WINCHESTER DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 249276

Details

Status	Registered
Legal form	Charitable company
Company number	00142351
Registered	1966-10-04
Register	View on the Charity Commission register

Contact

Address	The Diocesan Office Old Alresford Place Old Alresford Alresford SO24 9DH
Phone	01962737336
Email	enquiries@winchester.anglican.org
Website	www.winchester.anglican.org

Activities

Objects: TO PROMOTE, AID AND FURTHER THE OBJECTS AND WORK OF THE CHURCH OF ENGLAND, PARTICULARLY IN THE DIOCESE OF WINCHESTER.

Activities: SUPPORTING THE MINISTRY IN, AND THE MISSION OF, CHURCH OF ENGLAND PARISHES IN THE DIOCESE OF WINCHESTER

Classification

- **How:** Makes Grants To Organisations, Provides Human Resources, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Religious Activities
- **Who:** Other Defined Groups

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Geography

- **Area of benefit:** DIOCESE OF WINCHESTER
- Burma
- Burundi
- Congo (Democratic Republic)
- Rwanda
- Uganda
- Dorset
- Hampshire
- Southampton City

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£13,023,000	£14,655,000	£186,283,000	51
2023-12-31	£13,179,000	£13,006,000	£183,009,000	55
2022-12-31	£13,088,000	£12,980,000	£178,467,000	51
2021-12-31	£14,834,000	£13,869,000	£178,817,000	51
2020-12-31	£13,525,000	£12,470,000	£158,213,000	51

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Trustees

Name	Role	Appointed
ALASTAIR BARRON		2016-01-01
David Robert Stanley Collier		2025-01-01
Dr Richard Marcus Roope		2025-01-01
Elspeth Mackeggie Gurney		2022-10-10
Gillian Margaret Gray Knight		2022-01-01
Ian Robert Dighe		2023-05-01
Kelly Anne Betteridge		2025-10-15
Madeleine Julie Hedley		2023-04-26
Rev Angela Smith		2025-01-01
Rev Rhiannon Elizabeth King		2024-10-18
Rev Sarah Elizabeth Yetman		2025-01-01
The Bishop Of Winchester		2021-09-27
The Reverend Andrew Mark Micklefield		2014-11-01
The Very Reverend Christopher John Ingamells Palmer		2026-03-15

Linked charities

- WINCHESTER DIOCESAN CLERGY HOUSES FUND (249276-1)
- WINCHESTER DIOCESAN COUNCIL FOR SOCIAL RESPONSIBILITY (249276-2)

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WINCHESTER DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249276

Accounts

DIOCESE of WINCHESTER

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2024

WINCHESTER DIOCESAN BOARD OF FINANCE

Company number - 142351

Registered charity number – 249276

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FOREWORD

In his letter, St Peter calls the Church to be "like living stones, who are being built into a spiritual house to be a holy priesthood" resting on Jesus Christ, our "precious cornerstone". The past year has been a season of foundation laying for our diocese, of assembling the living stones which are the right people and the right resources, creating a strong and unified base on which God can build. We have seen this in a number of significant reviews that have taken place – reviews of Housing, the Common Mission Fund (CMF) and the School of Mission – which have already led to positive changes and greater sustainability and stability in these key areas.

Bishop Philip has exercised strong pastoral leadership and led our diocesan family to be rooted in Christ, commending the four pillars of his Walking the Wessex Way vision: Serving, Learning, Growing and Loving, and we are so encouraged by the additional episcopal vision and energy brought by Bishop Rhiannon. These developments are already bearing fruit, and we are encouraged by some early signs of strengthening, with CMF up by 11.1% in Q1 2025 and recent Statistics for Mission showing that our diocesan worshipping community increased by 6.8% in 2024.

However, we are not complacent, since our income was nearly £1.6m less than expenditure and that is clear evidence of the challenges still faced by our diocese, though for now increases in value of property and investments have covered this deficit. Our deanery level finance consultation process is proving to be a positive mechanism for engaging and listening to our parishes and clergy about these challenges, and we are working hard on our Strategic Mission & Ministry Development Plan for the next 10 years which will enable us to access national church funding to be invested positively in clergy and parishes where there is already so much innovative, creative, faithful and sacrificial ministry taking place.

I hope you will join with me in St Peter's prayer, that our hope and expectation will be that God will further the good work He has established in the Diocese of Winchester, and that we "may declare the praises of Him who called us out of darkness into His wonderful light. For once we were not a people, but now we are the people of God.".

Ian Dighé
Chair of the Winchester Diocesan Board of Finance

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Winchester cover most of Hampshire - a part of eastern Dorset, the unitary authority of Southampton and the eastern parts of the unitary authority of Bournemouth, Christchurch and Poole.

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

The WDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

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

In 2024, Bishop Philip launched Walking the Wessex Way – a new resource for discussion, reflection and prayer in parishes and worshipping communities – setting out an invitational vision for our dioceses building on our legacy of **service, learning, growing and loving** as we look to the future. The Bishop's Staff Team has responded to this vision, setting out a series of 'commitments' in their service and leadership of our diocese. These have been shared with our parishes, clergy and stakeholders through our website.

Walking the Wessex Way has provided a foundation to enable us to discern a new **Strategic Diocesan Mission & Ministry Development Plan** for the next 10 years of our diocese. At the time of writing (May 2025) we are actively consulting on the principles and direction of this plan with our stakeholders and worshipping communities. It is our hope that this will be finalised by late 2025, allowing us to access national Church funding to invest in sustainable local mission and ministry for years to come.

ACTIVITIES IN THE YEAR

2024 was another busy year across our diocesan community. Inevitably this report cannot capture the breadth of ministry, the wealth of mission and the impact of daily interactions that our parishes, ministers and chaplaincies have provided. We therefore offer a few reflections on some key activities at diocesan level.

People

- **Clergy Stipends** were increased by 7% from April 2024 in line with the recommendation from the National Church.
- **16 ordination candidates** from our diocese successfully completed the discernment process and began ordination training in 2024.
- 5 new **Licensed Lay Ministers (LLM**) began training in 2024, along with 12 new candidates for the **Bishop's Permission to Preach (BPP).**
- Successfully applied for permission, and subsequently appointed, a new **Bishop of Southampton.**
- £43,000 in **Welfare grants** were paid to members of clergy and their dependents during the year.
- Approved the appointment and funding of a new **Diocesan Adviser for Women's Ministry.**

Strategic Reviews

- Our **Housing Management Review** was successfully completed in 2024, with all maintenance and management of our property portfolio successfully outsourced to Savills. The benefits of this new way of working are already apparent. The quality of service we can offer to our clergy and their families has increased, along with far greater resilience on legislative compliance.

- The **Review of the Winchester School of Mission** concluded in Q1 2024, with the Bishop's Council adopting the recommendations in full. The quality of training offered by our internal team was noted, but changes in national funding and policy meant our local ministry training pathway was no longer sustainable. The Directors are sincerely grateful to all members of the Team for their steadfast support and hard work during this time of transition and change.

- The **Common Mission Fund Review Group** reported to Synod in June 2024 with their proposals adopted in full. Implementation has been started, with a positive impact already visible. At the end of Q1 2025, we have seen an increase of 11.1% in CMF collection rates compared to the same period in 2024.

- In November 2024, the Diocesan Synod was briefed on the challenging state of diocesan finances. The synod requested that a diocesan wide **finance consultation** and communication process be carried out at deanery level to share these findings and seek people's views. This process began in early 2025 and will report back later in the year.

- In November 2024, our Diocesan Synod approved a new **Racial Justice Strategy** for our diocese. This vital and exciting piece of work is already showing fruit and will continue to be implemented during 2025.

- Two more parishes benefited from the **Parish Revitalisation & Renewal Partnerships**, supported by national funding. A further 4 benefices began the **Growing Rural Parishes Programme.** The monitoring and performance data to date is really encouraging and exciting.

Governance

- The Directors of the Board of Finance and the Members of the Diocesan Synod, approved changes to the **Memorandum & Articles of Association of the WDBF.** The core change was to move to a new structure where Diocesan Synod became the Company Members of the WDBF. It is our hope that this change will help ensure a greater synergy between DBF and Synodical governance.

- We were pleased to note that the **2023 Audit** process was very positive, and did not identify any issues or challenges within our financial management processes and procedures.

FINANCIAL REVIEW

Financial Performance 2024

Our financial performance for 2024 was mixed. Like many organisations, the significant shifts and uncertainties in the global economic climate has impacted on our finances and budgetary assumptions. Across all funds we reported an operating deficit, after realised losses on disposal of fixed assets, of £1.632m (2023: surplus £0.173m) before transfers, investment gains and the impact of property revaluations.

Our total income decreased by 1.2% from £13.18m in 2023 to £13.02m in 2024. Parish income (CMF and Parochial Fees) fell by £421k from 2023 reflecting the financial challenges faced by many of our parishes and communities. Whilst Investment income increased by £113k from 2023, rental income from our properties fell by £149k as more houses were required to accommodate the growth in our clergy numbers. Income from grants, donations and recharges increased by £469k in the year. Strategic Development Funding (SDF) income from Archbishops Council was matched by an increase in related SDF expenditure.

Total expenditure across all funds increased by 12.7% from £13.01m to £14.66m. Ministry Support costs increased by 14% reflecting the increase in clergy headcount in 2024, the 7% increase in stipend rates from Apr 2024 and the increasing costs of repairs and maintenance of our property portfolio. Parish and Schools Support costs increased by 9% driven by a rise in the number of grants to our parishes. Diocesan Support costs increased by 18% and include the impact of increasing legal cost for our Chancellor and Registrar (set nationally), the cost of biennial clergy conference and the cost of providing for doubtful debts. National Support costs fell by 2% in the year.

During the year, we sold 7 houses leading to a small loss on disposal of £55k (2023: gain £132k). We also disposed of 4 glebe assets with a gain on disposal of £82k, and together with the unrealised gain on the revaluation of our investment portfolio of £522k, gave a total gain on investments of £604k (2023: gain £2.96m). The 2024 revaluation of our property portfolio produced an unrealised gain of £4.949m (2023: gain £1.409m). Our accounting policy under FRS 102 for accounting estimates, is to revalue 20% of the property portfolio each year. At the end of 2024, we reduced the value of our property portfolio in the General Fund and the Benefice Houses Fund by £647k to reflect the impact of a legacy issue where some properties had not been correctly recorded in our property portfolio in previous years. This included 4 properties which had been included twice and two properties which had previously been omitted. The discrepancy came to light as part of the due diligence work carried out as part of the outsourcing of the management of our property portfolio to Savills in 2024. We are grateful to our Head of Finance and to our Diocesan Property Manager for identifying these historic anomalies. The revaluation gain of £4.302m is shown net of this adjustment.

The net effect of all the above is an overall increase in the value of all funds of £3.274m for the year (2023: increase £4.542m) to £186.283m. The table below summarises this financial position:

	2024	2023
	£'000	£'000
Operating surplus/(deficit) before Other Income	(1,577)	41
Realised gains/(losses) on sale of fixed assets	(55)	132
Net operating surplus/(deficit)	***(1,632)***	***173***
Other recognised gains and losses:		
Unrealised gains on investments	522	2,941
Realised gains on investments	82	19
Sub-total - Net Gain/(Loss) on Investments	***604***	***2,960***
Unrealised gains/(losses) on revaluation of fixed assets	4,949	1,409
Adjustment to property values for prior years	(647)	-
Sub-total - Net (Loss)/Gain on Property	***4,302***	***1409***
Net movement in funds for the year	**3,274**	**4,542**
Fund balance at 1st January	183,009	178,467
Fund balance at 31st December	**186,283**	**183,009**

General Fund

Income decreased by 5% from £11.03m to £10.47m.
Giving from our parishes through Common Mission Fund (CMF), the mutual cost-sharing across the Diocese to fund mission and ministry, is the main incoming resource for the Diocese. We are deeply grateful to all our parishes who have continued to contribute to the CMF whilst tackling rising costs and diminishing reserves. We received £7.90m (2023: £8.36m). This highlights the huge financial pressures and challenges that our parishes continue to face since the start of 2020. Due to the growth in our clergy numbers in 2024 and the sale of a number of our properties, our property rental income for the year decreased from £926k in 2023 to £777k in 2024. Our investment income increased by 1% from £655k to £664k.

Expenditure increased by £0.97m from £11.78m to £12.75m
Resourcing ministry and mission continues to be our most significant expense stream. In 2024, we averaged 105 stipendiary clergy posts across our diocese (2023:102) out of a budgeted total of 116.5 (2023: 116.5). Direct expenditure on clergy stipends was £5.60m compared to £5.23m in 2023. Clergy stipends increased by 7% from 01 April 2024. Our contribution rate to the Church of England Funded Pension Scheme (CEFPS) for clergy, decreased from 28% to 25% of the previous year's National Minimum Stipend (NMS), from 01 April 2024. Expenditure on clergy housing was £181k higher than 2023 at £2.17m. We outsourced the management of our property and glebe portfolios to Savills in the second half of 2024 and are already seeing the benefit of the expertise and efficiencies that they bring. Resettlement Grants and First Appointment Grants were £245k in 2024 compared to £261k in 2023.

Balance sheet position
The Directors consider that the balance sheet together with details in note 18 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £186m (2023: £183m), it should be noted that included in this total are properties, mostly in use for Clergy, whose value net of loans, used to buy them, amounted to £147.6m (2023: £146.6m). 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 of the WDBF.

Free reserves
Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy aim is to hold a balance of free reserves (general fund less tangible fixed assets net of long-term financing) on its general fund, equivalent to between 3 and 6 months budgeted unrestricted expenditure. The total unrestricted general funds balance of free reserves totals £4.6m. (2023: £4.2m). This balance represents the equivalent of 4.3 months of budgeted expenses for the diocese, which is within the agreed range. Whilst the DBF policy is to hold 3 months budgeted unrestricted expenditure in cash or short-term deposit (approximately £3.2m), this was exceeded at the end of December 2024 with the balance of cash, deposits and short-term investments in the general fund of £4.6m.

Designated Funds

The Trustees may, with the approval of the Board, designate unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund, in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use, is set out in note 19. At 31 December 2024, total designated reserves were £1.76m (2023: £1.72m).

Restricted and Endowments Funds

As set out within Notes 17 and 18, the WDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2024, restricted funds totalled £11.53m (2023: £11.61m) and endowment funds totalled £137.28m (2023: £131.57m). Neither are available for the general purposes of the WDBF.

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

Investment policy
The WDBF is empowered by its memorandum of association, to invest monies not immediately required for its purposes. In addition, the WDBF acts as Trustee of several trust funds, and these must be invested in accordance with the related trusts. The WDBF's policy is to regularly review the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 18 provides details of the assets of each fund, together with the related purposes, and Note 12 summarises the movements in investments during the year.

The majority of our investments are held in the CBF Church of England Funds managed by CCLA Investment Management Limited. Once again, CCLA have performed well in the year against the set benchmarks. In October 2024, a decision was taken to dispose of the holdings in the CCLA Property Fund and to transfer the proceeds to the respective CCLA Investment Funds. There is a lead time of 6 months for Property Fund disposals, and this process was finalised in April 2025. As a participant in the CBF Church of England Funds managed by CCLA Investment Management Limited and a small number of others, the WDBF adopts the ethical investment policies in those funds.

The remainder of our investment portfolio comprises our glebe assets.

A breakdown of the overall investments portfolio is set out in the below table.

Investment Type	General Fund	Designated Fund	Restricted Fund	Endowment Fund	Total	*Total*
	2024	**2024**	**2024**	**2024**	**2024**	***2023***
Unlisted Investments	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	***£'000***
CCLA Investement Fund	3,425	611	7,172	11,243	22,451	*21,947*
CCLA Property Fund	-	30	1,136	178	1,344	*1,357*
CCLA COIF	-	-	21	-	21	*20*
	3,425	**641**	**8,329**	**11,421**	**23,816**	***23,324***
Listed Investments						
M&G Charifund	-	-	40	-	40	*36*
	-	**-**	**40**	**-**	**40**	***36***
Other Investments						
Glebe Portfolio	-	-	-	1,416	1,416	*2,134*
	-	**-**	**-**	**1,416**	**1,416**	***2134***
Total Investments	**3,425**	**641**	**8,369**	**12,837**	**25,272**	***25,494***

Future Financial Outlook & Priorities

The financial outlook of the WDBF is intrinsically linked to the outlook and sustainability of our 230 parishes. We cannot ignore the very challenging few years parishes have faced both financially and in terms of decline in attendance.

We have therefore been encouraged to hear that the preliminary 2024 Statistic for Mission, showed a **6.8% increase in Worshipping Community** across our diocese (against a national average of 1.8%). This shows that there are already signs of hope for growth and a return to sustainability. This in turn will lead to greater financial resilience at a diocesan level.

As noted above the **Common Mission Fund review**, and the subsequent deanery level **Finance Consultation** process is proceeding well, helping to address some 'myths' and help our stakeholders understand our shared financial challenges. This level of relational engagement and consultation is key to our shared funding model, and we believe has led to the vastly improved CMF performance in 2025.

We have continued to actively engage in the national **Diocesan Finance Review**, seeking to offer time limited funding to DBFs across the country to address our combined annual deficits of over £62m.

Increases in clergy stipends, national insurance but reductions in pension contributions (previously needed to offset historic shortfalls) have meant our Finance Committee has asked for the **three-year budget** to be recast to take account of these significant changes.

In this context, it is clear that our future financial outlook is dependent on the missional strength of our parishes and worshipping communities. Our core priority for 2025 is therefore to discern, design, and develop and then deliver our new Strategic Mission & Ministry Development Plan, seeking substantial national funding over the coming 10 years to invest in sustainable missional growth across our diocesan community.

STRATEGIC RISKS AND UNCERTAINTIES

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

Risk	Strategic Overview
Growth & Sustainability Continued decline in the numbers of in those involved in, or supporting, the church in any capacity	A continued reduction in numbers of those involved in our Diocese will adversely impact all areas of risk e.g. numbers of clergy in parishes, laity directly involved in mission, macro/micro economic factors, 'relevance' due to controversies/ debates at national level, diocesan finance due to fewer and less generous givers, volunteers needing training such as safeguarding. As we look forward it is vital that we continue to discern and invest in sustainable models of ministry and mission that will intentionally seek to address this decline. Accessing national strategic mission & ministry investment funding to invest in clergy and parishes to help them grow their ministry must remain a fundamental priority.
Safeguarding: **Child, adult at risk, or domestic abuse** An occurrence of child, adult at risk, or domestic abuse by someone working for or on behalf of the Church (in a parish or parish-based organisation or at the Diocesan Office) **Non-Current Cases** It comes to light that there were instances of abuse in the past which were not appropriately dealt with by the Clergy/Diocese	The Diocese has a Safeguarding Board that is independently chaired and draws in senior officers from statutory agencies, law and education as well as the Dean of the Cathedral. The Board is responsible for developing Safeguarding Strategy and an action plan of improvement. The Board is supported by a Casework Subcommittee (independently chaired). The Board promotes best practice and continuously ensures that the Diocese is adopting and developing appropriate policy and practice. A Safeguarding team, led by a highly qualified and experienced Safeguarding Manager, promotes best practice, supports those making disclosures and manages offenders and those under investigation.

