 times per year.

- Racial Diversity Advisory Group created as a sub-committee of Board of Directors.
- Racial Justice Covenant agreed, parishes encouraged to commit and sign every two years and Covenant to be displayed.
- Five new Testimonies from Global Majority Heritage laity & clergy were added to the website in celebration of Black History Month October 2023.

Parish Needs Process

Aim: To visit every parish every two years to help the parish develop a Church Development Plan that advances the diocese's priorities.

- 10 deaneries completed. Parish needs process cycle two to focus on discipleship of the core.

Revitalisation

Aim: 11 parishes processed through to the phase 4 (implementation) of the revitalisation process by September 2024; 5-6 further parishes in earlier stages of the revitalisation process by September 2024.

- On target: 6 Parishes in Triage; 4 Parishes in Phase 1; 3 Parishes in Phase 2; 2 Parishes in Phase 3; 3 Parishes in Phase 4.

Safeguarding

Aim: 80%+ of actions from Past Cases Review 2 (PCR2) recommendations on track at end of 2023.

- All recommendations on track by end of 2023.
- As part of the recommendations, an independent case review was commissioned to look at current case management which noted the high quality of case management and case recording; the professionalism of the current Diocesan Safeguarding Advisor and her assistant; that the case management of allegations against church officers and the file recording had greatly improved since PCR2 and that the same is the case for parish contacts.

Aim: 70%+ of parishes up to date on the Parish Safeguarding Dashboard.

- 70% of parishes up to date on parish dashboard at end of 2023.

Engaging Church Schools & Academies

Aim: To increase capacity in the academy sector to ensure that at least 20 Church schools convert to academy status by 2026; to support governing bodies join Church Multi-Academy Trusts (MATs) through brokering solutions as necessary.

- 15 Church schools have applied to become academies in 2022/23. This is on track to achieve our target for full academisation by 2030.

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Aim: To ensure that vulnerable schools are pro-actively monitored and supported so they maintained their Good and Outstanding grades at their next inspection (currently 93%).

- One Church school had been judged 'Inadequate' by OFSTED December 2022 and will become an academy with the Good Shepherd Trust in 2024. All OFSTED inspection in 2023 were "good".

Aim: To provide training and support for all Church schools and MATs on the new 2023 SIAMS² framework so they are adequately prepared and maintain or improve the SIAMS inspection grade.

- A series of SIAMS training sessions have been successfully delivered across the Diocese. New grading system since 01/09/2023. All inspections to date have been judged to be an effective church school.

Aim: To replenish the Education endowment fund through the sale or long-term lease of ex-school sites including Dunsfold, Abinger, Leatherhead, Ripley, Ockley and Send.

- A Property Estates Consultant has been appointed to work on school sites. 41 Ashenden Road and Abinger School site are being marketed but had not been sold before the end of 2023.

Aim: To apply and secure Public Sector Decarbonisation Scheme funds to replace boilers, LED lighting, windows and insulation to our Church school buildings.

- £4.1m secured and allocated to school projects to replace boilers with air source heat pumps.

Mission Fund

Aim: Establish a diocesan mission fund.

- Mission fund created and application process agreed. £900k has been budgeted to be made available 2023-2025. Three awards made so far for lay ministry training, net zero carbon work and to place curates to develop Church plants.

Leadership Training

Aim: Increase the number of parishes engaged in a lay training pathway by 30% by end 2023.

- 61 people from 38 parishes have attended a course from the Lay Training Pathway.
- 108 people from 58 parishes attended the Pastoral Training Day.
- 165 churchwardens from 114 parishes have attended at least one of the two churchwardens training events that ran in 2023.
- 34 people from 27 parishes have started on the Foundations in Ministry course, 13 of whom have previously attended an occasional lay course in 2022/2023.
- 5 completed the First Timers Course for Children and Youth Leaders in the academic year 2022/23 and 7 began the course in September 2023 for the academic year 2023/24.
- The total number of lay leaders engaging in training in 2023 is c.380.

Aim: By end 2024, at least 35 parishes engage in lay leadership training pathways for the first time.

- 38 parishes participated in lay leadership training and 24 in church warden training for the first time this year.

² The Statutory Inspection of Anglican and Methodist Schools (SIAMS) reviews the way each School's Christian vision drives its work and enables the school to live up to its foundation as a Church school.

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Aim: By end 2024, 90% clergy have received an MDR and 30% have engaged in diocesan Continuing Ministerial Development ("CMD") events.

- 106 clergy were reviewed in 2022 and 63 were reviewed in 2023.
- 19 people from 14 parishes/Church House attended Handling Conflict Constructively.
- 10 people from 4 parishes attended Mental Health First Aid Awareness.
- 9 people from 5 parishes attended Emotionally Healthy Leadership.
- 11 people from 5 parishes attended Emotionally Healthy Spirituality.
- 27 people from 8 parishes/Church House attended Coaching Skills training.
- 21 Clergy are on the Transforming Leadership Programme.
- There are 35 active clergy mentoring relationships.
- 32 clergy have made a claim via their training allowance in 2023 to support personal ministerial development.
- 250 clergy/Church House leaders attended the Triennial Conference.

Organisational

Aim: Review accommodation needs post-Covid.

- Decision taken to leave our current diocesan offices by March 2025. Planning permission obtained for expanding the old Education Centre on the Cathedral site with the intention of moving there in 2025 saving c.£200K p.a. on net office costs.

FUTURE PLANS

Evangelism and Discipleship

- A Growing Discipleship plan evident in 75% of Church Development Plans by end 2024.
- Each parish has at least one priority in their development plan indicating how they intend to build/continue developing a culture of discipleship amongst their core membership.
- Process evangelism courses evident in 50% of plans by end 2024.

Transforming Communities

- Community engagement projects included in 60% of Church Development Plans by end 2024, 75% by end 2025.
- Nurture 'Potting Sheds' in the parishes that encourage and promote community-based projects and services.
- Appoint Borough deans in all 12 boroughs by end 2024.

Mixed Ecology

- Consultancy to support a mixed ecology provided to at least 2 Deaneries per annum.
- Learning communities ("Greenhouse") established in 2 areas of the Diocese by the end of 2024.

Online ministry

- Maintain digital resources and guidance, updating in line with changing technology/landscape.
- Sharing best practice through storytelling.
- Attracting and hiring high calibre social media disciple.

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- Onboarding and supporting social media lead for Youth Catalyst project to share the Good News of Jesus Christ with people where they are.

Church Vocations

- Develop the Local Ministry Programme: Recruit 40 Lay associate ministers by July 2024, 9 ordinands by Sept 2024 (12 by Sept 2025), 6 Licensed Lay Ministerial candidates by May 2024; Rebrand by July 2024 to make programmes more attractive and increase number of participants; Develop the specialisms for the second year of the Foundations in Ministry course; Create website; Increase diversity of students.
- Grow the numbers actively exploring vocations: increase number, quality and visibility of vocations events and associated publicity/comms; work with UK minority ethnicities and young vocations champions better to engage and encourage those from under-represented groups; grow the number of Assistant Diocesan Directors of Ordinands and Local Vocation Advisers and to grow their role as local vocation champions, creating multiple points of entry into discernment; support and encourage current church leaders better to develop a culture of vocations within their worshipping communities. Target: By July 2024 to increase by 25% the numbers of those in discernment for licensed ministries (lay and ordained).
- Improve the quality and relevance of curacy training: develop the programme for curates and training Incumbents to reflect strategic and missional priorities, with a particular focus on school placements for all curates; develop a more rigorous curriculum of training and support for Training Incumbents; seek robust feedback on the implementation of the new national training framework; By September 2024, to improve the provision of training and support for children and schools ministry and mission; Clergy study day to encourage churches to develop meaningful and fruitful relationships with the schools in their parish; ensure curates do a placement in a school.

Children & Young People

- Gather and facilitate a group of 4-8 schools and churches to take part in the Growing Faith Foundation church/school partnership network.
- Clergy study day to encourage churches to develop meaningful and fruitful relationships with the schools in their parish.
- Roll-out of youth catalyst project to 4 secondary schools and 4 churches taking trainee youth workers; recruitment of a Gathering Team and organisation of critical mass worship events.

Net Zero Carbon

- Net Zero Carbon Strategy KPIs delivered according to approved implementation plan. Approvals obtained for any revisions to implementation plan which are informed by monitoring, learning and 'sense checks' on key assumptions.
- Development / approval of Environmental Policy.

Racial Diversity

- Identify those parts of *From Lament to Action* that still need to be addressed by the diocese.
- Identify the barriers faced by UK minority ethnicity parishioners and clergy joining a church in Guildford diocese and develop mitigations.

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- Design a 2–3 year project proposal to be funded by CofE Racial Justice Unit to address these issues.

Parish Needs Process

- Visit every parish every two years to help the parish develop a Church Development Plan that advances diocesan and parish priorities.

Revitalisation

- Work with 14 or more parishes on the Revitalisation process to move them towards health and viability.
- 11 parishes to be taken through to the phase 4 (implementation) of the revitalisation process by September 2024.
- 5-6 further parishes in earlier stages of the revitalisation process by September 2024.

Safeguarding

- Raise awareness and promotion of new National Safeguarding Standards across church bodies, GDBF, parishes, Cathedral.
- Implement programme of engagement to strengthen parish and Cathedral safeguarding governance and increase reporting of safeguarding concerns across the diocese.
- Pilot and evaluate Safer Places Scheme in Guildford Deanery and make recommendations for developing and implementing within the Domestic Abuse strategy.
- Equip parishes and the Cathedral to prevent and manage non safeguarding risk to support staff and those attending activities and services.
- Develop and implement independent counselling and assessment provision for victims and survivors of church related abuse.
- Increase level of Parish Dashboard engagement – 80% parishes to be on Level 3 by end 2024.

Engaging Church Schools & Academies

- Increase capacity in the academy sector to ensure that at least 20 Church schools convert to academy status by 2026; to support governing bodies join Church Multi-Academy Trusts (MATs) through brokering solutions as necessary.
- Ensure that vulnerable schools are pro-actively monitored and supported so they maintain their Good and Outstanding grades at their next inspection (currently 93%).
- Provide training and support for all Church schools and MATs on the new SIAMS framework 2023 so they are adequately prepared and maintain or improve the SIAMS inspection grade.
- Replenish the education endowment through the sale or long-term lease of ex-school sites including Dunsfold, Abinger, Leatherhead, Ripley, Ockley and Send.
- Implement the Public Sector Decarbonisation Scheme (PSDS) project to replace boilers in Church school buildings.

Mission Fund

- Maintain £300K+ p.a. funding of mission growth projects.

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Leadership Training

- Increase the number of parishes engaged in a lay training pathway by 30% by end 2024.
- By end 2024, at least 35 parishes engage in lay leadership training pathways for the first time.
- By end 2024, 90% clergy have received a ministerial review and 30% have engaged in diocesan continuing ministerial development events.

Organisational

- Complete development of old Education Centre to accommodate our diocesan offices by early 2025 saving c.£200K p.a. in office costs.

FINANCIAL REVIEW

Financial Performance

Total income for the year was £14,524,000 (2022: £16,149,000). Parish share contributions were £11,569,000 (2022: £11,802,000). The collection rate fell back to 96.8% (2022: 97.3% 2021: 95.5%; 2020: 91.8%) against the amount requested casting doubt on whether it is possible to return to pre-pandemic levels (2019: 98.7%). Income from statutory fees (weddings & funerals) was £368,000 (2022: £373,000).

The GDBF budgets to break even on its general fund before any capital gains/losses. Covid-19 introduced significant additional uncertainty in financial planning. Parish share receipts recovered better than budgeted but now look to be stalling. After allowing for parish grant support allocated by the Trustees out of the prior year's surplus of £154,000 (2022: £125,000), there was a net income after transfers of £9,000 on the general fund (2022: £157,000 net income).

<u>General Fund</u>	2023	2022	2021
	£'000s	£'000s	£'000s
Net income after transfers	(145)	186	374
Grants paid to parishes relating to 2021 surplus		125	(125)
Grants paid to parishes relating to 2022 surplus	154	(154)	
Net income per management accounts	9	157	249

There was an overall net decrease in funds of £13,997,000 (2022: increase £12,285,000). Property values of tangible fixed assets fell back by £9,613,000 (2022: £11,240,000 gain). Total investment value also fell (because of falls in investment property) during the year resulting in a net deficit of £3,434,000 (2022: £346,000 deficit). There was a net actuarial gain on pension funds of £54,000 (2022: £113,000 gain).

The financial stability of the GDBF depends on the financial strength of its parishes. This applies particularly to Guildford DBF which lacks historic reserves and has the highest dependency on parish share of any Diocese. Covid-19 had a significant impact on parish finances reducing parish income on average by some 20%, particularly because of disappearing rental income but then, as we came out of the pandemic, significant reductions in church attendance. Many were able to mitigate this through cost savings, raising additional donations from Church members and/or utilising reserves. However, we have moved from having c.10% of parishes with significant financial issues to c.30%. We implemented a 'Health and viability' review of all our parishes in 2021 and work on that continues

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implementing a significant programme of re-organisations including new plants and growth initiatives to address the long-term sustainability of our parishes and therefore of the GDBF.

Balance sheet position

The balance sheet position remains strong. However, while net assets at the balance sheet date totalled £213m (2022: £227m), most of that represents properties in use for ministry whose value amounted to £187m (2022: £198m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes. Note 20 gives further detail of the allocation of assets to funds.

Reserves policy

Free reserves

Recognising that the Diocese is heavily reliant on parish share receipts and that the major expenditure is on the clergy and lay staff to keep the organisation in operation, the Bishop's Council has set a minimum level of general free reserves, excluding fixed assets, of two months' staff and stipend costs which for 2023 was £1.4m. The balance of reserves excluding fixed assets on the general fund at 31 December was £2.0m (2022: £2.1m).

The GDBF also has a policy of holding on deposit, or otherwise readily available within the Glebe, Pastoral Account or other suitable funds, sufficient cash over and above funds to meet normal cash-flows to be able to purchase two houses of modest value. At 31 December 2023 the GDBF had available cash balances less short-term borrowings of £2.6m (2022: £2.0m) excluding funds restricted to schools and other specific purposes.

Designated funds

The Trustees may designate 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 their designation is no longer considered to be adequate justification for their retention. The balances and the intended use of each reserve are set out in notes 20 and 21. At 31 December 2023 total designated reserves were £2.3m (2022: £2.4m).

Restricted and endowment funds

As at 31 December 2023 restricted funds were £1.9m (2022: £2.6m) and endowment funds £207.0m (2022: £220.2m). The balances and purposes of these are set out in notes 19 to 21.

Grant making policy

The GDBF gives grants from funds established in the annual budget which is approved by Synod and is in line with its objectives. The main grants given in the year are set out within note 8.

Investment policy and performance

The GDBF has power to invest funds not immediately required for operational purposes in such concerns, securities or properties as it thinks fit. The GDBF follows the ethical investment policies and guidelines of the Church of England Ethical Investment Advisory Group. Non-property financial investments at 31 December 2023 had a market value of £10.4m (2022: £8.6m) of which £9.7m (2022: £7.9m) were invested within the CBF Church of England investment funds managed by CCLA Investment Management Limited. Total return performance for the CBF investment fund for 2023 was +12.6% (2022: -9.2%) slightly below CCLA's comparator weighted index return of 13.3% (2022: -10.1%). The five-year fund total return is +10.1% p.a. (comparator +7.7% p.a.).

Property investments are primarily in residential property with some glebe land within the Diocese of Guildford. It also includes £2.9m (2022 £2.9m) of disused school sites. The total market value at 31 December 2023 was £13.8m (2022: £18.9m). The Trustees have maintained a higher level of residential property investments than financial because a major potential area of expenditure for the Diocese is on residential property for delivering ministry and its residential property investments

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act as a hedge against that exposure. However, it is a non-diversified, non-liquid asset subject to the risks of the UK housing market and the Trustees have adopted a policy to move more funds from residential property to financial funds over a number of years. The Board of Education, with the GDBF as Custodian Trustees, reviews how best to realise value on the disused school sites to support Diocesan schools and education activities.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis. The key strategic risk is the slow decline in Church membership and the increasing age profile. Much of the report has detailed our strategy to respond to this. Other important risks are highlighted as follows with the associated mitigation strategies:

- **Parish share:** Covid has had a significant impact on parish finances. There is a risk that shortfalls will increase. Mitigating controls in place include active engagement with parishes and stewardship and mission support. A number of parishes will need help to re-organise so that they can be financially and missional sustainable.
- **Appointments:** In common with all Dioceses, the GDBF faces a high number of clergy retirements in the coming years with a reducing pool of potential replacements. Mitigating controls in place include strong Archdeacon engagement, clear appointment process and increased focus on vocations. The GDBF has adopted a strategic goal of increasing vocations and new clergy.
- **Safeguarding:** Safeguarding remains a high priority for the GDBF. Mitigating measures in place include an increase in resources for the safeguarding team, a 3-year training strategy and electronic Disclosure and Barring Service check process.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The national church has a general synod comprised of ex-officio and elected representatives from each Diocese and it agrees, and lays before Parliament, measures for the governance of the church's affairs which, if agreed by Parliament, have the force of statute law. In addition to the general synod, the Archbishops' Council has a coordinating role for work authorised by the synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as Bishop within the Diocesan synod. The Diocese itself is divided into twelve deaneries, each with its own synod, and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and act in partnership with neighbouring Dioceses.

Organisational structure

The GDBF is a company limited by guarantee (No. 225289) and a registered charity (No. 248245) governed by its memorandum and articles of association.

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

The governance and policy of the GDBF is the responsibility of the Directors, who are also members of the GDBF and Trustees for the purposes of charity law. The details of Trustees who served during the year are set out on page 20.

The Diocesan synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The synod membership is elected every three years, the last elections having been in 2021. The Synod elects 12 of the Trustees of the GDBF. Whilst the GDBF is a separate legal entity, with clear responsibilities under both company and charity law as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 1998, the GDBF is subject to the direction of the synod in all its activities unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England school properties are accounted for in the restricted Church Schools fund and are managed by the GDBF in consultation with the Diocesan Board of Education.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Guildford, are set by the Diocesan synod, and the GDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary and Bishop's staff team. The GDBF

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meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the Trustees. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold eight meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

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

The Trustees are assisted in their work by the Finance and Audit Sub Committee which monitors management accounts and budget, the use of assets and investment policies and makes recommendations on areas such as loans. A programme board provides additional scrutiny of GDBF's growth and revitalisation projects and grant funding. The Guildford Diocesan Board of Education (GDBE) (as incorporated under the DBE Measure 2021) is a statutory subcommittee of the GDBF responsible for Church of England schools and academy trusts in the Diocese of Guildford.

Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given an induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and at all other relevant times of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Guildford in consultation with GDBF's remuneration committee which includes the Chair of the GDBF and other members of Bishop's Council as relevant. Procedures include regular appraisals and benchmarking of remuneration.

Delegation of day-to-day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day-to-day activities of the GDBF. The Diocesan Secretary and other members of Bishop's staff team are given specific and general delegated authority to deliver the business of the GDBF in accordance with the policies framed by the Trustees.

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Funds held as Custodian Trustee

The GDBF is custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the GDBF does not control them, and they are segregated from the GDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £7.6m (2022: £7.1m) are summarised in note 23. Where properties are held as custodian Trustee, the deeds are identified as such and held in safe custody by the GDBF's solicitor.

Funds held on behalf of schools

The Diocesan Board of Education administers on behalf of its schools government grant funds for major repair and capital projects to church schools. It administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December is £4.1m (2022: £4.0m). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £1.8m and £1.9m respectively (2022: £2.1m and £2.1m).

TRUSTEES' RESPONSIBILITIES

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

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

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the GDBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

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STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the GDBF during 2023. The following Trustees served from 1 January 2023 up to the date of this report:

Ex-officio members	The Bishop of Guildford	The Right Revd A J Watson
	The Archdeacon of Surrey	The Venerable R P Davies (to August 2023)
	The Archdeacon of Dorking	The Venerable C. Mabuza (from March 2024)
	Chairperson	The Venerable M C Breadmore
		Mr S P Roberts

Bishop nominees	The Bishop of Dorking	The Right Revd J Wells (to Jan 2023)
		The Right Revd R P Davies (from Sept 2023)
	The Dean of Guildford	The Very Revd D Gwilliams (to Dec 2023)
		The Very Revd S Beake (from Dec 2023)
	The Revd B Hunt (from Feb 2023)	
	The Revd E Prior (from Feb 2023)	

Co-opted members	The Revd P Heidari (to July 2023)
	Mrs A Shaw (from May 2023)

Elected by Synod House of Clergy

The Revd M Babatunde (from Jan 2023)
The Revd B Beecroft
The Revd C Bessant
The Revd R A Donovan
The Revd S Taylor (from Jan 2023)
The Revd R Woodhams (to Jan 2023)

Elected by Synod House of Laity

Canon P N E Bruinvels
Mr G Everness (Vice Chair)
Mr G Hampshire
Mrs M Hill
Canon K R Malcouronne FCA
Mr G McFarland
Mr N Stuart

Key Management Personnel

Diocesan Secretary	Geraldine Newbold (from January 2023)
Deputy Diocesan Secretary	Steve Collins (to January 2024)
Director of Mission Team	Peter Harwood
Director of Education	Alex Tear
Director of Finance	Malcolm Twigger-Ross FCA
Head of People	Andy Morgan

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Advisors

Bankers	Lloyds Bank PLC, High Street, Guildford, Surrey, GU1 3AD
Auditors	Forvis Mazars LLP, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS
Solicitors	Lee Bolton Monier-Williams LLP, 1 The Sanctuary, Westminster, SW1P 3JT Charles Russell Speechlys LLP, Bury Fields, Guildford, Surrey, GU2 4AZ
Investment Managers	CCLA Investment Management Limited, 1 Angel Lane, London, EC4R 3AB
Insurers	Ecclesiastical Insurance Group, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

Registered Office: Church House Guildford, 20 Alan Turing Road, Guildford, Surrey, GU2 7YF

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-16 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

S.P. Roberts

Steve Roberts
Chairperson

10 June 2024

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2023

Opinion

We have audited the financial statements of the Guildford Diocesan Board of Finance (the 'parent charity') and its subsidiary ('the group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 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 group's and the parent charity's affairs as at 31 December 2023 and of the group's 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 group's or the parent charity'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 other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Annual Report has been prepared in accordance with applicable legal requirements.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2023

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Annual 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 returns adequate for our audit have not been received from branches not visited by us; 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 19, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity'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 charity 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its sector, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Charities Act 2022, tax legislation, safeguarding, pensions legislation, employment regulation, health and safety regulation, anti-bribery, corruption and fraud and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as The Charities Statement of Recommended Practice and the Companies Act 2006.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2023

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

N.J. Wakefield

Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 22 July 2024

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2023

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	2023	2022
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations							
Parishes	2	11,569	-	-	-	11,569	11,802
Archbishops' Council	2	305	15	351	-	671	922
Other	2	142	96	-	-	238	914
	2	12,016	111	351	-	12,478	13,638
Charitable activities	3	501	4	171	-	676	1,181
Other trading activities	4	621	-	-	-	621	651
Investments	5	374	-	212	163	749	679
		13,512	115	734	163	14,524	16,149
Expenditure on:							
Raising funds	6	(587)	(4)	(14)	(34)	(639)	(594)
Charitable activities	7	(13,067)	(273)	(900)	(649)	(14,889)	(14,277)
		(13,654)	(277)	(914)	(683)	(15,528)	(14,871)
Net (expenditure)/income before investment (losses)/gains							
		(142)	(162)	(180)	(520)	(1,004)	1,278
Net (losses) on investments		(9)	-	(470)	(2,955)	(3,434)	(346)
Net (expenditure)/income							
		(151)	(162)	(650)	(3,475)	(4,438)	932
Transfers between funds	10	6	78	(14)	(70)	-	-
Net (expenditure)/income after transfers		(145)	(84)	(664)	(3,545)	(4,438)	932
Other recognised gains/(losses)							
(Losses)/Gains on revaluation of fixed assets		-	-	-	(9,613)	(9,613)	11,240
Actuarial gains on pension schemes		54	-	-	-	54	113
Net movement in funds							
		(91)	(84)	(664)	(13,158)	(13,997)	12,285
Total funds brought forward		2,160	2,428	2,569	220,207	227,364	215,079
Total funds carried forward	19	2,069	2,344	1,905	207,049	213,367	227,364

The net surplus of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net income before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above.

GDBF's company only result (net movement in funds) for the year was £14.0m deficit (2022: £12.3m surplus).

All activities derive from continuing activities. The comparative fund analysis for 2022 is given in note 24.

The Notes form part of the financial statements.

Company Number – 225289

GUILDFORD DIOCESAN BOARD OF FINANCE

BALANCE SHEETS

As at 31 December 2023

	Note	Group		GDBF	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11	186,223	197,726	186,223	197,726
Investments	12	24,210	27,533	24,210	27,533
		<u>210,433</u>	<u>225,259</u>	<u>210,433</u>	<u>225,259</u>
Current assets					
Property held for resale		600	-	600	-
Debtors	13	4,048	3,834	3,966	3,790
Cash on deposit		6,201	4,254	6,201	4,254
Cash at bank and in hand		628	2,880	576	2,773
		<u>11,477</u>	<u>10,968</u>	<u>11,343</u>	<u>10,817</u>
Liabilities					
Creditors: amounts falling due within one year	14	(5,386)	(5,762)	(5,339)	(5,687)
<i>Net current assets</i>		<u>6,091</u>	<u>5,206</u>	<u>6,004</u>	<u>5,130</u>
<i>Total assets less current liabilities</i>		216,524	230,465	216,437	230,389
Creditors: Amounts falling due after more than one year	15	(2,659)	(2,883)	(2,659)	(2,883)
Provisions for Liabilities	16	(498)	(218)	(498)	(218)
Total net assets		<u>213,367</u>	<u>227,364</u>	<u>213,280</u>	<u>227,288</u>
The funds of the charity					
Unrestricted income funds:					
General funds		2,069	2,160	1,982	2,084
Designated funds		2,344	2,428	2,344	2,428
		<u>4,413</u>	<u>4,588</u>	<u>4,326</u>	<u>4,512</u>
Restricted funds		1,905	2,569	1,905	2,569
Endowment funds		207,049	220,207	207,049	220,207
Total funds	20	<u>213,367</u>	<u>227,364</u>	<u>213,280</u>	<u>227,288</u>

The endowment fund balance above includes revaluation of reserves of £110m (2022: £123m).

The Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 10 June 2024 and signed on behalf of the Board by:

S.P. Roberts

STEVE ROBERTS

GDBF Chairperson

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED CASH FLOW

For the year ended 31 December 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Net cash (used in)/generated by operating activities	(1,615)	626
Cash flows from investing activities		
Dividends, interest and rents from investments	749	679
Purchase of property and equipment	(1,058)	(55)
Purchase of investments	(950)	(450)
Sale of investments	1,039	-
Sales of property and equipment	1,691	-
Net cash generated by investing activities	1,471	174
Cash flows from financing activities:		
Repayments of borrowing	(1,036)	(156)
Net cash (used in) financing activities	(1,036)	(156)
Change in cash and cash equivalents	(305)	644
Cash and cash equivalents at 1 January	7,134	6,490
Cash and cash equivalents at 31 December	6,829	7,134
Reconciliation of net (expenditure)/income to net cash flow from operating activities		
Net (expenditure)/income	(4,438)	932
Adjustments for:		
Depreciation charges	20	124
Losses on property and equipment	368	-
Losses on investments	3,434	346
Dividends, interest and rents from investments	(749)	(679)
(Increase) in debtors	(693)	(755)
Increase in creditors	443	658
Net cash (used in)/generated by operating activities	(1,615)	626
Analysis of cash and cash equivalents		
Cash on deposit	6,201	4,254
Cash at bank and in hand	628	2,880
	6,829	7,134

Cash on deposit includes £3,896,000 (2022: £4,005,000) held for the benefit of schools' buildings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. ACCOUNTING POLICIES

The Trustees have reviewed working capital and capital expenditure requirements and as a result, are satisfied that it is appropriate to prepare these financial statements 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 charitable company's own Statement of Financial Activities has not been presented as permitted by s.408 of the Companies Act 2006.

The Trustees have reviewed the 2024 budget and cash-flow forecasts to 30 June 2025 and believe that it is appropriate for these financial statements to be prepared on a going concern basis.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the GDBF 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 in the year in which it is receivable.
- ii) **Rent** receivable is recognised as income in the period 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 in which they are receivable.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the GDBF'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** consist of costs relating to the renting out of property and to trading services.
- 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 GDBF, 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. 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 GDBF's staff are members of the Church Workers Pension Fund and stipendiary clergy are members of the Church of England Funded Pensions Scheme (see note 18). The pension costs charged as expenditure represent the GDBF's contributions payable in respect of the accounting period, in accordance with FRS102.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

c) Tangible fixed assets and depreciation

Freehold properties

Freehold property is held at revalued amounts. Properties are revalued based on changes in local prices with a five-year cycle of specific valuations. 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 GDBF 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 GDBF 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 GDBF 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 included at fair value.

Assets under construction

New parsonages under construction are included within the functional fixed assets category at the value of costs incurred at the balance sheet date.

Cost values

For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the properties were brought into the current accounting system in 2005.

d) Other tangible fixed assets

All capital expenditure over £5,000 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	15-30% per annum	straight line basis
Leasehold Property	1% - 10% per annum	straight line over the life 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 GDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the life of the lease.
- iii) **Properties held for resale:** when properties are put on the market for sale they are transferred from fixed assets to current assets.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

f) Fund balances

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

- **Unrestricted funds** are the GDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the GDBF. There are two types of unrestricted funds:
 - **General funds** which the GDBF intends to use for the general purposes of the GDBF and
 - **Designated funds** set aside out of unrestricted funds by the GDBF 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 GDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2022) 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. Trusts where the GDBF 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) Judgements and key sources or estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- **Fair value of freehold and investment properties.** Fair market value is based on a 5-year cycle of valuations, the movement of relevant property indices and the provision for any impairments. No depreciation is charged on freehold properties.
- **Pension and other post-employment benefits.** Pension provisions relating to lay staff and clergy are valued every three years on an actuarial basis. Any shortfall in funding pensions and post-retirement benefits is recognised as a liability in the accounts. Further details can be found in note 18.

h) Financial Instruments

Financial assets measured at fair value comprise listed investments, unlisted investments, value linked loans to parishes and bank deposits. Financial assets at amortised cost comprise trade debtors, other debtors and loans to parishes. Financial liabilities measured at amortised cost comprise pension liabilities, bank loans, other creditors and amounts held for other bodies.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. DONATIONS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2023					
Parish Contributions					
Current Year Request	11,871	-	-	-	11,871
Shortfall	(380)	-	-	-	(380)
	11,491	-	-	-	11,491
Received in respect of prior years	78	-	-	-	78
Archbishops' Council	305	15	351	-	671
Benefact Trust	-	96	-	-	96
City Church Fund	125	-	-	-	125
Legacies	2	-	-	-	2
Other	15	-	-	-	15
Total	12,016	111	351	-	12,478

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					
Parish Contributions					
Current Year Request	11,975	-	-	-	11,975
Shortfall	(321)	-	-	-	(321)
	11,654	-	-	-	11,654
Received in respect of prior years	148	-	-	-	148
Archbishops' Council	223	-	699	-	922
Benefact Trust	-	110	-	-	110
City Church Fund	132	-	-	-	132
Marshall's Charity	54	-	-	-	54
Legacies	2	-	-	600	602
Other	16	-	-	-	16
Total	12,229	110	699	600	13,638

The majority of the Diocese's mission is funded through the contributions of parishes. In 2023, the Diocese received 96.8% (2022: 97.3%) of the total requested.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2023					
Statutory fees	368	-	-	-	368
Social Responsibility projects grant income	-	-	106	-	106
Other grants receivable and miscellaneous income	133	4	65	-	202
	501	4	171	-	676

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					
Statutory fees	373	-	-	-	373
Social Responsibility projects grant income	-	-	137	-	137
Other grants receivable and miscellaneous income	132	-	89	-	221
Closed School	-	-	-	450	450
	505	-	226	450	1,181

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2023					
School Buildings Project Management	51	-	-	-	51
Training Services to Schools	159	-	-	-	159
Rental income on functional property	411	-	-	-	411
	621	-	-	-	621

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					
School Buildings Project Management	52	-	-	-	52
Training Services to Schools	176	-	-	-	176
Rental income on functional property	397	26	-	-	423
	625	26	-	-	651

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2023					2023
Dividends receivable	152	-	77	33	262
Interest receivable	68	-	6	2	76
Rents receivable on investment property	154	-	129	128	411
	374	-	212	163	749

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					2022
Dividends receivable	122	-	73	49	244
Interest receivable	-	-	2	2	4
Rents receivable on investment property	158	-	160	113	431
	280	-	235	164	679

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2023					2023
Schools Building Project Management	41	-	-	-	41
Training Services to Schools	68	-	-	-	68
Rental Management Fees	77	-	1	16	94
Investment Property Costs	247	-	13	18	278
Support Costs	154	4	-	-	158
	587	4	14	34	639

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					2022
Schools Building Project Management	54	-	-	-	54
Training Services to Schools	92	-	-	-	92
Rental Management Fees	70	4	7	14	95
Investment Property Costs	91	-	14	-	105
Support Costs	232	16	-	-	248
	539	20	21	14	594

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
2023	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	713	-	-	-	713
National Church Establishment	299	-	-	-	299
Retired clergy housing costs	202	-	-	-	202
Other	69	-	-	-	69
Indirect Support Costs	25	-	-	-	25
	1,308	-	-	-	1,308
Ministry & Mission					
Parish Ministry					
Stipends & pension	5,811	-	-	-	5,811
Housing costs	2,461	-	10	89	2,560
Loss on housing disposals	-	-	-	368	368
Removal & resettlement grants	160	-	-	-	160
Other expenses	400	156	-	20	576
	8,832	156	10	477	9,475
Ministry Support & Training	895	84	806	-	1,785
Indirect Support Costs	1,290	24	11	1	1,326
	11,017	264	827	478	12,586
Education & Mission					
Schools & Education	391	-	73	171	635
Indirect Support Costs	351	9	-	-	360
	742	9	73	171	995
Total	13,067	273	900	649	14,889

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. CHARITABLE ACTIVITIES (continued)

	Unrestricted funds		Restricted	Endowment	Total
2022	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	764	-	-	-	764
National Church Establishment	313	-	-	-	313
Retired clergy housing costs	193	-	-	-	193
Other	66	-	-	-	66
Indirect Support Costs	29	-	-	-	29
	<u>1,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,365</u>
Ministry & Mission					
Parish Ministry					
Stipends & pension	5,972	-	-	-	5,972
Housing costs	2,203	1	2	75	2,281
Removal & resettlement grants	163	-	-	-	163
Other expenses	427	92	61	-	580
	<u>8,765</u>	<u>93</u>	<u>63</u>	<u>75</u>	<u>8,996</u>
Ministry Support & Training	810	25	985	-	1,820
Indirect Support Costs	1,304	68	-	-	1,372
	<u>10,879</u>	<u>186</u>	<u>1,048</u>	<u>75</u>	<u>12,188</u>
Education & Mission					
Schools & Education	349	-	79	77	505
Indirect Support Costs	205	14	-	-	219
	<u>554</u>	<u>14</u>	<u>79</u>	<u>77</u>	<u>724</u>
Total	<u>12,798</u>	<u>200</u>	<u>1,127</u>	<u>152</u>	<u>14,277</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

8. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2023	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2023 £'000
Raising funds	481	-	158	639
Charitable activities				
National Church	-	1,283	25	1,308
Ministry & Mission	10,751	518	1,317	12,586
Education & Mission	635	-	360	995
Total Expenditure	11,867	1,801	1,860	15,528

Grant Funding of Activities

2023	Number	Individuals £'000	Institutions £'000	Total 2023 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	1,162	1,162
Clergy appointment and resettlement	31	164	-	164
Ordinand Maintenance	11	121	-	121
Parish Support	154	-	154	154
<u>From restricted funds</u>				
Parish Mission & development	10	-	200	200
		285	1,516	1,801

2022	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2022 £'000
Raising funds	346	-	248	594
Charitable activities				
National Church	130	1,206	29	1,365
Ministry & Mission	10,168	648	1,372	12,188
Education & Mission	505	-	219	724
Total Expenditure	11,149	1,854	1,868	14,871

Grant Funding of Activities

2022	Number	Individuals £'000	Institutions £'000	Total 2022 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	1,061	1,061
Clergy appointment and resettlement	31	163	-	163
Ordinand Maintenance	13	145	-	145
Parish Support	125	-	125	125
<u>From restricted funds</u>				
Parish Mission & development	150	-	360	360
		308	1,546	1,854

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

8. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)

Support costs are allocated by the direct allocation of certain costs that relate specifically to activities with the remaining costs allocated on the basis of staff employed in direct activities.

Included within support costs are fees payable to the auditors of £21,500 (2022: £18,750) in respect of audit services.

Support Costs	2023 £'000	2022 £'000
Diocesan Secretary's Office	141	85
Administration Team	157	133
Communications	158	200
Finance	199	187
Safeguarding	221	253
Human resources	219	169
Diocesan Advisory Committee	69	99
Office Costs	368	444
IT	242	239
Other corporate costs	86	51
Closed Pension Schemes	-	8
	<u>1,860</u>	<u>1,868</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. STAFF & TRUSTEES

Staff Costs	2023	2022
	£'000	£'000
Wages and salaries	2,113	1,984
National insurance contributions	218	212
Pension costs	287	249
Total	2,618	2,445

Average number of full-time equivalent people employed by the group during the year

	2023	2022
	No.	No.
Mission Team	17	16
Schools, Colleges & Universities	8	7
Parish Support	4	4
Operational Support	3	2
Safeguarding	4	4
Communications	2	3
Property	4	4
DAC	1	1
Finance	3	4
HR	3	2
IT	1	2
Total	50	48

By Main Funding Source

Parish share	38	38
Grants, trading and restricted income	12	10
Total	50	48

The average number of individual persons employed by the group:

	2023	2022
	No.	No.
Mission Team	21	18
Schools, Colleges & Universities	9	9
Parish Support	5	5
Operational Support	3	3
Safeguarding	5	5
Communications	2	3
Property	4	4
DAC	1	1
Finance	4	4
HR	3	3
IT	2	2
Total	59	57

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. STAFF & TRUSTEES (continued)

The number of employees whose total employee benefits (all remuneration, salary, benefits and any termination payments) excluding employer pension costs fell within each band of £10,000 from £60,000 upwards is as follows:

Employee benefits falling between:	2023 No.	2022 No.
£110,001 to £120,000	-	1
£80,001 to £90,000	2	-
£70,001 to £80,000	2	2
£60,000 to £70,000	3	2

Pension contributions of £76,000 (2022: £42,000) were paid in respect of these people.

The GDBF paid an average of 154 (2022: 155) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese.

	2023 £'000	2022 £'000
Stipends	4,478	4,477
National Insurance	372	390
Pension Contributions	1,090	1,440
Current year		
Deficit reduction	-	174
	<u>5,940</u>	<u>6,481</u>

Included within staff and stipend costs is £32,000 (2022: £145,000) in respect of redundancy payments.

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. Key management personnel are set out on page 20. The emoluments, including all benefits in kind including pensions, for these employees amounted to £470,000 (2022: £443,000)

Trustees

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £10,700 (2022: £7,500) in respect of General Synod duties, duties as archdeacon or area/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 GDBF during the year:

	Stipend	Housing
The Bishop of Dorking	-	✓
The Archdeacon of Dorking	✓	✓
The Archdeacon of Surrey	✓	✓
The Revd M Babatunde	✓	✓
The Revd B Beecroft	✓	✓
The Revd C Bessant	✓	✓
The Revd R A Donovan	✓	✓
The Revd P Heidari	✓	✓
The Revd E. Prior	✓	✓
The Revd S Taylor	✓	✓
The Revd R Woodhams	✓	✓

In addition, connected parties to the following trustees were also in receipt of stipend and housing: Mrs A. Shaw and The Right Revd A.J. Watson.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. STAFF & TRUSTEES (continued)

The GDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. It 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. The amount of stipend, funded by the GDBF, for each clergy person who are trustees was £39,000 (2022: £37,000) for Archdeacons and £30,000 (2022: £29,000) for incumbent clergy.

10. TRANSFERS BETWEEN FUNDS

2023	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
To fund triennial clergy conference	(15)	15	-	-
To fund parish revitalisation grants	(85)	85	-	-
From retirement fund to general fund for clergy housing retirement costs (CHARM)	70	-	-	(70)
Saving on CHARM allocated to Mission Fund	(70)	70	-	-
From Growth Fund to Strategic Development Fund	-	(190)	190	-
From general fund to fund net zero support	(40)	40	-	-
From School Funds to General Fund to support education activities	96	-	(96)	-
From Nugent Fund to support mission grants	-	58	(58)	-
From pastoral fund to fund net zero housing improvements	50	-	(50)	-
	6	78	(14)	(70)
2022	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Glebe Capital being the difference between contributions paid less interest on Clergy Pension Scheme	(174)	-	-	174
To fund triennial clergy conference	(15)	15	-	-
From General Fund to Growth Fund	(85)	85	-	-
From clergy retirement fund to general fund for clergy housing retirement costs (CHARM)	77	-	-	(77)
Saving on CHARM allocated to Mission Fund	(37)	37	-	-
From Growth Fund to Strategic Development Fund	-	(182)	182	-
From Board Endowment to Diocesan House fund	-	87	-	(87)
From School Funds to General Fund to support education activities	130	-	(130)	-
	(104)	42	52	10

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. TANGIBLE FIXED ASSETS

All of the properties in the balance sheet are freehold and are vested in the GDBF, except for benefice houses which are vested in the incumbent. One property, valued at £608,000 (2022: £690,000), was purchased with the help of a value-linked loan from the Church Commissioners; when disposed of 28% of the net sale proceeds will be remitted to the lender, and the related loan liability extinguished.

	Group and GDBF			
	Freehold Land and Buildings	Leasehold Buildings	Office Equipment	Total
	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>				
Balance at 1 January 2023	197,300	923	490	198,713
Additions	170	-	13	183
Disposals	(2,059)	-	-	(2,059)
Revaluation/impairment	(9,607)	-	-	(9,607)
Balance at 31 December 2023	185,804	923	503	187,230
<u>Accumulated depreciation</u>				
Balance at 1 January 2023	-	(540)	(447)	(987)
Depreciation charge for year	-	(4)	(16)	(20)
Balance at 31 December 2023	-	(544)	(463)	(1,007)
<u>Net book value</u>				
At 31 December 2023	185,804	379	40	186,223
At 31 December 2022	197,300	383	43	197,726

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. INVESTMENTS

	Group and GDBF				
	1 January 2023 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in market value £'000
					31 December 2023 £'000
Investment property	18,872	-	(897)	-	(4,185)
CBF Investment Fund	7,942	950	-	-	805
Electric & General Fund	305	-	-	-	71
Other listed investments	354	-	(158)	-	91
Program related	60	-	-	-	-
	27,533	950	(1,055)	-	(3,218)
					24,210

The CBF Investment Fund is managed by CCLA. Program related investment is an equity share loan on a property for clergy housing in partnership with the Methodist church. Such investments are made directly in pursuit of the Board's charitable purposes rather than for financial investment purposes. The amount shown represents the sum originally advanced as required under FRS102. The loan is not expected to be repaid in the short term.

Investment in Subsidiary

Guildford Diocesan Board of Finance has one wholly owned subsidiary, Guildford Diocesan Services Limited (GDSDL) which has a share capital of £1. The trading activities of GDSDL primarily consist of the supply of building project management and training services to church schools in the Diocese. The profits of GDSDL are normally wholly gift aided to the GDBF. In accordance with revised guidance issued by the Financial Reporting Council these are now accounted for when paid and not set against the year to which they relate. A summary of the financial results and funds of GDSDL which are consolidated in these financial statements is as follows:

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	2023 £'000
2023					
Other trading activities	210	-	-	-	210
Fundraising costs	133	-	-	-	133
Gift to GDBF	(76)	-	-	-	(76)
Net income and net movement in funds	11	-	-	-	11
Funds at 1 January	76	-	-	-	76
Funds at 31 December	87	-	-	-	87

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	2022 £'000
2022					
Other trading activities	228	-	-	-	228
Fundraising costs	(152)	-	-	-	(152)
Gift to GDBF	(44)	-	-	-	(44)
Net income and net movement in funds	32	-	-	-	32
Funds at 1 January	44	-	-	-	44
Funds at 31 December	76	-	-	-	76

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

13. DEBTORS

	Group		GDBF	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
<u>Due within one year</u>				
Parish Share	148	127	148	55
Fees	64	88	64	97
Prepayments and accrued income	435	272	394	323
Legacy	-	600	-	600
Other debtors	625	179	583	147
	<u>1,272</u>	<u>1,266</u>	<u>1,189</u>	<u>1,222</u>
<u>Due after more than one year</u>				
Loans to parishes - housing	2,339	2,218	2,339	2,218
Loans to retired clergy	325	325	325	325
Other loans and debtors	112	25	112	25
	<u>2,776</u>	<u>2,568</u>	<u>2,776</u>	<u>2,568</u>
 Total	 <u>4,048</u>	 <u>3,834</u>	 <u>3,966</u>	 <u>3,790</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		GDBF	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts held on behalf of school governors	(4,137)	(4,030)	(4,137)	(4,030)
Other creditors and accruals	(1,213)	(1,011)	(1,166)	(936)
Loan repayments due in one year	(36)	(721)	(36)	(721)
	<u>(5,386)</u>	<u>(5,762)</u>	<u>(5,339)</u>	<u>(5,687)</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		GDBF	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
<u>Loans in respect of house purchases</u>				
Church Commissioners value-linked loans	(2,524)	(2,397)	(2,524)	(2,397)
Church Commissioners other loans	(135)	(171)	(135)	(171)
Other bank loans	-	(315)	-	(315)
	<u>(2,659)</u>	<u>(2,883)</u>	<u>(2,659)</u>	<u>(2,883)</u>
 The above loans fall due for repayment:				
Between one and two years	(36)	(351)	(36)	(351)
Between two and five years	(108)	(108)	(108)	(108)
In five years and more	(2,515)	(2,424)	(2,515)	(2,424)
	<u>(2,659)</u>	<u>(2,883)</u>	<u>(2,659)</u>	<u>(2,883)</u>

The loans from the Church Commissioners include £2.3m (2022: £2.2m) used to purchase houses for parishes matched by loans from parishes included in debtors.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. PROVISIONS FOR LIABILITIES

	Group and GDBF	
	2023	2022
	£'000	£'000
Diocesan Office Dilapidations	298	218
Freehold Property Dilapidations	200	-
	<u>498</u>	<u>218</u>

The diocesan office provision is in respect of reinstatement obligations related to 20 Alan Turing Road, Guildford, a leasehold property and will be utilised at the end of the lease. The freehold property provision is in respect of rectification work likely to be necessary on one of the DBF's properties and will be utilised once further investigation and permissions have been completed.

17. FINANCIAL INSTRUMENTS

	2023	2022
	£'000	£'000
Financial assets measured at fair value	17,189	11,386
Financial assets measured at amortised cost	3,464	2,834
Financial liabilities measured at amortised cost	(7,647)	(8,206)

18. PENSIONS

Church of England Funded Pension Scheme (Clergy)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2023: £1,090,000; 2022: £1,440,000), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge of £1,090,000 for 2023 (2022: £1,553,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 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 in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards.
- Increase in pensionable stipends in line with CPIH.
- Mortality in accordance with 90% of the S3NA_VL 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%.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. PENSIONS (continued)

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 2022 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	January 2019 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

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 2023 and 2022 is nil.

The movement in the balance sheet liability over 2022 and over 2023 is set out in the table below.

	2023 £'000	2022 £'000
Balance sheet liability as at 1 January	-	287
Deficit Contributions paid	-	(174)
Interest cost *	-	-
Remaining change to the balance sheet liability* ¹	-	(113)
Balance sheet liability as at 31 December	-	-
*Recognised in SOFA		
Liability < 1 Year	-	-

¹The remaining change to the balance sheet liability 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 and 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.

	December 2023	December 2022	December 2021
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5% pa

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

Church Workers Pension Fund (CWPF)

The GDBF (DBS) participates in the Church Workers Pension Fund (CWPF). 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.

CWPF has two sections:

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

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. PENSIONS (continued)

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.

CWPF: the Defined Benefits Scheme

GDBF participates in the Defined Benefit Scheme ("DBS") section of CWPF for lay staff. The DBS section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. Guildford's participation was closed to future accruals in 2014.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns. The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SOFA during the year are contributions payable towards benefits and expenses accrued in that year (2023: £Nil, 2022: £Nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SOFA, giving a total credit of £54,000 for 2023 (2022: £Nil).

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 having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised valuation 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 as at 31 December 2022. The calculations for this are under way.

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,700 per year. In addition, deficit payments of £92,600 per year were agreed for 0.50 years from 1 April 2022 in respect of the shortfall in the Employer sub-pool. Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022 and 31 December 2023. A liability has been recognised at earlier dates. During 2023, the Pensions Board identified that £54,000 of pension liability contributions had been over-claimed in previous years and this was repaid.

The movement in the provision is set out below:

	2023	2022
	£'000	£'000
Balance sheet liability as at 1 January	-	-
Contributions repaid	54	-
Interest cost*	-	-
Remaining change to the balance sheet liability*	(54)	-
Balance sheet liability as at 31 December	-	-

* Recognised in SOFA

The remaining change to the balance sheet liability comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

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For the year ended 31 December 2023

18. PENSIONS (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:

	December 2023	December 2022	December 2021
Discount Rate	n/a	0.0%	0.0%

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

Pension Builder Scheme

The GDBF participates in the Pension Builder Scheme section of the CWPf for lay staff. 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. 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 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 Pensions 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 a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This 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 contributions payable (2023: £287,000, 2022: £212,000)

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

For the Pension Builder Classic section, the 2019 valuation revealed an overall deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Pensions 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 2019 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 as at 31 December 2022. Calculations for this are currently under way.

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

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. SUMMARY OF FUND MOVEMENTS

2023	1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2023 £'000
<u>Unrestricted funds</u>						
General	2,160	13,512	(13,654)	6	45	2,069
<u>Designated</u>						
TCTL growth fund	1,122	-	(59)	(306)	-	757
Mission Fund	58	100	(24)	213	-	347
Strategic change fund	378	15	(117)	156	-	432
Development fund	812	-	(27)	-	-	785
Diocesan Premises reserve	-	-	-	-	-	-
Clergy conference fund	47	-	(50)	15	-	12
Church fabric repair fund	11	-	-	-	-	11
	2,428	115	(277)	78	-	2,344
<u>Restricted income funds</u>						
Pastoral fund	1,496	1	-	(50)	(496)	951
Strategic Development Fund	-	119	(310)	190	1	-
Glebe income	313	25	-	-	-	338
Clergy Welfare	153	14	(10)	-	(1)	156
Moor Park Trust	88	4	-	-	8	100
Regional Training	35	65	(75)	-	-	25
Community Engagement	77	105	(139)	-	-	43
Church Schools income	18	44	(49)	(53)	(1)	(41)
All Saints Fleet	16	1	-	-	(1)	16
Moss Lane Fund	24	44	(35)	-	-	33
Partridge Fund	166	8	-	(43)	18	149
Nugent Income	73	69	(14)	(58)	2	72
Ministerial Education	110	235	(282)	-	-	63
	2,569	734	(914)	(14)	(470)	1,905
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	12,878	-	(34)	-	(968)	11,876
Onslow bequest	476	-	-	-	42	518
E M Woods trust capital	311	-	-	-	31	342
Church schools capital	4,861	-	(171)	-	(117)	4,573
Retired clergy housing	9,600	159	(369)	(70)	(648)	8,672
Benefice houses fund	158,699	-	-	-	(8,280)	150,419
Nugent fund	3,498	-	(4)	-	106	3,600
<i>Permanent endowment</i>						
Glebe capital fund	28,259	4	(105)	-	(2,888)	25,270
E Newill trust	254	-	-	-	24	278
Budgen legacy	605	-	-	-	58	663
G Nash will	354	-	-	-	33	387
Power legacy	224	-	-	-	22	246
Toulmin will	88	-	-	-	8	96
St Agnes Lodge fund	100	-	-	-	9	109
	220,207	163	(683)	(70)	(12,568)	207,049
Total funds	227,364	14,524	(15,528)	-	(12,993)	213,367

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. SUMMARY OF FUND MOVEMENTS (continued)

2022	1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2022 £'000
<u>Unrestricted funds</u>						
General	1,974	13,639	(13,337)	(104)	(12)	2,160
<u>Designated</u>						
TCTL growth fund	1,132	110	(23)	(97)	-	1,122
Mission Fund	-	26	(5)	37	-	58
Strategic change fund	474	-	(96)	-	-	378
Development fund	812	-	-	-	-	812
Diocesan Premises reserve	-	-	(87)	87	-	-
Clergy conference fund	41	-	(9)	15	-	47
Church fabric repair fund	11	-	-	-	-	11
	2,470	136	(220)	42	-	2,428
<u>Restricted income funds</u>						
Pastoral fund	1,421	1	-	-	74	1,496
Strategic Development Fund	-	277	(459)	182	-	-
Glebe income	292	24	(2)	-	(1)	313
Clergy Welfare	130	84	(61)	-	-	153
Moor Park Trust	97	3	-	-	(12)	88
Regional Training	29	89	(83)	-	-	35
Community Engagement	54	138	(115)	-	-	77
Church Schools income	75	61	(19)	(100)	1	18
All Saints Fleet	16	-	-	-	-	16
Moss Lane Fund	29	58	(64)	-	1	24
Partridge Fund	215	6	-	(30)	(25)	166
Nugent Income	19	70	(17)	-	1	73
Ministerial Education	89	349	(328)	-	-	110
	2,466	1,160	(1,148)	52	39	2,569
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	12,789	-	-	(87)	176	12,878
Onslow bequest	521	13	-	-	(58)	476
E M Woods trust capital	353	-	-	-	(42)	311
Church schools capital	4,655	450	(78)	-	(166)	4,861
Retired clergy housing	9,252	151	(74)	(77)	348	9,600
Benefice houses fund	149,288	600	-	-	8,811	158,699
Nugent fund	3,784	-	-	-	(286)	3,498
<i>Permanent endowment</i>						
Glebe capital fund	25,688	-	(14)	174	2,411	28,259
E Newill trust	287	-	-	-	(33)	254
Budgen legacy	686	-	-	-	(81)	605
G Nash will	400	-	-	-	(46)	354
Power legacy	254	-	-	-	(30)	224
Toulmin will	99	-	-	-	(11)	88
St Agnes Lodge fund	113	-	-	-	(13)	100
	208,169	1,214	(166)	10	10,980	220,207
Total funds	215,079	16,149	(14,871)	-	11,007	227,364

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

20. SUMMARY OF ASSETS BY FUND

As at 31 December 2023	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Group</u>					
Unrestricted Funds	41	100	3,566	(1,638)	2,069
Designated Funds	-	-	2,664	(320)	2,344
Restricted Income Funds	378	1,067	4,671	(4,211)	1,905
Expendable Endowment Funds	166,728	18,525	(3,079)	(2,174)	180,000
Permanent Endowment Funds	19,076	4,518	3,655	(200)	27,049
Total Funds	186,223	24,210	11,477	(8,543)	213,367

GDBF Company

Unrestricted Funds	41	100	3,432	(1,591)	1,982
Designated Funds	-	-	2,664	(320)	2,344
Restricted Income Funds	378	1,067	4,671	(4,211)	1,905
Expendable Endowment Funds	166,728	18,525	(3,079)	(2,174)	180,000
Permanent Endowment Funds	19,076	4,518	3,655	(200)	27,049
Total Funds	186,223	24,210	11,343	(8,496)	213,280

As at 31 December 2022	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Group</u>					
Unrestricted Funds	45	93	3,274	(1,252)	2,160
Designated Funds	-	-	2,660	(232)	2,428
Restricted Income Funds	382	1,537	4,729	(4,079)	2,569
Expendable Endowment Funds	176,282	18,908	(1,567)	(3,300)	190,323
Permanent Endowment Funds	21,017	6,995	1,872	0	29,884
Total funds	197,726	27,533	10,968	(8,863)	227,364

GDBF Company

Unrestricted Funds	45	93	3,123	(1,177)	2,084
Designated Funds	-	-	2,660	(232)	2,428
Restricted Income Funds	382	1,537	4,729	(4,079)	2,569
Expendable Endowment Funds	176,282	18,908	(1,567)	(3,300)	190,323
Permanent Endowment Funds	21,017	6,995	1,872	0	29,884
Total funds	197,726	27,533	10,817	(8,788)	227,288

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. DESCRIPTION OF FUNDS

General fund	The general reserve is the GDBF's unrestricted undesignated fund available for any of the GDBF's purposes without restriction.
Mission fund	Designated fund to help with diocesan and parish growth initiatives.
TCTL Growth fund	Designated fund for <i>Transforming Church, Transforming Lives</i> initiatives. The majority of this is allocated as joint funding for projects within the Strategic Development Fund below.
Strategic change fund	Designated fund to implement change processes deriving from <i>Transforming church, Transforming lives</i> initiatives. This was set up from grants received in 2020 from the Church Commissioners and the Trust for London.
Development fund	Designated fund for development projects of the Diocese. The principal designation is to fund a move of Diocesan House up to the Cathedral site.
Diocesan Premises reserve	Designated fund to spread the impact of rent-free periods and costs of refurbishment and dilapidations.
Clergy conference fund	Designated fund for the triennial Diocesan clergy conference.
Church fabric repair fund	Designated fund from which to make grants to parishes for fabric repair.
Pastoral fund	The Diocesan pastoral account is regulated by the provisions of the Pastoral Measure 2011. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese • other purposes of the Diocese or any benefice or parish in the Diocese • to make grants or loans to any other Diocese • to transfer funds to other Diocesan funds
Strategic Development Fund	Funds received from the National Church for specific strategic development projects including church growth projects in new housing developments and other church growth projects. Joint funding is being provided from GDBF general funds through the TCTL growth fund.
Ministerial Education	Income and Expenditure on the ministerial education of ordinands.
Glebe income fund	Accumulated income from glebe capital used for clergy stipends and housing costs
Clergy Welfare	Accumulated investment income for needy and retired clergy and their dependants.
Moor Park Trust	Expendable gift from Moor Park College for adult Christian education work.
Regional training	Restricted fund for the activity of the regional training Diocesan partnership.
Community Engagement	Grants and related activity for Community Engagement projects.
Church Schools income	Accumulated income from uniform statutory trusts (church schools fund capital) used for supporting church schools in the Diocese, both buildings and education.
Church Schools Building Projects	Funds for Church School Building Projects.
All Saints Fleet	Funds to support mission in All Saints Fleet.
Moss Lane Fund	Funds to support mission in Godalming.
Partridge Fund	Funds to support Church of England Schools.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. DESCRIPTION OF FUNDS (continued)

Board endowment	Expendable endowment fund for capital growth. Income is credited to the general fund for the general purposes of the Diocese.
Onslow bequest	Expendable endowment for the support of clergy and building churches in Surrey.
E M Woods trust capital	Expendable endowment for the benefit of needy or retired clergy and their dependants. Income is credited to the Clergy Welfare fund.
Church schools fund capital	Expendable endowment arising from sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the Diocese. Income arising may be used to support education generally in the Diocese. The GDBF is Trustee of these funds, which are managed on a day-to-day basis by and in consultation with the Board of Education
Glebe capital fund	The glebe capital fund was created from the Diocesan stipends fund capital account held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976, and glebe assets, to provide income for clergy stipends. It represents glebe assets, the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. Besides glebe property, the funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit. Income is credited to the general fund for the payment of stipends and benefice house outgoings.
Retired clergy fund	Expendable endowment for the provision of housing for retired clergy. Income is credited to this same fund.
Benefice houses fund	The benefice houses fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of benefices concerned, the GDBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese, and receives the sale proceeds of benefice houses surplus to requirements into the Diocesan pastoral account.
Nugent fund	Expendable endowment for general church purposes. Income is credited to the Mission Fund.
E Newill trust	Permanent endowment to provide income for family needs. Income is credited to the general fund.
Budgen legacy	Permanent endowment to provide income for general church purposes. Income is credited to the general fund.
G Nash will	Permanent endowment to provide income for general church purposes. Income is credited to the general fund.
Power legacy	Permanent endowment to provide income for clergy stipends. Income is credited to the general fund.
Toulmin will	Permanent endowment to provide income for the training of ordination candidates. Income is credited to the general fund.
St Agnes Lodge fund	Permanent endowment arising from the sale of St Agnes Lodge, to provide income for social responsibility work in the Diocese. Income is credited to the general fund.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. CAPITAL AND OTHER COMMITMENTS

At 31 December, the Board had no capital commitments (2022: None).

The GDBF had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2023	2022
	£'000	£'000
Payment due:		
Not later than one year	249	249
Later than one year and not later than five years	62	125
	<u>311</u>	<u>374</u>

The GDBF had no other off-balance sheet arrangements.