Risk	Strategic Overview
Financial: **Diocesan Board of Finance** A serious loss of income, investment market crash, unforeseen major expense, fraud, and theft are all potential serious financial incidents for the Board. **Custodian Trustee** A parish enters major expenditure without sufficient resources, experiences fraud, has major unforeseen building or staffing issues requiring significant expenditure.	The Diocesan Board of Finance (DBF) is supported by a Finance Committee which regularly reviews the management accounts, CMF collection and reserves position, to ensure any unexpected losses in income can be covered whilst remedial actions are undertaken. The DBF issues comprehensive Financial Standing Instructions identifying levels of delegation, responsibility, and accountability. A comprehensive review has been carried out and completed in early 2024 with a further revision made in 2025. Appropriate measures are in place to ensure that financial transactions require two signatures and that all property purchases and major contracts also require two director signatures in addition to the Diocesan Secretary & Chief Operating Officer. The DBF insures against its most significant serious incidents and all insurance policies are reviewed annually. The DBF offers some advice and support to parishes embarking on major projects or areas of expenditure, assisting them in assessing risk and appropriate mitigations and will monitor parish accounts, with deanery assistance, to be alert to any needs and problems arising. Recent reviews of large PCC loans has shown that this remains an area of significant risk for the WDBF. The Diocesan Finance Committee is therefore reflecting again on whether our current policy of offering loans to PCCs is sustainable.
People: **Employment** Significant staff turnover, staff without appropriate qualifications and skills mix for evolving needs of the DBF and wider Diocese. **Appointments** The Diocese fails to make the right appointments to parishes and senior positions within the Diocese.	The WDBF is responsible for a wide range of specialisms and different disciplines operating in an unusual legal and compliance framework. Each area requires a high level of expertise and experience. This represents an ongoing organisational challenge, as we seek to recruit people with relevant experience whilst also managing expenditure on employed posts. The DBF has been building up a pool of consultants, partners and colleagues across the wider Church of England who can provide some level of cover if and when required. Investment and improvement in appointment processes have been a priority for the DBF over the recent years. More use is made of targeted testing and assessment, both prior to and during the early stages of a new employee's appointment. Whilst these processes can assist and improve appointment processes, the Directors recognise that many diocesan and parish appointments do not fall under secular employment legislation and are therefore risks which cannot be mitigated entirely.

STRUCTURE AND GOVERNANCE

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

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

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

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. The Directors of the DBF comprises: The Bishop of Winchester, the Chair of the WDBF (appointed by the Directors)the Chairs of the Synod House of Clergy and the Synod House of Laity, the Bishops of Southampton and Basingstoke, the Archdeacons of Winchester and Bournemouth and the Dean of Winchester, together with six people elected from and by the members of Diocesan Synod every three years. The Directors of the DBF can co-opted additional members. Details of Trustees who served during the year are set out on page 17.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years; the last elections having been in November 2024. The Synod elects six of the twelve Trustees of the Diocesan Board of Finance (as well as two of the ex officio trustees). The members of Diocesan Synod became the company members of the WDBF during 2025. Whilst the WDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000, the WDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

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

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

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

The Diocesan Finance Committee: The group monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans.

The Property Working Group: The Group has delegated responsibility from the WDBF to undertake some of the responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). The Group meets 4 times a year to consider requests, suggestions and appeals from clergy relating to the care and maintenance of their houses.

Trustee recruitment, selection and induction

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

Fundraising Code of Practice

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

Remuneration of key management personnel
Emoluments of higher-paid employees are determined by a remuneration group consisting of the Bishop of Winchester, Chair of the WDBF and the Chair of the Diocesan Finance Committee. The terms of reference for this group are established by the Bishop's Council and include regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes.

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

Funds held as Custodian Trustee
The WDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the WDBF does not control them, and they are segregated from the WDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £20.9m as at 31 December 2024 (2023: £20.6m), are available from the WDBF on request, and are summarised in note 22. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the WDBF's solicitor, Blake Morgan LLP, Winchester.

Related Parties
The WDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. Details of these costs can be found in note 8. The WDBF currently receives an annual grant from The Benefact Trust (previously The All Churches Trust). Further details of these receipts can be found in note 2.

The WDBF has given financial support, including loans, to Launchpad Social Enterprise (LSE), a UK registered charity whose primary focus is on early years nurseries and pre-schools. WDBF has utilised its Social Responsibility restricted fund to provide this support. Details of the amounts owed from LSE at year end are set out in note 23.

The Portsmouth and Winchester Diocesan Board of Education (PWDBE) has now become a Charitable Incorporated Organisation as a result of the Diocesan Board of Education Measure which came into effect at the start of 2022. Due to delays with the registration process, registration with The Charity Commission was not completed until 12 January 2024. The new CIO has independent governance, finance, management and policies. Alongside Portsmouth DBF, WDBF is a grant giving body to the CIO.

TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Statement of Disclosure to the Auditors
So far as the Trustees are aware:

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

Appointment of Auditors
On 18 November 2024, the company's auditor changed its name from Haysmacintyre LLP to HaysMac LLP.

There will be a tender process for the appointment of auditors for the financial year ending 31 December 2025.

ADMINISTRATIVE DETAILS

Trustees
No Trustee had any beneficial interest in the company during 2024. The following are the Trustees who served at any time during 2023 up to the date of this report:

Chair:	Ian Dighé
Ex officio:	Philip Mounstephen BA, MA (Oxon) - Bishop of Winchester Andrew Micklefield BEd (Hons) - Chair of the House of Clergy (resigned 31.12.2024) Angela Smith PGDipTh (Oxon) - Chair of the House of Clergy (from 01.01.2025) Alastair Barron BA (Hons), MBA, FSyI – Chair of the House of Laity
Synod House of Clergy:	Timothy Matthews (resigned 31.12.2024) Rachel Noel (resigned 31.12.2024) Andrew Micklefield BEd (Hons) (from 01.01.2025) Sarah Yetman (from 01.01.2025)
Synod House of Laity:	Esther Clift BSc (Hons), MSc, MCSP (resigned 23.08.2024) Ian Newman (resigned 31.12.2024) Gillian Gray Knight Madeline Hedley Richard Roope MA, MSc, FRCGP (from 01.01.2025) David Collier BSc (Hons) (from 01.01.2025)
Co-opted:	David Williams (resigned 28.03.2025) Rhiannon King (from 18.10.2024) Richard Brand Jean Burgess Catherine Ogle Elspeth Mackeggie Gurney BA Hons, ACA, PGCE Nigel May MA CEng MIMechE (resigned 31.12.2024)

ADMINISTRATIVE DETAILS (continued)

Senior Staff and Advisers:

Company Secretary:	Colin Harbidge
Diocesan Secretary:	Colin Harbidge BA (Hons), PGDip, MCMI
Director of Education:	Jeff Williams MA, DPhil
Human Resources and Safeguarding Director:	Susan Beckett, FCIPD
Head of Communications:	Jemima Lewis
Strategic Development Programme Manager:	Sarah Keen
Assistant Diocesan Secretary (Parish Support):	Jayne Tarry
Assistant Diocesan Secretary (Operations and Governance):	Cathy Laird
Head of Mission and Ministry:	Amy Roche
Head of Finance:	Mark Teahan

Registered Office:	Diocesan Office, Old Alresford Place, Alresford, Hampshire SO24 9DH
Bankers:	National Westminster Bank PLC, 105 High Street, Winchester SO23 9AW
Auditors:	HaysMac LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors:	Blake Morgan, New Kings Court, Tollgate, Chandler's Ford, Hants SO53 3LG
Investment Advisers:	CCLA Investment Management Limited, One Angel Lane London EC4R 3AB
Property Agents:	Savills (UK) Limited, 33 Margaret Street, London W1G 0JD
Insurers:	EIG, Beaufort House, Brunswick Road, Gloucester GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5-19, within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

Ian Dighé
Chair
25 June 2025

Colin Harbidge
Company Secretary
25 June 2025

OPINION

We have audited the financial statements of Winchester Diocesan Board of Finance for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements
As explained more fully in the Trustees' responsibilities statement set out on page 17, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Jane Askew (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
Date 16 July 2025

10 Queen Street Place
London
EC4R 1AG

WINCHESTER DIOCESAN BOARD OF FINANCE

Statement of Financial Activities
For the year ended 31 December 2024

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000	Total 2023 £'000
Income and endowments from:							
Donations							
Parishes	2	7,902	-	-	-	7,902	8,362
Archbishops' Council	2	277	-	1,816	-	2,093	1,595
Other	2	121	1	27	-	149	180
	2	8,300	1	1,843	-	10,144	10,137
Charitable activities	3	615	-	70	-	685	644
Other trading activities	4	882	-	28	-	910	1,040
Investments	5	664	31	614	30	1,339	1,226
Other	6	6	-	63	(124)	(55)	132
Total Income		10,467	32	2,618	(94)	13,023	13,179
Expenditure on:							
Raising funds	7	(7)	-	-	-	(7)	(30)
Charitable activities	8	(12,742)	(51)	(1,855)	-	(14,648)	(12,976)
Total Expenditure		(12,749)	(51)	(1,855)	-	(14,655)	(13,006)
Net Operating Surplus/(Deficit)		**(2,282)**	**(19)**	**763**	**(94)**	**(1,632)**	**173**
Gains/(Losses) on investments:							
Net gains on investments		158	14	171	261	604	2,960
Net income/(expenditure)		(2,124)	(5)	934	167	(1,028)	3,133
Transfers between funds	10	1,117	41	(1,127)	(31)	-	-
Net (expenditure)/income after transfers		(1,007)	36	(193)	136	(1,028)	3,133
Other recognised gains/(losses):							
Gains on revaluation of fixed tangible assets		(1,382)	-	111	5,573	4,302	1,409
Net movement in funds		(2,389)	36	(82)	5,709	3,274	4,542
Total Funds at 1 January 2024		38,105	1,722	11,607	131,575	183,009	178,467
Total funds at 31 December 2024	17	**35,716**	**1,758**	**11,525**	**137,284**	**186,283**	**183,009**

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

The notes on pages 25 to 52 form part of the financial statements.

WINCHESTER DIOCESAN BOARD OF FINANCE
Company Number 142351

BALANCE SHEET
For the year ended 31 December 2024

	Note	Dec 2024 £'000	Dec 2023 £'000
FIXED ASSETS			
Tangible assets	11	147,885	146,564
Investments	12	25,272	25,494
		173,157	172,058
CURRENT ASSETS			
Debtors	13	3,479	2,993
Cash on deposit		10,298	8,855
Cash at bank and in hand		1,807	1,252
		15,584	13,100
CREDITORS: amounts falling due within one year	14	(2,243)	(1,259)
NET CURRENT ASSETS		13,341	11,841
Total assets less current liabilities		186,498	183,899
CREDITORS: Amounts falling due after more than one year	15	(215)	(890)
NET ASSETS		**186,283**	**183,009**
FUNDS			
Unrestricted income funds:			
General funds		35,716	38,105
Designated funds		1,757	1,722
		37,473	39,827
Restricted funds		11,526	11,607
Endowment funds		137,284	131,575
TOTAL FUNDS		**186,283**	**183,009**

The Notes on pages 25 to 52 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 25th June 2025 and signed on behalf of the Board by:



Ian Dighé
Chair

WINCHESTER DIOCESAN BOARD OF FINANCE

STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	2024		2023	
	£,000	£,000	£,000	£,000
Cash flows from operating activities				
Net cash (used in) operating activities		(2,089)		(1,676)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,339		1,226	
Purchase of property and equipment	(1,627)		(261)	
Purchase of investments	-		-	
Sale of property and equipment	5,370		2,298	
Sale of investments	-		78	
Net cash provided by investing activities		5,082		3,341
Cash flows from financing activities				
Repayments of lending	399		479	
Repayments of borrowing	(1,274)		(1,086)	
Cash outflows from new lending	(120)		(421)	
Net cash (used in) financing activities		(995)		(1,028)
Change in cash and cash equivalents in the reporting period		1,998		637
Cash and cash equivalents at 1 January		10,107		9,470
Cash and cash equivalents at 31 December		12,105		10,107
Reconciliation of net income to net cash flow from operating activities				
Net income/(expenditure) for the reporting period (as per Statement of Financial Activities)		(1,028)		3,133
Adjustments for:				
Revaluation (Gains) on Investments		(604)		(2,960)
Dividends, interest and rent from investments		(1,339)		(1,226)
Depreciation		10		-
(Profit) on sale of functional assets		55		(132)
Decrease/(Increase) in debtors		(766)		(283)
(Decrease) in creditors		1,583		(208)
Net cash (used in) operating activities		(2,089)		(1,676)
Analysis of cash and cash equivalents				
Cash on deposit		10,298		8,855
Cash at bank and in hand		1,807		1,252
		12,105		10,107

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going Concern

After reviewing the charity's forecasts and projections, as described in the budget and outlook for 2025 on page 11, the Trustees have a reasonable expectation that the charity has adequate resources to meet its liabilities as they fall due for the foreseeable future. The Trustees consider that there are no material uncertainties that may cast doubt on the charity's ability to continue as a going concern, and they therefore continue to prepare the financial statements on the going concern basis.

a) Income

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

i. **Common Mission Fund** is recognised as income in the year in which it is received, plus an accrual for any late payments received in January of the following year.
ii. **Rent receivable** is recognised as income in the period with respect to which it relates.
iii. **Interest and dividends** are recognised as income when receivable.
iv. **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
v. **Parochial fees** are recognised as income of the year to which they relate.
vi. **Donations** other than grants are recognised when receivable.
vii. **Gains** on disposal of fixed assets for the WDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
viii. **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. The income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.
ix. **The Stipends Capital Fund** is valued at £24,734,288 at the end of 2024 (2023: £24,268,349). The balance includes property of £13,591,703, glebe assets of £1,415,812, CCLA Investments of £2,439,680, cash of £527,611 and debtors of £6,759,482.
During 2024, the fund generated investment income on its CCLA portfolio of £66,853 and bank interest of £1,806. Income from the glebe portfolio is £70,356. The revaluation of the investment portfolio and a portion of the property portfolio (4 of the 22 properties) gave rise to unrealised gains of £382,213. The sale of glebe assets in the year resulted in a gain on disposal of £81,920.

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:

1. ACCOUNTING POLICIES (continued)

i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.

iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the WDBF, such grants being recognised as expenditure when the

iv. 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.

v. **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

vi. **Pension contributions**. The WDBF's staff are members of the Church Workers Pension Fund, and Clergy are members of the Church of England Funded Pensions Scheme (see Note 20). The pension costs charged as resources expended represent the WDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which WDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

i. **Freehold properties:** Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The WDBF has a policy of regular structural inspection, repair, and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

ii. **Properties subject to value linked loans:** Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

iii. **Investment properties:** Glebe properties held for investment purposes and rented out have been included at their fair value.

iv. **Parsonage houses:** The WDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The WDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their fair value. The valuation of parsonage houses is reviewed annually, and properties are revalued

1. ACCOUNTING POLICIES (continued)

accordingly. Each property is subject to a full revaluation review on at least a five-year cycle. This review is led by our internal property specialist and is used as the basis of assessing the valuation of the remainder of the portfolio. The fair value assessment is reviewed by management and the Board of Trustees.

v. **Other tangible fixed assets:** Capital expenditure over £5,000 is capitalised. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and fittings	15-30% per annum	straight line basis
Computers & Office Equipment	33% per annum	straight line basis

d) Other accounting policies

i. **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

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

e) Fund balances

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

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

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

1. ACCOUNTING POLICIES (continued)

f) Key Judgements

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

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

2. DONATIONS

Parish Contributions

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Current Year Apportionment	8,447	-	-	-	8,447
Shortfall in Contributions	(557)	-	-	-	(557)
	7,890	-	-	-	7,890
Receipts for previous years	12	-	-	-	12
	7,902	-	-	-	**7,902**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Current Year Apportionment	*9,262*	-	-	-	*9,262*
Shortfall in Contributions	*(935)*	-	-	-	*(935)*
	8,327	-	-	-	*8,327*
Receipts for previous years	*35*	-	-	-	*35*
	8,362	-	-	-	***8,362***

The majority of donations are collected from the parishes of the Diocese through the Common Mission Fund (CMF). Current year CMF receipts represent 93.4% of the total apportioned (2023: 89.9%), or, when receipts for previous years are included, 93.6% of the total apportioned (2023: 90.3%).