23. FUNDS HELD AS CUSTODIAN TRUSTEE

The GDBF acts as custodian trustee for many parish and other trusts 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 GDBF does not control them. The financial assets held in this way are as follows:

	2023	2022
	£'000	£'000
CCLA Church of England Investment Fund (income)	5,141	4,721
CCLA Church of England Fixed Interest Securities Fund	118	109
CCLA Property Fund	46	49
Other common investment fund holdings	1,707	1,681
Direct holdings in UK equities	48	36
CCLA Church of England Deposit Fund	490	476
Cash at bank	10	10
Total financial assets held as custodian trustee	<u>7,560</u>	<u>7,082</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

24. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parishes	11,802	-	-	-	11,802
Archbishops' Council	223	-	699	-	922
Other	204	110	-	600	914
	12,229	110	699	600	13,638
Charitable activities	505	-	226	450	1,181
Other trading activities	625	26	-	-	651
Investments	280	-	235	164	679
Other	-	-	-	-	-
	13,639	136	1,160	1,214	16,149
Expenditure on:					
Raising funds	(539)	(20)	(21)	(14)	(594)
Charitable activities	(12,798)	(200)	(1,127)	(152)	(14,277)
	(13,337)	(220)	(1,148)	(166)	(14,871)
Net income/(expenditure) before investment gains	302	(84)	12	1,048	1,278
Net (loss)/gain on investments	(12)	-	39	(373)	(346)
Net income/(expenditure)	290	(84)	51	675	932
Transfers between funds	(104)	42	52	10	-
Net income after transfers	186	(42)	103	685	932
Other recognised gains/(losses)					
Gains on revaluation of fixed assets	-	-	-	11,240	11,240
Actuarial gains on pension schemes	-	-	-	113	113
Net movement in funds	186	(42)	103	12,038	12,285
Total funds brought forward	1,974	2,470	2,466	208,169	215,079
Total funds carried forward	2,160	2,428	2,569	220,207	227,364

Accounts

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

GUILDFORD DIOCESAN BOARD OF FINANCE

Company number - 225289

Registered charity number – 248245

GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2022

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GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2022

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The Diocese of Guildford covers most of Surrey and North East Hampshire, one parish in West Sussex and one in the London Borough of Kingston.

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

The DBF 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 and the Church Property Measure 2018;
- 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 custodianship of assets relating to church schools under the Diocesan Board of Education Measure 2021; and
- iv. the custodianship of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the DBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Guildford (in respect of his responsibility for the provision of the cure of souls).

GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2022

STRATEGIC AIMS

Since its launch in September 2016, the Diocese of Guildford has committed itself to the vision of a *Transforming Church, Transforming Lives* (TCTL). Much has been achieved since that time. More than a hundred new worshipping communities have been birthed within our parishes, reaching out to those with whom our regular pattern of services often fails to connect. We have played our part in a remarkable 40% increase across the nation of men and women offering themselves for primary leadership in the church. In 2019 we recorded our first growth for a decade in the number of adults (up 2.5%) and children (up 10%) worshipping in our churches during an average week.

Meanwhile many church communities have become more intentional and purposeful about their mission and calling, seeking God for fresh direction rather than giving way to a narrative of gradual and inevitable decline.

The pandemic of 2020-22 has had a major impact on every aspect of our lives, not least our life as a church; and it's still too early to measure just what that impact will prove to be in the longer term. What was clear, though, is that we needed to refresh our vision of a *Transforming Church, Transforming Lives*, building on what has been achieved in the past but looking to a future in which our calling is to be 'humbler, simpler, bolder' in our service of a God who makes all things new.

In renewing our commitment to a 'Transforming Church, Transforming Lives', our vision is of a diverse, growing, intergenerational church at the heart of each community, working alongside our chaplaincies and schools in living and proclaiming the Good News of God in Jesus Christ'.



The TCTL mission strategy envisages individuals and church communities open to the transforming work of God's Spirit in their own lives, and so becoming agents of Christ's transformation to the world around them. It is not about asking people to work harder, but to work sharper - becoming more intentional and focussed in how we pray and what we are seeking to do. At its heart lies the vision of a growing, vibrant and generous Christian movement, empowered by the Spirit and rooted in word and sacrament, which confidently proclaims and lives out the Good News of Jesus Christ across the region and beyond.

GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2022

ACTIVITIES AND ACHIEVEMENTS

The following went well:

- **Strategic:** we completed and promulgated the refresh of TCTL including eight areas of strategic intent; we established implementation plans for six of those areas with two to be completed in 2023; the new Diocesan Board of Education (DBE) measure scheme was adopted and submitted with a new DBE established.
- **Parish facing:** our revitalisation work with our most challenged parishes continued to make progress; the implementation of plans to revitalise central Godalming is particularly noteworthy; the Parish Needs Process (PNP - a framework process to help parishes together plan how to grow disciples, diversity and community within their deaneries) was successfully completed in four deaneries and in progress across another four at the end of the year in line with plans; we successfully gathered data, reported and tracked all PNP engagements and consultancy delivered using a new Customer-Relationship database.
- **Safeguarding:** the independent past cases review (PCR2) of our safeguarding was completed and the report was widely communicated, providing affirmation to our current safeguarding and an action plan was developed and is now in implementation to take forward the recommendations for further improvement.
- **Net Zero:** a diocesan net zero carbon plan was developed and approved.
- **Staff:** considerable progress was made in addressing issues identified in the 2021 staff survey; new core values and behaviours were developed and launched in June with groups established to continue to develop spirituality, communications and social engagement.
- **Finance:** parish share recoveries continued to improve and Synod agreed a 2023 budget with only a 1.5% nominal increase despite the high rate of inflation thanks to the elimination of the clergy pension deficit, the improved share recovery position and the Church House savings made in 2020/21.
- **Property:** we completed 60 quinquennial surveys and continued to make progress on addressing maintenance backlogs and development projects.

However, the following could have gone better:

- **Staffing:** it was a challenging recruitment environment and we had some long vacancies in key posts which delayed a number of initiatives. On the positive side, many staff did step-up to fill the gaps caused by the vacancies and most of those key vacancies have now been filled.
- **Digital:** the planned transition to sharepoint has proved challenging – key staff vacancies (IT Director, Diocesan Secretary) delayed its delivery.

GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2022

FUTURE PLANS

Mission:

- **Parish Needs Process:** by end of 2023, 90% of parishes to discern and create a Church Development Plan that advances the priorities of TCTL and 50% assessed as successfully implementing their plans.
- **Revitalisation:** by end of 2023, 11 further parishes to be successfully implementing their revitalisation plans.
- **Training & Lay leadership:** increase in number of parishes engaged in a lay training pathway by 30% by end of 2023; at least 17 Parishes engaged in lay leadership training pathways for the first time; plans for growing our Local Ministry Programme were developed and implementation started.

Education:

- **Academies and School Organisation:** increase capacity in academy sector to ensure that at least 20 Church Schools convert to academy status in the next three years (by 2026); to support governing bodies join Church Multi-Academy Trusts through brokering solutions as necessary.
- **School Effectiveness:** ensure that vulnerable schools are pro-actively monitored and supported so they maintain their Good and Outstanding grades at their next inspection (currently 93%).
- **Christian Distinctiveness:** provide training and support for all Church schools and MATs on the new 2023 SIAMS framework so they are adequately prepared and maintain or improve the SIAMS inspection grade.
- **School Buildings:** realise the sale or long term lease of sites including Dunsfold, Abinger, Leatherhead, Ripley, Ockley and Send.
- **Decarbonisation:** secure Public Sector Decarbonisation Scheme (PSDS) funds to replace boilers, LED lighting, windows and insulation to our Church school buildings.

Operations:

- **Safeguarding:** 80%+ of actions from PCR2 recommendations on track at end of 2023; 70%+ of parishes keeping their entry on the Parish Safeguarding Dashboard up to date; 70%+ of parishes promptly refer safeguarding issues to the diocesan safeguarding team.
- **Finance:** £300K of income allocated to fund mission initiatives.
- **Property:** Ten sites with firm development potential identified; development plans with timelines approved; by year end, the implementation of at least eight of these are on track; c.20 surplus residential properties identified for sale, disposal plans with timelines approved; by year end, implementation plans at least 90% on track.
- **IT:** Sharepoint/Microsoft 365 fully implemented and legacy systems closed; property management solution selected and implemented.
- **Communications:** new website launched in May 23; online ministry toolkit and resources rolled out in December 2023; Rebranding to accommodate TCTL work and TCTL stories of transformation shared.
- **Office Move:** Plans and consents in place to enable necessary building works to be completed ready for move in to Stag Hill in January 2025

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2022

FINANCIAL REVIEW

Financial Performance

Total income for the year was £16,149,000 (2021: £15,010,000). Parish share contributions were £11,802,000 (2021: £11,530,000). There was a continuing recovery in the collection rate to 97.3% (2021: 95.5% 2020: 91.8%) against the amount requested approaching pre-pandemic levels (2019: 98.7%). Income from statutory fees (weddings & funerals) was £373,000 (2021: £407,000).

The GDBF budgets to break even on its general fund before any capital gains/losses. Covid-19 has introduced a significant degree of uncertainty in financial planning. Parish share receipts recovered better than budgeted, resulting in a net surplus on general funds of £186,000 (2021: £317,000 surplus). The Trustees have allocated £150,000 of this surplus to provide grant support to parishes in 2023.

There was an overall net increase in funds of £12,285,000 (2021: £49,284,000). Property values of tangible fixed assets continued to increase gaining by £11,240,000 (2021: £44,344,000). Investment values however overall fell during the year resulting in a net deficit of £346,000 (2021: £4,284,000 surplus). There was a net actuarial gain on pension funds of £113,000 (2021: £34,000 loss).

The financial stability of the DBF depends on the financial strength of its parishes. This applies particularly to Guildford which lacks historic reserves and has the highest dependency on parish share of any Diocese. Covid-19 has had a significant impact on parish finances reducing parish income on average by some 20%, particularly because of disappearing rental income. Many were able to mitigate this through cost savings, raising additional donations from Church members and/or utilising reserves. However, we have moved from having c.10% of parishes with significant financial issues to c.30%. We implemented a 'Health and viability' review of all our parishes in 2021 and work on that continues implementing a significant programme of re-organisations including new plants and growth initiatives to address the long-term sustainability of our parishes and therefore of the DBF.

Balance sheet position

The balance sheet position remains strong. However, while net assets at the balance sheet date totalled £227m (2021: £215m), most of that represents properties in use for ministry whose value amounted to £197m (2021: £186m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes. Note 21 gives further detail of the allocation of assets to funds.

Reserves policy

Free reserves

Recognising that the Diocese is heavily reliant on parish share receipts and that the major expenditure is on the clergy and lay staff to keep the organisation in operation, the Bishop's Council has set a minimum level of general free reserves, excluding fixed assets, of two months' staff and stipend costs which for 2022 was £1.4m. The balance of reserves excluding fixed assets on the general fund at 31 December was £2.1m (2021: £2.0m).

The DBF also has a policy of holding on deposit, or otherwise readily available within the Glebe, Pastoral Account or other suitable funds, sufficient cash over and above funds to meet normal cash-flows to be able to purchase two houses of modest value. At 31 December 2022 the DBF had available cash balances less short-term borrowings of £2.0m (2021: £2.3m) excluding funds restricted to schools and other specific purposes.

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2022

Designated funds

The Trustees may designate 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 their designation is no longer considered to be adequate justification for their retention. The balances and the intended use of each reserve are set out in notes 21 and 22. At 31 December 2022 total designated reserves were £2.4m (2021: £2.5m).

Restricted and endowment funds

As at 31 December 2022 restricted funds were £2.6m (2021: £2.5m) and endowment funds £220.2m (2021: £208.2m). The balances and purposes of these are set out in notes 21 and 22.

Grant making policy

The DBF gives grants from funds established in the annual budget which is approved by Synod and is in line with its objectives. The main grants given in the year are set out within note 9.

Investment policy and performance

The DBF has power to invest funds not immediately required for operational purposes in such concerns, securities or properties as it thinks fit. The DBF follows the ethical investment policies and guidelines of the Church of England Ethical Investment Advisory Group. Non-property financial investments at 31 December 2022 had a market value of £8.6m (2021: £9.9m) of which £7.9m (2021: £9.0m) were invested within the CBF Church of England investment funds managed by CCLA Investment Management Limited. Total return performance for the CBF investment fund for 2022 was -9.2% (2021: +17.5%). This was in line with general market performance during 2022 which was a very disappointing year for sustainability-focused, multi-asset investment strategies and an exceptionally punishing year for holders of both bonds and equities. Apart from 2008 and the onset of that global financial crisis, we have to go back to 1990 to find similarly correlated sell-offs across the major asset classes. CCLA's comparator weighted index had a return of -10.1% for 2022. The five year fund total return is +7.9% p.a..

Property investments are primarily in residential property with some glebe land within the Diocese of Guildford. It also includes £2.9m (2021 £2.5m) of disused school sites. The total market value at 31 December 2022 was £18.9m (2021: £17.5m). The Trustees have maintained a higher level of residential property investments than financial because a major potential area of expenditure for the Diocese is on residential property for delivering ministry and its residential property investments act as a hedge against that exposure. However, it is a non-diversified, non-liquid asset subject to the risks of the UK housing market and the Trustees have adopted a policy to move more funds from residential property to financial funds over a number of years. The Board of Education, with the DBF as Trustees, review how best to realise value on the disused school sites to support Diocesan schools and education activities.

GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis. The key strategic risk is the slow decline in Church membership and the increasing age profile. Much of the report has detailed our strategy to respond to this. Other important risks are highlighted as follows with the associated mitigation strategies:

- **Parish share:** CV19 has had a significant impact on parish finances. There is a risk that shortfalls will increase. Mitigating controls in place include active engagement with parishes and stewardship and mission support. A number of parishes will need help to re-organise so that they can be financially and missional sustainable.
- **Appointments:** In common with all Dioceses, the DBF faces a high number of clergy retirements in the coming years with a reducing pool of potential replacements. Mitigating controls in place include strong Archdeacon engagement, appointments process and increased focus on vocations. The DBF has adopted a strategic goal of increasing vocations and new clergy.
- **Safeguarding:** Safeguarding remains a high priority for the DBF. Mitigating measures in place include an increase in resources for the safeguarding team, a 3 year training strategy and electronic Disclosure and Barring Service check process.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The national church has a general synod comprised of ex-officio and elected representatives from each Diocese and it agrees, and lays before Parliament, measures for the governance of the church's affairs which, if agreed by Parliament, have the force of statute law. In addition to the general synod, the Archbishops' Council has a coordinating role for work authorised by the synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as Bishop within the Diocesan synod. The Diocese itself is divided into twelve deaneries, each with its own synod, and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and act in partnership with neighbouring Dioceses.

Organisational structure

The Guildford Diocesan Board of Finance (DBF) is a company limited by guarantee (No. 225289) and a registered charity (No. 248245) governed by its memorandum and articles of association.

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

Governance and policy of the DBF is the responsibility of the Directors, who are also members of the DBF and Trustees for the purposes of charity law. The details of Trustees who served during the year are set out on page 12.

The Diocesan synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The synod membership is elected every three years, the last elections having been in September 2021. The Synod elects 12 Trustees of the DBF. Whilst the DBF is a separate legal entity, with clear responsibilities under both company and charity law as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 1998, the DBF is subject to the direction of the synod in all its activities unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England school properties are accounted for in the restricted Church Schools fund and are managed by the DBF in consultation with the Diocesan Board of Education.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Guildford, are set by the Diocesan synod, and the DBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary and Bishop's staff team. The DBF meets once a year in general meeting to receive and approve the annual report and financial

GUILDFORD DIOCESAN BOARD OF FINANCE

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statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the Trustees. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold 10 meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

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

The Trustees are assisted in their work by the Finance and Audit Sub Committee which monitors management accounts and budget, the use of assets and investment policies and makes recommendations on areas such as grants and loans.

Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and at all other relevant times of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Guildford in consultation with the Chair of the DBF and other members of Bishop's Council as relevant. Procedures include regular appraisals and benchmarking of remuneration.

Delegation of day to day delivery

The Trustees and the sub-committees which assists them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day to day activities of the DBF. The Diocesan Secretary and other members of Bishop's staff team are given specific and general delegated authority to deliver the business of the DBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The DBF is custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the DBF does not control them, and they are segregated from the DBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £7.1m (2021: £8.1m) are summarised in note 24. Where properties are held as custodian Trustee, the deeds are identified as such and held in safe custody by the DBF's solicitor.

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Funds held on behalf of schools

The Board of Education (as incorporated within the DBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December is £4.0m (2021: £3.5m). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £2.1m and £2.1m respectively (2021: £2.1m and £2.1m).

TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the DBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2022

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the DBF during 2022. The following Trustees served from 1 January 2022 up to the date of this report:

Ex-officio members	The Bishop of Guildford The Archdeacon of Surrey The Archdeacon of Dorking Chair	The Right Reverend A J Watson The Venerable R P Davies The Venerable M C Breadmore Mr S P Roberts
Bishop nominees	The Bishop of Dorking The Dean of Guildford	The Right Reverend J Wells (to Jan 2023) The Very Reverend D Gwilliams The Revd B Hunt (from Feb 2023) The Revd E Prior (from Feb 2023)
Co-opted members		The Revd P Heidari (from May 2022)

Elected by Synod House of Clergy

The Revd M Babatunde (from Jan 2023)
The Revd B Beecroft
The Revd C Bessant
The Revd R A Donovan
The Revd J O Morris (to May 2022)
The Revd S Taylor (from Jan 2023)
The Revd R Woodhams (to Jan 2023)

Elected by Synod House of Laity

Canon P N E Bruinvels
Mr G Everness
Mr G Hampshire
Mrs M Hill
Canon K R Malcouronne (Vice Chair)
Mr G McFarland
Mr N Stuart

Key Management Personnel

Diocesan Secretary	Peter Coles (to June 2022) Geraldine Newbold (from January 2023)
Deputy Diocesan Secretary	Steve Collins (Acting Diocesan Secretary July 2022 to January 2023)
Director of Mission Team	The Revd Peter Harwood
Director of Education	Canon Alex Tear
Director of Finance	Malcolm Twigger-Ross
Director of HR & Safeguarding	Lynda Donaldson (to August 2022)

Advisors

Bankers	Lloyds Bank PLC, High Street, Guildford, Surrey, GU1 3AD
Auditors	Mazars LLP, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS
Solicitors	Lee Bolton Monier-Williams LLP, 1 The Sanctuary, Westminster SW1P 3JT Charles Russell Speechlys LLP, Bury Fields, Guildford, Surrey, GU2 4AZ
Investment managers	CCLA Investment Management Limited 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
Registered Office:	Church House Guildford, 20 Alan Turing Road, Guildford, Surrey GU2 7YF

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2022

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-8 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



Steve Roberts

Chairperson

13 May 2023

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2022

Opinion

We have audited the financial statements of the Guildford Diocesan Board of Finance (the 'parent charity') and its subsidiary ('the group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 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 group's and the parent charity's affairs as at 31 December 2022 and of the group's 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 group's or the parent charity'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 other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Annual Report has been prepared in accordance with applicable legal requirements.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2022

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Annual 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 returns adequate for our audit have not been received from branches not visited by us; 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 11, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity'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 charity 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its sector, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Charities Act 2011, tax legislation, safeguarding, pensions legislation, employment regulation, health and safety regulation, anti-bribery, corruption and fraud and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as The Charities Statement of Recommended Practice and the Companies Act 2006.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2022

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.



Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 31 October 2023

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2022

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	2022	2021
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations							
Parishes	2	11,802	-	-	-	11,802	11,530
Archbishops' Council	2	223	-	699	-	922	665
Other	2	204	110	-	600	914	408
	2	12,229	110	699	600	13,638	12,603
Charitable activities	3	505	-	226	450	1,181	761
Other trading activities	4	625	26	-	-	651	699
Investments	5	280	-	235	164	679	562
Other	6	-	-	-	-	-	385
		13,639	136	1,160	1,214	16,149	15,010
Expenditure on:							
Raising funds	7	(539)	(20)	(21)	(14)	(594)	(643)
Charitable activities	8	(12,798)	(200)	(1,127)	(152)	(14,277)	(13,677)
	9	(13,337)	(220)	(1,148)	(166)	(14,871)	(14,320)
Net income/(expenditure) before investment gains							
		302	(84)	12	1,048	1,278	690
Net (losses)/gains on investments		(12)	-	39	(373)	(346)	4,284
Net income/(expenditure)							
		290	(84)	51	675	932	4,974
Transfers between funds	11	(104)	42	52	10	-	-
Net income/(expenditure) after transfers		186	(42)	103	685	932	4,974
Other recognised gains/(losses)							
Gains on revaluation of fixed assets		-	-	-	11,240	11,240	44,344
Actuarial gains/(losses) on pension schemes		-	-	-	113	113	(34)
Net movement in funds							
		186	(42)	103	12,038	12,285	49,284
Total funds brought forward		1,974	2,470	2,466	208,169	215,079	165,795
Total funds carried forward	20	2,160	2,428	2,569	220,207	227,364	215,079

The net surplus of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net income before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above.

GDBF's company only result (net movement in funds) for the year was £12.3m (2021: £49.3m).

All activities derive from continuing activities. The comparative fund analysis for 2021 is given in note 25.

The Notes form part of the financial statements.

Company Number – 225289

GUILDFORD DIOCESAN BOARD OF FINANCE

BALANCE SHEETS

As at 31 December 2022

	Note	Group		GDBF	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12	197,726	186,555	197,726	186,555
Investments	13	27,533	27,429	27,533	27,429
		<u>225,259</u>	<u>213,984</u>	<u>225,259</u>	<u>213,984</u>
Current assets					
Debtors	14	3,834	3,079	3,790	3,049
Cash on deposit		4,254	3,730	4,254	3,730
Cash at bank and in hand		2,880	2,760	2,773	2,658
		<u>10,968</u>	<u>9,569</u>	<u>10,817</u>	<u>9,437</u>
Liabilities					
Creditors: amounts falling due within one year	15	(5,762)	(4,365)	(5,687)	(4,277)
<i>Net current assets</i>		<u>5,206</u>	<u>5,204</u>	<u>5,130</u>	<u>5,160</u>
<i>Total assets less current liabilities</i>		<u>230,465</u>	<u>219,188</u>	<u>230,389</u>	<u>219,144</u>
Creditors: Amounts falling due after more than one year	16	(2,883)	(3,604)	(2,883)	(3,604)
Provisions for Liabilities	17	(218)	(218)	(218)	(218)
<i>Net assets excluding pension scheme liabilities</i>		<u>227,364</u>	<u>215,366</u>	<u>227,288</u>	<u>215,322</u>
Pension scheme liabilities	19	-	(287)	-	(287)
Total net assets		<u><u>227,364</u></u>	<u><u>215,079</u></u>	<u><u>227,288</u></u>	<u><u>215,035</u></u>
The funds of the charity					
Unrestricted income funds:					
General funds		2,160	1,974	2,084	1,930
Designated funds		2,428	2,470	2,428	2,470
		<u>4,588</u>	<u>4,444</u>	<u>4,512</u>	<u>4,400</u>
Restricted funds		2,569	2,466	2,569	2,466
Endowment funds		220,207	208,169	220,207	208,169
Total funds	21	<u><u>227,364</u></u>	<u><u>215,079</u></u>	<u><u>227,288</u></u>	<u><u>215,035</u></u>

The endowment fund balance above includes revaluation reserves of £123m (2021: £114m).

The Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 13 May 2023 and signed on behalf of the Board by:



STEVE ROBERTS
GDBF Chair



Keith Malcouronne FCA
GDBF Vice-Chair

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED CASH FLOW

For the year ended 31 December 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Net cash generated in operating activities	626	1,447
Cash flows from investing activities		
Dividends, interest and rents from investments	679	562
Purchase of property and equipment	(55)	(4)
Purchase of investments	(450)	(4,400)
Sale of investments	-	269
Sales of property and equipment	-	3,940
Net cash generated by investing activities	174	367
Cash flows from financing activities:		
Repayments of borrowing	(156)	(119)
Net cash (used in) financing activities	(156)	(119)
Change in cash and cash equivalents	644	1,695
Cash and cash equivalents at 1 January	6,490	4,795
Cash and cash equivalents at 31 December	7,134	6,490
Reconciliation of net income to net cash flow from operating activities		
Net income	932	4,974
Adjustments for:		
Depreciation charges	124	113
Gains on property and equipment	-	31
Losses/(gains) on investments	346	(4,284)
Dividends, interest and rents from investments	(679)	(562)
(Increase)/decrease in debtors	(755)	581
Increase in creditors	658	594
Net cash generated by operating activities	626	1,447
Analysis of cash and cash equivalents		
Cash on deposit	4,254	3,730
Cash at bank and in hand	2,880	2,760
	7,134	6,490

Cash on deposit includes £4,005,000 (2021: £3,483,000) held for the benefit of schools' buildings.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES

The Trustees have reviewed working capital and capital expenditure requirements and as a result, are satisfied that it is appropriate to prepare these financial statements 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 charitable company's own Statement of Financial Activities has not been presented as permitted by s.408 of the Companies Act 2006.

The Trustees have reviewed the 2023 budget and cash-flow forecasts to 30 June 2024 and believe that it is appropriate for these financial statements to be prepared on a going concern basis.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the DBF 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 in the year in which it is receivable.
- ii) **Rent** receivable is recognised as income in the period 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 in which they are receivable.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the DBF'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** consist of costs relating to the renting out of property and to trading services.
- 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 DBF, 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. 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 DBF's staff are members of the Church Workers Pension Fund and clergy are members of the Church of England Funded Pensions Scheme (see note 19). The pension costs charged as expenditure represent the DBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which DBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Freehold property is held at revalued amounts. Properties are revalued based on changes in local prices with a five-year cycle of specific valuations. 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 DBF 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 DBF 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 DBF 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 included at fair value.

Assets under construction

New parsonages under construction are included within the functional fixed assets category at the value of costs incurred at the balance sheet date.

Cost values

For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the properties were brought into the current accounting system in 2005.

d) Other tangible fixed assets

All capital expenditure over £5,000 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	15-30% per annum	straight line basis
Leasehold Property	1% - 10% per annum	straight line over the life 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 DBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the life of the lease.
- iii) **Properties held for resale:** when properties are put on the market for sale they are transferred from fixed assets to current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

f) Fund balances

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

- **Unrestricted funds** are the DBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the DBF. There are two types of unrestricted funds:
 - **General funds** which the DBF intends to use for the general purposes of the DBF and
 - **Designated funds** set aside out of unrestricted funds by the DBF 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 DBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as Trustee and controls the management and use of the funds, are included in the company's own financial statements. Trusts where the DBF 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) Judgements and key sources or estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- **Fair value of freehold and investment properties.** Fair market value is based on a 5-year cycle of valuations, the movement of relevant property indices and the provision for any impairments. No depreciation is charged on freehold properties.
- **Pension and other post-employment benefits.** Pension provisions relating to lay staff and clergy are valued every three years on an actuarial basis. Any shortfall in funding pensions and post-retirement benefits is recognised as a liability in the accounts. Further details can be found in note 19.

h) Financial Instruments

Financial assets measured at fair value comprise listed investments, unlisted investments, value linked loans to parishes and bank deposits. Financial assets at amortised cost comprise trade debtors, other debtors and loans to parishes. Financial liabilities measured at amortised cost comprise pension liabilities, bank loans, other creditors and amounts held for other bodies.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

2. DONATIONS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
2022					
Parish Contributions					
Current Year Request	11,975	-	-	-	11,975
Shortfall	(321)	-	-	-	(321)
	11,654	-	-	-	11,654
Received in respect of prior years	148				148
Archbishops' Council	223	-	699	-	922
Benefact Trust	-	110	-	-	110
City Church Fund	132	-	-	-	132
Marshall's Charity	54	-	-	-	54
Legacies	2	-	-	600	602
Other	16	-	-	-	16
Total	12,229	110	699	600	13,638

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
2021					
Parish Contributions					
Current Year Request	12,075	-	-	-	12,075
Shortfall	(545)	-	-	-	(545)
	11,530	-	-	-	11,530
Archbishops' Council	92	-	573	-	665
Benefact Trust	-	107	-	-	107
City Church Fund	134	102	-	-	236
Legacies	1	-	-	-	1
Other	52	8	4	-	64
Total	11,809	217	577	-	12,603

The majority of the Diocese's mission is funded through the contributions of parishes. In 2022, the Diocese received 97.3% (2021: 95.5%) of the total requested.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					2022
Statutory fees	373	-	-	-	373
Social Responsibility projects grant income	-	-	137	-	137
Other grants receivable and miscellaneous income	132	-	89	-	221
Closed School	-	-	-	450	450
	505	-	226	450	1,181

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					2021
Statutory fees	407	-	-	-	407
Social Responsibility projects grant income	-	-	111	-	111
Other grants receivable and miscellaneous income	156	-	87	-	243
	563	-	198	-	761

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					2022
School Buildings Project Management	52	-	-	-	52
Training Services to Schools	176	-	-	-	176
Rental income on functional property	397	26	-	-	423
	625	26	-	-	651

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					2021
School Buildings Project Management	82	-	-	-	82
Training Services to Schools	120	-	-	-	120
Rental income on functional property	417	-	53	-	470
Other	27	-	-	-	27
	646	-	53	-	699

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					
Dividends receivable	122	-	73	49	244
Interest receivable	-	-	2	2	4
Rents receivable	158	-	160	113	431
	280	-	235	164	679

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					
Dividends receivable	68	-	46	18	132
Interest receivable	1	-	-	1	2
Rents receivable	122	-	159	147	428
	191	-	205	166	562

6. OTHER INCOME

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2022					
Other income	-	-	-	-	-

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					
Gains on fixed asset disposals	-	-	244	85	329
Coronavirus Job Retention Scheme	56	-	-	-	56
	56	-	244	85	385

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Schools Building Project Management	54	-	-	-	54
Training Services to Schools	92	-	-	-	92
Rental Management Fees	70	4	7	14	95
Investment Property Costs	91	-	14	-	105
Support Costs	232	16	-	-	248
	539	20	21	14	594

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Schools Building Project Management	69	-	-	-	69
Training Services to Schools	86	-	-	-	86
Rental Management Fees	76	-	8	20	104
Investment Property Costs	73	-	39	25	137
Support Costs	217	30	-	-	247
	521	30	47	45	643

8. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	764	-	-	-	764
National Church Establishment	313	-	-	-	313
Retired clergy housing costs	193	-	-	-	193
Other	66	-	-	-	66
Indirect Support Costs	29	-	-	-	29
	1,365	-	-	-	1,365
Ministry & Mission					
Parish Ministry					
Stipends & pension	5,972	-	-	-	5,972
Housing costs	2,203	1	2	75	2,281
Removal & resettlement grants	163	-	-	-	163
Other expenses	427	92	61	-	580
	8,765	93	63	75	8,996
Ministry Support & Training	810	25	985	-	1,820
Indirect Support Costs	1,304	68	-	-	1,372
	10,879	186	1,048	75	12,188
Education & Mission					
Schools & Education	349	-	79	77	505
Indirect Support Costs	205	14	-	-	219
	554	14	79	77	724
Total	12,798	200	1,127	152	14,277

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES (continued)

	Unrestricted funds		Restricted	Endowment	Total
2021	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	787	-	-	-	787
National Church Establishment	357	-	-	-	357
Retired clergy housing costs	188	-	-	-	188
Other	69	-	-	-	69
Indirect Support Costs	25	3	-	-	28
	1,426	3	-	-	1,429
Ministry & Mission					
Parish Ministry					
Stipends & pension	6,025	-	-	-	6,025
Housing costs	1,909	-	-	6	1,915
Loss on housing disposals	-	-	-	298	298
Removal & resettlement grants	133	-	-	-	133
Other expenses	188	24	5	41	258
	8,255	24	5	345	8,629
Ministry Support & Training	750	18	778	-	1,546
Indirect Support Costs	1,221	126	-	-	1,347
	10,226	168	783	345	11,522
Education & Mission					
Schools & Education	308	-	120	80	508
Indirect Support Costs	191	27	-	-	218
	499	27	120	80	726
Total	12,151	198	903	425	13,677

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2022	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2022 £'000
Raising funds	346	-	248	594
Charitable activities				
National Church	130	1,206	29	1,365
Ministry & Mission	10,168	648	1,372	12,188
Education & Mission	505	-	219	724
Total Expenditure	11,149	1,854	1,868	14,871

Grant Funding of Activities

2022	Number	Individuals £'000	Institutions £'000	Total 2022 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	1,061	1,061
Clergy appointment and resettlement	31	163	-	163
Ordinand Maintenance	13	145	-	145
Parish Support	125		125	125
<u>From restricted funds</u>				
Parish Mission & development	150	-	360	360
		308	1,546	1,854

2021	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2021 £'000
Raising funds	396	-	247	643
Charitable activities				
National Church	453	947	29	1,429
Ministry & Mission	9,694	481	1,347	11,522
Education & Mission	508	-	218	726
Total Expenditure	11,051	1,428	1,841	14,320

Grant Funding of Activities

2021	Number	Individuals £'000	Institutions £'000	Total 2021 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	947	947
Clergy appointment and resettlement	34	133	-	133
Ordinand Maintenance	18	232	-	232
<u>From restricted funds</u>				
Parish Mission & development fund	12	-	116	116
		365	1,063	1,428

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)

Support costs are allocated by the direct allocation of certain costs that relate specifically to activities with the remaining costs allocated on the basis of staff employed in direct activities.