2. DONATIONS (continued)

Archbishops' Council

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Strategic Development grant	-	-	1,469	-	1,469
Net Zero Carbon	-	-	108	-	108
Minor Repairs & Improvements		-	50	-	50
Buildings for Mission	13	-		-	13
Ordinand Training grant	257	-	189	-	446
Other grants	7	-		-	7
	277	-	**1,816**	-	**2,093**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Strategic Development grant	-	-	*924*	-	*924*
Net Zero Carbon	-	-	*15*	-	*15*
Racial Justice	-	-	*5*	-	*5*
Ordinand Training grant	*329*	-	*322*	-	*651*
	329	-	***1,266***	-	***1,595***

2. DONATIONS (continued)

Other Donations

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Benefact Trust	104	-	-	-	104
Other grants	5	-	3	-	8
Donations and legacies	12	1	24	-	37
	121	**1**	**27**	-	**149**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Benefact Trust	*120*	-	-	-	*120*
Donations and legacies	*32*	-	*28*	-	*60*
	152	-	***28***	-	***180***

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Statutory fees	444	-	-	-	444
Costs Recharged	106	-	-	-	106
Insurance Claims and Property Income	55	-	-	-	55
Church Commissioners - Pastoral Fund	-	-	54	-	54
Miscellaneous income	10	-	16	-	26
	615	-	**70**	-	**685**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Statutory fees	*405*	-	-	-	*405*
Costs Recharged	*93*	-	-	-	*93*
Insurance Claims and Property Income	*103*	-	-	-	*103*
Miscellaneous income	*19*	-	*24*	-	*43*
	620	-	***24***	-	***644***

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Rental income on functional property	777	-	28	-	805
Other income	105	-	-	-	105
	882	-	**28**	-	**910**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Rental income on functional property	*926*	-	*28*	-	*954*
Other income	*86*	-	-	-	*86*
	1,012	-	***28***	-	***1,040***

5. INVESTMENT INCOME

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Dividends receivable	223	24	476	28	751
Interest receivable	371	7	138	2	518
Rental income on glebe assets	70	-	-	-	70
	664	**31**	**614**	**30**	**1,339**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Dividends receivable	*218*	*21*	*436*	*28*	*703*
Interest receivable	*367*	*5*	*81*	-	*453*
Rental income on glebe assets	*70*	-	-	-	*70*
	655	***26***	***517***	***28***	***1,226***

6. OTHER INCOME

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on fixed asset disposals	6	-	63	(124)	(55)
	6	-	**63**	**(124)**	**(55)**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Gains on fixed asset disposals	*(103)*	-	-	*235*	*132*
	(103)	-	-	***235***	***132***

7. FUNDRAISING COSTS

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	7	-	-	-	7
	7	-	-	-	**7**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Glebe agent's fee	*30*	-	-	-	*30*
	30	-	-	-	***30***

8. CHARITABLE ACTIVITIES EXPENDITURE

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council					
Training for ministry	362	-	-	-	362
National Church Responsibilities	216	-	-	-	216
Grants and provisions	37	-	-	-	37
Mission Agency Pension Costs	-	-	-	-	-
Retired clergy housing costs	-	-	151	-	151
Pooling of ordinands' maintenance grant costs	(101)	-	-	-	(101)
	514	-	**151**	-	**665**
Resourcing Ministry and Mission					
Stipends and national insurance	4,719	-	-	-	4,719
Pension contributions	880	-	-	-	880
Housing costs	2,159	-	13	-	2,172
Removal, resettlement and other grants	388	6	76	-	470
RME Training for ministry	243	-	107	-	350
Other expenses	85	-	9	-	94
	8,474	6	205	-	8,685
Support for parish ministry	1,098	0	1,489	-	2,587
Governance	2,290	45	10	-	2,345
	11,862	**51**	**1,704**	-	**13,617**
Expenditure on Education					
Support for church schools and parishes	366	-	-	-	366
	12,742	**51**	**1,855**	-	**14,648**

Governance costs include auditor's remuneration of £24,300 (2023: £23,160).

Analysis of Governance Costs	**2024**	***2023***
	£'000	***£'000***
Central Support	965	*914*
Finance (incl. auditor fees)	645	*491*
HR	308	*298*
Diocesan Office	266	*235*
Registrar Costs	161	*133*
	2,345	*2,071*

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Contributions to Archbishops' Council					
Training for ministry	*366*	*-*	*-*	*-*	*366*
National Church Responsibilities	*212*	*-*	*-*	*-*	*212*
Grants and provisions	*39*	*-*	*-*	*-*	*39*
Mission Agency Pension Costs	*11*	*-*	*-*	*-*	*11*
Retired clergy housing costs	*-*	*-*	*147*	*-*	*147*
Pooling of ordinands' maintenance grant costs	*(104)*	*-*	*-*	*-*	*(104)*
	524	***-***	***147***	***-***	***671***
Resourcing Ministry and Mission					
Stipends and national insurance	*4,257*	*-*	*0*	*-*	*4,257*
Pension contributions	*969*	*-*	*0*	*-*	*969*
Housing costs	*1,956*	*-*	*4*	*-*	*1,960*
Removal, resettlement and other grants	*299*	*-*	*71*	*-*	*370*
RME Training for ministry	*225*	*-*	*227*	*-*	*452*
Other expenses	*97*	*-*	*5*	*-*	*102*
	7,803	*-*	*307*	*-*	*8,110*
Support for parish ministry	*1,053*	*-*	*700*	*-*	*1,753*
Lay pension deficit provision					*-*
Governance	*1,998*	*58*	*15*	*-*	*2,071*
	10,854	*58*	*1,022*	*-*	*11,934*
Expenditure on Education					
Support for church schools and parishes	*371*	*-*	*-*	*-*	*371*
	11,749	***58***	***1,169***	***-***	***12,976***

Analysis of Expenditure -2024

	Activities Undertaken Directly	**Grant Funding of Activities**	**Support Costs**	**Total 2024**
	£'000	**£'000**	**£'000**	**£'000**
Raising funds				
Investment management costs	7	-	-	7
Charitable Activities				
Contributions to Archbishop's Council	-	665	-	665
Resourcing ministry and mission	10,212	818	2,587	13,617
Education	366	-	-	366
	10,585	**1,483**	**2,587**	**14,655**

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Expenditure - 2023

	Activities Undertaken Directly	*Grant Funding of Activities*	*Support Costs*	*Total 2023*
	£'000	*£'000*	*£'000*	*£'000*
Raising funds				
Investment management costs	*30*	*-*	*-*	*30*
Charitable Activities				
Contributions to Archbishop's Council	*-*	*671*	*-*	*671*
Resourcing ministry and mission	*9,345*	*836*	*1,753*	*11,934*
Education	*371*	*-*	*-*	*371*
	9,746	***1,507***	***1,753***	***13,006***

Analysis of Grants Funding 2024

	No.	Individuals £'000	Institutions £'000	Total 2024 £'000
From unrestricted funds for national church responsibilities				
Archbishops' Council (note 8)	**1**	**-**	**665**	**665**
From unrestricted funds				
First Appointment, Resettlement and removal	41	245	-	245
Ordinands' training, receiving maintenance	25	310	-	310
Grant to Parish for building costs	1	-	115	115
QI costs reimbursed to Parishes	31	-	27	27
Other grants	4	-	2	2
Total from unrestricted funds	**102**	**555**	**144**	**699**
From restricted funds for various purposes				
Clergy for training & welfare	26	41	-	41
Widows and dependants of clergy	4	2	-	2
RME Ordinands in training	35	40	-	40
Energy audits - Net Zero Carbon	11	-	2	2
Minor Repairs & Quick Wins	6	-	7	7
Other grants	3	-	27	27
Total from restricted funds for various purposes	**85**	**83**	**36**	**119**
Total	**188**	**638**	**845**	**1,483**

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Grants Funding 2023

	No.	Individuals £'000	Institutions £'000	Total 2023 £'000
From unrestricted funds for national church responsibilities				
Archbishops' Council (note 8)	*1*	*-*	*671*	*671*
From unrestricted funds				
First Appointment, Resettlement and removal	*43*	*261*		*261*
Ordinands' training, receiving maintenance	*30*	*297*		*297*
QI costs reimbursed to Parishes	*48*		*39*	*39*
Total from unrestricted funds	***121***	***558***	***39***	***597***
From restricted funds for various purposes				
Clergy for training & welfare	*14*	*29*		*29*
Ordinands' training, receiving maintenance	*3*	*2*	*27*	*29*
Energy Grants to Parishes	*38*		*28*	*28*
Widows and dependants of clergy	*6*	*2*		*2*
RME Ordinands in training	*49*	*51*	*75*	*126*
Other grants	*2*		*25*	*25*
Total from restricted funds for various purposes	***112***	***84***	***155***	***239***
Total	***234***	***642***	***865***	***1,507***

9. STAFF & TRUSTEES

Staff Costs

	2024 £'000	*2023* *£'000*
Wages and salaries	1,915	*1,848*
National insurance contributions	198	*204*
Pension costs	272	*272*
	2,385	***2,324***

Included in the above are payments made under settlement agreements of £26,373 (2023: £nil)

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

	2024 fte	*2023* *fte*
Resourcing ministry:		
Winchester School of Mission	8	*10*
Strategic Development	3	*3*
Administration and Financial management	24	*23*
Safeguarding	5	*5*
Property	2	*3*
Fundraising	2	*2*
	44	***46***

Approx. 10.5 FTE roles are funded by third parties through grants or other recharges

The average number of persons employed during the year:

	2024 no.	*2023* *no.*
Resourcing ministry:		
Winchester School of Mission	9	*11*
Strategic Development	4	*4*
Administration and Financial management	28	*28*
Safeguarding	5	*5*
Property	2	*4*
Fundraising	3	*3*
	51	***55***

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

	2024	*2023*
£60,001 to £70,000	5	*4*
£70,001 to £80,000	-	*1*
£80,001 to £90,000	1	-

Pension payments of £62,026 (2023: £48,446) were made for these employees

9. STAFF & TRUSTEES (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing, and controlling the activities of the Diocese. During 2024 they were:

Diocesan Secretary & Company Secretary	Colin Harbidge
Director of Education (to 30 June 2024)	Jeff Williams (67%)
Human Resources and Safeguarding Director	Susan Beckett
Head of Mission and Ministry	Amy Roche
Head of Communications and Engagement	Jemima Lewis
Assistant Diocesan Secretary (Operations and Governance)	Cathy Laird
Assistant Diocesan Secretary (Parish Support)	Jayne Tarry
Head of Finance	Mark Teahan

Remuneration, pensions, and expenses for the 8 employees amounted to £560,517 (2023 - 6 employees: £493,030)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 3 Trustees received travelling and out of pocket expenses, totalling £105 (2023: £221) in respect of General Synod duties, duties as Archdeacon or Area/Rural Dean, and other duties as Trustees. No Trustee was in receipt of a clergy resettlement grant in 2023 (2023: Nil).

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

	Stipend	**Housing**
The Revd A Micklefield	Yes	Yes
The Revd Dr T Matthews	Yes	Yes
The Revd R Noel	Yes	Yes

2023	**Stipend**	**Housing**
The Revd A Micklefield	Yes	Yes
The Revd Dr T Matthews	Yes	Yes
The Revd R Noel	Yes	Yes

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

The WDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishops but excluding diocesan bishop and cathedral staff. The WDBF paid an average of 145 (2023: 137) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

Stipend Costs	**2024**	***2023***
	£'000	***£'000***
Stipends	4,346	*3,929*
National insurance contributions	373	*328*
Pension costs - current year	880	*969*
	5,599	***5,226***

10. ANALYSIS OF TRANSFERS BETWEEN FUNDS

2024	Unrestricted Funds General £'000	Unrestricted Funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000
From General fund to Restricted fund to eliminate negative balances	(43)	43	-	-
From Restricted fund to General fund for Education costs	285	-	(285)	-
From Restricted fund to General fund for Stewardship costs	26	-	(26)	-
From Restricted fund to General fund for Net Zero Carbon	68	-	(68)	-
From Restricted fund to General fund for Strategic Development Fund	528	-	(528)	-
From Restricted fund to General fund for clergy & ministry costs	198	-	(198)	-
From Restricted fund to General fund for social responsibility costs	22	-	(22)	-
From Designated fund to General fund for clergy & ministry costs	2	(2)	-	-
From Endowment fund to General fund for clergy & ministry costs	31	-	-	(31)
	1,117	**41**	**(1,127)**	**(31)**

2023	*Unrestricted Funds General £'000*	*Unrestricted Funds Designated £'000*	*Restricted Funds £'000*	*Endowment Funds £'000*
From General fund to Restricted fund to eliminate negative balances	*(257)*	*255*	*2*	*-*
From Restricted fund to General fund for Education costs	*130*	*-*	*(130)*	*-*
From Restricted fund to General fund for Stewardship costs	*23*	*-*	*(23)*	*-*
From Restricted fund to General fund for Net Zero Carbon	*9*	*-*	*(9)*	*-*
From Restricted fund to General fund for Racial Justice	*5*	*-*	*(5)*	*-*
From Restricted fund to General fund for clergy & ministry costs	*188*	*-*	*(188)*	*-*
From Restricted fund to General fund for social responsibility costs	*6*	*-*	*(6)*	*-*
From Endowment fund to General fund for clergy & ministry costs	*28*	*-*	*-*	*(28)*
From Endowment fund to General fund for building costs	*259*	*-*	*-*	*(259)*
	391	***255***	***(359)***	***(287)***

11. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Computers & Office Equipment £'000	Furniture & Fittings £'000	Total £'000
Valuation as at:				
1 January 2024	146,564	8	-	146,572
Additions	1,574	50	3	1,627
Disposals	(5,246)	-	-	(5,246)
Revaluation	4,950	-	-	4,950
31 December 2024	**147,842**	**58**	**3**	**147,903**
Depreciation:				
1 January 2024	-	(8)	-	(8)
Disposals	-	-	-	-
Charge for the year	-	(10)	-	(10)
31 December 2024	-	**(18)**	-	**(18)**
Net Book Value				
At 31 December 2024	**147,842**	**40**	**3**	**147,885**
At 31 December 2023	***146,564***	***-***	***-***	***146,564***

11. TANGIBLE FIXED ASSETS (continued)

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

	2024		2023	
	Quantity	Valuation £'000	Quantity	Valuation £'000
Benefice Houses	123	91,998	126	90,905
Glebe Houses	20	12,005	20	11,617
Clergy houses Fund	4	1,504	5	1,543
Corporate Houses	59	42,335	65	42,499
	206	147,842	216	146,564

12. FIXED ASSET INVESTMENTS

	As at 1st January 2024 £'000	Additions £'000	Disposals £'000	Net Gains / (Losses) £'000	As at 31st December 2024 £'000
Unrestricted funds					
Unlisted Investments	3,580	-	-	487	4,067
Restricted funds					
Unlisted Investments	8,213	-	-	155	8,368
Endowment funds					
Investment Property (Glebe)	2,134	-	(744)	26	1,416
Unlisted Investments	11,567	-	-	(146)	11,421
	13,701	-	(744)	(120)	12,837
Total	**25,494**	-	**(744)**	**522**	**25,272**

13. DEBTORS

	2024 £'000	*2023 £'000*
Due within one year		
Current year Common Mission Fund	94	*240*
Loans to parishes	3	*73*
Loans to others	95	*75*
Sales ledger	1,302	*305*
Other debtors and prepayments	988	*544*
	2,482	***1,237***
Due after more than one year		
Loans to parishes	431	*992*
Other Loans	566	*764*
	997	***1,756***
Total Debtors	**3,479**	***2,993***

14. CREDITORS: amounts falling due within one year

	2024 £'000	*2023 £'000*
Loan repayments	12	*490*
Deferred income	1,519	*29*
Other taxes and social security	53	*53*
Creditor relating to sale proceeds of closed school	400	*400*
Other creditors and accruals	259	*287*
Total creditors: amounts falling due within one year	**2,243**	***1,259***

Deferred Income movement	2024 £'000	*2023 £'000*
At 1 January 2024	29	-
Rental income released to SOFA	(29)	-
Strategic Development Funding income received	2,482	-
Strategic Development Funding income released to SOFA	(983)	-
Rental Income received in advance	20	29
At 31 December 2024	**1,519**	**29**

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

	2024 £'000	*2023 £'000*
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	37	*184*
NatWest Bank value-linked loans	-	*124*
Loan from CCLA	-	*350*
Other loans	178	*232*
Total creditors: amounts falling due after more than one year	**215**	***890***
The maturity of the above loans may be analysed as follows:		
Between one and two years	12	*30*
Between two and five years	25	*440*
In five years and more	178	*420*
	215	*890*

16. ANALYSIS OF CHANGES IN DEBT

2024	As at 1st January 2024 £'000	Cashflows £'000	Other £'000	As at 31st December 2024 £'000
Cash and cash equivalents	10,107	1,998	-	12,105
Loans falling due within one year	(490)	478	-	(12)
Loans falling due after more than one year	(890)	675	-	(215)
	8,727	**3,151**	**-**	**11,878**

2023	*As at 1st January 2023 £'000*	*Cashflows £'000*	*Other £'000*	*As at 31st December 2023 £'000*
Cash and cash equivalents	*9,470*	*637*	*-*	*10,107*
Loans falling due within one year	*(390)*	*(100)*	*-*	*(490)*
Loans falling due after more than one year	*(1,987)*	*1,097*	*-*	*(890)*
	7,093	***1,634***	***-***	***8,727***

17. SUMMARY OF FUND MOVEMENTS – CURRENT YEAR

	01-Jan-24 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains & Losses £'000	Total 31 Dec 2024 £'000
Unrestricted Fund						
General	38,105	10,461	(12,750)	1,117	(1,217)	35,716
General Designated Fund						
General Designated Fund	-	1	-	(1)	-	-
Parish mission and development	107	-	(6)	(1)	-	100
Maclean	507	21	-	-	10	538
OAP Property	753	-	-	-	-	753
Building New Church	355	7	-	-	4	366
Clerical Registry fund	-	3	(46)	43	-	-
	1,722	**32**	**(52)**	**41**	**14**	**1,757**
Restricted Funds						
General Restricted Fund	-	21	(21)	-	-	-
Pastoral fund	-	55	-	-	-	55
Parsonages endowment income	1	-	-	-	-	1
Retired Clergy houses fund	3,045	61	(154)	-	194	3,146
Major Ball settlement income	4	5	(5)	-	-	4
Penrose income fund	78	16	-	(17)	-	78
Clergy welfare income fund	872	220	(60)	(173)	12	871
Chalke Bequest income	15	3	-	(2)	-	15
Chute fund	25	-	-	(31)	7	-
Church schools fund	14	2	-	-	-	16
Queen Victoria clergy fund	2	2	-	-	-	5
Pember income fund	83	-	-	(1)	1	83
Widows and dependants fund	1,059	40	(8)	-	20	1,110
Thorrold library fund	24	-	-	-	-	24
ICSF grant fund	469	12	-	-	10	491
Council for Social Responsibility	863	49	-	(22)	29	919
Falrbairn trust	380	13	(1)	-	8	400
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	570	-	(98)	(5)	-	467
Winchester Mission Action	528	1,491	(1,486)	(528)	-	5
Northbrook	4	-	-	-	-	4
Schools Development Fund	3,500	202	-	(285)	69	3,485
Giving Advisor	36	16	-	(26)	-	26
Net Zero Carbon Funding	6	108	(2)	(68)	-	44
RMF Ordinands	47	189	(12)	-	-	224
Minor Repairs & Improvements Grant Fund	-	38	(1)	-	-	37
Quick Wins grant	-	12	(6)	-	-	6
	11,632	**2,555**	**(1,853)**	**(1,158)**	**350**	**11,526**
Endowment Funds						
Expendable						
Benefice houses	97,473	-	-	-	5,149	102,622
Permanent						
Stipends fund capital	24,268	2	-	-	464	24,734
Parsonages endowment capital	863	-	-	-	20	883
Major Ball settlement capital	172	-	-	-	4	176
Penrose capital	377	-	-	-	9	386
Clergy welfare capital	6,906	-	-	-	26	6,932
Chalke bequest capital	68	1	-	-	2	70
Widows and dependants capital	216	-	-	-	5	221
Thorrold library capital	239	-	-	-	6	244
Pember capital	962	28	-	-	21	1,010
Christopher Library	5	-	-	-	-	5
	131,550	**30**	**-**	**-**	**5,704**	**137,284**
Total funds	**183,009**	**13,078**	**(14,655)**	-	**4,851**	**186,283**

17. SUMMARY OF FUND MOVEMENTS – PREVIOUS YEAR

	01 Jan 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains & Losses £'000	Total 31 Dec 2023 £'000
Unrestricted Fund						
General	38,227	11,129	(11,779)	390	137	38,105
General Designated Fund						
General Designated Fund	(1)	-	-	1	-	-
Parish mission and development	107	-	-	-	-	107
Maclean	452	19	-	-	36	507
OAP Property	753	-	-	-	-	753
Building New Church	335	6	-	-	14	355
Planned maintenance sinking fund	(106)	-	-	106	-	-
Sustainability Fund	(5)	-	-	5	-	-
Clerical Registry fund	(85)	-	(58)	143	-	-
	1,449	**26**	**(58)**	**255**	**50**	**1,722**
Restricted Funds						
General Restricted Fund	27	25	(53)	1	-	-
Parsonages endowment income	1	-	-	-	-	1
Retired Clergy houses fund	3,094	58	(151)	-	44	3,046
Major Ball settlement income	8	5	(9)	-	-	4
Penrose income fund	81	15	-	(15)	(3)	78
Clergy welfare income fund	833	203	(30)	(171)	37	872
Chalke Bequest income	14	2	-	- 2	-	14
Church schools fund	12	1	-	-	-	13
Queen Victoria clergy fund	-	3	-	-	-	3
Pember income fund	80	-	-	-	3	83
Widows and dependants fund	956	36	(10)	-	77	1,059
Thorrold library fund	24	-	-	-	-	24
ICSF grant fund	420	13	-	-	37	469
Council for Social Responsibility	695	63	-	-	105	863
Falrbairn trust	338	12	(1)	-	30	380
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	559	268	(256)	-	-	571
Winchester Mission Action	275	924	(671)	-	-	528
Northbrook	4	-	-	-	-	4
Giving Advisor	35	24	-	(23)	-	36
Schools Development Fund	3,299	158	-	(130)	172	3,499
Ministry Hardship Fund	-	-	(1)	1	-	-
Net Zero Carbon Funding	-	15	-	(9)	-	6
RMF Ordinands	-	49	(2)	-	-	47
Racial Justice	-	5	-	(5)	-	-
	10,763	**1,878**	**(1,183)**	**(353)**	**503**	**11,607**
Endowment Funds						
Expendable						
Benefice houses	95,763	-	-	-	1,712	97,474
Permanent						
Stipends fund capital	22,921	-	-	-	1,347	24,268
Parsonages endowment capital	788	-	-	-	75	863
Major Ball settlement capital	157	-	-	-	15	172
Penrose capital	344	-	-	-	33	377
Clergy welfare capital	6,429	-	-	-	477	6,906
Chalke bequest capital	63	1	-	(1)	6	68
Widows and dependants capital	198	-	-	-	19	216
Thorrold library capital	218	-	-	-	21	239
Pember capital	884	27	-	(27)	77	961
Christopher Library	4	-	-	-	1	5
Chute endowment	260	-	-	(259)	25	25
	128,029	**28**	**-**	**-**	**3,805**	**131,575**
Total funds	**178,469**	**13,061**	**(13,020)**	**293**	**4,495**	**183,009**

18. SUMMARY OF ASSETS BY FUND – CURRENT YEAR

	Fixed Assets		Current		
	Tangible	Investments	Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted Fund	28,513	3,425	4,159	(382)	35,715
Designated Funds	4,607	641	(3,491)	-	1,757
Restricted Funds	1,497	8,369	3,738	(2,076)	11,528
Endowment Funds	113,268	12,837	11,178	-	137,283
Total funds	**147,885**	**25,272**	**15,584**	**(2,458)**	**186,283**

18. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

	Fixed Assets		Current		
	Tangible	Investments	Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted Fund	30,332	2,985	9,769	(4,980)	38,106
Designated Funds	3,225	627	238	(2,368)	1,722
Restricted Funds	1,536	8,181	5,151	(3,261)	11,607
Endowment Funds	111,471	13,701	6,709	(307)	131,574
Total funds	**146,564**	**25,494**	**21,867**	**(10,916)**	**183,009**

19. DESCRIPTION OF FUNDS

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

Parish Mission and Development Fund: A fund created in the mid-2000s by the then Bishop's Council to support mission projects in parishes as part of the mission strategy in place at the time. Strategies moved on and fund was never fully used as priorities changed. Designated Fund to be wound up in 2024 and returned to General Fund.

Maclean Fund: The Maclean Fund originated with an unrestricted bequest in 1948 by the late Sir Alexander Maclean. The WDBF has designated this fund to assist with expenditure on clergy houses which could not be met from any other fund.

OAP Property: Fund representing the asset at Old Alresford Place net of the related loan.

Building New Church: Designated fund created by the directors of the WDBF in mid 2000s. Fund to be reviewed during 2024 to ascertain if original purposes are still required.

Planned maintenance sinking fund: Designated fund created to fund maintenance works for Old Alresford Place. Fund ceased to be utilised in 2020 so will be reviewed and returned to the General Fund during 2023.

Sustainability Fund: Designated fund representing a grant made from the Church commissioners during 2021 to support DBFs in managing the financial implications of the pandemic. Original Grant now fully expended so fund to be closed.

Clerical Registry Fund: Designated Fund originally created from the surplus assets of the Winchester & Portsmouth Diocesan Clerical Registry which were passed to the WDBF when the Charity was wound up. Funds used to cover costs of the Registry. Once fully expended, this Designated Fund will be closed.

Pastoral Fund: The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese
- other purposes of the diocese or any benefice or parish in the diocese
- to make grants or loans to any other diocese
- to transfer funds to the diocesan stipends fund income or capital accounts.

Retired Clergy Houses Fund: This restricted fund, formerly known as the Clergy Retirement Houses Fund, represents the unexpended balance of a special appeal for funds made in the early 1980s for the provision of retirement housing for clergy. The fund is also used to make bridging loans to clergy approaching retirement. A Charity Commissioners Scheme has widened the purposes of this fund to include housing provision for clergy widows and deserted clergy spouses.

Major Ball settlement: This restricted fund represents the unexpended accumulated income of a settlement for the benefit of the parishes of Brown Candover and Chilton Candover.

Penrose Legacy Income: This fund represents the unexpended accumulated income of a legacy for the benefit of clergy, who in the opinion of the WDBF are most in need of grants. In recent years the WDBF has applied the income for grants to clergy for extended study leave.

19. DESCRIPTION OF FUNDS (continued)

Clergy Welfare Fund: The Clergy Welfare Fund is vested in the WDBF as trustee. The capital of the trust is shown as a permanent endowment, and accumulations of income as a restricted fund. The purposes for which the trustee may apply the income are as follows: for the benefit of clergy in the Diocese of Winchester, at the discretion of the Bishop; to assist ordination candidates; to assist with the higher education of children of the clergy in the Diocese.

Chalke Bequest: Bequest from Miss Winifred Joan Chalke to be used for the benefit of Industrial Mission.

Church Schools Fund: The church schools fund represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the diocese and education generally at Church of England schools in the diocese. The WDBF is trustee of these funds, which are managed on a day-to-day basis by and in consultation with the Board of Education.

Queen Victoria Fund: Restricted Fund to receive any grants made to the WDBF by the Queen Victoria Fund – a separate grant making charity that provides small grants for clergy welfare.

Pember Income Fund: The annual income of the Pember Fund is restricted by a Charity Commissioners' Scheme to the payment of Winchester Diocesan clergy pensions. Where the income in any year is not required for this purpose, it may be used for providing accommodation for these clergy and their dependants, and for making grants to widows of such clergy and their dependants.

Clergy Widows and Dependants: These funds have been left to, or settled with, the WDBF specifically for the benefit of clergy widows and dependants. Fund reviewed by the WDBF in 2023 with a view to seeking approval from the charity Commission to expand its purposes.

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

Fairbairn Trust: The Fairbairn Trust, of which the WDBF is Trustee, was a bequest of the late Sir Arthur Fairbairn for the Church of England's mission to deaf and hard-of-hearing people in the Diocese. Grants are awarded to parishes and local deaf clubs.

Diocesan Council for Social Responsibility:
The Council for Social Responsibility Fund exists to support "the advancement of the Christian religion within the Diocese of Winchester by promoting Christian engagement with and concern for people's needs in the whole of society, and to reflect upon social issues in the light of the Gospel'".

ICSF Grant for Clergy Houses: This fund arose from a distribution to the WDBF from the former Incorporated Clergy Sustentation Fund. Capital and income may be used in aid of the sustentation of the clergy in the Diocese.

Benefice House Endowment: This restricted fund consists of income generated by the associated endowment the income is entirely transferred annually to the general fund where it is applied for its specified purpose of benefice house outgoings.

19. DESCRIPTION OF FUNDS (continued)

Diocesan Stipends Fund Capital: The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

Benefice Property Fund: The benefice property fund consists of resources restricted to provision of benefice houses in the diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the WDBF.

Chalk Bequest: Bequest from Miss Winifred Joan Chalk to be used for the benefit of Industrial Mission.

Chute Fund: The income from the Chute Legacy a fund originally created by the WDBF from a number of restricted gifts is for the purpose of being a repair and replacement fund for the Retreat Centre & Diocesan Offices.

Christopher Library: Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.

Tale Tellers: Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.

RME Training for Mission: Income received from Church Commissioners to fund theological training of ordinands. Any funds not spent on training are required to be held by the WDBF with the expectation that the surplus will be returned to the Church Commissioners.

Winchester Mission Action: Restricted Fund for any grants received from the National CofE Strategic Development Fund or its successors. Fund can only be used to support the costs of projects approved by the National Strategic Mission & Ministry Investment Board.

Giving Advisor Fund: Grant provided by the Church Commissioners to fund additional resource in our stewardship team. Funding tapers over a 3-year period.

20. PENSIONS

Winchester DBF 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 DBF and the other Responsible Bodies. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy (CEFPS). The other is the Church Workers Pension Fund for lay staff (CWPF).

Church of England Funded Pension Scheme (CEFPS)

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to 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 £879,946 in 2024 (2023: £968,753), 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 £nil (2023: £nil).

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% p.a. 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 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.

20. PENSIONS (continued)

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

* 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, Winchester DBF could become responsible for paying a share of that failed Responsible Body's pension liabilities.

Church Workers Pension Fund (CWPF)

Winchester DBF participates in the Defined Benefits Scheme section of CWPF for lay staff, which is now closed to future accrual. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

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. 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: £272,449, 2023: £271,954) 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 £272,449 for 2024 (2023: £271,954).

20. 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. 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	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

* 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.

21. OPERATING LEASES

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

	2024 £'000	*2023 £'000*
Land and Buildings:		
Within one year of the balance sheet date	-	-
In the second to fifth years inclusive of the balance sheet date	-	-
	0	***0***
Other operating Leases:		
Within one year of the balance sheet date	-	*5*
In the second to fifth years inclusive of the balance sheet date	-	-
	0	***5***

In May 2024 the WDBF lease on Wolvesey Palace, Winchester terminated and in June 2024 the diocesan team and head office moved back to Old Alresford Place, Old Alresford

22. FUNDS HELD AS CUSTODIAN TRUSTEE

The WDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not consolidated into these financial statements as the WDBF does not control them. The financial assets held in this way may be summarised as follows:

Funds Held As Custodian Trustee

	2024 £'000	*2023 £'000*
CBF Church of England Investment Fund income shares	17,671	*17,666*
CBF Church of England Fixed Interest Securities Fund shares	274	*274*
CBF Church of England Property Fund shares	231	*230*
COIF income and accumulation shares	53	*32*
Other common investment fund holdings	318	*328*
Other fixed interest stocks	104	*104*
CBF Church of England Deposit Fund	2,179	*2,000*
Cash at bank	60	*12*
	20,890	***20,646***

23. RELATED PARTIES

During the year, WDBF did not need to provide financial support grants to Launchpad Social Enterprise (2023: £25,000). Launchpad Social Enterprise was set up by WDBF in 2015 using funds from the charity's Council for Social Responsibility restricted fund and WDBF is a corporate trustee.
At 31 December 2024, loans totalling £576,000 (2023: £650,500) were owed from Launchpad Social Enterprise. The loans are interest free and repayable over 10 years.

WINCHESTER DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249276

Accounts

DIOCESE of WINCHESTER

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

WINCHESTER DIOCESAN BOARD OF FINANCE

Company number - 142351

Registered charity number – 249276

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FOREWORD

To conclude last year's set of accounts, I asked us all to pray, as St Paul did, to God who is "able to do immeasurably more than all we even ask or imagine, according to his power that is at work within us" for the bright and hopeful future of the Diocese of Winchester. This year I can confidently say that God has been faithful to us as a diocesan family.

As a Board, we have endeavoured to develop an intentional covenantal-style relationship with our parishes, clergy, and diocesan synod so that we can truly work within an environment where voices are heard, our communications are transparent and fair, enabling robust review and debate, but most importantly allowing the Holy Spirit to minister to us.

The executive team led by Colin Harbidge have worked extremely hard, often to very tight timetables, to this end. The in-depth budget consultation undertaken earlier in the year was a strong indication of the style with which we wish to work collaboratively and openly in the future. In addition, we began several critical reviews in 2023: looking at how we manage our property, in particular clergy housing, also looking at the Common Mission Fund, and finally into the work School of Mission. These reviews were enabled by the wise counsel of membership drawn widely from across the diocese and benefited from healthy and wide consultation.

The headline financial position is shown in the SOFA on page 23. Across all funds we ended the year in a positive position due to increased value of our balance sheet. However, this hides the fact that our income was £462k less than our expenditure on the general fund. The challenge to be wise and good stewards of the financial resources entrusted to us of course remains as our parishes face another year of significant headwinds. We have such an exciting opportunity as we enter a period of stability with Bishop Philip's arrival, and the intention to appoint a new suffragan bishop of Southampton later this year, as we renew our commitment to investing well and supporting our parishes as they seek to grow the Kingdom of God.



Ian Dighé
Chair of the Winchester Diocesan Board of Finance

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Winchester cover most of Hampshire - a part of eastern Dorset, the unitary authority of Southampton and the eastern parts of the unitary authority of Bournemouth, Christchurch and Poole.

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

The WDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

In 2024, Bishop Philip will be launching Walking the Wessex Way – a new resource for discussion, reflection and prayer in parishes and worshipping communities – setting out an invitational vision for our dioceses building on our legacy of **service, learning, growing and loving** as we look to the future. This consultative process will lead to discerning a series of objectives and commitments for our Diocesan community over the coming years.

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

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

ACTIVITIES IN THE YEAR

Ministry Support
Throughout 2023, our support for local mission and ministry in our chaplaincies, schools, benefices and parishes has remained a foundational priority. At the time of writing, we have over 840 people authorised for ministry servicing across our dioceses in stipendiary, voluntary, lay and ordained roles. During 2023, the following activities are of particular note:

- **Clergy Stipends** were increased by 7% from April 2023;
- Our programme of **Continual Ministerial Development (CMD)** events has continued to expand and develop, receiving positive feedback and engagement.
- **25 ordination candidates** from our diocese successfully completed the discernment process and began ordination training in 2023.
- 6 new **Licensed Lay Ministers (LLM**) began training in 2023, along with 12 new candidates for the **Bishop's Permission to Preach (BPP)**
- £29,000 of **Welfare grants** were paid to members of clergy during the year.
- Access to **coaching, mentoring, supervision and counselling** continues to be provided to clergy and lay ministers as needed.
- **Initial Ministerial Education (IME2)** was provided for the 60 or so curates training across our diocese, along with support for their Training Incumbents and contexts.
- We continue to invest heavily in c**lergy housing maintenance and management** spending nearly £2m a year in this vital area of support.

Support for Parishes & Schools
The fundamental purpose of the Diocesan Team continues to be the support, guidance, and advice we offer to our deaneries, benefices and parishes. We do this through a range of activities, events and service provision. In 2023 the following were of particular note:

- Over **4,330 Safeguarding Training courses** were completed by individuals, supported, run and promoted by our Safeguarding Team.
- Our programme of Parish Officer Training events and Deanery Roadshows continued to expand and attract strong attendance and excellent feedback with over **645 people** attending during the year.
- The Diocesan Advisory Committee for the Care of Churches (DAC) processed **290 new applications** and provided **39 grants to fund Quinquennial Inspections** of church buildings.
- At the time of writing, we have over £1m lent out to parishes to support local works and missional plans, with repayments due over the coming years.
- **38 Parish energy support grant**s were made to PCCs supported by a restricted Grant from the Archbishop's Council)
- Cover for **1,699 services** was provided to parishes through the **Diocesan Clerical Registr**y
- With national funding, we appointed a new **Diocesan Environment Office**r to support parishes in caring for creation and engaging with environmental matters.
- Following strong encouragement from Diocesan Synod, we **reinstated the post of Archdeacon of Bournemouth** to provide additional support and care for our clergy, lay ministers and parishes. Jean Burgess was duly appointed and joined our diocese in June2023, with her post part-funded by a national grant for the first 3 years.

Diocesan Support

As the contexts and challenges across our parishes and communities change, so too must the support offered at a diocesan level. 2023 continued the series of strategic reviews of different areas of work helping to ensure our structures are aligned to support our emerging strategy and statutory requirements.

We remain committed to ensuring all Diocesan Support costs are managed carefully and appropriately, to best serve mission and ministry in our parishes, chaplaincies, schools and communities. In 2023 this work included:

- Completing the **Vacancy in See** process, feeding into the appointment of Bishop Philip as the next Bishop of Winchester.
- Creating and receiving approval of a **three-year diocesan financial plan**, including r**educing Common Mission Fund requests by £700,000** in 2024, to leave as much resource in parishes as we can.
- Establishing the new **Joint Diocesan Board of Education** as Charitable Incorporated Organisation proceeded following Synodical approval.
- Actively and openly engaging with the **national Safeguarding reviews**, providing responses to information requests, surveys and queries.
- Commissioning a strategic review of the **Winchester School of Mission** which reported in the first quarter of 2024.
- Initiating a review of the support and resourcing of our **clergy housing management**, with recommendations being actioned in 2024.
- Completed a joint review with the Diocese of Portsmouth on our **shared Finance Team**, recommending a new structure to better serve our two dioceses, whilst reducing total costs.