Included within support costs are fees payable to the auditors of £18,750 (2021: £14,650) in respect of audit services.

Support Costs	2022 £'000	2021 £'000
Diocesan Secretary's Office	85	107
Administration Team	133	108
Communications	200	137
Finance	187	200
Safeguarding	253	254
Human resources	169	147
Diocesan Advisory Committee	99	76
Office Costs	444	502
IT	239	234
Other corporate costs	51	68
Closed Pension Schemes	8	8
	<u>1,868</u>	<u>1,841</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. STAFF & TRUSTEES

Staff Costs	2022	2021
	£'000	£'000
Wages and salaries	1,984	1,883
National insurance contributions	212	188
Pension costs	249	237
Total	<u>2,445</u>	<u>2,308</u>

Average number of full-time equivalent people employed by the group during the year

	2022	2021
	No.	No.
Support for parish ministry	24	23
Mission Team	14	14
Schools, Colleges & Universities	6	6
Other diocesan departments	4	4
Total	<u>48</u>	<u>47</u>

By Main Funding Source

Parish Share	44	43
Grants & Trading Income	4	4
	<u>48</u>	<u>47</u>

The average number of individual persons employed by the group:

	2022	2021
	No.	No.
Support for parish ministry	30	30
Mission team	16	18
Schools, Colleges & Universities	7	8
Other diocesan departments	4	4
Total	<u>57</u>	<u>60</u>

The number of employees whose total employee benefits (all remuneration, salary, benefits and any termination payments) excluding employer pension costs fell within each band of £10,000 from £60,000 upwards as follows:

Employee benefits falling between:	2022	2021
	No.	No.
£110,001 to £120,000	1	-
£80,001 to £90,000	-	1
£70,001 to £80,000	2	1
£60,000 to £70,000	2	3

Pension contributions of £42,000 (2021: £32,000) were paid in respect of these people.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. STAFF & TRUSTEES (continued)

The DBF paid an average of 155 (2021: 167) stipendiary clergy and licensed lay workers as office-holders holding parochial or Diocesan appointments in the Diocese.

		2022	2021
		£'000	£'000
Stipends		4,477	4,457
National Insurance		370	362
Apprenticeship Levy		20	20
Pension Contributions	Current year	1,440	1,642
	Deficit reduction	174	311
		<u>6,481</u>	<u>6,792</u>

Included within staff and stipend costs is £145,000 (2021: £32,000) in respect of redundancy payments.

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. Key management personnel are set out on page 12. The emoluments, including all benefits in kind including pensions, for these employees amounted to £443,000 (2021: £423,000)

Trustees

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £7,500 (2021: £15,000) in respect of General Synod duties, duties as archdeacon or area/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 DBF during the year:

	Stipend	Housing
The Bishop of Dorking	-	✓
The Archdeacon of Dorking	✓	✓
The Archdeacon of Surrey	✓	✓
The Revd B Beecroft	✓	✓
The Revd C Bessant	✓	✓
The Revd R A Donovan	✓	✓
The Revd P Heidari	✓	✓
The Revd J O Morris	✓	✓
The Revd R Woodhams	✓	✓

The DBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. It 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. The amount of stipend, funded by the DBF, for each clergy person who are trustees was £36,920 (2021: £35,920) for Archdeacons and £28,870 (2021: £28,300) for other clergy.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11. TRANSFERS BETWEEN FUNDS

2022	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Glebe Capital being the difference between contributions paid less interest on Clergy Pension Scheme	(174)	-	-	174
To fund triennial clergy conference	(15)	15	-	-
From General Fund to Growth Fund	(85)	85	-	-
From clergy retirement fund to general fund for clergy housing retirement costs (CHARM)	77	-	-	(77)
Saving on CHARM allocated to Mission Fund	(37)	37	-	-
From Growth Fund to Strategic Development Fund	-	(182)	182	-
From Board Endowment to Diocesan House fund	-	87	-	(87)
From School Funds to General Fund to support education activities	130	-	(130)	-
	(104)	42	52	10

2021	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Glebe Capital being the difference between contributions paid less interest on Clergy Pension Scheme	(311)	-	-	311
To fund triennial clergy conference	(15)	15	-	-
From General Fund to Growth Fund	(85)	85	-	-
From Growth fund to General fund	2	(2)	-	-
From Growth Fund to Strategic Development Fund	-	(116)	116	-
From Board Endowment to Diocesan house fund	-	185	-	(185)
From Schools Fund to General Fund to support education activities	136	-	(136)	-
From retirement fund to general fund for clergy retirement costs	50	-	-	(50)
	(223)	167	(20)	76

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. TANGIBLE FIXED ASSETS

All of the properties in the balance sheet are freehold and are vested in the DBF, except for benefice houses which are vested in the incumbent. One property, valued at £690,000 (2021: £641,000), was purchased with the help of a value-linked loan from the Church Commissioners; when disposed of 28% of the net sale proceeds will be remitted to the lender, and the related loan liability extinguished.

	Group and GDBF			
	Freehold Land and Buildings	Leasehold Buildings	Office Equipment	Total
	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>				
Balance at 1 January 2022	186,060	923	435	187,418
Additions	-		55	55
Revaluation/impairment	11,240	-	-	11,240
Balance at 31 December 2022	197,300	923	490	198,713
<u>Accumulated depreciation</u>				
Balance at 1 January 2022	-	449	414	863
Depreciation charge for year	-	91	33	124
Balance at 31 December 2022	-	540	447	987
<u>Net book value</u>				
At 31 December 2022	197,300	383	43	197,726
At 31 December 2021	186,060	474	21	186,555

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

13. INVESTMENTS

	Group and GDBF					
	1 January 2022 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in market value £'000	31 December 2022 £'000
Investment property	17,511	450	-	-	911	18,872
CBF Investment Fund	8,996	-	-	-	(1,054)	7,942
Electric & General Fund	362	-	-	-	(57)	305
Other listed investments	500	-	-	-	(146)	354
Program related	60	-	-	-	-	60
	<u>27,429</u>	<u>450</u>	<u>-</u>	<u>-</u>	<u>(346)</u>	<u>27,533</u>

The CBF Investment Fund is managed by CCLA. Program related investment is an equity share loan on a property for clergy housing in partnership with the Methodist church. Such investments are made directly in pursuit of the Board's charitable purposes rather than for financial investment purposes. The amount shown represents the sum originally advanced as required under FRS102. The loan is not expected to be repaid in the short term.

Investment in Subsidiary

Guildford Diocesan Board of Finance has one wholly owned subsidiary, Guildford Diocesan Services Limited (GDSDL) which has a share capital of £1. The trading activities of GDSDL primarily consist of the supply of building project management and training services to church schools in the Diocese. The profits of GDSDL are normally wholly gift aided to the DBF. In accordance with revised guidance issued by the Financial Reporting Council these are now accounted for when paid and not set against the year to which they relate. A summary of the financial results and funds of GDSDL which are consolidated in these financial statements is as follows:

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
2022	£'000	£'000	£'000	£'000	2022 £'000
Other trading activities	228	-	-	-	228
Fundraising costs	(152)	-	-	-	(152)
Gift to GDBF	(44)	-	-	-	(44)
Net income and net movement in funds	32	-	-	-	32
Funds at 1 January	44	-	-	-	44
Funds at 31 December	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76</u>

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
2021	£'000	£'000	£'000	£'000	2021 £'000
Other trading activities	202	-	-	-	202
Fundraising costs	(158)	-	-	-	(158)
Gift to GDBF	(58)	-	-	-	(58)
Net income and net movement in funds	(14)	-	-	-	(14)
Funds at 1 January	58	-	-	-	58
Funds at 31 December	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2022

14. DEBTORS

	Group		GDBF	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<u>Due within one year</u>				
Parish Share	127	55	127	55
Fees	88	97	88	97
Prepayments and accrued income	272	295	260	279
Legacy	600	-	600	-
Other debtors	179	65	147	51
	<u>1,266</u>	<u>512</u>	<u>1,222</u>	<u>481</u>
<u>Due after more than one year</u>				
Loans to parishes - housing	2,218	2,218	2,218	2,218
Loans to retired clergy	325	325	325	325
Other loans	25	25	25	25
	<u>2,568</u>	<u>2,568</u>	<u>2,568</u>	<u>2,568</u>
Total	<u>3,834</u>	<u>3,079</u>	<u>3,790</u>	<u>3,049</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		GDBF	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts held on behalf of school governors	(4,030)	(3,494)	(4,030)	(3,494)
Other creditors and accruals	(1,011)	(715)	(936)	(628)
Loan repayments due in one year	(721)	(156)	(721)	(155)
	<u>(5,762)</u>	<u>(4,365)</u>	<u>(5,687)</u>	<u>(4,277)</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		GDBF	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<u>Loans in respect of house purchases</u>				
Church Commissioners value-linked loans	(2,397)	(2,398)	(2,397)	(2,398)
Church Commissioners other loans	(171)	(206)	(171)	(206)
Other bank loans	(315)	(1,000)	(315)	(1,000)
	<u>(2,883)</u>	<u>(3,604)</u>	<u>(2,883)</u>	<u>(3,604)</u>
The above loans fall due for repayment:				
Between one and two years	(351)	(36)	(351)	(36)
Between two and five years	(108)	(1,108)	(108)	(1,108)
In five years and more	(2,424)	(2,460)	(2,424)	(2,460)
	<u>(2,883)</u>	<u>(3,604)</u>	<u>(2,883)</u>	<u>(3,604)</u>

The loans from the Church Commissioners include £1.9m (2021: £1.9m) used to purchase houses for parishes matched by loans from parishes included in debtors.

17. PROVISIONS FOR LIABILITIES

	Group and GDBF	
	2022	2021
	£'000	£'000
Diocesan Office Dilapidations	<u>218</u>	<u>218</u>

The provision is in respect of reinstatement obligations related to 20 Alan Turing Road, Guildford, a leasehold property and will be utilised at the end of the lease.

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2022

18. FINANCIAL INSTRUMENTS

	2022	2021
	£'000	£'000
Financial assets measured at fair value	11,386	12,643
Financial assets measured at amortised cost	2,834	2,336
Financial liabilities measured at amortised cost	(8,206)	(7,678)

19. PENSIONS

Church of England Funded Pension Scheme (Clergy)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £1,440,000 2021:£1,642,000), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,614,000 for 2022 (2021: £1,620,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 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 in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards
- Increase in pensionable stipends in line with CPIH
- Mortality in accordance with 90% of the S3NA_VL 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%

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	January 2019 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

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.

GUILDFORD DIOCESAN BOARD OF FINANCE

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19. PENSIONS (Continued)

The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022	2021
	£'000	£'000
Balance sheet liability as at 1 January	287	621
Contributions paid	(174)	(312)
Interest cost *	-	1
Remaining change to the balance sheet liability*	(113)	(23)
Balance sheet liability as at 31 December	-	287

* Recognised in SOFA

Liability < 1 Year - 287

The remaining change to the balance sheet liability 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 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.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

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

Church Workers Pension Fund: Defined Benefits Scheme

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

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

Defined Benefits Scheme

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

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns. The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £Nil, 2021: £Nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £Nil for 2022 (2021: £57,000).

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. PENSIONS (Continued)

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 having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised valuation 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 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,700 per year. In addition deficit payments of £92,600 per year were agreed for 0.50 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2022	2021
	£'000	£'000
Balance sheet liability as at 1 January	-	11
Contributions paid	-	(68)
Interest cost*	-	-
Remaining change to the balance sheet liability*	-	57
Balance sheet liability as at 31 December	-	-

* Recognised in SOFA

The remaining change to the balance sheet liability comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

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

	December 2022	December 2021	December 2020
Discount Rate	0.0%	0.0%	0.0%

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

Pension Builder Scheme

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

The 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. Discretionary increases may also be added, depending on investment returns and other factors.

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19. PENSIONS (Continued)

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 a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This 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 contributions payable (2022: £212,000, 2021: £188,000)

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent 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, Guildford DBF could become responsible for paying a share of that employer's pension liabilities.

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20. SUMMARY OF FUND MOVEMENTS

2022	1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2022 £'000
<u>Unrestricted funds</u>						
General	1,974	13,639	(13,337)	(104)	(12)	2,160
<u>Designated</u>						
TCTL growth fund	1,132	110	(23)	(97)	-	1,122
Mission Fund	-	26	(5)	37	-	58
Strategic change fund	474	-	(96)	-	-	378
Development fund	812	-	-	-	-	812
Diocesan Premises reserve	-	-	(87)	87	-	-
Clergy conference fund	41	-	(9)	15	-	47
Church fabric repair fund	11	-	-	-	-	11
	2,470	136	(220)	42	-	2,428
<u>Restricted income funds</u>						
Pastoral fund	1,421	1	-	-	74	1,496
Strategic Development Fund	-	277	(459)	182	-	-
Glebe income	292	24	(2)	-	(1)	313
Clergy Welfare	130	84	(61)	-	-	153
Moor Park Trust	97	3	-	-	(12)	88
Regional Training	29	89	(83)	-	-	35
Community Engagement	54	138	(115)	-	-	77
Church Schools income	75	61	(19)	(100)	1	18
All Saints Fleet	16	-	-	-	-	16
Moss Lane Fund	29	58	(64)	-	1	24
Partridge Fund	215	6	-	(30)	(25)	166
Nugent Income	19	70	(17)	-	1	73
Ministerial Education	89	349	(328)	-	-	110
	2,466	1,160	(1,148)	52	39	2,569
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	12,789	-	-	(87)	176	12,878
Onslow bequest	521	13	-	-	(58)	476
E M Woods trust capital	353	-	-	-	(42)	311
Church schools capital	4,655	450	(78)	-	(166)	4,861
Retired clergy housing	9,252	151	(74)	(77)	348	9,600
Benefice houses fund	149,288	600	-	-	8,811	158,699
Nugent fund	3,784	-	-	-	(286)	3,498
<i>Permanent endowment</i>						
Glebe capital fund	25,688	-	(14)	174	2,411	28,259
E Newill trust	287	-	-	-	(33)	254
Budgen legacy	686	-	-	-	(81)	605
G Nash will	400	-	-	-	(46)	354
Power legacy	254	-	-	-	(30)	224
Toulmin will	99	-	-	-	(11)	88
St Agnes Lodge fund	113	-	-	-	(13)	100
	208,169	1,214	(166)	10	10,980	220,207
Total funds	215,079	16,149	(14,871)	-	11,007	227,364

GUILDFORD DIOCESAN BOARD OF FINANCE

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20. SUMMARY OF FUND MOVEMENTS (continued)

2021	1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2021 £'000
<u>Unrestricted funds</u>						
General	1,657	13,265	(12,672)	(223)	(53)	1,974
<u>Designated</u>						
TCTL growth fund	952	115	(18)	83	-	1,132
Strategic change fund	513	102	(25)	(116)	-	474
Development fund	812	-	-	-	-	812
Diocesan Premises reserve	-	-	(185)	185	-	-
Clergy conference fund	26	-	-	15	-	41
Church fabric repair fund	11	-	-	-	-	11
	2,314	217	(228)	167	-	2,470
<u>Restricted income funds</u>						
Pastoral fund	739	291	(10)	-	401	1,421
Strategic Development Fund	-	146	(262)	116	-	-
Glebe income	298	26	(32)	-	-	292
Clergy Welfare	121	9	-	-	-	130
Moor Park Trust	81	3	-	-	13	97
Regional Training	31	62	(64)	-	-	29
Community Engagement	30	111	(87)	-	-	54
Church Schools income	121	116	(79)	(86)	3	75
All Saints Fleet	16	-	-	-	-	16
Moss Lane Fund	23	49	(42)	-	(1)	29
Partridge Fund	234	5	-	(50)	26	215
Nugent Income	-	29	(10)	-	-	19
Ministerial Education	23	430	(364)	-	-	89
	1,717	1,277	(950)	(20)	442	2,466
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	11,830	54	(312)	(185)	1,402	12,789
Onslow bequest	480	6	-	-	35	521
E M Woods trust capital	308	-	-	-	45	353
Church schools capital	4,180	-	(79)	-	554	4,655
Retired clergy housing	7,920	91	(50)	(50)	1,341	9,252
Benefice houses fund	111,387	85	(11)	-	37,827	149,288
Nugent fund	3,311	15	(13)	-	471	3,784
<i>Permanent endowment</i>						
Glebe capital fund	19,083	-	(5)	311	6,299	25,688
E Newill trust	251	-	-	-	36	287
Budgen legacy	599	-	-	-	87	686
G Nash will	350	-	-	-	50	400
Power legacy	222	-	-	-	32	254
Toulmin will	87	-	-	-	12	99
St Agnes Lodge fund	99	-	-	-	14	113
	160,107	251	(470)	76	48,205	208,169
Total funds	165,795	15,010	(14,320)	-	48,594	215,079

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21. SUMMARY OF ASSETS BY FUND

As at 31 December 2022	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Unrestricted funds</u>					
General	45	93	3,274	(1,252)	2,160
<u>Designated</u>					
TCTL growth fund	-	-	1,137	(14)	1,123
Mission Fund	-	-	58	-	58
Strategic change fund	-	-	377	-	377
Development fund	-	-	812	-	812
Diocesan Premises reserve	-	-	218	(218)	-
Clergy conference fund	-	-	47	-	47
Church fabric repair fund	-	-	11	-	11
	-	-	2,660	(232)	2,428
<u>Restricted income funds</u>					
Pastoral fund	-	1,263	233	-	1,496
Strategic Development Fund	-	-	4	(4)	-
Glebe income	-	-	313	-	313
Clergy Welfare	-	-	153	-	153
Moor Park Trust	-	93	(5)	-	88
Regional Training	-	-	36	(1)	35
Community Engagement	-	-	78	(1)	77
Church schools income	382	-	(345)	(19)	18
Church Schools Building Projects	-	-	4,056	(4,056)	-
All Saints Fleet	-	-	14	2	16
Moss Lane Fund	-	-	24	-	24
Partridge Fund	-	181	(15)	-	166
Nugent Income	-	-	73	-	73
Ministerial Education	-	-	110	-	110
	382	1,537	4,729	(4,079)	2,569
<u>Endowment funds</u>					
<i>Expendable endowment</i>					
Board endowment	12,229	4,213	(1,561)	(2,003)	12,878
Onslow bequest	-	440	36	-	476
E M Woods trust capital	-	316	(5)	-	311
Church schools capital	104	5,156	(399)	-	4,861
Retired clergy housing	2,743	5,567	1,290	-	9,600
Benefice houses fund	161,206	-	(1,210)	(1,297)	158,699
Nugent fund	-	3,216	282	-	3,498
<i>Permanent endowment</i>					
Glebe capital fund	21,017	5,373	1,869	-	28,259
E Newill trust	-	254	-	-	254
Budgen legacy	-	605	-	-	605
G Nash will	-	351	3	-	354
Power legacy	-	224	-	-	224
Toulmin will	-	88	-	-	88
St Agnes Lodge fund	-	100	-	-	100
	197,299	25,903	305	(3,300)	220,207
Total funds	197,726	27,533	10,968	(8,863)	227,364

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21. SUMMARY OF ASSETS BY FUND (continued)

As at 31 December 2021	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Unrestricted funds</u>					
General	24	104	2,963	(1,117)	1,974
<u>Designated</u>					
TCTL growth fund	-	-	1,146	(14)	1,132
Strategic change fund	-	-	474	-	474
Development fund	-	-	812	-	812
Diocesan Premises reserve	87	-	131	(218)	-
Clergy conference fund	-	-	41	-	41
Church fabric repair fund	-	-	11	-	11
	87	-	2,615	(232)	2,470
<u>Restricted income funds</u>					
Pastoral fund	-	1,188	233	-	1,421
Strategic Development Fund	-	-	-	-	-
Glebe income	-	-	292	-	292
Clergy Welfare	-	-	130	-	130
Moor Park Trust	-	105	(8)	-	97
Regional Training	-	-	29	-	29
Community Engagement	-	-	54	-	54
Church schools income	386	-	(292)	(19)	75
Church Schools Building Projects	-	-	3,520	(3,520)	-
All Saints Fleet	-	-	16	-	16
Moss Lane Fund	-	-	29	-	29
Partridge Fund	-	205	10	-	215
Nugent Income	-	-	19	-	19
Ministerial Education	-	-	89	-	89
	386	1,498	4,121	(3,539)	2,466
<u>Endowment funds</u>					
<i>Expendable endowment</i>					
Board endowment	12,079	4,187	(1,475)	(2,002)	12,789
Onslow bequest	-	498	23	-	521
E M Woods trust capital	-	358	(5)	-	353
Church schools capital	104	4,872	(321)	-	4,655
Retired clergy housing	2,548	5,414	1,290	-	9,252
Benefice houses fund	152,396	-	(1,811)	(1,297)	149,288
Nugent fund	-	3,501	283	-	3,784
<i>Permanent endowment</i>					
Glebe capital fund	18,931	5,160	1,884	(287)	25,688
E Newill trust	-	287	-	-	287
Budgen legacy	-	686	-	-	686
G Nash will	-	398	2	-	400
Power legacy	-	254	-	-	254
Toulmin will	-	99	-	-	99
St Agnes Lodge fund	-	113	-	-	113
	186,058	25,827	(130)	(3,586)	208,169
Total funds	186,555	27,429	9,569	(8,474)	215,079

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. DESCRIPTION OF FUNDS

General fund	The general reserve is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.
Mission fund	Designated fund to help with diocesan and parish growth initiatives.
TCTL Growth fund	Designated fund for <i>Transforming Church, Transforming Lives</i> initiatives. The majority of this is allocated as joint funding for projects within the Strategic Development Fund below. £625,000 is funding the purchase of a house capitalised in the Benefice Houses Fund.
Strategic change fund	Designated fund to implement change processes deriving from transforming church, transforming lives initiatives. This was set up from grants received in 2020 from the Church Commissioners and the Trust for London.
Development fund	Designated fund for development projects of the Diocese. The principal designation is to fund a move of Diocesan House up to the Cathedral site. This project is being held back by planning considerations.
Diocesan Premises reserve	Designated fund to spread the impact of rent-free periods and costs of refurbishment and dilapidations.
Clergy conference fund	Designated fund for the triennial Diocesan clergy conference.
Church fabric repair fund	Designated fund from which to make grants to parishes for fabric repair.
Pastoral fund	The Diocesan pastoral account is regulated by the provisions of the Pastoral Measure 2011. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese • other purposes of the Diocese or any benefice or parish in the Diocese • to make grants or loans to any other Diocese • to transfer funds to other Diocesan funds
Strategic Development Fund	Funds received from the National Church for specific strategic development projects including church growth projects in new housing developments and other church growth projects. Joint funding is being provided from DBF general funds through the TCTL growth fund.
Glebe income fund	Accumulated income from glebe capital used for clergy stipends and housing costs.
Clergy Welfare	Accumulated investment income for needy and retired clergy and their dependants.
Moor Park Trust	Expendable gift from Moor Park College for adult Christian education work.
Regional training	Restricted fund for the activity of the regional training Diocesan partnership.
Community Engagement	Grants and related activity for Community Engagement projects.
Church Schools income	Accumulated income from uniform statutory trusts (church schools fund capital) used for supporting church schools in the Diocese, both buildings and education.
Church Schools Building Projects	Funds for Church School Building Projects.
All Saints Fleet	Funds to support mission in All Saints Fleet.
Moss Lane Fund	Funds to support mission in Godalming.
Partridge Fund	Funds to support Church of England Schools.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. DESCRIPTION OF FUNDS (continued)

Ministerial Education	Income and Expenditure on the ministerial education of ordinands.
Board endowment	Expendable endowment fund for capital growth. Income is credited to the general fund for the general purposes of the Diocese.
Onslow bequest	Expendable endowment for the support of clergy and building churches in Surrey.
E M Woods trust capital	Expendable endowment for the benefit of needy or retired clergy and their dependants. Income is credited to the Clergy Welfare fund.
Church schools fund capital	Expendable endowment arising from sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the Diocese. Income arising may be used to support education generally in the Diocese. The DBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education
Glebe capital fund	The glebe capital fund was created from the Diocesan stipends fund capital account held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976, and glebe assets, to provide income for clergy stipends. It represents glebe assets, the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. Besides glebe property, the funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit. Income is credited to the general fund for the payment of stipends and benefice house outgoings.
Retired clergy fund	Expendable endowment for the provision of housing for retired clergy. Income is credited to this same fund.
Benefice houses fund	The benefice houses fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese, and receives the sale proceeds of benefice houses surplus to requirements into the Diocesan pastoral account.
Nugent fund	Expendable endowment created by the lifetime gift of the late Lord Nugent.
E Newill trust	Permanent endowment to provide income for family needs. Income is credited to the general fund.
Budgen legacy	Permanent endowment to provide income for general church purposes. Income is credited to the general fund.
G Nash will	Permanent endowment to provide income for any DBF purposes. Income is credited to the general fund.
Power legacy	Permanent endowment to provide income for clergy stipends. Income is credited to the general fund.
Toulmin will	Permanent endowment to provide income for the training of ordination candidates. Income is credited to the general fund.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

.22. DESCRIPTION OF FUNDS (continued)

St Agnes Lodge fund Permanent endowment arising from the sale of St Agnes Lodge, to provide income for social responsibility work in the Diocese. Income is credited to the general fund.

23. CAPITAL AND OTHER COMMITMENTS

At 31 December, the Board had no capital commitments (2021: None).

The DBF had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022	2021
	£'000	£'000
Payment due:		
Not later than one year	249	249
Later than one year and not later than five years	125	62
	<u>374</u>	<u>311</u>

The DBF had no other off-balance sheet arrangements.

24. FUNDS HELD AS CUSTODIAN TRUSTEE

The DBF acts as custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the DBF does not control them. The financial assets held in this way are as follows:

	2022	2021
	£'000	£'000
CCLA Church of England Investment Fund (income)	4,721	5,530
CCLA Church of England Fixed Interest Securities Fund	109	129
CCLA Property Fund	49	55
Other common investment fund holdings	1,681	1,815
Direct holdings in UK equities	36	51
CCLA Church of England Deposit Fund	476	486
Cash at bank	10	11
Total assets held as custodian trustee	<u>7,082</u>	<u>8,077</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

25. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parishes	11,530	-	-	-	11,530
Archbishops' Council	92	-	573	-	665
Other	187	217	4	-	408
	11,809	217	577	-	12,603
Charitable activities	563	-	198	-	761
Other trading activities	646	-	53	-	699
Investments	191	-	205	166	562
Other	56	-	244	85	385
	13,265	217	1,277	251	15,010
Expenditure on:					
Raising funds	(521)	(30)	(47)	(45)	(643)
Charitable activities	(12,151)	(198)	(903)	(425)	(13,677)
	(12,672)	(228)	(950)	(470)	(14,320)
Net income/(expenditure) before investment gains	593	(11)	327	(219)	690
Net gains on investments	4	-	442	3,838	4,284
Net income/(expenditure)	597	(11)	769	3,619	4,974
Transfers between funds	(223)	167	(20)	76	-
Net income after transfers	374	156	749	3,695	4,974
Other recognised gains/(losses)					
Gains on revaluation of fixed assets	-	-	-	44,344	44,344
Actuarial gains/(losses) on pension schemes	(57)	-	-	23	(34)
Net movement in funds	317	156	749	48,062	49,284
Total funds brought forward	1,657	2,314	1,717	160,107	165,795
Total funds carried forward	1,974	2,470	2,466	208,169	215,079

Accounts

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For the year ended 31 December 2021

GUILDFORD DIOCESAN BOARD OF FINANCE

Company number - 225289

Registered charity number – 248245

GUILDFORD DIOCESAN BOARD OF FINANCE

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GUILDFORD DIOCESAN BOARD OF FINANCE

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The Diocese of Guildford covers most of Surrey and North East Hampshire, one parish in West Sussex and one in the London Borough of Kingston.

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

The DBF 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 custodianship of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv. the custodianship of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the DBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Guildford (in respect of his responsibility for the provision of the cure of souls).

GUILDFORD DIOCESAN BOARD OF FINANCE

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STRATEGIC AIMS

Since its launch in September 2016, the Diocese of Guildford has committed itself to the vision of a *Transforming Church, Transforming Lives* (TCTL). Much has been achieved since that time. More than a hundred new worshipping communities have been birthed within our parishes, reaching out to those with whom our regular pattern of services often fails to connect. We have played our part in a remarkable 40% increase across the nation of men and women offering themselves for primary leadership in the church. In 2019 we recorded our first growth for a decade in the number of adults (up 2.5%) and children (up 10%) worshipping in our churches during an average week.

Meanwhile many church communities have become more intentional and purposeful about their mission and calling, seeking God for fresh direction rather than giving way to a narrative of gradual and inevitable decline.

The pandemic of 2020-22 has had a major impact on every aspect of our lives, not least our life as a church; and it's still too early to measure just what that impact will prove to be in the longer term. What is clear, though, is that we need to refresh our vision of a *Transforming Church, Transforming Lives*, building on what has been achieved in the past but looking to a future in which our calling is to be 'humbler, simpler, bolder' in our service of a God who makes all things new.

In renewing our commitment to a 'Transforming Church, Transforming Lives', our vision is of a diverse, growing, intergenerational church at the heart of each community, working alongside our chaplaincies and schools in living and proclaiming the Good News of God in Jesus Christ'.



The TCTL mission strategy envisages individuals and church communities open to the transforming work of God's Spirit in their own lives, and so becoming agents of Christ's transformation to the world around them. It is not about asking people to work harder, but to work sharper - becoming more intentional and focussed in how we pray and what we are seeking to do. At its heart lies the vision of a growing, vibrant and generous Christian movement, empowered by the Spirit and rooted in word and sacrament, which confidently proclaims and lives out the Good News of Jesus Christ across the region and beyond.

GUILDFORD DIOCESAN BOARD OF FINANCE

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ACTIVITIES AND ACHIEVEMENTS

2021 was still heavily affected by the pandemic. Churches started re-opening over the Summer but then had to heavily restrict their activities again with the resurgence of Covid in the Winter. At Church House we finished implementing our 15% staff savings and the establishment of one central administrative support team.

The following went well:

- **Strategic:** we began the renewal and re-focusing of the TCTL strategy along with re-configuring our growth fund, refreshing the school organisation strategy and establishing a ten year financial growth plan.
- **Parish facing:** the Health and Viability review of our most challenged parishes progressed successfully starting to reduce parish share shortfalls. The Parish Needs Process (a framework to help parishes plan how to grow disciples, diversity and community within their deaneries) started successfully. Elections for Synod and Bishops Council were delivered on time.
- **Finance:** we delivered 15% staff savings at Church House. With furlough recoveries and other savings we continued to recover from the reduction in parish share payments caused by the financial impact of Covid.
- **Growing stronger:** the Archbishop of Canterbury's visit in September went well encouraging evangelism; we established a daily prayer schedule for the Bishop's Leadership Team.
- **Church House -** We responded to key needs and focus as the clergy appointments function was redesigned; our administration support was centralised into one team reducing overall costs; key appointments were made to strengthen the mission team and flexible & hybrid working was established across all teams.
- **Digital:** we implemented a new payroll system and new Client Relationship Management System; our main IT services contract was renewed with no cost increase.
- **Human Resources and Safeguarding:** we established an employee assistance programme for staff & clergy; we rolled out new Safeguarding leadership training and new counselling for clergy.
- **Property:** the sale of Diocesan House was completed; increased rental income was delivered; we delivered on several development projects and started others including making progress on developing ex-school sites.
- **Communications:** Strategy delivered & implemented; eight Subject Access Requests responded to.

However, the following could have gone better:

- **Strategic projects:** parish growth projects were further delayed due to Covid-19; the closure report on a number of these had clear lessons for operating more effectively. The Health & Viability review work is complicated and there remains a lot to do.
- **Growing Faith:** more to do on practically embedding this initiative as well as developing a strategic approach for children & youth.
- **Reputation & Influence:** we need to be more proactive with certain issues particularly around ex-school sites despite some significant improvements in engagement.
- **Staff-survey** revealed the need to address trust & morale, there is high staff turnover due to changes & churn and recruitment is challenging.

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- **Data:** high volume of Subject Access Requests, low understanding of data issues in teams; much local work to do on master data management
- **Safeguarding:** Past Cases Review 2: delayed due to CV19; resolving poor case management records & stewardship of clergy files impeded progress.
- **Ease of Resolution:** complex Health & Viability situations taking longer to tackle; improved Clergy Discipline Measure process & sharper discernment would aid Safeguarding.

FUTURE PLANS

The major opportunities for 2022 will be:

- **Health & Viability:** supporting Health and Viability & the long-term sustainability of our diocese
- **Parish Needs Process:** support the strengthening of Church Development Plans and continue to build on Church House response to parish needs
- **Refreshed TCTL:** deliver an increased focus and clarity for Church House and our parishes
- **Hybrid & flexible working:** increasing the efficiency of our working time
- **Digital:** delivering our digital strategy, enhancing self-serve & enabling further collaboration
- **Children & Youth:** encourage increased church & school engagement
- **Safeguarding:** Better engagement/support to victims & survivors through Victim & Support strategy.

The major challenges include:

- **Financial sustainability:** maintaining momentum on delivery of change within financially challenged parishes & on major projects
- **Motivate & support staff:** build community, increasing morale & trust whilst we adapt to hybrid and flexible changed working patterns post-CV19
- **Capacity:** leadership of/support to critical projects alongside volume of the day-to-day, unplanned activities.
- **Data:** we continue to get a high level of Subject Access Requests which take up large amounts of time

Team Objectives for Church House Guildford for 2022 are:

- 1) **Strategic:** develop, launch & embed TCTL refresh & the 8 supporting strategies; conclude & implement Diocesan Board of Education Measure developing a joint culture across our governance that fosters a Growing Faith agenda.
- 2) **Needs-based process:** normalise the gathering, reporting & tracking of parish needs.
- 3) **People:** develop & implement one people plan; embed new national people database system; update clergy lifecycle processes & Ministry Development Reviews; develop 2 year Safeguarding strategy & action plan.
- 4) **Digital & Data:** implement digital strategy enabling Church House & parish to self-serve; migrate to Microsoft Sharepoint & Azure.
- 5) **Communications:** develop and roll out one intranet; Create and implement new website; deliver one comms plan 2021; provide tools & support to parishes to develop their digital mission.

GUILDFORD DIOCESAN BOARD OF FINANCE

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- 6) **Sustainability:** develop & implement long-term financial plan; maintain Health & Viability momentum; develop strategic property & zero carbon plans; conclude future for office building; deliver school organisation strategy.
- 7) **Staff:** develop & implement plan to address staff survey themes & increase collaboration.

FINANCIAL REVIEW

Financial Performance

Total income for the year was £15,010,000 (2020: £14,329,000). Parish share contributions were £11,530,000 (2020: £11,087,000). This represents a partial recovery in the collection rate to 95.5% (2020: 91.8%) against the amount requested but still well below pre-pandemic levels (2019: 98.7%). Income from statutory fees (weddings & funerals) were £407,000 (2020: £342,000).

GDBF budgets to break even on its general fund before any capital gains/losses. Covid-19 has introduced a significant degree of uncertainty in financial planning. The GDBF continued to make significant savings in the year from cutting staff posts, delaying recruitments, reducing other expenditure and utilising the Coronavirus Job Retention Scheme. Parish share receipts recovered better than budgeted resulting in a net surplus on general funds of £317,000 (2020: £65,000 deficit). The Trustees have allocated £150,000 of this surplus to provide grant support to parishes and clergy in 2022. The remainder offsets the prior year deficit and provides some additional general funds as we face the continuing uncertainties of the longtail impacts of Covid combined with increasing inflation and wider economic uncertainty.

There was an overall net increase in funds of £49,284,000 (2020: £12,096,000). Property values of tangible fixed assets continued to increase gaining by £44,344,000 (2020: £10,080,000) as did investments (including investment properties) increasing by £4,284,000 (2020: £1,240,000). Asset prices continued to rise during the year but the trustees also commissioned a programme of independent property valuations which indicated that the book values of our properties needed to be further increased. There was a net actuarial loss on pension funds of £34,000 (2020: £2,000 loss).

The financial stability of the DBF depends on the financial strength of its parishes. This applies particularly to Guildford which lacks historic reserves and has the highest dependency on parish share of any Diocese. Covid-19 has had a significant impact on parish finances reducing parish income on average by some 20% particularly because of disappearing rental income. Many were able to mitigate this through cost savings, raising additional donations from Church members and/or utilising reserves. However, we have moved from having c.10% of parishes with significant financial issues to c.30%. We implemented a 'Health and viability' review of all our parishes in 2020 and work on that continues implementing a significant programme of re-organisations including new plants and growth initiatives to address the long-term sustainability for our parishes and therefore for the DBF.

Balance sheet position

The balance sheet position remains strong. However, while net assets at the balance sheet date totalled £215m (2020: £166m), most of that represents properties in use for ministry whose value amounted to £186m (2020: £146m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes. Note 21 gives further detail of the allocation of assets to funds.

GUILDFORD DIOCESAN BOARD OF FINANCE

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Reserves policy

Free reserves

Recognising that the Diocese is heavily reliant on parish share receipts and that the major expenditure is on the clergy and lay staff to keep the organisation in operation, the Bishop's Council has set a minimum level of general free reserves, excluding fixed assets, of two months' staff and stipend costs which for 2021 was £1.4m. The balance of reserves excluding fixed assets on the general fund at 31 December was £2.0m (2020: £1.7m).

The DBF also has a policy of holding on deposit, or otherwise readily available within the Glebe, Pastoral Account or other suitable funds, sufficient cash over and above funds to meet normal cash-flows to be able to purchase two houses of modest value. At 31 December 2021 the DBF had available cash balances less short-term borrowings of £2.2m (2020: £2.1m) excluding funds restricted to schools and other specific purposes.

Designated funds

The Trustees may designate 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 their designation is no longer considered to be adequate justification for their retention. The balances and the intended use of each reserve is set out in notes 21 and 22. At 31 December 2021 total designated reserves were £2.5m (2020: £2.3m).

Restricted and endowment funds

As at 31 December 2021 restricted funds were £2.5m (2020: £1.7m) and endowment funds £208.2m (2020: £160.1m). The balances and purposes of these are set out in notes 21 and 22.

Grant making policy

The DBF gives grants from funds established in the annual budget which is approved by Synod and is in line with its objectives. The main grants given in the year are set out within note 9.

Investment policy and performance

The DBF has power to invest funds not immediately required for operational purposes in such concerns, securities or properties as it thinks fit. Non-property financial investments at 31 December 2021 had a market value of £9.9m (2020: £4.7m) of which £9.0m (2020: £3.9m) were invested within the CBF Church of England investment funds managed by CCLA Investment Management Limited. The performance of CCLA investment management is assessed against relevant benchmarks for the underlying investments. The total return on non-property financial investments was 15.3% (2020: 10.3%). The Trustees consider that the performance continues to be very good. As a participant in the CBF Church of England Funds managed by CCLA Investment Management Limited, the DBF adopts the ethical investment policies of those funds.

Property investments are primarily in residential property with some glebe land within the Diocese of Guildford. It also includes £2.1m (2020 £2.1) of disused school sites. The total market value at 31 December 2021 was £17.5m (2020: £14.0m). The Trustees maintain a higher level of residential property investments than financial because a major potential area of expenditure for the Diocese is on residential property for delivering ministry and its residential property investments act as a hedge against that exposure. However, it is a non-diversified, non-liquid asset subject to the risks of the UK housing market and the Trustees have adopted a policy to move funds from residential property to financial funds over a number of years. Board of Education, with the DBF as trustees, review how best to realise value on the disused school sites to support Diocesan schools and education activities.

GUILDFORD DIOCESAN BOARD OF FINANCE

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PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis. The key strategic risk is the slow decline in Church membership and the increasing age profile. Much of the report has detailed our strategy to respond to this. Other important risks are highlighted as follows with the associated mitigation strategies:

- **Parish share:** CV19 has had a significant impact on parish finances. There is a risk that shortfalls will increase. Mitigating controls in place include active engagement with parishes and stewardship and mission support. A number of parishes will need help to re-organise so that they can be financially and missional sustainable.
- **Appointments:** In common with all Dioceses, the DBF faces a high number of clergy retirements in the coming years with a reducing pool of potential replacements. Mitigating controls in place include strong Archdeacon engagement, appointments process and increased focus on vocations. The DBF has adopted a strategic goal of increasing vocations and new clergy.
- **Safeguarding:** Safeguarding remains a high priority for the DBF. Mitigating measures in place include an increase in resources for safeguarding team, a 3 year training strategy and electronic Disclosure and Barring Service check process.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The national church has a general synod comprised of ex-officio and elected representations from each Diocese and it agrees, and lays before Parliament, measures for the governance of the church's affairs which, if agreed by Parliament, have the force of statute law. In addition to the general synod, the Archbishops' Council has a coordinating role for work authorised by the synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as Bishop within the Diocesan synod. The Diocese itself is divided into twelve deaneries, each with its own synod, and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

The Guildford Diocesan Board of Finance (DBF) is a company limited by guarantee (No. 225289) and a registered charity (No. 248245) governed by its memorandum and articles of association.

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

Governance and policy of the DBF is the responsibility of the Directors, who are also members of the DBF and Trustees for the purposes of charity law. The details of Trustees who served during the year are set out on page 12.

The Diocesan synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The synod membership is elected every three years, the last elections having been in September 2021. The Synod elects 12 Trustees of the DBF. Whilst the DBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the DBF is subject to the direction of the synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England school properties are accounted for in the restricted Church Schools fund and are managed by the DBF in consultation with the Diocesan Board of Education.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Guildford are set by the Diocesan synod, and the DBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary and Bishop's staff team. The DBF meets once a year in general meeting to receive and approve the annual report and financial

GUILDFORD DIOCESAN BOARD OF FINANCE

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statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the Trustees. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold 10 meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

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

The Trustees are assisted in their work by the Finance and Audit Sub Committee which monitors management accounts and budget, the use of assets and investment policies and makes recommendations on areas such as grants and loans.

Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Guildford in consultation with the Chair of the DBF and other members of Bishop's Council as relevant. Procedures include regular appraisals and benchmarking of remuneration.

Delegation of day to day delivery

The Trustees and the sub-committee which assists them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the DBF. The Diocesan Secretary and other members of Bishop's staff team are given specific and general delegated authority to deliver the business of the DBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The DBF is custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the DBF does not control them, and they are segregated from the DBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £7.2m (2020: £7.0m) are summarised in note 24. Where properties are held as custodian Trustee, the deeds are identified as such and held in safe custody by the DBF's solicitor.

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Funds held on behalf of schools

The Board of Education (as incorporated within the DBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December is £1.3m (2020: £1.2m). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £2.1m and £2.1m respectively (2020: £4.3m and £4.3m).

TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the DBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

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ANNUAL REPORT

For the year ended 31 December 2021

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the DBF during 2021. The following Trustees served from 1 January 2021 up to the date of this report:

Ex-officio members	The Bishop of Guildford	The Right Reverend A J Watson
	The Archdeacon of Surrey	The Venerable R P Davies
	The Archdeacon of Dorking	The Venerable M C Breadmore
	Chair	Mr N Lewis (to March 2021) Mr S P Roberts (from March 2021)
Bishop nominees	The Bishop of Dorking	The Right Reverend J Wells
	The Dean of Guildford	The Very Reverend D Gwilliams

Co-opted members

The Revd P Heidari (July 2021 to December 2021
and from May 2022)
The Revd B Hunt (from July 2021 to December 2021)
Mrs M Hill (July 2021 to December 2021)
Mrs A L Eccleston (to December 2021)

Elected by Synod House of Clergy

The Revd B Beecroft (from January 2022)
The Revd C Bessant (from January 2022)
The Revd R A Donovan
The Revd N P Hutchinson (to December 2021)
The Revd J O Morris (to May 2022)
The Revd D C Williamson (to December 2021)
The Revd R Woodhams (from January 2022)

Elected by Synod House of Laity

Canon P N E Bruinvels
Mr M Elson (to May 2021)
Mr G Everness
Mr G Hampshire (from January 2022)
Mr K R Malcouronne (Vice Chair)
Mrs M Hill (from January 2022)
Mr G McFarland (from January 2022)
Mr S P Roberts (ex officio from March 2021)
Mr N Stuart

Key Management Personnel

Diocesan Secretary	Peter Coles
Deputy Diocesan Secretary	Chris Ellis (to June 2021) Steve Collins (from July 2021)
Director of Mission Team	The Revd Peter Harwood
Director of Education	Alex Tear
Director of Finance	Malcolm Twigger-Ross
Director of HR & Safeguarding	Lynda Donaldson

Advisors

Bankers	Lloyds Bank PLC, High Street, Guildford, Surrey, GU1 3AD
Auditors	Mazars LLP, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS
Solicitors	Lee Bolton Monier-Williams LLP, 1 The Sanctuary, Westminster SW1P 3JT Charles Russell Speechlys LLP, Bury Fields, Guildford, Surrey, GU2 4AZ
Investment managers	CCLA Investment Management Limited 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
Registered Office:	Church House Guildford, 20 Alan Turing Road, Guildford, Surrey GU2 7YF

GUILDFORD DIOCESAN BOARD OF FINANCE

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In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-8 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

S.P.Roberts

Steve Roberts

Chairman

6 June 2022

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2021

Opinion

We have audited the financial statements of the Guildford Diocesan Board of Finance (the 'parent charity') and its subsidiary ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 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 group's and the parent charity's affairs as at 31 December 2021 and of the group's 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 group's or the parent charity'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 other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Annual Report has 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Annual Report.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2021

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 returns adequate for our audit have not been received from branches not visited by us; 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 11, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity'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 charity 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 the 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. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, 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 Statement of Recommended Practice.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2021

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed: *N.J. Wakefield*

Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 28 September 2022

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2021

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	2021	2020
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations							
Parishes	2	11,530	-	-	-	11,530	11,087
Archbishops' Council	2	92	-	573	-	665	1,006
Other	2	187	217	4	-	408	266
	2	11,809	217	577	-	12,603	12,359
Charitable activities	3	563	-	198	-	761	663
Other trading activities	4	646	-	53	-	699	572
Investments	5	191	-	205	166	562	521
Other	6	56	-	244	85	385	214
		13,265	217	1,277	251	15,010	14,329
Expenditure on:							
Raising funds	7	(521)	(30)	(47)	(45)	(643)	(480)
Charitable activities	8	(12,151)	(198)	(903)	(425)	(13,677)	(13,071)
	9	(12,672)	(228)	(950)	(470)	(14,320)	(13,551)
Net income/(expenditure) before investment gains							
		593	(11)	327	(219)	690	778
Net gains on investments		4	-	442	3,838	4,284	1,240
Net income/(expenditure)							
		597	(11)	769	3,619	4,974	2,018
Transfers between funds	11	(223)	167	(20)	76	-	-
Net income after transfers		374	156	749	3,695	4,974	2,018
Other recognised gains/(losses)							
Gains on revaluation of fixed assets		-	-	-	44,344	44,344	10,080
Actuarial (losses)/gains on pension schemes		(57)	-	-	23	(34)	(2)
Net movement in funds							
		317	156	749	48,062	49,284	12,096
Total funds brought forward		1,657	2,314	1,717	160,107	165,795	153,699
Total funds carried forward	20	1,974	2,470	2,466	208,169	215,079	165,795

The net surplus of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net income before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above.

GDBF's company only result (net movement in funds) for the year was £49.3m (2020: £12.1m).

All activities derive from continuing activities. The comparative fund analysis for 2020 is given in note 25.

The Notes form part of the financial statements.

Company Number – 225289

GUILDFORD DIOCESAN BOARD OF FINANCE

BALANCE SHEETS

For the year ended 31 December 2021

	Note	Group		GDBF	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12	186,555	146,262	186,555	146,262
Investments	13	27,429	19,014	27,429	19,014
		<u>213,984</u>	<u>165,276</u>	<u>213,984</u>	<u>165,276</u>
Current assets					
Debtors	14	3,079	3,292	3,049	3,219
Cash on deposit		3,730	2,645	3,730	2,645
Cash at bank and in hand		2,760	2,150	2,658	2,102
		<u>9,569</u>	<u>8,087</u>	<u>9,437</u>	<u>7,966</u>
Liabilities					
Creditors: amounts falling due within one year	15	(4,365)	(3,574)	(4,277)	(3,511)
<i>Net current assets</i>		<u>5,204</u>	<u>4,513</u>	<u>5,160</u>	<u>4,455</u>
<i>Total assets less current liabilities</i>		219,188	169,789	219,144	169,731
Creditors: Amounts falling due after more than one year	16	(3,604)	(3,242)	(3,604)	(3,242)
Provisions for Liabilities	17	(218)	(120)	(218)	(120)
<i>Net assets excluding pension scheme liabilities</i>		<u>215,366</u>	<u>166,427</u>	<u>215,322</u>	<u>166,369</u>
Pension scheme liabilities	19	(287)	(632)	(287)	(632)
Total net assets		<u>215,079</u>	<u>165,795</u>	<u>215,035</u>	<u>165,737</u>
The funds of the charity					
Unrestricted income funds:					
General funds		1,974	1,657	1,930	1,599
Designated funds		2,470	2,314	2,470	2,314
		<u>4,444</u>	<u>3,971</u>	<u>4,400</u>	<u>3,913</u>
Restricted funds		2,466	1,717	2,466	1,717
Endowment funds		208,169	160,107	208,169	160,107
Total funds	21	<u>215,079</u>	<u>165,795</u>	<u>215,035</u>	<u>165,737</u>

The endowment fund balance above includes revaluation reserves of £114m (2020: £70m).

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

S.P. Roberts

STEVE ROBERTS
GDBF Chair

K.R. Malcouronne

KEITH MALCOURONNE FCA
GDBF Vice-Chair

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED CASH FLOW

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Net cash generated in operating activities	1,447	693
Cash flows from investing activities		
Dividends, interest and rents from investments	562	521
Purchase of property and equipment	(4)	-
Purchase of investments	(4,400)	-
Sale of investments	269	449
Sales of property and equipment	3,940	786
Net cash generated by investing activities	367	1,756
Cash flows from financing activities:		
Repayments of lending	-	66
Cash inflows from new borrowing	-	200
Repayments of borrowing	(119)	(35)
Net cash (used in)/generated by financing activities	(119)	231
Change in cash and cash equivalents	1,695	2,680
Cash and cash equivalents at 1 January	4,795	2,115
Cash and cash equivalents at 31 December	6,490	4,795
Reconciliation of net income to net cash flow from operating activities		
Net income	4,974	2,018
Adjustments for:		
Depreciation charges	113	113
Gains on property and equipment	31	77
Gains on investments	(4,284)	(1,240)
Dividends, interest and rents from investments	(562)	(521)
Decrease/(Increase) in debtors	581	(473)
Increase in creditors	594	719
Net cash used in operating activities	1,447	693
Analysis of cash and cash equivalents		
Cash on deposit	3,730	2,645
Cash at bank and in hand	2,760	2,150
	6,490	4,795

Cash on deposit includes £3,483,000 (2020: £2,343,000) held for the benefit of schools' buildings.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ACCOUNTING POLICIES

The trustees have considered the potential impacts of Covid-19 on the charity's activities and income streams. The Trustees have also reviewed working capital and capital expenditure requirements and as a result, are satisfied that it is appropriate to prepare these financial statements 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 2020), the Companies Act 2006 and applicable accounting standards (FRS102). The charitable company's own Statement of Financial activities has not been presented as permitted by s.408 of the Companies Act 2006.

The trustees have reviewed the 2022 budget and cash-flow forecasts to 30 June 2023 and believe that it is appropriate for these financial statements to be prepared on a going concern basis.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the DBF 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 which it is receivable.
- ii) **Rent** receivable is recognised as income in the period 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 in which they are receivable.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the DBF'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** consist of costs relating to the renting out of property and to trading services.
- 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 DBF, 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. 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 DBF's staff are members of the Church Workers Pension Fund and clergy are members of the Church of England Funded Pensions Scheme (see note 19). The pension costs charged as expenditure represent the DBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which DBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Freehold property is held at revalued amounts. Properties are revalued based on changes in local prices with a five-year cycle of specific valuations. 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 DBF 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 DBF 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 DBF 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.

Assets under construction

New parsonages under construction are included within the functional fixed assets category at the value of costs incurred at the balance sheet date.

Cost values

For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the properties were brought into the current accounting system in 2005.

d) Other tangible fixed assets

All capital expenditure over £5,000 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	15-30% per annum	straight line basis
Leasehold Property	1% - 10% per annum	straight line over the life 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 DBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the life of the lease.
- iii) **Properties held for resale:** when properties are put on the market for sale they are transferred from fixed assets to current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

f) Fund balances

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

- **Unrestricted funds** are the DBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the DBF. There are two types of unrestricted funds:
 - **General funds** which the DBF intends to use for the general purposes of the DBF and
 - **Designated funds** set aside out of unrestricted funds by the DBF 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 DBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as Trustee and controls the management and use of the funds, are included in the company's own financial statements. Trusts where the DBF 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) Judgements and key sources or estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- **Fair value of freehold and investment properties** are included at fair market value, revalued on a 5 year cycle. No depreciation is charged on freehold properties.
- **Pension and other post-employment benefits.** Pension provisions relating to lay and clergy are valued every three years on an actuarial basis. Any shortfall in funding pensions and post-retirement benefits is recognised as a liability in the accounts. Further details can be found in note 19.

h) Financial Instruments

Financial assets measured at fair value comprise listed investments, unlisted investments, value linked loans to parishes and bank deposits. Financial assets at amortised cost comprise trade debtors, other debtors and loans to parishes. Financial liabilities measured at amortised cost comprise pension liabilities, bank loans, other creditors and amounts held for other bodies.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. DONATIONS

2021	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Parish Contributions					
Current Year Request	12,075	-	-	-	12,075
Shortfall	(545)	-	-	-	(545)
	11,530	-	-	-	11,530
Archbishops' Council	92	-	573	-	665
All Churches Trust	-	107	-	-	107
City Church Fund	134	102	-	-	236
Legacies	1	-	-	-	1
Other	52	8	4	-	64
Total	11,809	217	577	-	12,603

2020	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Parish Contributions					
Current Year Request	12,075	-	-	-	12,075
Shortfall	(988)	-	-	-	(988)
	11,087	-	-	-	11,087
Archbishops' Council	28	363	615	-	1,006
All Churches Trust	-	105	-	-	105
City Church Fund	107	-	-	-	107
Legacies	-	-	-	-	-
Other	11	-	43	-	54
Total	11,233	468	658	-	12,359

The majority of the Diocese's mission is funded through the contributions of parishes. In 2021, the Diocese received 95.5% (2020: 91.8%) of the total requested.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					
Statutory fees	407	-	-	-	407
Social Responsibility projects grant income	-	-	111	-	111
Other grants receivable and miscellaneous income	156	-	87	-	243
	563	-	198	-	761

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					
Statutory fees	342	-	-	-	342
Social Responsibility projects grant income	-	-	90	-	90
Other grants receivable and miscellaneous income	146	-	85	-	231
	488	-	175	-	663

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					
School Buildings Project Management	82	-	-	-	82
Training Services to Schools	120	-	-	-	120
Rental income on functional property	417	-	53	-	470
Other	27	-	-	-	27
	646	-	53	-	699

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					
School Buildings Project Management	80	-	-	-	80
Training Services to Schools	119	-	-	-	119
Rental income on functional property	313	-	60	-	373
	512	-	60	-	572

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					
Dividends receivable	68	-	46	18	132
Interest receivable	1	-	-	1	2
Rents receivable	122	-	159	147	428
	191	-	205	166	562

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					
Dividends receivable	72	-	35	13	120
Interest receivable	2	-	2	2	6
Rents receivable	97	-	119	179	395
	171	-	156	194	521

6. OTHER INCOME

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					
Gains on fixed asset disposals	-	-	244	85	329
Coronavirus Job Retention Scheme	56	-	-	-	56
	56	-	244	85	385

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					
Gains on fixed asset disposals	1	-	16	60	77
Coronavirus Job Retention Scheme	137	-	-	-	137
	138	-	16	60	214

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

7. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					
Schools Building Project Management	69	-	-	-	69
Training Services to Schools	86	-	-	-	86
Rental Management Fees	76	-	8	20	104
Investment Property Costs	73	-	39	25	137
Support Costs	217	30	-	-	247
	521	30	47	45	643

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					
Schools Building Project Management	79	-	-	-	79
Training Services to Schools	61	-	-	-	61
Rental Management Fees	42	-	3	25	70
Investment Property Costs	79	2	19	6	106
Support Costs	154	10	-	-	164
	415	12	22	31	480

8. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					
National Church					
Training for ministry	787	-	-	-	787
National Church Establishment	357	-	-	-	357
Retired clergy housing costs	188	-	-	-	188
Other	69	-	-	-	69
Indirect Support Costs	25	3	-	-	28
	1,426	3	-	-	1,429
Ministry & Mission					
Parish Ministry					
Stipends & pension	6,025	-	-	-	6,025
Housing costs	1,909	-	-	6	1,915
Loss on housing disposals	-	-	-	298	298
Removal & resettlement grants	133	-	-	-	133
Other expenses	188	24	5	41	258
	8,255	24	5	345	8,629
Ministry Support & Training	750	18	778	-	1,546
Indirect Support Costs	1,221	126	-	-	1,347
	10,226	168	783	345	11,522
Education & Mission					
Schools & Education	308	-	120	80	508
Indirect Support Costs	191	27	-	-	218
	499	27	120	80	726
Total	12,151	198	903	425	13,677

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES (continued)

	Unrestricted funds		Restricted	Endowment	Total
2020	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	743	-	-	-	743
National Church Establishment	384	-	-	-	384
Retired clergy housing costs	183	-	-	-	183
Other	65	-	-	-	65
Indirect Support Costs	18	-	-	-	18
	<u>1,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,393</u>
Ministry & Mission					
Parish Ministry					
Stipends & pension	5,980	-	-	-	5,980
Housing costs	1,577	-	-	38	1,615
Removal & resettlement grants	107	-	-	-	107
Other expenses	211	4	-	23	238
	<u>7,875</u>	<u>4</u>	<u>-</u>	<u>61</u>	<u>7,940</u>
Ministry Support & Training	829	-	1,016	-	1,845
Indirect Support Costs	1,097	61	-	-	1,158
	<u>9,801</u>	<u>65</u>	<u>1,016</u>	<u>61</u>	<u>10,943</u>
Education & Mission					
Schools & Education	353	-	61	81	495
Indirect Support Costs	225	15	-	-	240
	<u>578</u>	<u>15</u>	<u>61</u>	<u>81</u>	<u>735</u>
Total	<u>11,772</u>	<u>80</u>	<u>1,077</u>	<u>142</u>	<u>13,071</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2021	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2021 £'000
Raising funds	396	-	247	643
Charitable activities				
National Church	453	947	29	1,429
Ministry & Mission	10,059	116	1,347	11,522
Education & Mission	508	-	218	726
Total Expenditure	11,416	1,063	1,841	14,320

Grant Funding of Activities

2021	Number	Individuals £'000	Institutions £'000	Total 2021 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	947	947
Clergy appointment and resettlement	34	133	-	133
Ordinand Maintenance	18	232	-	232
<u>From restricted funds</u>				
Parish Mission & development fund	12	-	116	116
		365	1,063	1,428

2020	£'000	£'000	£'000	Total 2020 £'000
Raising funds	316	-	164	480
Charitable activities				
National Church	409	965	19	1,393
Ministry & Mission	9,714	71	1,158	10,943
Education & Mission	495	-	240	735
Total Expenditure	10,934	1,036	1,581	13,551

Grant Funding of activities

2020	Number	Individuals £'000	Institutions £'000	Total 2020 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	965	965
<u>From restricted funds</u>				
Mission & development fund grants	6	-	71	71
		-	1,036	1,036

Support costs are allocated by the direct allocation of certain costs that relate specifically to activities with the remaining costs allocated on the basis of staff employed in direct activities.