As well as these strategic reviews, ongoing operational work continued in 2023 this included:

- The implementation of a major upgrade to our IT systems across our regional **Diocesan IT Consortium** with Portsmouth and Guildford.
- A significant programme of repairs, maintenance and reordering was started at **Old Alresford Place**, in preparation for the Diocesan Team's return in 2024.
- Restructured our C**ommunications & Engagement Team**, expanding the breadth of skills and expertise within the team.
- In November 2023, the Directors of the Board chose to appoint the **Interim Diocesan Secretary**, Colin Harbidge on a permanent basis.

National Support
We have continued to engage with national structures and colleagues in meeting our shared responsibilities, and in seeking national funding to support local mission and ministry:

- Continued to engage in national networks and reviews.
- Supported national o**rdinand training costs, retired clergy housing support** and our share of national church support team.
- Successfully bid for **£4.5m of Diocesan Investment Programme (DIP) f**unding through the Strategic Mission & Ministry Investment Board (SMMIB) to continue investing in significant mission projects which align with national funding criteria.
- Was one of 6 pilot dioceses to engage in a n**ational diocesan finance review** – detailed piece of work with external firm of accountants reviewing our funds, income and expenditure to map financial challenges across the country
- Received funding for **Net zero**
- Received funding to help develop a **Racial Justice strategy**.
- Received funding for **Church buildings officer**

Strategic Development Programme
All our parishes are strategically important for our mission and ministry. It is therefore right that we continue to direct the majority of our resources each year into supporting parish ministry in all its forms, breadths and expressions. We continue to always explore external funding sources to support parish ministry, and in 2023, this included our ongoing Strategic Development Programme funded through national Church of England grants.

- Benefice of the Future/ Growing Rural Parishes Programme
    - In 2023 we received funding to expand and develop the Benefice of the Future pilot into the **Growing Rural Parish Programme** (GRRP). 7 benefices have benefited from the support and learnings of the programme in recent years, with funding for a further 6 already agreed for 2024 and 2024.
- Parish Revitalisations & Renewal Partnerships – Southampton & Bournemouth
    - Recognising the particular missional contexts and opportunities within greater Southampton & Bournemouth, we received funding to invest in **6 parishes** over the next 3 years.
    - We are delighted that the first two of these partnerships have now launched, giving a new lease of life by working in **partnership between parish, resource church, and diocesan team.**

FINANCIAL REVIEW

Financial Performance 2023

Our financial performance for 2023 was mixed. Like many organisations, the significant shifts and uncertainties in the global economic climate has impacted on our finances and budgetary assumptions.
Across all funds the WDBF reported an operating surplus of £0.17m (2022: £0.11m) before transfers, investment gains and the impact of property revaluations. Total income increased by £0.09m to £13.18m and total expenses increased by £0.03m to £13.01m.

During the year unrealised gains on investments were £2.96m (2022: loss £2.81m), and gains on revaluation of tangible fixed assets £1.41m (2022: £2.24m). Our accounting policy under FRS 102 for accounting estimates, is to revalue 20% of the property portfolio each year.

The net effect of all the above is an overall increase in the value of all funds of £4.54m for the year (2022: decrease £0.35m) to £183.01m. The table below summarises this financial position:

	2023	**2022**
	£'000	**£'000**
Operating surplus/(deficit)	173	107
Other recognised gains and losses:		
Unrealised (losses)/gains on investments	2,941	(2,814)
Realised gains/(losses) on investments	19	15
Sub-total - Net (Loss)/Gain on Investments	***2,960***	***(2,799)***
Unrealised gains/(losses) on tangible assets	1,409	2,241
Movement on Pension Scheme Deficit	-	102
Net movement in funds for the year	**4,542**	**(349)**
Fund balance at 1st January	178,467	178,816
Fund balance at 31st December	**183,009**	**178,467**

General Fund

Income increased by 0.74% from £11.05m to £11.13m.

Giving from our parishes through Common Mission Fund (CMF), the mutual cost-sharing across the Diocese to fund mission and ministry, is the main incoming resource for the Diocese. We are deeply grateful to all our parishes who have continued to contribute to the CMF whilst tackling rising costs and diminishing reserves. We received £8.36m (2022: £8.52m). This highlights the huge financial pressures and challenges that our parishes continue to face since the start of 2020. In a challenging operating environment, property rentals remained broadly in line with previous year at £0.99m (2022: £1.09m) and investment income increased by 67% from £0.35m to £0.59m reflecting the higher interest rates on deposit funds across the year.

Expenditure increased by £0.74m from £11.04m to £11.78m
Resourcing ministry and mission continues to be our most significant expense stream. In 2023, we averaged 102 stipendiary clergy posts across our diocese (2022: 100) out of a budgeted total of 116.5 (2022: 116.5). Direct expenditure on clergy stipends was £5.23m compared to £5.20m in 2022. Clergy stipends increased by 7% from 01 April 2023. Our contribution rate to the Church of England Funded Pension Scheme (CEFPS) for clergy, decreased from 36% to 28% of the previous year's National Minimum Stipend (NMS), from 01 January 2023. Expenditure on clergy housing was £32k higher than 2022 at £1.96m. Resettlement Grants and First Appointment Grants were £261k in 2023 compared to £277k in 2022.

Balance sheet position
The Directors consider that the balance sheet together with details in note 18 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £183.0m (2022: £178.5m), it should be noted that included in this total are properties, mostly in use for Clergy, whose value net of loans, used to buy them, amounted to £146.6m (2022: £146.9m). 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 of the WDBF.

Free reserves
Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy aim is to hold a balance of free reserves (general fund less tangible fixed assets net of long-term financing) on its general fund, equivalent to between 3 and 6 months budgeted unrestricted expenditure. The total unrestricted general funds balance of free reserves totals £4.2m. (2022: £7.2m). This balance represents the equivalent of 4.4 months of budgeted expenses for the diocese, which is within the agreed range. Whilst the DBF policy is to hold 3 months budgeted unrestricted expenditure in cash or short-term deposit (approximately £2.9m), this was exceeded at the end of December 2023 with the cash balance in the general fund of £4.3m. This was primarily to help with cashflow in Q1 2024 as a number of costs relating to the refurbishment of Old Alresford Place were due to be paid.

This leaves the WDBF in a good position moving into 2024 as we see months with low CMF collection and therefore lowest cash inflows expected in the first half of 2024, as parishes determine their own financial needs for the year ahead.

Designated Fund

The Trustees may, with the approval of the Board, designate unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund, in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use, is set out in note 19. At 31 December 2023, total designated reserves were £1.7m (2022: £1.4m). This increase is largely due to unrealised gains on investments plus transfers from the general fund.

Restricted and Endowment Funds

As set out within Notes 17 and 18, the WDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2023, restricted funds totalled £11.6m (2022: £10.8m) and endowment funds totalled £131.6m (2022: £128.0m). Neither are available for the general purposes of the WDBF.

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

Investment policy
The WDBF is empowered by its memorandum of association, to invest monies not immediately required for its purposes. In addition, the WDBF acts as Trustee of several trust funds, and these must be invested in accordance with the related trusts. The WDBF's policy is to regularly review the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 18 provides details of the assets of each fund, together with the related purposes, and Note 12 summarises the movements in investments during the year.

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

	Value at 31 Dec 2023	% of portfolio	2023 Total Return	2022 Total Return
CCLA	**£'000**			
Investment Fund	21,949	68.3%	12.6%	(9.2%)
Property Fund	1,336	4.2%	(1.2%)	(7.8%)
Deposit Fund	8,855	27.6%	4.5%	1.3%
Total	**32,140**	**100.0%**		

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

Future Financial Outlook & Priorities

The financial outlook of the WDBF, is intrinsically linked to the outlook and sustainability of our 240 parishes. We cannot ignore the very challenging few years parishes have faced both financially and in terms of decline in attendance. It is clear that we will not be seeing a quick bounce back to 'normality' in the next 12 months.

As such the Directors of the WDBF have agreed a new **Diocesan Financial Framework**, to help guide our finances over the next 5 to 7 years. This includes a commitment to retain the current stipendiary clergy headcount at a minimum of 116.5 FTE, an intentional and strategic use of some reserves and restricted funds to buttress ministry costs in the coming years, along with carefully targeted reviews of expenditure, structures and operational costs through an enhanced approach to financial governance and oversight.

Historic pension deficits for clergy and for lay employees are nil, due in part, to the careful stewardship of our colleagues in the Church of England Pensions Board. This has in part enabled us to increase stipend levels in 2024 by 7%, recognising the high rate of inflation, and the need to actively invest in the care and support of our clergy and their families.

Plans for the next triennial diocesan budget for 2024 to 2026 have been agreed and approved following a prolonged period of consultation and reflection with our PCCs, clergy, and key stakeholders. These plans will continue to evolve over the three-year period based on our experience. It is vital that we continue to build our future financial plans on clear feedback and data from those in the front line of our mission and ministry.

Set alongside our financial planning and stewardship, is the need to actively seek new ways of supporting our parishes to return to positions of growth and viability.

STRATEGIC RISKS AND UNCERTAINTIES

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

Risk	Strategic Overview
Growth & Sustainability Continued decline in the numbers of in those involved in, or supporting, the church in any capacity	A continued reduction in numbers of those involved in our Diocese will adversely impact all areas of risk e.g. numbers of clergy in parishes, laity directly involved in mission, macro/micro economic factors, 'relevance' due to controversies/ debates at national level, diocesan finance due to fewer and less generous givers, volunteers needing training such as safeguarding. As we look forward it is vital that we continue to discern and invest in sustainable models of ministry and mission that will intentionally seek to address this decline. Accessing national strategic mission & ministry investment funding, working with our new Diocesan bishop from 2023 to discern a new mission strategy, and continuing to invest in clergy and parishes to help them grow their ministry must remain a fundamental priority.
Safeguarding: **Child, adult at risk, or domestic abuse** An occurrence of child, adult at risk, or domestic abuse by someone working for or on behalf of the Church (in a parish or parish-based organisation or at the Diocesan Office) **Non-Current Cases** It comes to light that there were instances of abuse in the past which were not appropriately dealt with by the Clergy/Diocese	The Diocese has a Safeguarding Board that is independently chaired and draws in senior officers from statutory agencies, law and education as well as the Diocesan Secretary and the Dean of the Cathedral. The Board is responsible for developing Safeguarding Strategy and an action plan of improvement. The Board is supported by a Casework Subcommittee (independently chaired). The Board promotes best practice and continuously ensures that the Diocese is adopting and developing appropriate policy and practice. No safeguarding incidents were reported to the Charity Commissioners in 2023. A Safeguarding team, led by a highly qualified and experienced Safeguarding Manager, promotes best practice, supports those making disclosures and manages offenders and those under investigation.

Risk	Strategic Overview
Financial: **Diocesan Board of Finance** A serious loss of income, investment market crash, unforeseen major expense, fraud, and theft are all potential serious financial incidents for the Board. **Custodian Trustee** A parish enters major expenditure without sufficient resources, experiences fraud, has major unforeseen building or staffing issues requiring significant expenditure.	The Diocesan Board of Finance (DBF) is supported by a Finance Committee which regularly reviews its reserves position and cash flow projections on a quarterly basis to ensure any unexpected losses in income can be covered whilst remedial actions are undertaken. The DBF issues comprehensive Financial Standing Instructions identifying levels of delegation, responsibility, and accountability. A comprehensive review has been carried out and completed in early 2024. Appropriate measures are in place to ensure that financial transactions require two signatures and property purchases and major contracts also require two director signatures in addition to the Diocesan Secretary & Chief Operating Officer. The DBF ensures against its most significant serious incidents and all insurance policies are reviewed annually. The DBF offers some advice and support to parishes embarking on major projects or areas of expenditure, assisting them in assessing risk and appropriate mitigations and will monitor parish accounts, with deanery assistance, to be alert to any needs and problems arising.
People: **Employment** Significant staff turnover, staff without appropriate qualifications and skills mix for evolving needs of the DBF and wider Diocese. **Appointments** The Diocese fails to make the right appointments to parishes and senior positions within the Diocese.	The WDBF is responsible for a wide range of specialisms and different disciplines operating in an unusual legal and compliance framework. Each area requires a high level of expertise and experience. This represents an ongoing organisational challenge, as we seek to recruit people with relevant experience whilst also managing expenditure on employed posts. The DBF has been building up a pool of consultants, partners and colleagues across the wider Church of England who can provide some level of cover if and when required. Investment and improvement in appointment processes have been a priority for the DBF over the recent years. More use is made of targeted testing and assessment, both prior to and during the early stages of a new employee's appointment. Whilst these processes can assist and improve appointment processes, the Directors recognise that many diocesan and parish appointments do not fall under secular employment legislation and are therefore risks which cannot be mitigated entirely.
Reputation A serious incident causes adverse publicity and a loss of confidence in the Diocese.	The Diocese cannot prevent all possible serious incidents across all parts of the organisation. If a serious incident should arise the Diocese has a policy of open and transparent communication, supported by a communications team and national Church colleagues. The Diocese works closely with statutory agencies and will always report serious incidents to the Charity Commissioners. No serious incidents were reported to the Charity Commissioners during 2023.

STRUCTURE AND GOVERNANCE

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

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

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

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. Following the changes in governance approved in December 2012, the membership of the DBF comprises: The Bishop of Winchester (currently in vacancy), the Chairs of the Synod House of Clergy and the Synod House of Laity, together with six people elected from and by the members of Diocesan Synod every three years. Members of the DBF have co-opted the Bishop of Southampton, Bishop of Basingstoke, Archdeacon of Winchester and the Dean for the duration of this triennium. The Chair of the House of Laity served as interim Chair of the WDBF up until 1st May 2023. From the 1st May 2023, a new Chair of the WDBF was appointed. The most recent elections were held in November 2021. Details of Trustees who served during the year are set out on page 18.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years, the last elections having been in November 2021. The Synod elects six of the twelve Trustees of the Diocesan Board of Finance (as well as two of the ex officio trustees). Whilst the WDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000, the WDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

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

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

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

The Diocesan Finance Committee: The group monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans.

The Property Working Group: The Group has delegated responsibility from the WDBF to undertake some of the responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). The Group meets 4 times a year to consider requests, suggestions and appeals from clergy relating to the care and maintenance of their houses.

Trustee recruitment, selection and induction

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

Fundraising Code of Practice

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

Remuneration of key management personnel
Emoluments of higher-paid employees are determined by a remuneration group consisting of the Bishop of Winchester, Chair of the WDBF and the Chair of the Diocesan Finance Committee. The terms of reference for this group are established by the Bishop's Council and include regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes.

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

Funds held as Custodian Trustee
The WDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the WDBF does not control them, and they are segregated from the WDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £20.6m as at 31 December 2023 (2022: £19.2m), are available from the WDBF on request, and are summarised in note 22. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the WDBF's solicitor, Blake Morgan LLP, Winchester.

Related Parties
The WDBF is required to comply with Measures passed by the General Synod of the Church of England and is required to make annual payments to the Archbishops' Council towards the costs and the national arrangements for training clergy. Details of these costs can be found in note 8. The WDBF currently receives an annual grant from The Benefact Trust (previously The All Churches Trust). Further details of these receipts can be found in note 2.

The WDBF has given financial support, including loans, to Launchpad Social Enterprise (LSE), a UK registered charity whose primary focus is on early years nurseries and pre-schools. WDBF has utilised its Social Responsibility restricted fund to provide this support. Details of the amounts owed from LSE at year end are set out in note 23.

The Portsmouth and Winchester Diocesan Board of Education (PWDBE) has now become a Charitable Incorporated Organisation as a result of the Diocesan Board of Education Measure which came into effect at the start of 2022, and detailed administrative and management matters are being finalised to ensure a smooth transition to this new status. Due to delays with the registration process, registration with The Charity Commission was not completed until 12 January 2024. The new CIO will have independent governance, finance, management and policies. Alongside Portsmouth DBF, WDBF is a grant giving body to the CIO.

TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Statement of Disclosure to the Auditors
So far as the Trustees are aware:

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

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

ADMINISTRATIVE DETAILS

Trustees
No Trustee had any beneficial interest in the company during 2023. The following are the Trustees who served at any time during 2023 up to the date of this report:

Chair:	Alastair Barron BA (Hons), MBA, FSyI (resigned 01.05.2023) Ian Dighé (appointed 01.05.2023)
Ex officio:	Philip Mounstephen BA, MA (Oxon) – Bishop of Winchester (from 10.10.2023) Andrew Micklefield BEd (Hons) - Chair of the House of Clergy Alastair Barron BA (Hons), MBA, FSyI – Chair of the House of Laity
Synod House of Clergy:	Timothy Matthews Rachel Noel
Synod House of Laity:	Esther Clift BSc (Hons), MSc, MCSP Ian Newman Gillian Gray Knight Madeline Hedley (from 26.04.2023)
Co-opted:	Deborah Sellin (resigned 12.12.2023) David Williams Richard Brand Jean Burgess (from 04.09.2023) Catherine Ogle Elspeth Mackeggie Gurney Nigel May MA CEng MIMechE (from 01.05.2023)

Senior Staff and Advisers:

Company Secretary:	Colin Harbidge
Diocesan Secretary:	Colin Harbidge BA (Hons), PGDip, MCMI
Financial Controller:	Mark Teahan
Director of Education:	Jeff Williams MA, DPhil
Directory of Ministry:	Mark Collinson BSc, MA
Director of Human Resources:	Susan Beckett, FCIPD
Head of Communications:	Jemima Lewis
Strategic Programme Manager	Sarah Keen (from 06.06.2023)
Parish Support Manager:	Jayne Tarry
Operations and Governance Manager:	Cathy Laird

ADMINISTRATIVE DETAILS (continued)

Registered Office:	Diocesan Office, Old Alresford Place, Alresford, Hampshire, SO24 9DH
Bankers:	National Westminster Bank PLC, 105 High Street, Winchester, SO23 9AW
Auditors:	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors:	Blake Morgan, New Kings Court, Tollgate, Chandler's Ford, Hants SO53 3LG
Investment Advisers**:**	CCLA Investment Management Limited, One Angel Lane London, EC4R 3AB
Glebe Agents:	Carter Jonas LLP, 9a Jewry Street, Winchester, SO23 8RZ
Insurers:	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5-19, within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



Ian Dighé
Chair
04 June 2024



Colin Harbidge
Company Secretary
04 June 2024

OPINION

We have audited the financial statements of Winchester Diocesan Board of Finance for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements
As explained more fully in the Trustees' responsibilities statement set out on page 17, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Jane Askew (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 17 July 2024

10 Queen Street Place
London
EC4R 1AG

Statement of Financial Activities
For the year ended 31 December 2023

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
Income and endowments from:							
Donations							
Parishes	2	8,362	-	-	-	8,362	8,524
Archbishops' Council	2	329	-	1,266	-	1,595	1,463
Other	2	152	-	28	-	180	158
	2	8,843	-	1,294	-	10,137	10,145
Charitable activities	3	620	-	24	-	644	722
Other trading activities	4	1,012	-	28	-	1,040	1,104
Investments	5	655	26	517	28	1,226	930
Other	6	(103)	-	-	235	132	187
Total		11,027	26	1,863	263	13,179	13,088
Expenditure on:							
Raising funds	7	(30)	-	-	-	(30)	(14)
Charitable activities	8	(11,749)	(58)	(1,169)	-	(12,976)	(12,966)
Total		(11,779)	(58)	(1,169)	-	(13,006)	(12,980)
Net income/(expenditure) before investment gains		**(752)**	**(32)**	**694**	**263**	**173**	**107**
Net gains on investments		290	50	537	2,083	2,960	(2,799)
Net income/(expenditure)		(462)	18	1,231	2,346	3,133	(2,692)
Transfers between funds	11	390	255	(358)	(287)	-	-
Net (expenditure)/income after transfers		(72)	273	873	2,059	3,133	(2,692)
Other recognised gains/(losses)							
Gains on revaluation of fixed tangible		(50)	-	(29)	1,488	1,409	2,241
Remeasurement of pension scheme provision		-	-	-	-	-	102
Net movement in funds		(122)	273	844	3,547	4,542	(349)
Total Funds at 1 January 2023		38,227	1,449	10,762	128,029	178,467	178,817
Total funds at 31 December 2023	18	**38,105**	**1,722**	**11,606**	**131,576**	**183,009**	**178,467**

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

The notes on pages 26 to 53 form part of the financial statements.