Included within support costs are fees payable to the auditors of £16,000 (2020: £13,000) in respect of audit services.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)

Support Costs	2021 £'000	2020 £'000
Diocesan Secretary's Office	107	152
Administration Team	108	-
Communications	137	111
Finance	200	196
Safeguarding	254	124
Human resources	147	194
Diocesan Advisory Committee	76	71
Office Costs	502	419
IT	234	226
Other corporate costs	68	80
Closed Pension Schemes	8	8
	<u>1,841</u>	<u>1,581</u>

Support costs increased because of the centralisation of administrative support functions across the organisation into one central team, additional safeguarding costs because of the past cases review activity (including re-allocation of costs that had previously been allocated to Human resources) and the increase in provision for future potential office dilapidations costs.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. STAFF & TRUSTEES

Staff Costs	2021	2020
	£'000	£'000
Wages and salaries	1,883	1,943
National insurance contributions	188	214
Pension costs	237	186
Total	2,308	2,343

Average number of full-time equivalent people employed by the group during the year

	2021	2020
	No.	No.
Support for parish ministry	23	18
Mission Team	14	20
Schools, Colleges & Universities	6	8
Other diocesan departments	4	4
Total	47	50

By Main Funding Source

Parish Share	43	46
Grants & Trading Income	4	4
	47	50

The average number of individual persons employed by the group:

	2021	2020
	No.	No.
Support for parish ministry	30	23
Mission team	18	27
Schools, Colleges & Universities	8	9
Other diocesan departments	4	5
Total	60	64

The number of employees whose emoluments (including benefits in kind but excluding pension contributions) amounted to over £60,000 in the year was as follows:

Emoluments falling between:	2021	2020
	No.	No.
£90,001 to £100,000	-	1
£80,001 to £90,000	1	-
£70,001 to £80,000	1	2
£60,001 to £70,000	3	1

Pension contributions of £32,000 (2020: £22,000) were paid in respect of these people.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. STAFF & TRUSTEES (continued)

The DBF paid an average of 167 (2020: 167) stipendiary clergy and licensed lay workers as office-holders holding parochial or Diocesan appointments in the Diocese.

		2021	2020
		£'000	£'000
Stipends		4,457	4,642
National Insurance		362	366
Apprenticeship Levy		20	19
Pension Contributions	Current year	1,642	1,119
	Deficit reduction	311	519
		<u>6,792</u>	<u>6,665</u>

Included within staff and stipend costs is £32,000 (2020: £30,000) in respect of redundancy payments.

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. Key management personnel are set out on page 12. Remuneration, pensions and expenses for these employees amounted to £423,000 (2020: £441,000)

Trustees

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £15,000 (2020: £15,000) in respect of General Synod duties, duties as archdeacon or area/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 DBF during the year:

	Stipend	Housing
The Bishop of Dorking	-	✓
The Archdeacon of Dorking	✓	✓
The Archdeacon of Surrey	✓	✓
The Revd R A Donovan	✓	✓
The Revd P Heidari	✓	✓
The Revd B Hunt	✓	✓
The Revd N P Hutchinson	✓	✓
The Revd J O Morris	✓	✓
The Revd D C Williamson	✓	✓

The DBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. It 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. The amount of stipend, funded by the DBF, for clergy who are trustees was £35,920 (2020: £35,920) for Archdeacons and £28,300 (2020: £28,300) for other clergy.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. TRANSFERS BETWEEN FUNDS

2021	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Glebe Capital being the difference between contributions paid less interest on Clergy Pension Scheme	(311)	-	-	311
To fund triennial clergy conference	(15)	15	-	-
From General Fund to Growth Fund	(85)	85	-	-
From Growth fund to General fund	2	(2)		
From Growth Fund to Strategic Development Fund		(116)	116	
From Board Endowment to Diocesan house fund	-	185	-	(185)
From Schools Fund to General Fund to support education activities	136	-	(136)	-
From retirement fund to general fund for clergy retirement costs	50	-	-	(50)
	(223)	167	(20)	76

2020	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Glebe Capital being the difference between contributions paid less interest on Clergy Pension Scheme	(519)	-	-	519
To fund triennial clergy conference	(15)	15	-	-
From General Fund to Growth Fund	(85)	85	-	-
From Growth Fund to Strategic Development Fund		(114)	114	
From Board Endowment to Diocesan house fund	-	88	-	(88)
From Schools Fund to General Fund to support education activities	149	-	(149)	-
Reclassification of certain Education restricted funds from endowment			201	(201)
From retirement fund to general fund for clergy retirement costs	50	-	-	(50)
	(420)	74	166	180

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

12. TANGIBLE FIXED ASSETS

All of the properties in the balance sheet are freehold and are vested in the DBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of value-linked loans mainly from the Church Commissioners; when disposed of the appropriate share of the net sale proceeds will be remitted to the lender, and the related loan liability extinguished. The value of such properties included above amounts to £641,000 (2020: £518,000).

	Group and GDBF			
	Freehold Land and Buildings	Leasehold Buildings	Office Equipment	Total
	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>				
Balance at 1 January 2021	145,654	923	435	147,012
Additions	4			4
Disposals	(3,971)	-	-	(3,971)
Revaluation/impairment	44,373	-	-	44,373
Balance at 31 December 2021	186,060	923	435	187,418
<u>Accumulated depreciation</u>				
Balance at 1 January 2021	-	358	392	750
Depreciation charge for year	-	91	22	113
Balance at 31 December 2021	-	449	414	863
<u>Net book value</u>				
At 31 December 2021	186,060	474	21	186,555
At 31 December 2020	145,654	565	43	146,262
Revaluation as above				44,373
Revaluation of value linked loan finance				(29)
Amount disclosed in SOFA				44,344

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2021

13. INVESTMENTS

	Group and GDBF				
	1 January 2021 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in market value £'000
					31 December 2021 £'000
Investment property	14,030	-	-	-	3,481
CBF Investment Fund	3,937	4,400	-	-	659
Other listed investments	718	-	-	-	144
Program related	329	-	(269)	-	-
	19,014	4,400	(269)	-	4,284
					27,429

The CBF Investment Fund is managed by CCLA. Program related investments are equity share loans on 2 properties for clergy housing in partnership with the Methodist church. Such investments are made directly in pursuit of the Board's charitable purposes rather than for financial investment purposes. The amounts shown represent the sums originally advanced as required under FRS102. The loans are not expected to be repaid in the short term.

Investment in Subsidiary

Guildford Diocesan Board of Finance has one wholly owned subsidiary, Guildford Diocesan Services Limited (GDSL) which has a share capital of £1. The trading activities of GDSL primarily consist of the supply of building project management and training services to church schools in the Diocese. The profits of GDSL are normally wholly gift aided to the DBF. In accordance with revised guidance issued by the Financial Reporting Council these are now accounted for when paid and not set against the year to which they relate. A summary of the financial results and funds of GDSL which are consolidated in these financial statements is as follows:

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2021					2021
Other trading activities	202	-	-	-	202
Fundraising costs	(158)	-	-	-	(158)
Gift to GDBF	(58)	-	-	-	(58)
Net income and net movement in funds	(14)	-	-	-	(14)
Funds at 1 January	58	-	-	-	58
Funds at 31 December	44	-	-	-	44

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					2020
Other trading activities	200	-	-	-	200
Fundraising costs	(142)	-	-	-	(142)
Gift to GDBF	(56)	-	-	-	(56)
Net expenditure and net movement in funds	2	-	-	-	2
Funds at 1 January	56	-	-	-	56
Funds at 31 December	58	-	-	-	58

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2021

14. DEBTORS

	Group		GDBF	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<u>Due within one year</u>				
Parish Share	55	87	55	87
Fees	97	73	97	73
Prepayments and accrued income	295	416	279	376
Other debtors	65	515	51	482
	<u>512</u>	<u>1,092</u>	<u>481</u>	<u>1,019</u>
<u>Due after more than one year</u>				
Loans to parishes	-	-	-	-
Loans to parishes - housing	2,218	1,850	2,218	1,850
Loans to retired clergy	325	325	325	325
Other loans	25	25	25	25
	<u>2,568</u>	<u>2,200</u>	<u>2,568</u>	<u>2,200</u>
Total	<u>3,079</u>	<u>3,292</u>	<u>3,049</u>	<u>3,219</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2021

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		GDBF	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts held on behalf of school governors	(3,494)	(2,542)	(3,494)	(2,542)
Other creditors and accruals	(715)	(792)	(628)	(729)
Loan repayments due in one year	(156)	(240)	(155)	(240)
	<u>(4,365)</u>	<u>(3,574)</u>	<u>(4,277)</u>	<u>(3,511)</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		GDBF	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<u>Loans in respect of house purchases</u>				
Church Commissioners value-linked loans	(2,398)	(2,002)	(2,398)	(2,002)
Church Commissioners other loans	(206)	(240)	(206)	(240)
Other bank loans	(1,000)	(1,000)	(1,000)	(1,000)
	<u>(3,604)</u>	<u>(3,242)</u>	<u>(3,604)</u>	<u>(3,242)</u>
The above loans fall due for repayment:				
Between one and two years	(36)	(39)	(36)	(39)
Between two and five years	(1,108)	(117)	(1,108)	(117)
In five years and more	(2,460)	(3,086)	(2,460)	(3,086)
	<u>(3,604)</u>	<u>(3,242)</u>	<u>(3,604)</u>	<u>(3,242)</u>

The loans from the Church Commissioners include £1.9m (2020: £1.6m) used to purchase houses for parishes and are matched by loans from parishes included in debtors.

17. PROVISIONS FOR LIABILITIES

	Group and GDBF	
	2021	2020
	£'000	£'000
-		
Diocesan Office Dilapidations	<u>218</u>	<u>120</u>

The provision is in respect of reinstatement obligations related to 20 Alan Turing Road, Guildford, a leasehold property and will be utilised at the end of the lease.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

18. FINANCIAL INSTRUMENTS

	2021	2020
	£'000	£'000
Financial assets measured at fair value	12,643	9,404
Financial assets measured at amortised cost	2,336	2,788
Financial liabilities measured at amortised cost	(7,678)	(7,096)

19. PENSIONS

Defined Benefit Pension Liability

	Group		GDBF	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Church of England Funded Pension Scheme (Clergy)	287	621	287	621
Church Workers Pension Fund (lay Staff)	-	11	-	11
	287	632	287	632

Church of England Funded Pension Scheme (Clergy)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,642,000; 2020: £1,119,000), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,620,000 for 2021 (2020: £1,131,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2019. The 2019 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.
- RPI inflation of 3.4% p.a. (and pension increases consistent with this)
- Increase in pensionable stipends of 3.4% p.a.
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2019 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

Following the 31 December 2019 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	January 2019 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2020 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 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

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19. PENSIONS (Continued)

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 £'000	2020 £'000
Balance sheet liability as at 1 January	621	1,138
Contributions paid	(312)	(529)
Interest cost *	1	10
Remaining change to the balance sheet liability*	(23)	2
Balance sheet liability as at 31 December	287	621

* Recognised in SOFA

Liability < 1 Year	287	62
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Liability > 1 Year	-	559
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The remaining change to the balance sheet liability comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

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

	December 2021	December 2020	December 2019
Discount rate	0.2% pa	0.2% pa	1.1% pa
Price inflation	3.1% pa	3.1% pa	2.8% pa
Increase to total pensionable payroll	1.6% pa	1.6% pa	1.3% pa

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

Church Workers Pension Fund: Defined Benefits Scheme

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

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

Defined Benefits Scheme

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

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns. The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £Nil, 2020: £Nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £58,000 for 2021 (2020: £Nil).

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

19. PENSIONS (Continued)

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

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2021. 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.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,100 per year to March 2020 and £6,700 per year thereafter. In addition, deficit payments of £92,600 per year have been agreed until 1 October 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2021 £'000	2020 £'000
Balance sheet liability as at 1 January	11	104
Contributions paid	(68)	(93)
Interest cost*	-	-
Remaining change to the balance sheet liability*	57	-
Balance sheet liability as at 31 December	-	11

* Recognised in SOFA

The remaining change to the balance sheet liability comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

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

	December 2021	December 2020	December 2019
Discount Rate	0.0%	0.0%	1.5%

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

The next valuation of the scheme is being carried out as at December 2022.

Pension Builder Scheme

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

The 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. 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 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 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.

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19. PENSIONS (Continued)

The scheme is a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This 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 contributions payable (2021: £188,000, 2020: £186,000)

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent 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, Guildford DBF could become responsible for paying a share of that employer's pension liabilities.

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20. SUMMARY OF FUND MOVEMENTS

2021	1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2021 £'000
<u>Unrestricted funds</u>						
General	1,657	13,265	(12,672)	(223)	(53)	1,974
<u>Designated</u>						
TCTL growth fund	952	115	(18)	83	-	1,132
Strategic change fund	513	102	(25)	(116)	-	474
Development fund	812	-	-	-	-	812
Diocesan Premises reserve	-	-	(185)	185	-	-
Clergy conference fund	26	-	-	15	-	41
Church fabric repair fund	11	-	-	-	-	11
	2,314	217	(228)	167	-	2,470
<u>Restricted income funds</u>						
Pastoral fund	739	291	(10)	-	401	1,421
Strategic Development Fund	-	146	(262)	116	-	-
Glebe income	298	26	(32)	-	-	292
E M Woods trust income	121	9	-	-	-	130
Moor Park Trust	81	3	-	-	13	97
Regional Training	31	62	(64)	-	-	29
Community Engagement	30	111	(87)	-	-	54
Church Schools income	121	116	(79)	(86)	3	75
Church Schools Building Projects	-	-	-	-	-	-
All Saints Fleet	16	-	-	-	-	16
Moss Lane Fund	23	49	(42)	-	(1)	29
Partridge Fund	234	5	-	(50)	26	215
Nugent Income	-	29	(10)	-	-	19
Ministerial Education	23	430	(364)	-	-	89
	1,717	1,277	(950)	(20)	442	2,466
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	11,830	54	(312)	(185)	1,402	12,789
Onslow bequest	480	6	-	-	35	521
E M Woods trust capital	308	-	-	-	45	353
Church schools capital	4,180	-	(79)	-	554	4,655
Retired clergy housing	7,920	91	(50)	(50)	1,341	9,252
Benefice houses fund	111,387	85	(11)	-	37,827	149,288
Nugent fund	3,311	15	(13)	-	471	3,784
<i>Permanent endowment</i>						
Glebe capital fund	19,083	-	(5)	311	6,299	25,688
E Newill trust	251	-	-	-	36	287
Budgen legacy	599	-	-	-	87	686
G Nash will	350	-	-	-	50	400
Power legacy	222	-	-	-	32	254
Toulmin will	87	-	-	-	12	99
St Agnes Lodge fund	99	-	-	-	14	113
	160,107	251	(470)	76	48,205	208,169
Total funds	165,795	15,010	(14,320)	-	48,594	215,079

GUILDFORD DIOCESAN BOARD OF FINANCE

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20. SUMMARY OF FUND MOVEMENTS (continued)

2020	1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2020 £'000
<u>Unrestricted funds</u>						
General	1,722	12,542	(12,187)	(420)	-	1,657
<u>Designated</u>						
TCTL growth fund	876	105	-	(29)	-	952
Strategic change fund	150	363	-	-	-	513
Development fund	812	-	-	-	-	812
Diocesan Premises reserve	-	-	(88)	88	-	-
Clergy conference fund	15	-	(4)	15	-	26
Church fabric repair fund	11	-	-	-	-	11
	1,864	468	(92)	74	-	2,314
<u>Restricted income funds</u>						
Pastoral fund	698	17	(3)	-	27	739
Strategic Development Fund	-	189	(303)	114	-	-
Glebe income	297	19	(18)	-	-	298
E M Woods trust income	111	10	-	-	-	121
Moor Park Trust	73	3	-	-	5	81
Regional Training	23	85	(78)	-	1	31
Community Engagement	111	90	(171)	-	-	30
Church Schools income	211	128	(23)	(195)	-	121
Church Schools Building Projects	-	-	-	-	-	-
All Saints Fleet	-	-	-	16	-	16
Moss Lane Fund	-	50	(40)	13	-	23
Partridge Fund	-	5	-	218	11	234
Ministerial Education	17	469	(463)	-	-	23
	1,541	1,065	(1,099)	166	44	1,717
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	11,097	7	(10)	(88)	824	11,830
Onslow bequest	466	-	-	-	14	480
E M Woods trust capital	288	-	-	-	20	308
Church schools capital	4,135	-	(80)	(201)	326	4,180
Retired clergy housing	7,703	142	(62)	(50)	187	7,920
Benefice houses fund	103,265	15	(6)	-	8,113	111,387
Nugent fund	3,154	3	(12)	-	166	3,311
<i>Permanent endowment</i>						
Glebe capital fund	16,959	87	(3)	519	1,521	19,083
E Newill trust	235	-	-	-	16	251
Budgen legacy	561	-	-	-	38	599
G Nash will	328	-	-	-	22	350
Power legacy	208	-	-	-	14	222
Toulmin will	81	-	-	-	6	87
St Agnes Lodge fund	92	-	-	-	7	99
	148,572	254	(173)	180	11,274	160,107
Total funds	153,699	14,329	(13,551)	-	11,318	165,795

GUILDFORD DIOCESAN BOARD OF FINANCE

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21. SUMMARY OF ASSETS BY FUND

As at 31 December 2021	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Unrestricted funds</u>					
General	24	104	2,963	(1,117)	1,974
<u>Designated</u>					
TCTL growth fund	-	-	1,146	(14)	1,132
Strategic change fund	-	-	474	-	474
Development fund	-	-	812	-	812
Diocesan Premises reserve	87	-	131	(218)	-
Clergy conference fund	-	-	41	-	41
Church fabric repair fund	-	-	11	-	11
	87	-	2,615	(232)	2,470
<u>Restricted income funds</u>					
Pastoral fund	-	1,188	233	-	1,421
Strategic Development Fund	-	-	-	-	-
Glebe income	-	-	292	-	292
E M Woods trust income	-	-	130	-	130
Moor Park Trust	-	105	(8)	-	97
Regional Training	-	-	29	-	29
Community Engagement	-	-	54	-	54
Church schools income	386	-	(292)	(19)	75
Church Schools Building Projects	-	-	3,520	(3,520)	-
All Saints Fleet	-	-	16	-	16
Moss Lane Fund	-	-	29	-	29
Partridge Fund	-	205	10	-	215
Nugent Income	-	-	19	-	19
Ministerial Education	-	-	89	-	89
	386	1,498	4,121	(3,539)	2,466
<u>Endowment funds</u>					
<i>Expendable endowment</i>					
Board endowment	12,079	4,187	(1,475)	(2,002)	12,789
Onslow bequest	-	498	23	-	521
E M Woods trust capital	-	358	(5)	-	353
Church schools capital	104	4,872	(321)	-	4,655
Retired clergy housing	2,548	5,414	1,290	-	9,252
Benefice houses fund	152,396	-	(1,811)	(1,297)	149,288
Nugent fund	-	3,501	283	-	3,784
<i>Permanent endowment</i>					
Glebe capital fund	18,931	5,160	1,884	(287)	25,688
E Newill trust	-	287	-	-	287
Budgen legacy	-	686	-	-	686
G Nash will	-	398	2	-	400
Power legacy	-	254	-	-	254
Toulmin will	-	99	-	-	99
St Agnes Lodge fund	-	113	-	-	113
	186,058	25,827	(130)	(3,586)	208,169
Total funds	186,555	27,429	9,569.0	(8,474.0)	215,079

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

21. SUMMARY OF ASSETS BY FUND (continued)

As at 31 December 2020

	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Unrestricted funds</u>					
General	41	269	2,243	(896)	1,657
<u>Designated</u>					
TCTL growth fund	-	-	966	(14)	952
Strategic change fund	-	-	513	-	513
Development fund	-	-	812	-	812
Diocesan Premises reserve	173	-	(53)	(120)	-
Clergy conference fund	-	-	26	-	26
Church fabric repair fund	-	-	11	-	11
	173	-	2,275	(134)	2,314
<u>Restricted income funds</u>					
Pastoral fund	-	785	(46)	-	739
Strategic Development Fund	-	-	-	-	-
Glebe income	-	-	298	-	298
E M Woods trust income	-	-	121	-	121
Moor Park Trust	-	92	(11)	-	81
Regional Training	-	-	31	-	31
Community Engagement	-	-	30	-	30
Church Schools income	391	-	(257)	(13)	121
Church Schools Building Projects	-	-	2,549	(2,549)	-
All Saints Fleet	-	-	16	-	16
Moss Lane Fund	-	-	23	-	23
Partridge Fund	-	180	54	-	234
Ministerial Education	-	-	23	-	23
	391	1,057	2,831	(2,562)	1,717
<u>Endowment funds</u>					
<i>Expendable endowment</i>					
Board endowment	12,601	2,751	(1,520)	(2,002)	11,830
Onslow bequest	-	213	267	-	480
E M Woods trust capital	-	313	(5)	-	308
Church schools capital	104	4,318	(194)	(48)	4,180
Retired clergy housing	2,796	3,691	1,433	-	7,920
Benefice houses fund	114,826	-	(2,134)	(1,305)	111,387
Nugent fund	-	1,981	1,330	-	3,311
<i>Permanent endowment</i>					
Glebe capital fund	15,330	2,815	1,559	(621)	19,083
E Newill trust	-	251	-	-	251
Budgen legacy	-	599	-	-	599
G Nash will	-	348	2	-	350
Power legacy	-	222	-	-	222
Toulmin will	-	87	-	-	87
St Agnes Lodge fund	-	99	-	-	99
	145,657	17,688	738	(3,976)	160,107
Total funds	146,262	19,014	8,087.0	(7,568.0)	165,795

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For the year ended 31 December 2021

22. DESCRIPTION OF FUNDS

General fund	The general reserve is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.
Mission & EIG fund	Designated fund to help with parish growth initiatives.
TCTL Growth fund	Designated fund for <i>Transforming Church, Transforming Lives</i> initiatives.
Strategic change fund	Designated fund to implement change processes deriving from transforming church, transforming lives initiatives.
Development fund	Designated fund for development projects of the Diocese. The principal designation is to fund a move of Diocesan House up to the Cathedral site. This project is being held back by planning considerations.
Diocesan Premises reserve	Designated fund to spread the impact of rent-free periods and costs of refurbishment and dilapidations.
Clergy conference fund	Designated fund for the triennial Diocesan clergy conference.
Church fabric repair fund	Designated fund from which to make grants to parishes for fabric repair.
Pastoral fund	The Diocesan pastoral account is regulated by the provisions of the Pastoral Measure 2011. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese • other purposes of the Diocese or any benefice or parish in the Diocese • to make grants or loans to any other Diocese • to transfer funds to other Diocesan funds
Glebe income fund	Accumulated income from glebe capital used for clergy stipends and housing costs.
E M Woods trust income	Accumulated investment income for needy and retired clergy and their dependants.
Moor Park Trust	Expendable gift from Moor Park College for adult Christian education work.
Regional training	Restricted fund for the activity of the regional training Diocesan partnership.
Community Engagement	Grants and related activity for Community Engagement projects.
Church Schools income	Accumulated income from uniform statutory trusts (church schools fund capital) used for supporting church schools in the Diocese, both buildings and education.
Church Schools Building Projects	Funds for Church School Building Projects.
All Saints Fleet	Funds to support mission in All Saints Fleet.
Moss Lane Fund	Funds to support mission in Godalming.
Partridge Fund	Funds to support Church of England Schools.
Ministerial Education	Income and Expenditure on the ministerial education of ordinands.
Board endowment	Expendable endowment fund for capital growth. Income is credited to the general fund for the general purposes of the Diocese.
Onslow bequest	Expendable endowment for the support of clergy and building churches in Surrey.
E M Woods trust capital	Expendable endowment to produce income for the benefit of needy or retired clergy and their dependants.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. DESCRIPTION OF FUNDS (continued)

Church schools fund capital	Expendable endowment arising from sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the Diocese. Income arising may be used to support education generally in the Diocese. The DBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education
Glebe capital fund	The glebe capital fund was created from the Diocesan stipends fund capital account held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976, and glebe assets, to provide income for clergy stipends. It represents glebe assets, the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. Besides glebe property, the funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit. Income is credited to the general fund for the payment of stipends and benefice house outgoings.
Retired clergy fund	Expendable endowment for the provision of housing for retired clergy. Income is credited to this same fund.
Benefice houses fund	The benefice houses fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese, and receives the sale proceeds of benefice houses surplus to requirements into the Diocesan pastoral account.
Nugent fund	Expendable endowment created by the lifetime gift of the late Lord Nugent.
E Newill trust	Permanent endowment to provide income for family needs. Income is credited to the general fund.
Budgen legacy	Permanent endowment to provide income for general church purposes. Income is credited to the general fund.
G Nash will	Permanent endowment to provide income for any DBF purposes. Income is credited to the general fund.
Power legacy	Permanent endowment to provide income for clergy stipends. Income is credited to the general fund.
Toulmin will	Permanent endowment to provide income for the training of ordination candidates. Income is credited to the general fund.
St Agnes Lodge fund	Permanent endowment arising from the sale of St Agnes Lodge, to provide income for social responsibility work in the Diocese. Income is credited to the general fund.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

23. CAPITAL AND OTHER COMMITMENTS

At 31 December, the board had no capital commitments (2020: None).

The DBF had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021	2020
	£'000	£'000
Payment due:		
Not later than one year	249	249
Later than one year and not later than five years	62	162
	<u>311</u>	<u>411</u>

The DBF had no other off-balance sheet arrangements.

24. FUNDS HELD AS CUSTODIAN TRUSTEE

The DBF acts as custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the DBF does not control them. The financial assets held in this way are as follows:

	2021	2020
	£'000	£'000
CCLA Church of England Investment Fund (income)	5,530	4,823
CCLA Church of England Fixed Interest Securities Fund	129	138
CCLA Property Fund	55	48
Other common investment fund holdings	1,815	1,637
Direct holdings in UK equities	51	53
CCLA Church of England Deposit Fund	486	488
Total assets held as custodian trustee	<u>8,077</u>	<u>7,198</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2021

25. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parishes	11,087	-	-	-	11,087
Archbishops' Council	28	363	615	-	1,006
Other	118	105	43	-	266
	11,233	468	658	-	12,359
Charitable activities	488	-	175	-	663
Other trading activities	512	-	60	-	572
Investments	171	-	156	194	521
Other	138	-	16	60	214
	12,542	468	1,065	254	14,329
Expenditure on:					
Raising funds	(415)	(12)	(22)	(31)	(480)
Charitable activities	(11,772)	(80)	(1,077)	(142)	(13,071)
	(12,187)	(92)	(1,099)	(173)	(13,551)
Net income before investment gains	355	376	(34)	81	778
Net gains on investments	-	-	44	1,196	1,240
Net income	355	376	10	1,277	2,018
Transfers between funds	(420)	74	166	180	-
Net income after transfers	(65)	450	176	1,457	2,018
Other recognised gains/(losses)					
Gains on revaluation of fixed assets	-	-	-	10,080	10,080
Actuarial (losses)/gains on pension schemes	-	-	-	(2)	(2)
Net movement in funds	(65)	450	176	11,535	12,096
Total funds brought forward	1,722	1,864	1,541	148,572	153,699
Total funds carried forward	1,657	2,314	1,717	160,107	165,795

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For the year ended 31 December 2020

GUILDFORD DIOCESAN BOARD OF FINANCE

Company number - 225289

Registered charity number – 248245

GUILDFORD DIOCESAN BOARD OF FINANCE

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GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2020

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

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The Diocese of Guildford covers most of Surrey and North East Hampshire, one parish in West Sussex and one in the London Borough of Kingston.

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

The DBF 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 custodianship of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv. the custodianship of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the DBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Guildford (in respect of his responsibility for the provision of the cure of souls).

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STRATEGIC AIMS

Guildford's Diocesan mission strategy, Transforming Church, Transforming Lives (TCTL), launched in September 2016 has 12 goals:

1	Making disciples	for every parish and chaplaincy to develop an appropriate plan for making prayerful, confident disciples in daily life
2	Increasing believers	together to increase the number of new Christians of all ages through persistent prayer, confident faith sharing, life-giving worship, and the development of a hundred new worshipping communities by 2027
3	Growing youth and children's ministry	for every parish to develop a safe, attractive and spiritually-enriching children's and youth ministry, encouraging sharing of resources where appropriate
4	Developing lay leaders	together to increase the number of leaders of all ages, who are called, trained and deployed in the church and wider community
5	Recruiting more clergy	together to grow the number of new clergy by 50% from 2021 and beyond
6	Cultivating community partnerships	together to increase the range, professionalism and spiritual fruitfulness of our partnerships with the local community, to help create a safer, stronger, fairer and more sustainable society
7	Reaching beyond borders	together to grow the number and depth of our partnerships with communities beyond our Diocesan borders, in the holistic mission to which Jesus calls us
8	Nurturing education	together to improve the standards and develop the Christian distinctiveness of our Church schools, wholeheartedly embracing our contribution to education across the Diocese
9	Encouraging generous giving	for every parish to encourage an increasing number of worshipping Christians to commit to regular, proportional and sacrificial giving
10	Sharing expertise	together to streamline our processes and share expertise, so as to release fresh energy for mission
11	Communicating effectively	for every parish and chaplaincy to develop effective communications, promoting a church that is visible, attractive and accessible
12	Improving church buildings	for every parish to work towards having church buildings that are fit for purpose in supporting today's ministry and mission

The TCTL mission strategy envisages individuals and church communities open to the transforming work of God's Spirit in their own lives, and so becoming agents of Christ's transformation to the world around them. It is not about asking people to work harder, but to work sharper - becoming more intentional and focussed in how we pray and what we are seeking to do. At its heart lies the vision of a growing, vibrant and generous Christian movement, empowered by the Spirit and rooted in word and sacrament, which confidently proclaims and lives out the Good News of Jesus Christ across the region and beyond.

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TCTL is a framework not a blueprint, encouraging multiple local initiatives to work towards our broader shared goals. Its ethos is:

- To encourage local mission initiatives through training, support and finance.
- To develop a deeper sense of partnership and shared accountability between churches and across the Diocese, as parishes increasingly look to support one another, and the Diocesan hub to resource the whole.
- To grow a culture of honesty, mutual learning, persistent prayer, deepening discipleship and confident faith sharing.

The Trustees, having had regard to the Charity Commission's guidance on public benefit, consider that in following this vision and by furthering the whole mission of the Church (pastoral, evangelistic, social and ecumenical), both in the Diocese as a whole and in its individual parishes, the DBF provides a benefit to the public.

The strategy seeks to address the slowly declining attendances that the Diocese has experienced for many years. Adjusting for population growth, attendances are down around 1.7% p.a. over the past decade. Our relatively large congregation sizes (average 149 weekly attendance per parish) and the relative wealth of the area mean that the old models of one vicar per church are largely intact, although starting to come under some pressure. The Diocese faces the same ageing demographics and increasingly "unchurched" population as the rest of the Church of England and urgently needs to engage more effectively with younger generations and unreached people groups if more rapid decline is not to take hold in future years. We therefore need to find better ways of engaging larger numbers of people with the good news of Jesus Christ. Covid-19 has meant that Churches have had to engage with their congregations in new ways and in many cases online attendance has grown but how that translates into the shape and nature of our parish congregations post-pandemic remains to be seen.

ACTIVITIES AND ACHIEVEMENTS

We were planning that 2020 would see the completion of establishing our new central team structure in Church House Guildford (CHG) and the start of its practical out-working in supporting parishes. Whilst we made good progress on implementing role and structure change Covid-19 (CV19) brought significant disruption to fully realising our plans for the new Parish Needs process as we moved our operations to remote working and shifted our focus to supporting our parishes as they responded to the impact of periods of lockdown and building closure.