WINCHESTER DIOCESAN BOARD OF FINANCE
Company Number 142351

BALANCE SHEET
For the year ended 31 December 2023

	Dec 2023	Dec 2022
	£'000	£'000
FIXED ASSETS		
Tangible assets	146,564	146,981
Investments	25,494	22,612
	172,058	169,593
CURRENT ASSETS		
Debtors	2,993	2,710
Cash on deposit	8,855	8,346
Cash at bank and in hand	1,252	1,124
	13,100	12,180
CREDITORS: amounts falling due within one year	(1,259)	(1,318)
NET CURRENT ASSETS	11,841	10,862
Total assets less current liabilities	183,899	180,455
CREDITORS: Amounts falling due after more than one year	(890)	(1,988)
NET ASSETS	**183,009**	**178,467**
FUNDS		
Unrestricted income funds:		
General funds	38,105	38,227
Designated funds	1,722	1,449
	39,827	39,676
Restricted funds	11,607	10,762
Endowment funds	131,575	128,029
TOTAL FUNDS	**183,009**	**178,467**

The Notes on pages 26 to 53 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 4th June 2024 and signed on behalf of the Board by:



Ian Dighé
Chair

WINCHESTER DIOCESAN BOARD OF FINANCE

STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	2023		2022	
	£,000	£,000	£,000	£,000
Cash flows from operating activities				
Net cash (used in) operating activities		(1,676)		(2,079)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,226		930	
Purchase of property and equipment	(261)		(1,546)	
Purchase of investments	-		-	
Sale of property and equipment	2,298		4,957	
Sale of investments	78		73	
Net cash provided by investing activities		3,341		4,414
Cash flows from financing activities				
Repayments of lending	479		268	
Repayments of borrowing	(1,086)		(131)	
Cash outflows from new lending	(421)		(256)	
Net cash (used in) financing activities		(1,028)		(119)
Change in cash and cash equivalents in the reporting period		637		2,216
Cash and cash equivalents at 1 January		9,470		7,254
Cash and cash equivalents at 31 December		10,107		9,470
Reconciliation of net income to net cash flow from operating activities				
Net income for the reporting period (as per Statement of Financial Activities)		3,133		(2,692)
Adjustments for:				
Revaluation (Gains) on Investments		(2,960)		2,799
Dividends, interest and rent from investments		(1,226)		(930)
(Profit) on sale of functional assets		(132)		(187)
Decrease/(Increase) in debtors		(283)		(987)
(Decrease) in creditors		(208)		(83)
Net cash (used in) operating activities		(1,676)		(2,080)
Analysis of cash and cash equivalents				
Cash on deposit		8,855		8,346
Cash at bank and in hand		1,252		1,124
		10,107		9,470

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going Concern

After reviewing the charity's forecasts and projections, as described in the budget and outlook for 2024 on page 11, the Trustees have a reasonable expectation that the charity has adequate resources to meet its liabilities as they fall due for the foreseeable future. The Trustees consider that there are no material uncertainties that may cast doubt on the charity's ability to continue as a going concern and they therefore continue to prepare the financial statements on the going concern basis.

a) Income

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

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

b) Expenditure

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

i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the WDBF, such grants being recognised as expenditure when the

1. ACCOUNTING POLICIES (continued)

iv. 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.

v. **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

vi. **Pension contributions**. The WDBF's staff are members of the Church Workers Pension Fund, and Clergy are members of the Church of England Funded Pensions Scheme (see Note 20). The pension costs charged as resources expended represent the WDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which WDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

i. **Freehold properties:** Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The WDBF has a policy of regular structural inspection, repair, and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

ii. **Properties subject to value linked loans:** Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

iii. **Investment properties:** Glebe properties held for investment purposes and rented out have been included at their fair value.

iv. **Parsonage houses:** The WDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The WDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their fair value. The valuation of parsonage houses is reviewed annually and properties are revalued accordingly. Each property is subject to a full revaluation review on at least a five-year cycle. This review is led by our internal property specialist and is used as the basis of assessing the valuation of the remainder of the portfolio. The fair value assessment is reviewed by management and the Board of Trustees.

v. **Other tangible fixed assets:** Capital expenditure over £5,000 is capitalised. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and fittings	15-30% per annum	straight line basis

1. ACCOUNTING POLICIES (continued)

d) Other accounting policies

i. **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

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

e) Fund balances

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

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

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

f) Key Judgements

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

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

2. DONATIONS

Parish Contributions

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Current Year Apportionment	9,262	-	-	-	9,262
Shortfall in Contributions	(936)	-	-	-	(936)
	8,326	-	-	-	8,326
Receipts for previous years	35	-	-	-	35
	8,362	**-**	**-**	**-**	**8,362**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Current Year Apportionment	*9,629*	-	-	-	*9,629*
Shortfall in Contributions	*(1,134)*	-	-	-	*(1,134)*
	8,495	-	-	-	*8,495*
Receipts for previous years	*28*	-	-	-	*28*
	8,524	**-**	**-**	**-**	***8,524***

The majority of donations are collected from the parishes of the Diocese through the Common Mission Fund (CMF). Current year CMF receipts represent 89.9% of the total apportioned (2022: 88.2%), or, when receipts for previous years are included, 90.3% of the total apportioned (2022: 88.5%).

Archbishops' Council

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Strategic Development grant	-	-	924	-	924
Ordinand Training grant	329	-	342	-	671
	329	**-**	**1,266**	**-**	**1,595**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Strategic Development grant	-	-	*527*	-	*527*
Ordinand Training grant	*192*	-	*744*	-	*936*
	192	**-**	***1,271***	**-**	***1,463***

2. DONATIONS (continued)

Other Donations

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
All Churches Trust	120	-	-	-	120
Donations	32	-	28	-	60
	152	**-**	**28**	**-**	**180**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
All Churches Trust	*138*	-	-	-	*138*
Donations	*16*	-	*4*	-	*20*
	154	**-**	***4***	**-**	***158***

Other Donations includes a donation in kind from Archbishops Council of £19,236.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Statutory fees	405	-	-	-	405
Costs Recharged	93	-	-	-	93
Insurance Claims and Property Income	103	-	-	-	103
Miscellaneous income	19	-	24	-	43
	620	**-**	**24**	**-**	**644**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Statutory fees	*484*	-	-	-	*484*
Costs Recharged	*92*	-	-	-	*92*
Insurance Claims and Property Income	*89*	-	-	-	*89*
Development Project Income	-	-	*10*	-	*10*
Miscellaneous income	*15*	-	*32*	-	*47*
	680	**-**	***42***	**-**	***722***

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Rental income on functional property	926	-	28	-	954
Other income	86	-	-	-	86
	1,012	**-**	**28**	**-**	**1,040**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Rental income on functional property	*1,013*	*-*	*31*	*-*	*1,044*
Other income	*60*	*-*	*-*	*-*	*60*
	1,073	***-***	***31***	***-***	***1,104***

5. INVESTMENT INCOME

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Dividends receivable	218	21	436	28	703
Interest receivable	367	5	81	0	453
Rents receivable	70	-	-	-	70
	655	**26**	**517**	**28**	**1,226**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Dividends receivable	*239*	*21*	*437*	*28*	*725*
Interest receivable	*107*	*1*	*18*	*-*	*126*
Rents receivable	*79*	*-*	*-*	*-*	*79*
	425	***22***	***455***	***28***	***930***

6. OTHER INCOME

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on fixed asset disposals	(103)	-	-	235	132
	(103)	**-**	**-**	**235**	**132**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Gains on fixed asset disposals	*187*	-	-	-	*187*
	187	**-**	**-**	**-**	***187***

7. FUNDRAISING COSTS

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	30	-	-	-	30
	30	**-**	**-**	**-**	**30**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Glebe agent's fee	*14*	-	-	-	*14*
	14	**-**	**-**	**-**	***14***

8. CHARITABLE ACTIVITIES EXPENDITURE

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council					
Training for ministry	366	-	-	-	366
National Church Responsibilities	212	-	-	-	212
Grants and provisions	39	-	-	-	39
Mission Agency Pension Costs	11	-	-	-	11
Retired clergy housing costs	-	-	147	-	147
Pooling of ordinands' maintenance grant costs	(104)	-	-	-	(104)
	524	**-**	**147**	**-**	**671**
Resourcing Ministry and Mission					
Stipends and national insurance	4,257	-	-	-	4,257
Pension contributions	969	-	-	-	969
Housing costs	1,956	-	4	-	1,960
Removal, resettlement and other grants	299	-	71	-	370
RME Training for ministry	225	-	227	-	452
Other expenses	97	-	5	-	102
	7,803	-	307	-	8,110
Support for parish ministry	1,053	-	700	-	1,753
Governance	1,998	58	15	-	2,071
	10,854	58	1,022	-	11,934
Expenditure on Education					
Support for church schools and parishes	371	-	-	-	371
	11,749	**58**	**1,169**	**-**	**12,976**

Governance costs include auditor's remuneration of £23,160 (2022: £22,428).

Analysis of Governance Costs	**2023**	***2022***
	£'000	***£'000***
Central Support	914	*831*
Finance (incl. auditor fees)	491	*318*
HR	298	*256*
Diocesan Office	235	*147*
Registrar Costs	133	*98*
	2,071	*1,650*

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Contributions to Archbishops' Council					
Training for ministry	*366*	*-*	*-*	*-*	*366*
National Church Responsibilities	*224*	*-*	*-*	*-*	*224*
Grants and provisions	*31*	*-*	*-*	*-*	*31*
Mission Agency Pension Costs	*15*	*-*	*-*	*-*	*15*
Retired clergy housing costs	*-*	*-*	*139*	*-*	*139*
Pooling of ordinands' maintenance grant costs	*(90)*	*-*	*-*	*-*	*(90)*
	546	***-***	***139***	***-***	***685***
Resourcing Ministry and Mission					
Stipends and national insurance	*3,876*	*45*	*-*	*-*	*3,921*
Pension contributions	*1,141*	*-*	*-*	*-*	*1,141*
Housing costs	*1,921*	*4*	*4*	*-*	*1,929*
Removal, resettlement and other grants	*449*	*-*	*454*	*-*	*903*
RME Training for ministry	*247*	*-*	*374*	*-*	*621*
Other expenses	*70*	*-*	*-*	*-*	*70*
	7,704	*49*	*832*	*-*	*8,585*
Support for parish ministry	*872*	*-*	*836*	*-*	*1,708*
Lay pension deficit provision					*-*
Governance	*1,564*	*55*	*10*	*20*	*1,649*
	10,140	*104*	*1,678*	*20*	*11,942*
Expenditure on Education					
Support for church schools and parishes	*339*	*-*	*-*	*-*	*339*
	11,025	***104***	***1,817***	***20***	***12,966***

Analysis of Expenditure -2023

	Activities Undertaken Directly	**Grant Funding of Activities**	**Support Costs**	**Total 2023**
	£'000	**£'000**	**£'000**	**£'000**
Raising funds				
Investment management costs	30	-	-	30
Charitable Activities				
Contributions to Archbishop's Council	-	671	-	671
Resourcing ministry and mission	9,538	643	1,753	11,934
Education	371			371
	9,939	**1,314**	**1,753**	**13,006**

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Expenditure - 2022

	Activities Undertaken Directly £'000	*Grant Funding of Activities £'000*	*Support Costs £'000*	*Total 2022 £'000*
Raising funds				
Investment management costs	*14*	*-*	*-*	*14*
Charitable Activities				
Contributions to Archbishop's Council	*-*	*684*	*-*	*684*
Resourcing ministry and mission	*9,441*	*794*	*1,708*	*11,943*
Education	*339*			*339*
	9,794	***1,478***	***1,708***	***12,980***

Analysis of Grants Funding 2023

	No.	Individuals £'000	Institutions £'000	Total 2023 £'000
From unrestricted funds for national church responsibilities				
Archbishops' Council (note 8)	1			671
From unrestricted funds				
First Appointment, Resettlement and removal	43	261		261
Ordinands' training, receiving maintenance	30	297		297
QI costs reimbursed to Parishes	48		39	39
Total from unrestricted funds	**121**	**558**	**39**	**597**
From restricted funds for various purposes				
Clergy for training & welfare	14	29		29
Ordinands' training, receiving maintenance	3	2	27	29
Energy Grants to Parishes	38		28	28
Widows and dependants of clergy	6	2		2
RME Ordinands in training	49	51	75	126
Other grants	2		25	25
Total from restricted funds for various purposes	**112**	**84**	**155**	**239**
Total	**234**	**642**	**194**	**1,507**

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Grants Funding 2022	***No.***	***Individuals £'000***	***Institutions £'000***	***Total 2022 £'000***
From unrestricted funds for national church responsibilities				
Archbishops' Council (note 8)	*1*			*685*
From unrestricted funds				
Clergy for training & welfare	*2*	*7*		*7*
First Appointment, Resettlement and removal	*46*	*270*		*270*
Ordinands' training, receiving maintenance	*28*	*314*		*314*
Grant to Parish for building costs	*1*		*138*	*138*
RME Ordinands in training	*2*	*0*	*25*	*25*
QI costs reimbursed to Parishes	*51*		*35*	*35*
Total from unrestricted funds	***130***	***591***	***198***	***789***
From restricted funds for various purposes				
Clergy for training & welfare	*14*	*29*		*29*
Hardship grants to clergy	*106*	*106*	*-*	*106*
Ordinands' training, receiving maintenance	*1*	*1*		*1*
Energy Grants to Parishes	*201*		*215*	*215*
Widows and dependants of clergy	*5*	*3*		*3*
RME Ordinands in training	*56*	*64*	*216*	*280*
Other institutional grants				*0*
Total from restricted funds for various purposes	***383***	***203***	***431***	***634***
Total	***514***	***794***	***629***	***2,108***

9. STAFF & TRUSTEES

Staff Costs

	2023 £'000	*2022 £'000*
Wages and salaries	1,848	*1,696*
National insurance contributions	204	*183*
Pension costs	272	*227*
Lay pension deficit provision change	-	*(12)*
	2,324	***2,094***

Included in the above are payments made under settlement agreements of £nil (2022: £10,267)

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

	2023 fte	*2022 fte*
Resourcing ministry:		
Winchester School of Mission	10	*8*
Strategic Development	3	*4*
Administration and Financial management	23	*25*
Safeguarding	5	*4*
Property	3	*3*
Fundraising	2	*1*
	46	***45***

The average number of persons employed during the year:

	2023 no.	*2022 no.*
Resourcing ministry:		
Winchester School of Mission	11	*9*
Strategic Development	4	*5*
Administration and Financial management	28	*28*
Safeguarding	5	*5*
Property	4	*3*
Fundraising	3	*1*
	55	***51***

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

	2023	*2022*
£60,001 to £70,000	4	*2*
£70,001 to £80,000	1	2
£80,001 to £90,000	-	1

Pension payments of £48,446 (2022: £45,802) were made for these employees

9. STAFF & TRUSTEES (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing, and controlling the activities of the Diocese. During 2023 they were:

Diocesan Secretary & Company Secretary	Colin Harbidge
Director of Education	Jeff Williams (67%)
Director of Human Resources	Susan Beckett
Director of Ministry	Mark Collinson
Head of Communications	Jemima Lewis
Financial Controller	Mark Teahan

Remuneration, pensions, and expenses for the 6 employees amounted to £493,030 (2022: £420,002)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 3 Trustees received travelling and out of pocket expenses, totalling £221 (2022: £nil) in respect of General Synod duties, duties as Archdeacon or Area/Rural Dean, and other duties as Trustees. No Trustee was in receipt of a clergy resettlement grant in 2023 (2022: Nil).