Parishes responded very well in moving activities and services online as well as responding to the needs in their communities. Service attendance has in most cases increased during this period. However, the closure of church buildings has led to loss of rental incomes, collections, events and fees and therefore impacted the income for our parishes and their ability to pay parish share. On average Parish unrestricted incomes faced reductions of c.20% but they have partly mitigated this by cost savings and increasing donation income.

The DBF worked pro-actively to support our parishes by:

1. **Re-focussing of Church House support.** We re-directed our newly part formed Parish Co-ordination and Mission Enabler teams towards supporting parish needs arising from CV19: supporting communities; allocating clergy to funerals; facilitating contact & contingency plans for our deaneries as the crisis started to hit; and then supporting a diocesan wide review of parish CV19 needs involving one to one conversations of our senior clergy with every incumbent. We also moved the whole of Church House Guildford to full remote working in just 4 days, with staff showing remarkable flexibility and understanding. We developed a series of Wednesday

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For the year ended 31 December 2020

webinars focussed on areas that our parishes were facing as a result of CV19 and moved our safeguarding training online. We continued to provide support for our schools who were also going through huge change and challenges as a result of lockdown and CV19 restrictions. We co-ordinated all communications through daily 4pm briefings for parishes & church house staff – which latterly moved to 2 days a week – and provided clear signposting for ever changing latest national guidance. We offered online digital tools training / webinars for parishes to help support them as they moved services on line and provided weekly sermons from our Bishops.

2. **Implementing significant central cost savings.** Where staff were not required for re-prioritised CV19 services we asked them to go on furlough and put vacancies on hold. As a result, we ran 25 roles under normal headcount from mid-April 2020, which is about 1/3rd reduction in the budgeted Church House capacity. Furthermore, we have been able to defer expenditure on property maintenance and repairs and Bishops Council put a hold on the annual stipend increase in April.
3. **Financial support.** We responded swiftly to the financial losses of our parishes as a result of the lockdown and church building closures by offering staged packages of financial credit to parish share accounts totalling almost £600,000 between April and December.

The following went well:

- We significantly increased clarity of communications between CHG and Parishes, with coordinated and streamlined daily then weekly briefings, role based tailored mailings and an updated, searchable website with a strategy and audience focus.
- Implementation of Mission Enablers and Parish Co-ordination functions as part of the new central team structure provided roles that enables us to readily adapt the support we offered to parishes through lockdown and periods of CV19 restriction.
- An “all in it together” response to CV19, with targeted financial support for parishes experiencing financial challenge & many parishes who were better placed paying their Parish Share in advance
- CHG move to remote working happened seamlessly with high levels of collaboration and flexibility from our staff team.
- We implemented significant cost savings by reducing services and staff effort (through furlough and holding of vacancies) that support activities parishes no longer needed due to lockdown and mitigated parish share shortfalls through regular engagement with parish treasurers and provision of targeted financial support.
- Migration of many CHG workflows online and self-serve, including new finance system, staff expenses and HR staff details
- Good Peer Review, improved control of Strategic Development Fund (SDF) Projects and successful bids for Strategic Ministry & Sustainability Funding
- Developed and rolled out clergy wellbeing covenant and established a clearer approach to church grafting and planting
- Initiation of a Health & Viability Review of our parishes with strong deanery support for change where parishes are challenged, with the aim of enabling parishes to be more sustainable long term
- Enabled a number of level 2 staff to “step up” and take a lead in key areas of CHG services and operations

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However, the following could have gone better:

- Delivery of the CHG review was delayed whilst posts were furloughed & vacancies held, with need for CHG savings impacting further
- Some staff were placed under significant pressure with unsustainable workloads as we responded and adapted due to CV19
- Our plans for One people plan, One Training plan and Ministry Development Review (MDR) as part of implementing CHG changes did not progress due to strain on resources.
- Progress on some closed school sites was hampered by a need to resolve and handle a high level of conflict over their future
- The annual SDF review of our major projects highlighted some significant challenges that resulted in bringing the funding of two projects to an end and restructuring the funding of another.
- Challenges, increased cost & resource due to some curacies requiring unplanned intervention & CV19 constraining our third-year Curates (IME6) from finding placements and moving on
- Two complaints to the Information Commissioner's Office (ICO) were upheld requiring us to improve our speed of response and all employees to understand and identify Subject Access Requests (SARs)
- Inability to appoint into some key roles as rapidly as we would have liked including Property Director and Diocesan Safeguarding Advisor.

In addition to the above, the following sets out key activities and achievements against the specific priorities set for 2020:

1. ***Needs-based process:*** *implement and normalise the gathering, reporting and tracking of parish needs, establishing a consultancy-based approach to the services that our Mission Enablers provide.*

Our deanery pilot was interrupted by Covid-19 and we halted completing recruitment to vacant posts in our Mission Enabler team. However we successfully moved to a rapid-assessment of parish and deanery needs in facing Covid-19 and deployed a range of support to them supported by our Mission Enablers.

2. ***Training:*** *develop and implement a role-based approach to our training provision, building on our LMP programme & supported by a single training plan*

This was also disrupted by Covid-19 as we halted the intended recruitment of a Head of Training post. However, we commenced the development of a role-based approach to training, delivered targeted training in response to lockdown needs as well as a significant volume of our safeguarding and LMP training modules successfully moved online.

3. ***Communications:*** *refocus our communication channels from a broadcast approach towards more personalised and tailored method, reviewing our website, developing a digital strategy and implementing a comms plan.*

We developed a digital strategy and plan which we have started to successfully implement. The website was refreshed including more focussed role-based pages. Communications became more focussed with regular coordinated communication channels established through daily and then weekly briefs for parishes and staff.

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4. **People:** develop and start implementation of one people plan with revised Ministry Development review (MDR), appraisal, recruitment and clergy wellbeing approaches; and an Human Resource Information System; whilst continuing to ensure a safe environment for all

The clergy wellbeing policy was finalised and implemented despite CV19 delay. Safeguarding protocols were renewed to keep abuse victims and survivors central to our safeguarding. An HR Information system was implemented for staff details. The MDR revision was not started because of CV19.

5. **Young people:** develop our Growing Faith mission approach for Children and Young People, identifying initiatives and preparing practical toolsets in readiness for a diocesan year of focus in 2021

Consultations were undertaken and plans drawn up. However the launch has been delayed until later in 2021 because of CV19.

6. **Sustainability:** Deliver planned CHR changes; actively progress parishes requiring change; address share shortfalls.

CHR changes were implemented however not fully as the recruitment of a number of roles was put on hold to deliver CV19 cost savings. We worked closely with parishes to sustain share payments however there was still a significant drop in the year because of the impact of CV19.

7. **Prayerful Confident Disciples:** Foster lay engagement; continue to develop our prayer life at Church House, encouraging a mission & ministry focus in every role

Weekly webinars launched during CV19 have been well attended by both clergy and laity. Participation in the 4th cohort of the Setting God's People Free Discipleship Learning Community continued and 6 pilot parishes across the Diocese were recruited to try out new ways of encouraging lay people to live out their faith in everyday life, whatever they do, Monday to Saturday. Daily staff prayers have continued online. Staff survey has been delayed because of CV19.

FUTURE PLANS

The major opportunities for 2021 will be:

- To fully implement the Parish Needs Process (PNP) & consultancy services, building on a year of responding to parish needs with short horizon PNP & Parish Co-ordination Team activity/support.
- To encourage culture change focusing on children & young people
- To continue implementing our digital strategy including SharePoint, linking our business systems, streamlining processes and enabling data to be entered once.
- The Health & Viability review provides the opportunity to re-set the allocation of resource, alongside encouraging new growth & healthy parishes

The major challenges include:

- Continued uncertainty as a result of CV19, leading to an ongoing high level of adaptability and flex of CHG services as staff strive to support parishes.

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- The level of support, complexity and pace of change required for an increased number of parishes that are financially challenged is creating significant pressure and heightened financial risk for them and the DBF.
- An ongoing high volume of statutory activity, responding to challenging issues & delivery of savings is creating considerable pressure for staff

Team Objectives for Church House Guildford for 2021 are:

1. **Parish needs process** – implement and normalise the gathering, reporting and tracking of parish needs, establishing a consultancy-based approach to the services that our Mission Enablers provide.
2. **Learning** - review and develop an integrated approach to lay and ministry training; extend Unconscious Bias training across clergy, staff and lay roles; and encourage learning through Living in Love and Faith and response to the Independent Inquiry to Child Sexual Abuse report on the Church of England.
3. **Communications** – Implement comms strategy; create and roll out intranet; prepare & tender for a replacement website 2022; implement our digital strategy, supporting self-service access.
4. **People** – continue to develop & implement a one people plan with reviewed MDR, recruitment and appraisal approaches; provide clear SG signposting & reporting, keeping survivors & victims central
5. **Children and Young people** – develop our Growing Faith mission approach through a focus on Children and Young People; supporting initiatives involving schools, churches & communities.
6. **Sustainability Foundations** – effectively deliver change plans for balanced budget, zero deficit & School Endowment Fund assets by end 2022; establish a change programme for zero carbon; progress academisation of schools
7. **Prayerful Confident Disciples** Continue to develop our prayer life & unity at CHG & model it across our diocese, encouraging a mission & ministry focus in every staff role

FINANCIAL REVIEW

Financial Performance

Total income for the year was £14,329,000 (2019: £16,609,000). Parish share contributions were £11,087,000 (2019: £11,485,000). This represents a significant fall in the collection rate to 91.8% (2019: 98.7%) against the amount requested because of the impact of Covid-19 on parish finances. Income from statutory fees (weddings & funerals) were £342,000 (2019: £384,000). This year there were no transfers of disused school sites at valuation to the statutory education endowment funds (2019: £2.1m).

GDBF budgets to break even on its general fund before any capital gains/losses. Covid-19 had a significant impact on finances this year. Parish share receipts fell significantly as did fees and expenditure on curates also increased as many were unable to move on to new posts during the summer. The total negative impact from Covid-19 was some £0.8m. Against this GDBF made significant savings from a recruitment freeze, reducing expenditure and utilising the Coronavirus Job Retention Scheme. The net loss on the general fund at only £65,000 (2019: £24,000 surplus) represents the significant work to reduce costs and to work with parishes to help them sustain their finances during this period.

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GDBF also received a grant of £363,000 from Archbishops' Council Sustainability fund which has been credited to GDBF's strategic change fund to help fund the re-organisation work that will be necessary to address the significant number of parishes that have become financially unsustainable.

There was an overall net increase in funds of £12,096,000 (2019: £11,177,000). Property values of tangible fixed assets continued to increase gaining by £10,080,000 (2019: £5,812,000) as did investments (including investment properties) increasing by £1,240,000 (2019: £969,000). After the significant reduction in the clergy pension liability last year resulting from the 2019 revaluation, there was minimal movement on pension fund actuarial liabilities at £2,000 loss (2019: gain of £1,776,000).

The financial stability of the DBF depends on the financial strength of its parishes. This applies particularly to Guildford which lacks historic reserves and has the highest dependency on parish share of any Diocese. Covid-19 has had a significant impact on parish finances reducing parish income on average by some 20% particularly because of disappearing rental income. Many were able to mitigate this through cost savings, raising additional donations from Church members and/or utilising reserves. However, we have moved from having c.10% of parishes with significant financial issues to c.30%. We implemented a 'Health and viability' review of all our parishes and during 2021 and 2022 we are planning to implement a significant programme of re-organisations including new plants and growth initiatives to address this with the aim restoring overall financial sustainability for our parishes and therefore for the DBF.

Balance sheet position

The balance sheet position remains strong. However, while net assets at the balance sheet date totalled £165m (2019: £154m), most of that represents properties in use for ministry whose value amounted to £146m (2019: £136m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes. Note 21 gives further detail of the allocation of assets to funds.

Reserves policy

Free reserves

Recognising that the Diocese is heavily reliant on parish share receipts and that the major expenditure is on the clergy and lay staff to keep the organisation in operation, the Bishop's Council has set a minimum level of general free reserves, excluding fixed assets, of two months' staff and stipend costs which for 2020 was £1.4m. The balance of reserves excluding fixed assets on the general fund at 31 December was £1.7m (2019: £1.7m).

The DBF also has a policy of holding on deposit, or otherwise readily available within the Glebe, Pastoral Account or other suitable funds, sufficient cash over and above funds to meet normal cash-flows to be able to purchase two houses of modest value. At 31 December 2020 the DBF had available cash balances less short-term borrowings of £2.1m (2019: £0.6m). The DBF has sold property to increase liquidity because of the financial uncertainties caused by Covid-19.

Designated funds

The Trustees may designate 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 their designation is no longer considered to be adequate justification for their retention. The balances and the intended use of each reserve is set out in notes 21 and 22. At 31 December 2020 total designated reserves were £2.3m (2019: £1.9m).

Restricted and endowment funds

As at 31 December 2020 restricted funds were £1.7m (2019: £1.5m) and endowment funds £160.1m (2019: £148.6m). The balances and purposes of these are set out in notes 21 and 22.

GUILDFORD DIOCESAN BOARD OF FINANCE

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Grant making policy

The DBF gives grants from funds established in the annual budget which is approved by Synod and is in line with its objectives. The main grants given in the year are set out within note 9.

Investment policy and performance

The DBF has power to invest funds not immediately required for operational purposes in such concerns, securities or properties as it thinks fit. Non-property financial investments at 31 December 2020 had a market value of £4.7m (2019: £4.3m) of which £3.9m (2019: £3.7m) were invested within the CBF Church of England investment funds managed by CCLA Investment Management Limited. The performance of CCLA investment management is assessed against relevant benchmarks for the underlying investments. The total return on non-property financial investments was 10.3% (2019: 22.4%). The Trustees consider that the performance has been very good for the year. As a participant in the CBF Church of England Funds managed by CCLA Investment Management Limited, the DBF adopts the ethical investment policies of those funds.

Property investments are primarily in residential property with some glebe land within the Diocese of Guildford. It also includes £2.1m (2019 £2.1) of disused school sites. The total market value at 31 December 2020 was £14.0m (2019: £13.6m). The Trustees maintain a higher level of residential property investments than financial because a major potential area of expenditure for the Diocese is on residential property for delivering ministry and its residential property investments act as a hedge against that exposure. However, it is a non-diversified, non-liquid asset subject to the risks of the UK housing market and the Trustees have adopted a policy to move to an equal investment in residential property as in financial funds over a number of years. One investment property was sold during the year for that purpose. The Board of Education, with the DBF as trustees, review how best to realise value on the disused school sites to support Diocesan schools and education activities.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis. The key strategic risk is the slow decline in Church membership and the increasing age profile. Much of the report has detailed our strategy to respond to this. Other important risks are highlighted as follows with the associated mitigation strategies:

- **Parish share:** The DBF has implemented a new parish share system. CV19 has had a significant impact on parish finances. There is a risk that shortfalls will increase. Mitigating controls in place include active engagement with parishes and stewardship and mission support. A number of parishes will need help to re-organise so that they can be financially and missional sustainable.
- **Appointments:** In common with all Dioceses, the DBF faces a high number of clergy retirements in the coming years with a reducing pool of potential replacements. Mitigating controls in place include strong Archdeacon engagement, appointments process and increased focus on vocations. The DBF has adopted a strategic goal of increasing vocations and new clergy.
- **Safeguarding:** Safeguarding remains a high priority for the DBF. Mitigating measures in place include an increase in resources for safeguarding team, a 3 year training strategy and electronic Disclosure and Barring Service check process.

The Trustees consider that Brexit would not have any immediate financial impact on the organisation.

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STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The national church has a general synod comprised of ex-officio and elected representations from each Diocese and it agrees, and lays before Parliament, measures for the governance of the church's affairs which, if agreed by Parliament, have the force of statute law. In addition to the general synod, the Archbishops' Council has a coordinating role for work authorised by the synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as Bishop within the Diocesan synod. The Diocese itself is divided into twelve deaneries, each with its own synod, and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

The Guildford Diocesan Board of Finance (DBF) is a company limited by guarantee (No. 225289) and a registered charity (No. 248245) governed by its memorandum and articles of association.

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

Governance and policy of the DBF is the responsibility of the Trustees, who are also members of the DBF and Trustees for the purposes of charity law. The details of Trustees who served during the year are set out on page 15.

The Diocesan synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The synod membership is elected every three years, the last elections having been in September 2017. The Synod elects 12 Trustees of the DBF. Whilst the DBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the DBF is subject to the direction of the synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Historical assets arising from unexpended accumulations of sale proceeds of redundant Church of England school properties are accounted for in the restricted Church Schools fund and are managed by the DBF in consultation with the Diocesan Board of Education.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Guildford are set by the Diocesan synod, and the DBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary and Bishop's staff team. The DBF meets once a year in general meeting to receive and approve the annual report and financial

GUILDFORD DIOCESAN BOARD OF FINANCE

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statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the Trustees. The Trustees, meeting within the context of the Bishop's Council & Standing Committee, hold 9 meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

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

The Trustees are assisted in their work by the Finance and Audit Sub Committee which monitors management accounts and budget, the use of assets and investment policies and makes recommendations on areas such as grants and loans.

Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council & Standing Committee and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of practice and maintain their entry in the record of declarations of interest and loyalty.

Remuneration of key management personnel

Emoluments of higher-paid employees are determined by the Bishop of Guildford in consultation with the Chair of the DBF and other members of Bishop's Council as relevant. Procedures include regular appraisals and benchmarking of remuneration.

Delegation of day to day delivery

The Trustees and the sub-committee which assists them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the DBF. The Diocesan Secretary and other members of Bishop's staff team are given specific and general delegated authority to deliver the business of the DBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The DBF is custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the DBF does not control them, and they are segregated from the DBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £7.2m (2019: £7.0m) are summarised in note 24. Where properties are held as custodian Trustee, the deeds are identified as such and held in safe custody by the DBF's solicitor.

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Funds held on behalf of schools

The Board of Education (as incorporated within the DBF) receives contributions from governors of church schools within the Diocese in connection with major repair and capital projects to church schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as income and expenditure in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet. The amount included in creditors as at 31 December is £1.3m (2019: £1.2m). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £2.1m and £2.1m respectively (2019: £4.3m and £4.3m).

TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the DBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the DBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

GUILDFORD DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2020

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the DBF during 2020. The following Trustees served from 1 January 2020 up to the date of this report:

Ex-officio members	The Bishop of Guildford	The Right Reverend A J Watson
	The Archdeacon of Surrey	The Venerable R P Davies
	The Archdeacon of Dorking	The Venerable M C Breadmore
	Chair	Mr N Lewis (to March 2021)

Bishop nominees	The Bishop of Dorking	The Right Reverend J Wells
	The Dean of Guildford	The Very Reverend D G Williams
		Mr J Alpass (to March 2020)

Co-opted members	The Revd R A Donovan
	Mrs A L Eccleston

Elected by Synod House of Clergy

The Revd C Blair (to March 2020)
The Revd R Bushyager (to May 2020)
The Revd N P Hutchinson
The Revd J O Morris (from March 2020)
The Revd J E Vlach (to May 2020)
The Revd D C Williamson

Elected by Synod House of Laity

Canon P N E Bruinvels
Mr M Elson
Mr G Everness
Mr K R Malcouronne (Vice Chair)
Mr S P Roberts (Chair from March 2021)
Mr N Stuart

Key Management Personnel

Diocesan Secretary	Peter Coles
Deputy Diocesan Secretary	Chris Ellis
Director of Mission Team	The Revd Peter Harwood
Director of Education	Alex Tear
Director of Finance	Malcolm Twigger-Ross
Director of HR & Safeguarding	Lynda Donaldson

Advisors

Bankers	Lloyds Bank PLC, High Street, Guildford, Surrey, GU1 3AD
Auditors	Mazars LLP, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS
Solicitors	Lee Bolton Monier-Williams LLP, 1 The Sanctuary, Westminster SW1P 3JT Charles Russell Speechlys LLP, Bury Fields, Guildford, Surrey, GU2 4AZ
Investment managers	CCLA Investment Management Limited 80 Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
Registered Office:	Church House Guildford, 20 Alan Turing Road, Guildford, Surrey GU2 7YF

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3-10 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

S.P. Roberts

Steve Roberts

Chairman

7 June 2021

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2020

Opinion

We have audited the financial statements of the Guildford Diocesan Board of Finance (the 'parent charity') and its subsidiary ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 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 group's and the parent charity's affairs as at 31 December 2020 and of the group's 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 group's or the parent charity'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 other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Annual Report has 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Trustees.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2020

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 returns adequate for our audit have not been received from branches not visited by us; 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 X, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity'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 charity 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 the 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. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, 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 Statement of Recommended Practice.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2020

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed: *N.J. Wakefield*

Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 4 August 2021

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2020

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	2020	2019
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations							
Parishes	2	11,087	-	-	-	11,087	11,490
Archbishops' Council	2	28	363	615	-	1,006	441
Other	2	118	105	43	-	266	226
	2	11,233	468	658	-	12,359	12,157
Charitable activities	3	488	-	175	-	663	3,337
Other trading activities	4	512	-	60	-	572	483
Investments	5	171	-	156	194	521	632
Other	6	138	-	16	60	214	-
		12,542	468	1,065	254	14,329	16,609
Expenditure on:							
Raising funds	7	(415)	(12)	(22)	(31)	(480)	(270)
Charitable activities	8	(11,772)	(80)	(1,077)	(142)	(13,071)	(13,719)
	9	(12,187)	(92)	(1,099)	(173)	(13,551)	(13,989)
Net income/(expenditure) before investment gains							
		355	376	(34)	81	778	2,620
Net gains on investments		-	-	44	1,196	1,240	969
Net income/(expenditure)							
		355	376	10	1,277	2,018	3,589
Transfers between funds	11	(420)	74	166	180	-	-
Net (expenditure)/income after transfers		(65)	450	176	1,457	2,018	3,589
Other recognised gains/(losses)							
Gains on revaluation of fixed assets		-	-	-	10,080	10,080	5,812
Actuarial (losses)/gains on pension schemes		-	-	-	(2)	(2)	1,776
Net movement in funds							
		(65)	450	176	11,535	12,096	11,177
Total funds brought forward		1,722	1,864	1,541	148,572	153,699	142,522
Total funds carried forward	20	1,657	2,314	1,717	160,107	165,795	153,699

The net surplus of income over expenditure, together with details of income and expenditure required by the Companies Act, may be derived from net income before transfers, excluding movements on endowment funds, in the Statement of Financial Activities above.

GDBF's company only result (net movement in funds) for the year was £12.1m (2019: £11.2m).

All activities derive from continuing activities. The comparative fund analysis for 2019 is given in note 25.

The Notes form part of the financial statements.

Company Number – 225289

GUILDFORD DIOCESAN BOARD OF FINANCE

BALANCE SHEETS

For the year ended 31 December 2020

	Note	Group		GDBF	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12	146,262	136,969	146,262	136,969
Investments	13	19,014	18,257	19,014	18,257
		<u>165,276</u>	<u>155,226</u>	<u>165,276</u>	<u>155,226</u>
Current assets					
Property held for resale		-	155	-	155
Debtors	14	3,292	2,885	3,219	2,814
Cash on deposit		2,645	1,492	2,645	1,492
Cash at bank and in hand		2,150	623	2,102	581
		<u>8,087</u>	<u>5,155</u>	<u>7,966</u>	<u>5,042</u>
Liabilities					
Creditors: amounts falling due within one year	15	(3,574)	(2,042)	(3,511)	(1,985)
<i>Net current assets</i>		<u>4,513</u>	<u>3,113</u>	<u>4,455</u>	<u>3,057</u>
<i>Total assets less current liabilities</i>		169,789	158,339	169,731	158,283
Creditors: Amounts falling due after more than one year	16	(3,242)	(3,278)	(3,242)	(3,278)
Provisions for Liabilities	17	(120)	(120)	(120)	(120)
<i>Net assets excluding pension scheme liabilities</i>		<u>166,427</u>	<u>154,941</u>	<u>166,369</u>	<u>154,885</u>
Pension scheme liabilities	19	(632)	(1,242)	(632)	(1,242)
Total net assets		<u><u>165,795</u></u>	<u><u>153,699</u></u>	<u><u>165,737</u></u>	<u><u>153,643</u></u>
The funds of the charity					
Unrestricted income funds:					
General funds		1,657	1,722	1,599	1,666
Designated funds		2,314	1,864	2,314	1,864
		<u>3,971</u>	<u>3,586</u>	<u>3,913</u>	<u>3,530</u>
Restricted funds		1,717	1,541	1,717	1,541
Endowment funds		160,107	148,572	160,107	148,572
Total funds	21	<u><u>165,795</u></u>	<u><u>153,699</u></u>	<u><u>165,737</u></u>	<u><u>153,643</u></u>

The endowment fund balance above includes revaluation reserves of £70m (2019: £60m); the restricted fund balance revaluation reserves of £84,000 (2019: £65,000).

The Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 7 June 2021 and signed on behalf of the Board by:

S.P.Roberts

K.R. Malcournne

STEVE ROBERTS

KEITH MALCOURNNE
FCA

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED CASH FLOW

For the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Net cash generated/(used) in operating activities	693	(168)
Cash flows from investing activities		
Dividends, interest and rents from investments	521	632
Purchase of property and equipment	-	(1,082)
Sale of investments	449	-
Sales of property and equipment	786	-
Net cash generated/(used in) by investing activities	1,756	(450)
Cash flows from financing activities:		
Repayments of lending	66	2
Cash inflows from new borrowing	200	-
Repayments of borrowing	(35)	(27)
Net cash generated/(used in) financing activities	231	(25)
Change in cash and cash equivalents	2,680	(643)
Cash and cash equivalents at 1 January	2,115	2,758
Cash and cash equivalents at 31 December	4,795	2,115
Reconciliation of net income to net cash flow from operating activities		
Net income	2,018	3,589
Adjustments for:		
Depreciation charges	113	112
Gains on property and equipment	77	-
Receipt of disused school buildings & land	-	(2,099)
Gains on investments	(1,240)	(969)
Dividends, interest and rents from investments	(521)	(632)
(Increase)/Decrease in debtors	(473)	244
Increase/(Decrease) in creditors	719	(413)
Net cash used in operating activities	693	(168)
Analysis of cash and cash equivalents		
Cash on deposit	2,645	1,492
Cash at bank and in hand	2,150	623
	4,795	2,115

Cash on deposit includes £2,343,000 (2019: £1,175,000) held for the benefit of schools' buildings.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES

The trustees have considered the potential impacts of Covid-19 on the charity's activities and income streams. The Trustees have also reviewed working capital and capital expenditure requirements and as a result, are satisfied that it is appropriate to prepare these financial statements 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 charitable company's own Statement of Financial activities has not been presented as permitted by s.408 of the Companies Act 2006.

The trustees have reviewed the 2021 budget and cash-flow forecasts to 30 June 2022 and believe that it is appropriate for these financial statements to be prepared on a going concern basis.

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the DBF 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 which it is receivable.
- ii) **Rent** receivable is recognised as income in the period 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 in which they are receivable.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the DBF'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** consist of costs relating to the renting out of property and to trading services.
- 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 DBF, 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. 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 DBF's staff are members of the Church Workers Pension Fund and clergy are members of the Church of England Funded Pensions Scheme (see note 19). The pension costs charged as expenditure represent the DBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which DBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation

Freehold properties

Freehold property is held at revalued amounts. Properties are revalued based on changes in local prices with a five-year cycle of specific valuations. 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 DBF 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 DBF 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 DBF 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.

Assets under construction

New parsonages under construction are included within the functional fixed assets category at the value of costs incurred at the balance sheet date.