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

	Stipend	**Housing**
The Revd A Micklefield	Yes	Yes
The Revd Dr T Matthews	Yes	Yes
The Revd R Noel	Yes	Yes

2022	**Stipend**	**Housing**
The Revd A Micklefield	Yes	Yes
The Revd Dr T Matthews	Yes	Yes
The Revd R Noel	Yes	Yes

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

The WDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishops but excluding diocesan bishop and cathedral staff. The WDBF paid an average of 137 (2022: 133) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

Stipend Costs

	2023	***2022***
	£'000	***£'000***
Stipends	3,929	*3,613*
National insurance contributions	328	*308*
Pension costs - current year	969	*1,141*
Pension costs - deficit reduction	0	*143*
	5,226	***5,205***

10. ANALYSIS OF TRANSFERS BETWEEN FUNDS

2023	Unrestricted Funds General £'000	Unrestricted Funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000
From General fund to Restricted fund to eliminate negative balances	(257)	255	1	-
From Restricted fund to General fund for Education costs	130	-	(130)	-
From Restricted fund to General fund for Stewardship costs	23	-	(23)	-
From Restricted fund to General fund for Net Zero Carbon	9	-	(9)	-
From Restricted fund to General fund for Racial Justice	5	-	(5)	-
From Restricted fund to General fund for clergy & ministry costs	188	-	(188)	-
From Restricted fund to General fund for social responsibility costs	6	-	(6)	-
From Endowment fund to General fund for clergy & ministry costs	28	-	-	(28)
From Endowment fund to General fund for building costs	259	-	-	(259)
	390	**255**	**(358)**	**(287)**

2022	*Unrestricted Funds General £'000*	*Unrestricted Funds Designated £'000*	*Restricted Funds £'000*	*Endowment Funds £'000*
From General fund to Restricted fund to eliminate negative balances	*(289)*	-	*289*	-
From Restricted fund to General fund for Education costs	*130*	-	*(130)*	-
From Restricted fund to General fund for Stewardship costs	*37*	-	*(37)*	-
From Designated fund to General fund for grant to parish	*138*	*(138)*	-	-
	16	***(138)***	***122***	**-**

11. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Office Equipment £'000	Total £'000
Valuation as at:			
1 January 2023	146,981	8	146,989
Additions	261	-	261
Disposals	(2,165)	-	(2,165)
Revaluation	1,487	-	1,487
31 December 2023	**146,564**	**8**	**146,572**
Depreciation:			
1 January 2023	-	(8)	(8)
Disposals	-	-	-
Charge for the year	-	-	-
31 December 2023	**-**	**(8)**	**(8)**
Net Book Value			
At 31 December 2023	**146,564**	**-**	**146,564**
At 31 December 2022	***146,981***	**-**	***146,981***

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

12. FIXED ASSET INVESTMENTS

	As at 1st January 2023 £'000	Additions £'000	Disposals £'000	Net Gains / (Losses) £'000	As at 31st December 2023 £'000
Unrestricted funds					
Unlisted Investments	3,240	-	-	340	3,580
Restricted funds					
Unlisted Investments	7,687	-	(11)	537	8,213
Endowment funds					
Investment Property	1,059	-	(48)	1,123	2,134
Unlisted Investments	10,626	-	-	941	11,567
	11,685	-	(48)	2,064	13,701
Total	**22,612**	**-**	**(59)**	**2,941**	**25,494**

13. DEBTORS

	2023 £'000	*2022 £'000*
Due within one year		
Current year Common Mission Fund	240	*146*
Loans to parishes	73	*244*
Loans to others	75	*69*
Other debtors and prepayments	849	*627*
	1,237	***1,086***
Due after more than one year		
Loans to parishes	992	*840*
Other Loans	764	*784*
	1,756	***1,624***
Total Debtors	**2,993**	***2,710***

14. CREDITORS: amounts falling due within one year

Due within one year

	2023 £'000	*2022 £'000*
Loan repayments	490	*390*
Deferred income	29	*70*
Other taxes and social security	53	-
Creditor relating to sale proceeds of closed school	400	*400*
Other creditors and accruals	287	*458*
Pension scheme liabilities:		
CEFPS for Clergy	-	-
Church Workers DBS	-	-
Total creditors: amounts falling due within one year	**1,259**	***1,318***

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

Due after more than one year

	2023 £'000	*2022 £'000*
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	184	*61*
NatWest Bank value-linked loans	124	*138*
Loan from CCLA	350	*1,000*
Other loans	232	*789*
Total creditors: amounts falling due after more than one year	**890**	***1,988***
The maturity of the above loans may be analysed as follows:		
Between one and two years	30	*29*
Between two and five years	440	*86*
In five years and more	420	*1,873*
	890	*1,988*

16. ANALYSIS OF CHANGES IN DEBT

2023	As at 1st January 2023 £'000	Cashflows £'000	Other £'000	As at 31st December 2023 £'000
Cash and cash equivalents	9,470	637	-	10,107
Loans falling due within one year	(390)	(100)	-	(490)
Loans falling due after more than one year	(1,987)	1,097	-	(890)
	7,093	**1,634**	**-**	**8,727**

2022	*As at 1st January 2022 £'000*	*Cashflows £'000*	*Other £'000*	*As at 31st December 2022 £'000*
Cash and cash equivalents	*7,254*	*2,216*	*-*	*9,470*
Loans falling due within one year	*(29)*	*(361)*	*-*	*(390)*
Loans falling due after more than one year	*(2,319)*	*332*	*-*	*(1,987)*
	4,906	***2,187***	***-***	***7,093***

17. SUMMARY OF FUND MOVEMENTS – CURRENT YEAR

	01 Jan 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains & Losses £'000	Total 31 Dec 2023 £'000
Unrestricted Fund						
General	38,227	11,129	(11,779)	390	137	38,105
General Designated Fund						
General Designated Fund	(1)	-	-	1	-	-
Parish mission and development	107	-	-	-	-	107
Maclean	452	19	-	-	36	507
OAP Property	753	-	-	-	-	753
Building New Church	335	6	-	-	14	355
Planned maintenance sinking fund	(106)	-	-	106	-	-
Sustainability Fund	(5)	-	-	5	-	-
Clerical Registry fund	(85)	-	(58)	143	-	-
	1,449	**26**	**(58)**	**255**	**50**	**1,722**
Restricted Funds						
General Restricted Fund	27	25	(53)	1	-	-
Pastoral fund	-	-	-	-	-	-
Parsonages endowment income	1	-	-	-	-	1
Retired Clergy houses fund	3,094	58	(151)	-	44	3,046
Major Ball settlement income	8	5	(9)	-	-	4
Penrose income fund	81	15	-	(15)	(3)	78
Clergy welfare income fund	833	203	(30)	(171)	37	872
Chalke Bequest income	14	2	-	- (2)	-	14
Church schools fund	12	1	-	-	-	13
Queen Victoria clergy fund	-	3	-	-	-	3
Pember income fund	80	-	-	-	3	83
Widows and dependants fund	956	36	(10)	-	77	1,059
Thorrold library fund	24	-	-	-	-	24
ICSF grant fund	420	13	-	-	37	469
Council for Social Responsibility	695	63	-	-	105	863
Falrbairn trust	338	12	(1)	-	30	380
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	559	268	(256)	-	-	571
Winchester Mission Action	275	924	(671)	-	-	528
New Church Buildings	-	-	-	-	-	-
Northbrook	4	-	-	-	-	4
Giving Advisor	35	24	-	(23)	-	36
Schools Development Fund	3,299	158	-	(130)	172	3,499
Ministry Hardship Fund	-	-	(1)	1	-	-
Net Zero Carbon Funding	-	15	-	(9)	-	6
RMF Ordinands	-	49	(2)	-	-	47
Racial Justice	-	5	-	(5)	-	-
	10,763	**1,878**	**(1,183)**	**(358)**	**503**	**11,607**
Endowment Funds						
Expendable						
Benefice houses	95,763	-	-	-	1,712	97,474
Permanent						
Stipends fund capital	22,921	-	-	-	1,347	24,268
Parsonages endowment capital	788	-	-	-	75	863
Major Ball settlement capital	157	-	-	-	15	172
Penrose capital	344	-	-	-	33	377
Clergy welfare capital	6,429	-	-	-	477	6,906
Chalke bequest capital	63	1	-	(1)	6	68
Widows and dependants capital	198	-	-	-	19	216
Thorrold library capital	218	-	-	-	21	239
Pember capital	884	27	-	(27)	77	961
Christopher Library	4	-	-	-	1	5
Chute endowment	260	-	-	(259)	25	25
	128,029	**28**	**-**	**(287)**	**3,805**	**131,575**
Total funds	**178,469**	**13,061**	**(13,020)**	**-**	**4,495**	**183,009**

17. SUMMARY OF FUND MOVEMENTS – PREVIOUS YEAR

	01 Jan 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains & Losses £'000	Total 31 Dec 2022 £'000
Unrestricted Fund						
General	38,411	11,048	(11,039)	15	(207)	38,227
General Designated Fund						
General Designated Fund	(1)	-	-	-	-	(1)
Parish mission and development	107	-	-	-	-	107
Maclean	492	17	-	-	(57)	452
OAP Property	753	-	-	-	-	753
Building New Church	491	5	(4)	(138)	(20)	335
Planned maintenance sinking fund	(106)	-	-	-	-	(106)
Sustainability Fund	40	-	(45)	-	-	(5)
Clerical Registry fund	(30)	-	(55)	-	-	(85)
	1,746	**22**	**(105)**	**(138)**	**(77)**	**1,449**
Restricted Funds						
General Restricted Fund	-	242	(215)	-	-	27
Pastoral fund	(267)	-	(1)	267	-	(0)
Parsonages endowment income	1	-	-	-	-	1
Retired Clergy houses fund	3,290	54	(142)	-	(108)	3,094
Major Ball settlement income	6	5	(2)	-	-	8
Penrose income fund	73	13	-	-	(5)	81
Clergy welfare income fund	810	180	(29)	(46)	(82)	833
Chalke Bequest income	13	1	-	-	-	14
Church schools fund	10	2	-	-	-	12
Queen Victoria clergy fund	(17)	3	(2)	17	-	(0)
Pember income fund	90	-	-	-	(10)	80
Widows and dependants fund	1,039	32	(7)	-	(107)	956
Thorrold library fund	24	-	-	-	-	24
ICSF grant fund	462	12	-	-	(54)	420
Council for Social Responsibility	914	37	(100)	-	(156)	695
FaIrbairn trust	371	10	(1)	-	(42)	338
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	494	442	(377)	-	-	559
Winchester Mission Action	572	537	(834)	-	-	275
New Church Buildings	(6)	-	-	6	-	(0)
Northbrook	4	-	-	-	-	4
Giving Advisor	40	32	-	(37)	-	35
Schools Development Fund	3,742	140	-	(130)	(453)	3,299
Ministry Hardship Fund	-	60	(106)	46	-	-
	11,671	**1,804**	**(1,817)**	**122**	**(1,017)**	**10,762**
Endowment Funds						
Expendable						
Benefice houses	93,545	-	-	-	2,218	95,763
Permanent						
Stipends fund capital	23,059	-	-	-	(138)	22,921
Parsonages endowment capital	893	-	-	-	(105)	788
Major Ball settlement capital	200	-	(20)	-	(23)	157
Penrose capital	390	-	-	-	(46)	344
Clergy welfare capital	7,097	-	-	-	(668)	6,429
Chalke bequest capital	70	1	-	-	(8)	63
Widows and dependants capital	224	-	-	-	(26)	198
Thorrold library capital	247	-	-	-	(29)	218
Pember capital	965	27	-	-	(108)	884
Christopher Library	5	-	-	-	(1)	4
Chute endowment	294	-	-	-	(34)	260
	126,989	**28**	**(20)**	**-**	**1,032**	**128,029**
Total funds	**178,817**	**12,901**	**(12,980)**	**-**	**(270)**	**178,467**

18. SUMMARY OF ASSETS BY FUND – CURRENT YEAR

	Fixed Assets		Current		
	Tangible	Investments	Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted Fund	-	2,985	9,769	(4,980)	7,774
Designated Funds	33,557	627	238	(2,368)	32,054
Restricted Funds	1,536	8,181	5,151	(3,261)	11,607
Endowment Funds	111,471	13,701	6,709	(307)	131,574
Total funds	**146,564**	**25,494**	**21,867**	**(10,916)**	**183,009**

18. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

	Fixed Assets		Current		
	Tangible	Investments	Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted Fund	-	2,662	6,339	(1,784)	7,217
Designated Funds	33,953	578	(2,071)	-	32,460
Restricted Funds	1,537	7,687	3,060	(1,521)	10,763
Endowment Funds	111,491	11,685	4,851	-	128,027
Total funds	**146,981**	**22,612**	**12,179**	**(3,305)**	**178,467**

19. DESCRIPTION OF FUNDS

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

Parish Mission and Development Fund:

A fund created in the mid-2000s by the then Bishop's Council to support mission projects in parishes as part of the mission strategy in place at the time. Strategies moved on and fund was never fully used as priorities changed. Designated Fund to be wound up in 2024 and returned to General Fund.

Maclean Fund: The Maclean Fund originated with an unrestricted bequest in 1948 by the late Sir Alexander Maclean. The WDBF has designated this fund to assist with expenditure on clergy houses which could not be met from any other fund.

OAP Property: Fund representing the asset at Old Alresford Place net of the related loan.

Building New Church: Designated fund created by the directors of the WDBF in mid 2000s. Fund to be reviewed during 2024 to ascertain if original purposes are still required.

Planned maintenance sinking fund:

Designated fund created to fund maintenance works for Old Alresford Place. Fund ceased to be utilised in 2020 so will be reviewed and returned to the General Fund during 2023.

Sustainability Fund: Designated fund representing a grant made from the Church commissioners during 2021 to support DBFs in managing the financial implications of the pandemic. Original Grant now fully expended so fund to be closed.

Clerical Registry Fund: Designated Fund originally created from the surplus assets of the Winchester & Portsmouth Diocesan Clerical Registry which were passed to the WDBF when the Charity was wound up. Funds used to cover costs of the Registry. Once fully expended, this Designated Fund will be closed.

Pastoral Fund: The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese
- other purposes of the diocese or any benefice or parish in the diocese
- to make grants or loans to any other diocese
- to transfer funds to the diocesan stipends fund income or capital accounts.

Retired Clergy Houses Fund: This restricted fund, formerly known as the Clergy Retirement Houses Fund, represents the unexpended balance of a special appeal for funds made in the early 1980s for the provision of retirement housing for clergy. The fund is also used to make bridging loans to clergy approaching retirement. A Charity Commissioners Scheme has widened the purposes of this fund to include housing provision for clergy widows and deserted clergy spouses.

Major Ball settlement: This restricted fund represents the unexpended accumulated income of a settlement for the benefit of the parishes of Brown Candover and Chilton Candover.

Penrose Legacy Income: This fund represents the unexpended accumulated income of a legacy for the benefit of clergy, who in the opinion of the WDBF are most in need of grants. In recent years the WDBF has applied the income for grants to clergy for extended study leave.

19. DESCRIPTION OF FUNDS (continued)

Clergy Welfare Fund: The Clergy Welfare Fund is vested in the WDBF as trustee. The capital of the trust is shown as a permanent endowment, and accumulations of income as a restricted fund. The purposes for which the trustee may apply the income are as follows: for the benefit of clergy in the Diocese of Winchester, at the discretion of the Bishop; to assist ordination candidates; to assist with the higher education of children of the clergy in the Diocese.

Chalke Bequest: Bequest from Miss Winifred Joan Chalke to be used for the benefit of Industrial Mission.

Church Schools Fund: The church schools fund represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the diocese and education generally at Church of England schools in the diocese. The WDBF is trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

Queen Victoria Fund: Restricted Fund to receive any grants made to the WDBF by the Queen Victoria Fund – a separate grant making charity that provides small grants for clergy welfare.

Pember Income Fund: The annual income of the Pember Fund is restricted by a Charity Commissioners' Scheme to the payment of Winchester Diocesan clergy pensions. Where the income in any year is not required for this purpose, it may be used for providing accommodation for these clergy and their dependants, and for making grants to widows of such clergy and their dependants.

Clergy Widows and Dependants: These funds have been left to, or settled with, the WDBF specifically for the benefit of clergy widows and dependants. Fund reviewed by the WDBF in 2023 with a view to seeking approval from the charity Commission to expand its purposes.

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

Fairbairn Trust: The Fairbairn Trust, of which the WDBF is Trustee, was a bequest of the late Sir Arthur Fairbairn for the Church of England's mission to deaf and hard-of-hearing people in the Diocese. Grants are awarded to parishes and local deaf clubs.

Diocesan Council for Social Responsibility:
The Council for Social Responsibility Fund exists to support "the advancement of the Christian religion within the Diocese of Winchester by promoting Christian engagement with and concern for people's needs in the whole of society, and to reflect upon social issues in the light of the Gospel'".

ICSF Grant for Clergy Houses: This fund arose from a distribution to the WDBF from the former Incorporated Clergy Sustentation Fund. Capital and income may be used in aid of the sustentation of the clergy in the Diocese.

Benefice House Endowment: This restricted fund consists of income generated by the associated endowment the income is entirely transferred annually to the general fund where it is applied for its specified purpose of benefice house outgoings.

19. DESCRIPTION OF FUNDS (continued)

Diocesan Stipends Fund Capital: The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

Benefice Property Fund: The benefice property fund consists of resources restricted to provision of benefice houses in the diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the WDBF.

Chalk Bequest: Bequest from Miss Winifred Joan Chalk to be used for the benefit of Industrial Mission.

Chute Fund: The income from the Chute Legacy Endowment, a fund originally created by the WDBF from a number of restricted gifts is for the purpose of being a repair and replacement fund for the Retreat Centre & Diocesan Offices.

Christopher Library: Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.

Tale Tellers: Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.

RME Training for Mission: Income received from Church Commissioners to fund theological training of ordinands. Any funds not spent on training are required to be held by the WDBF with the expectation that the surplus will be returned to the Church Commissioners.

Winchester Mission Action: Restricted Fund for any grants received from the National CofE Strategic Development Fund or its successors. Fund can only be used to support the costs of projects approved by the National Strategic Mission & Ministry Investment Board.

Giving Advisor Fund: Grant provided by the Church Commissioners to fund additional resource in our stewardship team. Funding tapers over a 3 year period.

Sustainability Fund: To aid transition.

20. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

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

Church of England Funded Pension Scheme (CEFPS)

The membership figures that we hold as at December 2022 and December 2023 for Winchester DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2023	December 2022
Number of members at this Responsible Body	143	140

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to 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 £968,753 in 2023 (2022: £1,141,210), 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 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022: £143,000).

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 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%).

20. PENSIONS (continued)

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

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 are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 is nil. The movement in the balance sheet liability over 2022 and over 2023 is set out in the table below.

	2023	2022
Balance sheet liability at 1 January	-	233,000
Deficit contribution paid	-	(143,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(90,000)
Balance sheet liability at 31 December	-	-

* Comprises change in agreed deficit recovery plan and change in discount rate and inflation 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 or 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 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

20. PENSIONS (continued)

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

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

CWPF has two sections:

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

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2023: £271,954, 2022: £ 226,825).

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

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

For the Pension Builder 2014 section, the 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.