Cost values

For the purposes of the calculation of a revaluation reserve, where the actual cost is not known, the cost value is deemed to be the value at which the properties were brought into the current accounting system in 2005.

d) Other tangible fixed assets

All capital expenditure over £5,000 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	15-30% per annum	straight line basis
Leasehold Property	1% - 10% per annum	straight line over the life 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 DBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the life of the lease.
- iii) **Properties held for resale:** when properties are put on the market for sale they are transferred from fixed assets to current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

f) Fund balances

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

- **Unrestricted funds** are the DBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the DBF. There are two types of unrestricted funds:
 - **General funds** which the DBF intends to use for the general purposes of the DBF and
 - **Designated funds** set aside out of unrestricted funds by the DBF 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 DBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as Trustee and controls the management and use of the funds, are included in the company's own financial statements. Trusts where the DBF 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) Judgements and key sources or estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- **Fair value of freehold and investment properties** are included at fair market value, revalued on a 5 year cycle. No depreciation is charged on freehold properties.
- **Pension and other post-employment benefits.** Pension provisions relating to lay and clergy are valued every three years on an actuarial basis. Any shortfall in funding pensions and post-retirement benefits is recognised as a liability in the accounts. Further details can be found in note 19.

h) Financial Instruments

Financial assets measured at fair value comprise listed investments, unlisted investments, value linked loans to parishes and bank deposits. Financial assets at amortised cost comprise trade debtors, other debtors and loans to parishes. Financial liabilities measured at amortised cost comprise pension liabilities, bank loans, other creditors and amounts held for other bodies.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

2. DONATIONS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
2020					
Parish Contributions					
Current Year Request	12,075	-	-	-	12,075
Shortfall	(988)	-	-	-	(988)
	11,087	-	-	-	11,087
Archbishops' Council	28	363	615	-	1,006
All Churches Trust	-	105	-	-	105
City Church Fund	107	-	-	-	107
Legacies	-	-	-	-	-
Other	11	-	43	-	54
Total	11,233	468	658	-	12,359

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2019
	£'000	£'000	£'000	£'000	£'000
2019					
Parish Contributions					
Current Year Request	11,636	-	-	-	11,636
Shortfall	(151)	-	-	-	(151)
Other donations	-	5	-	-	5
	11,485	5	-	-	11,490
Archbishops' Council	-	-	441	-	441
All Churches Trust	-	102	-	-	102
City Church Fund	90	-	-	-	90
Legacies	-	-	34	-	34
Total	11,575	107	475	-	12,157

The majority of the Diocese's mission is funded through the contributions of parishes. In 2020, the Diocese received 91.8% (2019: 98.7%) of the total requested.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. CHARITABLE ACTIVITIES

2020	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Statutory fees	342	-	-	-	342
Social Responsibility projects grant income	-	-	90	-	90
Other grants receivable and miscellaneous income	146	-	85	-	231
	488	-	175	-	663

2019	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2019
	£'000	£'000	£'000	£'000	£'000
Statutory fees	384	-	-	-	384
Social Responsibility projects grant income	-	-	294	-	294
Disused school buildings & land	-	-	-	2,099	2,099
Other grants receivable and miscellaneous income	129	319	112	-	560
	513	319	406	2,099	3,337

4. OTHER TRADING ACTIVITIES

2020	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
School Buildings Project Management	80	-	-	-	80
Training Services to Schools	119	-	-	-	119
Rental income on functional property	313	-	60	-	373
	512	-	60	-	572

2019	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2019
	£'000	£'000	£'000	£'000	£'000
School Buildings Project Management	98	-	-	-	98
Training Services to Schools	122	-	-	-	122
Rental income on functional property	263	-	-	-	263
	483	-	-	-	483

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

5. INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					2020
Dividends receivable	72	-	35	13	120
Interest receivable	2	-	2	2	6
Rents receivable	97	-	119	179	395
	171	-	156	194	521

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2019					2019
Dividends receivable	65	-	27	18	110
Interest receivable	37	-	15	2	54
Rents receivable	135	-	154	179	468
	237	-	196	199	632

6. OTHER INCOME

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					2020
Gains on fixed asset disposals	1	-	16	60	77
Coronavirus Job Retention Scheme	137	-	-	-	137
	138	-	16	60	214

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2019					2019
Gains on disposal of functional property	-	-	-	-	-

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

7. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Schools Building Project Management	79	-	-	-	79
Training Services to Schools	61	-	-	-	61
Rental Management Fees	42	-	3	25	70
Investment Property Costs	79	2	19	6	106
Support Costs	154	10	-	-	164
	415	12	22	31	480

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2019
	£'000	£'000	£'000	£'000	£'000
Schools Building Project Management	61	-	-	-	61
Training Services to Schools	87	-	-	-	87
Rental Management Fees	41	-	-	-	41
Support Costs	81	-	-	-	81
	270	-	-	-	270

8. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	743	-	-	-	743
National Church Establishment	384	-	-	-	384
Retired clergy housing costs	183	-	-	-	183
Other	65	-	-	-	65
Indirect Support Costs	18	-	-	-	18
	1,393	-	-	-	1,393
Ministry & Mission					
Parish Ministry					
Stipends & pension	5,980	-	-	-	5,980
Housing costs	1,577	-	-	38	1,615
Removal & resettlement grants	107	-	-	-	107
Other expenses	211	4	-	23	238
	7,875	4	-	61	7,940
Ministry Support & Training	829	-	1,016	-	1,845
Indirect Support Costs	1,097	61	-	-	1,158
	9,801	65	1,016	61	10,943
Education & Mission					
Schools & Education	353	-	61	81	495
Indirect Support Costs	225	15	-	-	240
	578	15	61	81	735
Total	11,772	80	1,077	142	13,071

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8. CHARITABLE ACTIVITIES (continued)

2019	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2019
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
National Church					
Training for ministry	766	-	-	-	766
National Church Establishment	406	-	-	-	406
Grants and provisions	43	-	-	-	43
Mission agency pension costs	5	-	-	-	5
Retired clergy housing costs	175	-	-	-	175
Support Costs	13	-	-	-	13
	1,408	-	-	-	1,408
Ministry & Mission					
Parish Ministry					
Stipends, NI & Apprenticeship Levy	4,728	-	-	-	4,728
Clergy Pension Cost	1,052	-	-	-	1,052
Housing costs	1,615	-	18	46	1,679
Removal & resettlement grants	178	-	-	-	178
Other expenses	478	253	40	39	810
	8,051	253	58	85	8,447
Discipleship, Vocations & Ministry Development	385	-	550	-	935
Parish Development & Evangelism	232	-	-	-	232
Community Engagement	138	-	374	-	512
Communications	152	-	-	-	152
Other support	1,199	143	1	-	1,343
	10,157	396	983	85	11,621
Education & Mission	619	-	71	-	690
Total	12,184	396	1,054	85	13,719

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2020	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2020 £'000
Raising funds	316	-	164	480
Charitable activities				
National Church	409	965	19	1,393
Ministry & Mission	9,714	71	1,158	10,943
Education & Mission	495	-	240	735
Total Expenditure	10,934	1,036	1,581	13,551

2019	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2019 £'000
Raising funds	189	-	81	270
Charitable activities				
National Church	311	1,084	13	1,408
Ministry & Mission	10,349	80	1,192	11,621
Education & Mission	613	(56)	133	690
Total Expenditure	11,462	1,108	1,419	13,989

Grant Funding of activities

2020	Number	Individuals £'000	Institutions £'000	Total 2020 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	965	965
<u>From restricted funds</u>				
Mission & development fund grants	6	-	71	71
		-	1,036	1,036
2019	Number	Individuals £'000	Institutions £'000	Total 2019 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	1,084	1,084
Mission & development fund grants	16	-	75	75
Royal Holloway College for chaplain	1	-	5	5
<u>From restricted funds</u>				
School building grants	2	-	(56)	(56)
		-	1,108	1,108

Support costs are allocated by the direct allocation of certain costs that relate specifically to activities with the remaining costs allocated on the basis of staff employed in direct activities.

Included within support costs are fees payable to the auditors of £13,000 (2019: £12,670) in respect of audit services.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)

Support Costs	2020 £'000	2019 £'000
Diocesan Secretary's Office	152	249
Communications	111	-
Finance	196	174
Safeguarding	124	122
Human Resources	194	152
Diocesan Advisory Committee	71	86
Office Costs	419	365
IT	226	170
Other corporate costs	80	93
Closed Pension Schemes	8	8
	<u>1,581</u>	<u>1,419</u>

Support costs increased because of the re-allocation of certain costs that had previously been included in direct costs.

10. STAFF & TRUSTEES

Staff Costs	2020 £'000	2019 £'000
Wages and salaries	1,943	2,103
National insurance contributions	214	218
Pension costs	186	196
Total	<u>2,343</u>	<u>2,517</u>

Average number of full-time equivalent people employed by the group during the year

	2020 No.	2019 No.
Support for parish ministry	18	18
Mission Team	20	28
Schools, Colleges & Universities	8	9
Other diocesan departments	4	4
Total	<u>50</u>	<u>59</u>

By Main Funding Source

Parish Share	46	45
Grants & Trading Income	4	14
	<u>50</u>	<u>59</u>

The average number of individual persons employed by the group:

	2020 No.	2019 No.
Support for parish ministry	23	22
Mission team	27	40
Schools, Colleges & Universities	9	9
Other diocesan departments	5	7
Total	<u>64</u>	<u>78</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

10. STAFF & TRUSTEES (continued)

The number of employees whose emoluments (including benefits in kind but excluding pension contributions) amounted to over £60,000 in the year was as follows:

Emoluments falling between:	2020 No.	2019 No.
£90,001 to £100,000	1	1
£70,001 to £80,000	2	1
£60,001 to £70,000	1	-

Pension contributions of £22,000 (2019: £11,000) were paid in respect of these people.

The DBF paid an average of 167 (2019: 158) stipendiary clergy and licensed lay workers as office-holders holding parochial or Diocesan appointments in the Diocese.

	2020 £'000	2019 £'000
Stipends	4,642	4,356
National Insurance	366	353
Apprenticeship Levy	19	20
Pension Contributions	1,119	1,052
Deficit reduction	519	509
	<u>6,665</u>	<u>6,290</u>

Included within staff and stipend costs is £30,000 in respect of redundancy payments.

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. Key management personnel are set out on page 14. Remuneration, pensions and expenses for these employees amounted to £441,000 (2019: £455,000)

Trustees

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £15,000 (2019: £16,000) in respect of General Synod duties, duties as archdeacon or area/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 DBF during the year:

	Stipend	Housing
The Bishop of Dorking	-	✓
The Archdeacon of Dorking	✓	✓
The Archdeacon of Surrey	✓	✓
The Revd C Blair	✓	✓
The Revd R Bushyager	✓	✓
The Revd R A Donovan	✓	✓
The Revd N P Hutchinson	✓	✓
The Revd J O Morris	✓	✓
The Revd J E Vlach	✓	✓
The Revd D C Williamson	✓	✓

The DBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. It 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. The amount of stipend, funded by the DBF, for clergy who are trustees was £35,920 (2019: £35,920) for Archdeacons and £28,300 (2019: £28,300) for other clergy.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

11. TRANSFERS BETWEEN FUNDS

2020	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Glebe Capital being the difference between contributions paid less interest on Clergy Pension Scheme	(519)	-	-	519
To fund triennial clergy conference	(15)	15	-	-
From General Fund to Growth Fund	(85)	85	-	-
From Growth Fund to Strategic Development Fund		(114)	114	
From Board Endowment to Diocesan house fund	-	88	-	(88)
From Schools Fund to General Fund to support education activities	149	-	(149)	-
Reclassification of certain Education restricted funds from endowment			201	(201)
From retirement fund to general fund for clergy retirement costs	50	-	-	(50)
	(420)	74	166	180

2019	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Glebe Capital being the difference between contributions paid less interest on Clergy Pension Scheme	(443)	-	-	443
To fund triennial clergy conference	(15)	15	-	-
From General Funds to Growth Fund	(85)	85	-	-
From EIG Fund to Growth Fund	-	(100)	-	-
	-	100	-	-
From EIG Fund toward police chaplaincy	-	(12)	12	-
From Board Endowment to Diocesan house fund	-	143	-	(143)
From Schools Fund to General Fund to support education activities	175	-	(175)	-
From retirement fund to general fund for clergy retirement costs	40	-	-	(40)
From general to community engagement fund for sensory perception work	(22)	-	22	-
From growth to general fund for vocations work	20	(20)	-	-
	(330)	211	(141)	260

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

12. TANGIBLE FIXED ASSETS

All of the properties in the balance sheet are freehold and are vested in the DBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of value-linked loans mainly from the Church Commissioners; when disposed of the appropriate share of the net sale proceeds will be remitted to the lender, and the related loan liability extinguished. The value of such properties included above amounts to £1,150,000 (2019: £1,150,000).

	Group and GDBF			
	Freehold Land and Buildings	Leasehold Buildings	Office Equipment	Total
	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>				
Balance at 1 January 2020	136,248	923	435	137,606
Disposals	(674)	-	-	(674)
Revaluation/impairment	10,080	-	-	10,080
Balance at 31 December 2020	145,654	923	435	147,012
<u>Accumulated depreciation</u>				
Balance at 1 January 2020	-	267	370	637
Depreciation charge for year	-	91	22	113
Balance at 31 December 2020	-	358	392	750
<u>Net book value</u>				
At 31 December 2020	145,654	565	43	146,262
At 31 December 2019	136,248	656	65	136,969

13. INVESTMENTS

	Group and GDBF					
	1 January 2020 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in market value £'000	31 December 2020 £'000
Investment property	13,634	-	(483)	-	879	14,030
CBF Investment Fund	3,683	-	-	-	254	3,937
Listed investments	611	-	-	-	107	718
Program related	329	-	-	-	-	329
	18,257	-	(483)	-	1,240	19,014

The CBF Investment Fund is managed by CCLA. A trustee is also a trustee director of the CBF Funds Trustee Limited. Program related investments are equity share loans on 2 properties for clergy housing in partnership with the Methodist church. Such investments are made directly in pursuit of the Board's charitable purposes rather than for financial investment purposes. The amounts shown represent the sums originally advanced as required under FRS102. The loans are not expected to be repaid in the short term.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

13. INVESTMENTS (continued)

Investment in Subsidiary

Guildford Diocesan Board of Finance has one wholly owned subsidiary, Guildford Diocesan Services Limited (GDSL) which has a share capital of £1. The trading activities of GDSL primarily consist of the supply of building project management and training services to church schools in the Diocese. The profits of GDSL are normally wholly gift aided to the DBF. In accordance with revised guidance issued by the Financial Reporting Council these are now accounted for when paid and not set against the year to which they relate. A summary of the financial results and funds of GDSL which are consolidated in these financial statements is as follows:

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2020					2020
Other trading activities	200	-	-	-	200
Fundraising costs	(141)	-	-	-	(141)
Gift to GDBF	(56)	-	-	-	(56)
Net income and net movement in funds	2	-	-	-	2
Funds at 1 January	56	-	-	-	56
Funds at 31 December	58	-	-	-	58

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	
	£'000	£'000	£'000	£'000	£'000
2019					2019
Other trading activities	220	-	-	-	220
Fundraising costs	(164)	-	-	-	(164)
Gift to GDBF	(72)	-	-	-	(72)
Net expenditure and net movement in funds	(16)	-	-	-	(16)
Funds at 1 January	72	-	-	-	72
Funds at 31 December	56	-	-	-	56

14. DEBTORS

	Group		GDBF	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<u>Due within one year</u>				
Parish Share	87	151	87	151
Fees	73	83	73	83
Prepayments and accrued income	416	287	376	287
Other debtors	515	98	482	27
	1,092	619	1,019	548
<u>Due after more than one year</u>				
Loans to parishes	-	64	-	64
Loans to parishes - housing	1,850	1,850	1,850	1,850
Loans to retired clergy - housing	325	325	325	325
Other loans	25	27	25	27
	2,200	2,266	2,200	2,266
Total	3,292	2,885	3,219	2,814

GUILDFORD DIOCESAN BOARD OF FINANCE

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15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		GDBF	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts held on behalf of school governors	(2,542)	(1,311)	(2,542)	(1,311)
Other creditors and accruals	(993)	(692)	(930)	(635)
Loan repayment instalments due in one year	(39)	(39)	(39)	(39)
	<u>(3,574)</u>	<u>(2,042)</u>	<u>(3,511)</u>	<u>(1,985)</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		GDBF	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<u>Loans in respect of house purchases</u>				
Church Commissioners value-linked loans	(2,002)	(2,002)	(2,002)	(2,002)
Church Commissioners other loans	(240)	(276)	(240)	(276)
Other bank loans	(1,000)	(1,000)	(1,000)	(1,000)
	<u>(3,242)</u>	<u>(3,278)</u>	<u>(3,242)</u>	<u>(3,278)</u>
The above loans fall due for repayment:				
Between one and two years	(39)	(39)	(39)	(39)
Between two and five years	(117)	(117)	(117)	(117)
In five years and more	(3,086)	(3,122)	(3,086)	(3,122)
	<u>(3,242)</u>	<u>(3,278)</u>	<u>(3,242)</u>	<u>(3,278)</u>

The loans from the Church Commissioners include £1.9m (2019: £1.6m) used to purchase houses for parishes and are matched by loans from parishes included in debtors.

17. PROVISIONS FOR LIABILITIES

	Diocesan Office	Total
	Dilapidations	
	£'000	£'000
At 1 January 2020 and at 31 December 2020	<u>120</u>	<u>120</u>

The provision is in respect of reinstatement obligations related to 20 Alan Turing Road, Guildford, a leasehold property and will be utilised at the end of the lease.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

18. FINANCIAL INSTRUMENTS

	2020	2019
	£'000	£'000
Financial assets measured at fair value	9,404	6,409
Financial assets measured at amortised cost	2,788	2,447
Financial liabilities measured at amortised cost	(7,096)	(6,638)

19. PENSIONS

Defined Benefit Pension Liability

	Group		GDBF	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Church of England Funded Pension Scheme (Clergy)	621	1,138	621	1,138
Church Workers Pension Fund (lay Staff)	11	104	11	104
	632	1,242	632	1,242

Church of England Funded Pension Scheme (Clergy)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020:£1,119,000; 2019: £1,052,000), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,131,000 for 2020 (2019: £702,000 credit).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2019. The 2019 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.
- RPI inflation of 3.4% p.a. (and pension increases consistent with this)
- Increase in pensionable stipends of 3.4% p.a.
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2019 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

Following the 31 December 2019 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	January 2019 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2017 and 31 December 2019 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.

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2020

19. PENSIONS (Continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

	2020	2019
	£'000	£'000
Balance sheet liability as at 1 January	1,138	3,401
Contributions paid	(529)	(509)
Interest cost *	10	66
Remaining change to the balance sheet liability*	2	(1,820)
Balance sheet liability as at 31 December	621	1,138

* Recognised in SOFA

Liability < 1 Year	62	114
Liability > 1 Year	559	1,024

The remaining change to the balance sheet liability comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

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

	December 2020	December 2019	December 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1% pa	2.8% pa	3.1% pa
Increase to 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, Guildford DBF could become responsible for paying a share of that Responsible Body's pension liabilities.

Church Workers Pension Fund: Defined Benefits Scheme

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

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

Defined Benefits Scheme

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

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns. The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £Nil, 2019: £Nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £Nil for 2020 (2019: £46,000).

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

19. PENSIONS (Continued)

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

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2020. 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.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,100 per year to March 2021 and £6,700 per year thereafter. In addition, deficit payments of £92,600 per year have been agreed until 1 October 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2020 £'000	2019 £'000
Balance sheet liability as at 1 January	104	151
Contributions paid	(93)	(93)
Interest cost*	-	2
Remaining change to the balance sheet liability*	-	44
Balance sheet liability as at 31 December	11	104

* Recognised in SOFA

The remaining change to the balance sheet liability comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

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

	December 2020	December 2019	December 2018
Discount Rate	0.0%	1.5%	0.0%

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

The next valuation of the scheme is being carried out as at December 2022.

Pension Builder Scheme

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

The 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. 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 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 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.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

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19. PENSIONS (Continued)

The scheme is a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This 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 contributions payable (2020: £186,000, 2019: £196,000)

The next valuation of the scheme is being carried out as at December 2020. The last valuation was carried out at 31 December 2016.

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, Guildford DBF could become responsible for paying a share of that employer's pension liabilities.

GUILDFORD DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2020

20. SUMMARY OF FUND MOVEMENTS

2020	1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2020 £'000
<u>Unrestricted funds</u>						
General	1,722	12,542	(12,187)	(420)	-	1,657
<u>Designated</u>						
TCTL growth fund	876	105	-	(29)	-	952
Strategic change fund	150	363	-	-	-	513
Development fund	812	-	-	-	-	812
Diocesan Premises reserve	-	-	(88)	88	-	-
Clergy conference fund	15	-	(4)	15	-	26
Church fabric repair fund	11	-	-	-	-	11
	1,864	468	(92)	74	-	2,314
<u>Restricted income funds</u>						
Pastoral fund	698	17	(3)	-	27	739
Strategic Development Fund	-	189	(303)	114	-	-
Glebe income	297	19	(18)	-	-	298
E M Woods trust income	111	10	-	-	-	121
Moor Park Trust	73	3	-	-	5	81
Regional Training	23	85	(78)	-	1	31
Community Engagement	111	90	(171)	-	-	30
Church Schools income	211	128	(23)	(195)	-	121
Church Schools Building Projects	-	-	-	-	-	-
All Saints Fleet	-	-	-	16	-	16
Moss Lane Fund	-	50	(40)	13	-	23
Partridge Fund	-	5	-	218	11	234
Ministerial Education	17	469	(463)	-	-	23
	1,541	1,065	(1,099)	166	44	1,717
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	11,097	7	(10)	(88)	824	11,830
Onslow bequest	466	-	-	-	14	480
E M Woods trust capital	288	-	-	-	20	308
Church schools capital	4,135	-	(80)	(201)	326	4,180
Retired clergy housing	7,703	142	(62)	(50)	187	7,920
Benefice houses fund	103,265	15	(6)	-	8,113	111,387
Nugent fund	3,154	3	(12)	-	166	3,311
<i>Permanent endowment</i>						
Glebe capital fund	16,959	87	(3)	519	1,521	19,083
E Newill trust	235	-	-	-	16	251
Budgen legacy	561	-	-	-	38	599
G Nash will	328	-	-	-	22	350
Power legacy	208	-	-	-	14	222
Toulmin will	81	-	-	-	6	87
St Agnes Lodge fund	92	-	-	-	7	99
	148,572	254	(173)	180	11,274	160,107
Total funds	153,699	14,329	(13,551)	-	11,318	165,795

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

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20. SUMMARY OF FUND MOVEMENTS (continued)

2019	1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2019 £'000
<u>Unrestricted funds</u>						
General	1,742	12,808	(12,454)	(330)	(44)	1,722
<u>Designated</u>						
Mission & EIG fund	215	-	-	(111)	-	104
TCTL growth fund	435	426	(253)	164	-	772
Strategic change fund	150	-	-	-	-	150
Development fund	812	-	-	-	-	812
Diocesan Premises reserve		-	(143)	143	-	-
Clergy conference fund		-	-	15	-	15
Church fabric repair fund	11	-	-	-	-	11
	1,623	426	(396)	211	-	1,864
<u>Restricted income funds</u>						
Pastoral fund	664	37	(9)	-	6	698
Glebe income	289	27	(19)	-	-	297
E M Woods trust income	102	9	-	-	-	111
Moor Park Trust	57	2	-	-	14	73
Regional Training	26	132	(135)	-	-	23
Community Engagement	189	294	(406)	34	-	111
Church schools income	302	155	(71)	(175)	-	211
Ministerial Education	10	421	(414)	-	-	17
	1,639	1,077	(1,054)	(141)	20	1,541
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	10,718	8	-	(143)	514	11,097
Onslow bequest	434	-	-	-	32	466
E M Woods trust capital	243	-	-	-	45	288
Church schools capital	1,920	2,099	-	-	116	4,135
Retired clergy housing	7,479	145	(39)	(40)	158	7,703
Benefice houses fund	98,567	-	(13)	-	4,711	103,265
Nugent fund	2,967	46	(33)	-	174	3,154
<i>Permanent endowment</i>						
Glebe capital fund	13,922	-	-	443	2,594	16,959
E Newill trust	198	-	-	-	37	235
Budgen legacy	472	-	-	-	89	561
G Nash will	277	-	-	-	51	328
Power legacy	175	-	-	-	33	208
Toulmin will	68	-	-	-	13	81
St Agnes Lodge fund	78	-	-	-	14	92
	137,518	2,298	(85)	260	8,581	148,572
Total funds	142,522	16,609	(13,989)	-	8,557	153,699

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

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21. SUMMARY OF ASSETS BY FUND

As at 31 December 2020

	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Unrestricted funds</u>					
General	41	269	2,243	(896)	1,657
<u>Designated</u>					
TCTL growth fund	-	-	966	(14)	952
Strategic change fund	-	-	513	-	513
Development fund	-	-	812	-	812
Diocesan Premises reserve	173	-	(53)	(120)	-
Clergy conference fund	-	-	26	-	26
Church fabric repair fund	-	-	11	-	11
	173	-	2,275	(134)	2,314
<u>Restricted income funds</u>					
Pastoral fund	-	785	(46)	-	739
Strategic Development Fund	-	-	-	-	-
Glebe income	-	-	298	-	298
E M Woods trust income	-	-	121	-	121
Moor Park Trust	-	92	(11)	-	81
Regional Training	-	-	31	-	31
Community Engagement	-	-	30	-	30
Church schools income	391	-	(257)	(13)	121
Church Schools Building Projects	-	-	2,549	(2,549)	-
All Saints Fleet	-	-	16	-	16
Moss Lane Fund	-	-	23	-	23
Partridge Fund	-	180	54	-	234
Ministerial Education	-	-	23	-	23
	391	1,057	2,831	(2,562)	1,717
<u>Endowment funds</u>					
<i>Expendable endowment</i>					
Board endowment	12,601	2,751	(1,520)	(2,002)	11,830
Onslow bequest	-	213	267	-	480
E M Woods trust capital	-	313	(5)	-	308
Church schools capital	104	4,318	(194)	(48)	4,180
Retired clergy housing	2,796	3,691	1,433	-	7,920
Benefice houses fund	114,826	-	(2,134)	(1,305)	111,387
Nugent fund	-	1,981	1,330	-	3,311
<i>Permanent endowment</i>					
Glebe capital fund	15,330	2,815	1,559	(621)	19,083
E Newill trust	-	251	-	-	251
Budgen legacy	-	599	-	-	599
G Nash will	-	348	2	-	350
Power legacy	-	222	-	-	222
Toulmin will	-	87	-	-	87
St Agnes Lodge fund	-	99	-	-	99
	145,657	17,688	738	(3,976)	160,107
Total funds	146,262	19,014	8,087.0	(7,568.0)	165,795

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

21. SUMMARY OF ASSETS BY FUND (continued)

As at 31 December 2019	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Unrestricted funds</u>					
General	65	270	2,169	(782)	1,722
<u>Designated</u>					
Mission & EIG fund	-	-	118	(14)	104
TCTL growth fund	-	-	772	-	772
Strategic change fund	-	-	150	-	150
Development fund	-	-	812	-	812
Diocesan Premises reserve	260	-	(140)	(120)	-
Clergy conference fund	-	-	15	-	15
Church fabric repair fund	-	-	11	-	11
	260	-	1,738	(134)	1,864
<u>Restricted income funds</u>					
Pastoral fund	-	758	(60)	-	698
Glebe income	-	-	297	-	297
E M Woods trust income	-	-	111	-	111
Moor Park Trust	-	86	(13)	-	73
Regional Training	-	-	23	-	23
Community Engagment	-	-	111	-	111
Church schools income	-	-	211	-	211
Ministerial Education	-	-	17	-	17
	-	844	697	-	1,541
<u>Endowment funds</u>					
<i>Expendable endowment</i>					
Board endowment	11,889	2,640	(1,430)	(2,002)	11,097
Onslow bequest	-	199	267	-	466
E M Woods trust capital	-	293	(5)	-	288
Church schools capital	495	4,164	787	(1,311)	4,135
Retired clergy housing	2,684	3,616	1,403	-	7,703
Benefice houses fund	106,710	-	(2,130)	(1,315)	103,265
Nugent fund	-	2,298	856	-	3,154
<i>Permanent endowment</i>					
Glebe capital fund	14,866	2,431	800	(1,138)	16,959
E Newill trust	-	235	-	-	235
Budgen legacy	-	561	-	-	561
G Nash will	-	325	3	-	328
Power legacy	-	208	-	-	208
Toulmin will	-	81	-	-	81
St Agnes Lodge fund	-	92	-	-	92
	136,644	17,143	551	(5,766)	148,572
Total funds	136,969	18,257	5,155.0	(6,682.0)	153,699

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

22. DESCRIPTION OF FUNDS

General fund	The general reserve is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.
Mission & EIG fund	Designated fund to help with parish growth initiatives.
TCTL Growth fund	Designated fund for <i>Transforming Church, Transforming Lives</i> initiatives.
Strategic change fund	Designated fund to implement change processes deriving from transforming church, transforming lives initiatives.
Development fund	Designated fund for development projects of the Diocese. The principal designation is to fund a move of Diocesan House up to the Cathedral site. This project is being held back by planning considerations.
Diocesan Premises reserve	Designated fund to spread the impact of rent-free periods and costs of refurbishment and dilapidations.
Clergy conference fund	Designated fund for the triennial Diocesan clergy conference.
Church fabric repair fund	Designated fund from which to make grants to parishes for fabric repair.
Pastoral fund	The Diocesan pastoral account is regulated by the provisions of the Pastoral Measure 2011. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese • other purposes of the Diocese or any benefice or parish in the Diocese • to make grants or loans to any other Diocese • to transfer funds to other Diocesan funds
Glebe income fund	Accumulated income from glebe capital used for clergy stipends and housing costs.
E M Woods trust income	Accumulated investment income for needy and retired clergy and their dependants.
Moor Park Trust	Expendable gift from Moor Park College for adult Christian education work.
Regional training	Restricted fund for the activity of the regional training Diocesan partnership.
Community Engagement	Grants and related activity for Community Engagement projects.
Church Schools income	Accumulated income from uniform statutory trusts (church schools fund capital) used for supporting church schools in the Diocese, both buildings and education.
Church Schools Building Projects	Funds for Church School Building Projects.
All Saints Fleet	Funds to support mission in All Saints Fleet.
Moss Lane Fund	Funds to support mission in Godalming.
Partridge Fund	Funds to support Church of England Schools.
Ministerial Education	Income and Expenditure on the ministerial education of ordinands.
Board endowment	Expendable endowment fund for capital growth. Income is credited to the general fund for the general purposes of the Diocese.
Onslow bequest	Expendable endowment for the support of clergy and building churches in Surrey.
E M Woods trust capital	Expendable endowment to produce income for the benefit of needy or retired clergy and their dependants.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

22. DESCRIPTION OF FUNDS (continued)

Church schools fund capital	Expendable endowment arising from sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the Diocese. Income arising may be used to support education generally in the Diocese. The DBF is Trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education
Glebe capital fund	The glebe capital fund was created from the Diocesan stipends fund capital account held on behalf of the Diocese by the Church Commissioners under the Endowments and Glebe Measure 1976, and glebe assets, to provide income for clergy stipends. It represents glebe assets, the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. Besides glebe property, the funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit. Income is credited to the general fund for the payment of stipends and benefice house outgoings.
Retired clergy fund	Expendable endowment for the provision of housing for retired clergy. Income is credited to this same fund.
Benefice houses fund	The benefice houses fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese, and receives the sale proceeds of benefice houses surplus to requirements into the Diocesan pastoral account.
Nugent fund	Expendable endowment created by the lifetime gift of the late Lord Nugent.
E Newill trust	Permanent endowment to provide income for family needs. Income is credited to the general fund.
Budgen legacy	Permanent endowment to provide income for general church purposes. Income is credited to the general fund.
G Nash will	Permanent endowment to provide income for any DBF purposes. Income is credited to the general fund.
Power legacy	Permanent endowment to provide income for clergy stipends. Income is credited to the general fund.
Toulmin will	Permanent endowment to provide income for the training of ordination candidates. Income is credited to the general fund.
St Agnes Lodge fund	Permanent endowment arising from the sale of St Agnes Lodge, to provide income for social responsibility work in the Diocese. Income is credited to the general fund.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23. CAPITAL AND OTHER COMMITMENTS

At 31 December, the board had no capital commitments (2019: None).

The DBF had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020	2019
	£'000	£'000
Payment due:		
Not later than one year	249	249
Later than one year and not later than five years	162	411
	<u>411</u>	<u>660</u>

The DBF had no other off-balance sheet arrangements.

24. FUNDS HELD AS CUSTODIAN TRUSTEE

The DBF acts as custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the DBF does not control them. The financial assets held in this way are as follows:

	2020	2019
	£'000	£'000
CCLA Church of England Investment Fund (income)	4,823	4,500
CCLA Church of England Fixed Interest Securities Fund	138	133
CCLA Property Fund	48	52
Other common investment fund holdings	1,637	1,275
Direct holdings in UK equities	53	539
CCLA Church of England Deposit Fund	488	504
Total assets held as custodian trustee	<u>7,198</u>	<u>7,015</u>

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

25. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2019
	£'000	£'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parishes	11,485	5	-	-	11,490
Archbishops' Council	-	-	441	-	441
Other	90	102	34	-	226
	11,575	107	475	-	12,157
Charitable activities	513	319	406	2,099	3,337
Other trading activities	483	-	-	-	483
Investments	237	-	196	199	632
Other	-	-	-	-	-
	12,808	426	1,077	2,298	16,609
Expenditure on:					
Raising funds	(270)	-	-	-	(270)
Charitable activities	(12,184)	(396)	(1,054)	(85)	(13,719)
	(12,454)	(396)	(1,054)	(85)	(13,989)
Net income before investment gains	354	30	23	2,213	2,620
Net gains on investments	-	-	20	949	969
Net income	354	30	43	3,162	3,589
Transfers between funds	(330)	211	(141)	260	-
Net income after transfers	24	241	(98)	3,422	3,589
Other recognised gains/(losses)					
Gains on revaluation of fixed assets	-	-	-	5,812	5,812
Actuarial (losses)/gains on pension schemes	(44)	-	-	1,820	1,776
Net movement in funds	(20)	241	(98)	11,054	11,177
Total funds brought forward	1,742	1,623	1,639	137,518	142,522
Total funds carried forward	1,722	1,864	1,541	148,572	153,699