20. PENSIONS (continued)

Teachers' pension scheme (TPS)

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

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

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

21. OPERATING LEASES

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

	2023	***2022***
	£'000	***£'000***
Land and Buildings:		
Within one year of the balance sheet date	-	*17*
In the second to fifth years inclusive of the balance sheet date	-	-
	0	***17***
Other operating Leases:		
Within one year of the balance sheet date	5	*7*
In the second to fifth years inclusive of the balance sheet date	-	-
	5	***7***

22. FUNDS HELD AS CUSTODIAN TRUSTEE

The WDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not consolidated into these financial statements as the WDBF does not control them. The financial assets held in this way may be summarised as follows:

Funds Held As Custodian Trustee

	2023	***2022***
	£'000	***£'000***
CBF Church of England Investment Fund income shares	17,666	*16,314*
CBF Church of England Fixed Interest Securities Fund shares	274	*273*
CBF Church of England Property Fund shares	230	*245*
COIF income and accumulation shares	32	*2*
Other common investment fund holdings	328	*316*
Other fixed interest stocks	104	*104*
CBF Church of England Deposit Fund	2,000	*1,372*
Cash at bank	12	*570*
	20,645	***19,195***

23. RELATED PARTIES

During the year, the charity provided a grant to Launchpad Social Enterprise of £25,000 (2022: £100,000). Launchpad Social Enterprise was set up by WDBF in 2015 using funds from the charity's Council for Social Responsibility restricted fund.
At 31 December 2023, loans totalling £650,500 (2022: £725,000) were owed from Launchpad Social Enterprise. The loans are interest free and repayable over 10 years.

WINCHESTER DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249276

Accounts

DIOCESE of WINCHESTER

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

WINCHESTER DIOCESAN BOARD OF FINANCE

Company number - 142351

Registered charity number – 249276

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FOREWORD



It has been a privilege to have served as Acting Bishop of Winchester over the last year and a joy to experience the ways in which we have settled and begun to develop new ways of working together. Diocesan Synod has become a place for open discussion, and we continue to explore opportunities to ensure collaborative working across the diocese.

Clergy have gathered for study days covering topics such as Racial Justice and the role of the parish in mission. We held a wonderful celebration of Lay Ministry in Winchester Cathedral with large numbers of people being licensed as Lay Ministers and commissioned for ministry in their own parishes. We have welcomed a number of new clergy to the diocese and held several welcome events to get to know them better.

Jemima Lewis has joined us as Head of Communications and Engagement and has enabled us to communicate more effectively both internally and externally with weekly updates circulated to around 4,000 people, videos to support our financial strategy and wider impact with local media.

Last year we were seeking to:

- Improve morale
- Build confidence in governance and finance
- Prioritise reconciliation
- Rediscover a vision for growth

I am pleased that we have achieved much of this, which allows us to arrive in a good place to welcome the next Bishop of Winchester and to look forward with anticipation to all that God has in store for us.

+Debbie

Yours in Christ,

Bishop Debbie
The Right Reverend Deborah Sellin
Acting Bishop of Winchester

FOREWORD

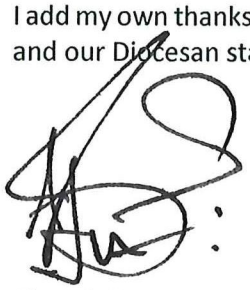


I write this, having just stepped down as Interim Chair of the Winchester Diocesan Board of Finance (WDBF) in April 2023, handing over the responsibility to my successor Mr Ian Dighe. Looking back on 2022, I am proud of the progress we have made, the challenges we have addressed and the support we have provided to parishes and of the steps being made to continue to take on those challenges and to develop our Diocese further.

Words such as 'exceptional' and 'unprecedented' have begun to lose their impact in recent years, but 2022 was clearly a time of real challenge. The cost of living crisis has had an impact in our diocese on multiple fronts. Parishes found their local costs increasing at alarming rates, our church members' ability to give was reduced by rocketing prices at home, by the cost of materials and maintenance for our houses growing substantially, all whilst the need to provide welfare support to our clergy and employees has never been greater.

Although these reports and accounts are for the WDBF, the charitable company at the heart of our Diocesan governance structures, the story they tell touches on so many aspects of our life as a missional Diocese seeking to speak out the message of God's love. This annual report offers a 12-month overview of the life, ministry, challenges, mission, and opportunities across our diocesan community. The cost of a clergy post or a member of staff in our accounts appears as a series of figures for stipend, pension, housing, grants, training etc but we forget at our peril that behind those figures is a person, ordained or lay, with a story of service, care, leadership and love that that person brings to their parish or to this diocese more broadly.

I add my own thanks to Bishop Debbie's to all our parishes, the ordained and the lay ministers, the volunteers, and our Diocesan staff for all you do to serve God's Kingdom and our Diocese of Winchester.



Alastair Barron
Interim Chair of the Winchester Diocesan Board of Finance

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Winchester cover most of Hampshire - a part of eastern Dorset, the unitary authority of Southampton and the eastern parts of the unitary authorities of Bournemouth and Poole.

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

The WDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

1. Making disciples: grow by deepening and sharing our faith as authentic disciples of Christ

2. Reimagining church: combine the best of traditional and new forms of church

3. Transforming society: distinctive Christian contributions to the common good

4. Living generously: mutual support and self-giving, as we belong together in Christ

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

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

ACTIVITIES IN THE YEAR

Support for Parishes
The fundamental purpose of the Diocesan Team continues to be the support, guidance, and advice we offer to our deaneries, benefices and parishes. Below is a summary of the support offered during 2022:

- **DAC**: On average, each year the DAC teamwork with more than 100 PCCs; providing advice and support for around 300 applications for changes, maintenance, and development to our church buildings. This involves numerous site visits across the diocese, and liaising with fabric committees, DAC consultants and architects. DAC also help to provide training for new churchwardens.

- **Stewardship & Generosity**: The Stewardship Team continues to provide support and advice to clergy and PCCs on how to encourage, promote and enable giving to parishes.

  209 parishes/churches are now using the Parish Giving Scheme as a platform for giving. 519 new givers joined the scheme in 2022 with 163 joining via paper forms, 72 over the phone and 284 joining directly through the PGS website. The PGS processed £6,198,048 of gifts to parishes within our diocese in 2022 and the average weekly gift via the PGS has risen from £19.89 to £20.46. In 2022 the Parish Giving Scheme also introduced a mechanism for donors to be able to give one-off gifts to parishes which we hope to see the fruits of next year.

  Generous June had its third successful iteration. Part of the campaign in 2022, saw curates sent to neighbouring parishes to preach on generosity.

The Diocese of Winchester continues to offer a free-will writing service (post our free-will pilot that took place in 2021). All free wills are based on a first come first serve basis.

- **Mission & Pastoral Planning:** pastoral proposals continue to wind their way through the various consultative stages. At the end of 2022, there were approximately 20 potential pastoral re-organisations in progress.

- **Parish Portal:** The development and expansion of the online parish portal continued during 2022, with new functionality added to assist and improve the two-way communication between parishes and the diocesan team.

- **Clerical Registry**: During 2022, the Registry provided cover for 1,456 services ensuring public worship and occasional offices could continue in parishes in vacancy or during holiday or illness (an average of 121/month). Our heartfelt thanks go out to all PTO clergy who continue to provide ministry through the Registry.

- **Safeguarding Training:** 4,555 clergy and volunteers undertook safeguarding training during 2022. This is an increase of 88.6% on 2021. This vital work helps ensure our churches and worshipping communities can be safe places for all.

Support for Clergy & Ministers
The support for our clergy continues to be a fundamental aspect of all diocesan structures, strategy and resources:

- **Deployment:** In 2022 we maintained our commitment to a stipendiary clergy headcount of 116.5fte posts funded by the WDBF, with a further 19 House for Duty posts[1] and 30 stipendiary curates. Whilst our stipendiary posts have the greatest impact on our budgets and finances, our self-supporting ministers, Licensed Lay Workers, retired clergy, and authorised lay ministers continue to provide a significant percentage of the ministry across our diocesan community.

  Looking forward, we are keen to explore options for increasing our ministerial headcount further; through greater use of Locally Funded posts and posts funded through external grants and partnerships.

- **Houses:** 2022 was a busy year for the Clergy Houses Team. In addition to ongoing regular maintenance, a record total of 59 clergy moves were completed (including all the associated property works), with nearly 1,300 works orders raised in the year. The team continues to navigate the challenges caused with the increase in cost of raw materials and increased contractor workload.

- **Clergy Human Resources (HR):** The HR Team offer a range of bespoke support and care to our clergy and their families. The nature of this support is, by its nature, private but we know from the feedback received how valuable it can be in helping clergy navigate the ever-increasing complexities of roles.

- **Clergy Welfare Fund**: The Diocesan Clergy Welfare Fund is a restricted fund held by the WDBF to help support and resource clergy wellbeing, training, and costs. During 2022, grants totalling £29,196 were given to those clergy, who were in need of financial support.

[1] House for Duty clergy (HfD) receive a house, with all maintenance, water rates and council tax paid, but no stipend or pension. In return, HfD clergy are asked to work 3 days a week including Sundays.

- **Continuing Ministerial Development (CMD)** for clergy and laity: the CMD program provided 14 onsite training opportunities for our licensed ministers including 2 Bishop's Learning Day exploring 'The Past and Future of the English Parish' and the second providing a focus on ethnic diversity. Alongside these CMD sessions providing a breadth of practical themes such as; Clergy Wellbeing; Understanding Parish Finances; The Spirituality of Children and Preaching for Advent, 21 clergy participated in Transitions in Ministry training residentials. These cover Area Deans, New Post, First Post of Responsibility and pre-retirement and Training Incumbents and are offered collaboratively throughout the South-Central Regional Training Partnership. 11 clergy were supported in their retreats, and 6 in external courses and academic study. 5 teams representing 15 people participated in training for church planting, using the Gregory Centre for Church Multiplication material, run in partnership with Chichester diocese.

- **Bishop's Commission for Mission (BCM):** BCM continues to be growing and remains a valuable programme of training covering streams such as prayer, pastoral care, worship, creation care, children, youth and family and a new stream called beyond church walls.
    - A total of 407 lay people have been commissioned since the first pilot was run in 2017.
    - In 2022, 75 participants registered for BCM with 19 being commissioned and the remaining 53 have been trained and will complete the requirements for commissioning in October 2023.
    - A further 13 lay people completed the Bishop's Permission to Preach training course in 2022.
    - To create ongoing support and equipping for BCM more opportunities for learning have been put in place through a lay equipping initiative called Groundswell creating a framework and a renewed sense of purpose and vison for the education, nurture, and formation of lay leaders in this new season. Groundswell offers a framework that creates entry and exit points as well as spaces and opportunities for people to further grow and develop as they journey in their discipleship and leadership calling. We do this through Training Programmes (BCM and BPP), Learning and Action Hubs through Partnerships and Continuing Lay Development and Support through workshops, networking events, Lunch &Learn and coaching.

- **Vocations:** The new Discernment framework process came on stream in 2021/22 but the slow national roll out and technical difficulties caused many delays both technical and process driven.
    - 12 candidates eventually went to Stage 2 (final stage, BAP equivalent) of whom 10 were recommended for training,
    - 2 further candidates were asked to wait to attend Stage 2 in 2023 which they are doing.
    - 3 of the recommended candidates deferred starting training from September 2022 to September 2023

- **Ordinands & Licensed Lay Ministers:** Investing in the next generations of parish clergy continues to be a high priority. There were 23 students training for ordained (12) and licensed lay ministry (11) through the Winchester School of Mission during 2022, of whom 6 started training in September 2022. Once their training is complete, many will move on to hold curacies within our diocese and then, we hope, move on to leading our parishes and worshipping communities. An independent review of the training provided through South Central Theological Education Institution (SCTEI), including the Winchester School of Mission carried out in 2022, summarised that, along with the other 3 centres of the SCTEI, Winchester "provides a fine theological education and formation for your students. You are enabling your students to be theologically

informed, missionally orientated, reflective, engaged, pastorally sensitive and appreciative of what their several callings might mean."

- **Curates:** There were 19 curates ordained in our 2022 cohort, of whom 11 are stipendiary and 8 in self-supporting ministry. They joined the 42 curates who were already in curacies, ordained in 2020 and 2021. This represents a continuing large number of vocations to ordained ministry each year and we continue to celebrate the contribution that the self-supporting ministers are making to their parishes and chaplaincy contexts.

Support for Schools

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

The Education Team's commitment to the diocesan strands of Social Justice and Environmental matters continues. To this end, 18 Winchester diocesan schools now have the Global Neighbours Award, which is the largest number in any diocese, and the only diocese to have two schools with the Gold Award – Milford on Sea and St Luke's, Sway. We have delivered lots of online training on Courageous Advocacy, where schools are sharing good practice with each other. Despite the pandemic, they have been organising community events - setting up village charity collections and recycling points; working with their local foodbanks and projects to tackle plastic pollution.

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

Our annual four days of events and services for the Year Six Leavers was held in person for the first time since 2020's Covid restrictions and was attended by over 600 children each day. Our Christmas Project centred around the book 'An angel just like me' and was incorporated into our local authority schools, five other dioceses and beyond.

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

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

Strategic Development Projects

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

Projects:

- Learning shared from the pilot stage of Benefice of the Future continues, with the learning and results from the initial three benefices (North Hampshire Downs, Pastrow, and Avon Valley), used

to guide and inform sustainable rural ministry across our diocese, including for Growing Rural Parishes day.

- Our Resource Churches in Bournemouth, Southampton, Totton, Andover, and now Basingstoke continue to grow and serve their communities, particularly reaching younger generations and those new or returning to church. These churches now provide a wide variety of community support with café, community shops, warm space, mental health programmes and co-working with NHS and local agencies.
- The student evangelism project reached the end of its funding and has enabled several churches to grow new engagement with universities and FE colleges in the diocese.
- The project in Basingstoke started with the new rector of Basingstoke Parish installed during the summer and additional nationally funded staff roles appointed to support the work of becoming a resource church. New mission has been started alongside the pre-existing work, with services relaunched at St Peters, and more than 1000 people attending Christmas services across the four churches of the parish.
- Two new projects were awarded national Innovation Funding in December, a mental health project at St Winifred's Totton and a local ecumenical partnership in Weston, Southampton.

Governance and reporting: We introduced a new governance structure and reporting for projects this year to improve our support for project churches, oversight and capturing learning that can support growth in other contexts.

Operations & Governance

The operational and governance structures of our Diocese represent our shared framework for decision making and being good stewards of all resources entrusted to us. The Directors of the WDBF took their burden of responsibilities in this regard very seriously during 2022:

- **Informal Meetings of the Houses of Synod**
  To aid communication, discussion and to build fellowship the separate houses of Diocesan Synod in 2022 have been meeting informally separately 3 times a year. This gives an opportunity for members to discuss items pertaining to their house specifically or that are of particular interest.

- **Chair of the Finance Monitoring Group**
  In October, the Bishop's Council appointed Elspeth Mackeggie Gurney to be the new Chair of the Finance Monitoring Group. Elspeth is a fully qualified Chartered Accountant who spent her career working in public practice, industry and latterly the charity sector. In addition to this, she has been the Finance Committee Chair for Alton Deanery since 2018 and holds a BCM in her parish role.

  The Chair of the FMG is a co-opted Director of the Board of Finance, a member of the Bishop's Council, and will work closely with fellow Trustees and members of the Executive in providing robust oversight and monitoring of Diocesan finances.

FINANCIAL REVIEW

Financial Performance 2022

Our financial performance for 2022 was mixed. Like many organisations, the significant shifts and uncertainties in the global economic climate has impacted on our finances and budgetary assumptions.
Across all funds the WDBF reported an operating surplus of £0.11m (2021: £0.97m) before transfers, investment gains and the impact of the pension liability. Total income decreased by £1.75m and total expenses decreased by £0.89m.

During the year unrealised losses on investments were £2.81m (2021: gain £2.95m), and gains on revaluation of tangible fixed assets £2.24m (2021: £16.31m). This reduction in unrealised gains on tangible assets results from reverting back to the accounting policy under FRS 102 for accounting estimates, of revaluing 20% of the property portfolio each year. In 2021, 100% of properties were revalued.

The net effect of all the above is an overall decrease in the value of all funds of £0.35m for the year (2021: increase £20.60m) to £178.47m. The table below summarises this financial position:

	2022	**2021**
	£'000	**£'000**
Operating surplus/(deficit)	107	965
Other recognised gains and losses:		
Unrealised (losses)/gains on investments	(2,814)	2,946
Realised gains/(losses) on investments	15	-
Sub-total - Net (Loss)/Gain on Investments	***(2,799)***	***2,946***
Unrealised gains/(losses) on tangible assets	2,241	16,310
Movement on Pension Scheme Deficit	102	383
Net movement in funds for the year	**(349)**	**20,603**
Fund balance at 1st January	178,816	158,213
Fund balance at 31st December	**178,467**	**178,816**

General Fund

Income increased by 1.1% from £11.11m to £11.23m.
Giving from our parishes through Common Mission Fund (CMF), the mutual cost-sharing across the Diocese to fund mission and ministry, is the main incoming resource for the Diocese. We are deeply grateful to all our parishes who have continued to contribute to the CMF whilst tackling rising costs and diminishing reserves. We received £8.52m (2021: £8.54m), the lowest it has been since 2009, and £850,000 lower than our last 'normal' year in 2019. This highlights the huge financial pressures our parishes have faced since the start of 2020. Despite the challenging operating environment, property rentals remained in line with previous year at £1.09m (2021: £1.09m) and investment income increased by £0.14m to £0.43m (2021: £0.29m). However, realised gains on fixed assets disposals decreased to £0.19m (2021: £0.30m).

Expenditure increased by £0.63m from £10.41m to £11.04m

Resourcing ministry and mission continues to be our most significant expense stream. In 2022, we averaged 100 stipendiary clergy posts across our diocese (2021:102) out of a budgeted total of 116.5 (2021: 116.5). Direct expenditure on clergy stipends was £5.02m compared to £4.85m in 2021. Expenditure on clergy housing was £568k higher than 2021 at £1.92m. Resettlement Grants and First Appointment Grants were £277k in 2022 compared to £229k in 2021. Reductions in expenditure on Diocesan Team costs of around £150k helped to offset these increases.

Balance sheet position

The Directors consider that the balance sheet together with details in note 18 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £178.5m (2021: £178.8m), it should be noted that included in this total are properties, mostly in use for Clergy, whose value net of loans, used to buy them, amounted to £146.9m (2021: £147.9m). 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 of the WDBF.

Free reserves

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy aim is to hold a balance of free reserves (general fund less tangible fixed assets net of long-term financing) on its general fund, equivalent to about 3 months budgeted unrestricted expenditure. The total unrestricted general funds balance of free reserves totals £7.2m. (2021: £7.8m). This balance represents the equivalent of 7.8 months of budgeted expenses for the diocese. Whilst the DBF policy is to hold 3 months budgeted unrestricted expenditure in cash or short-term deposit (approximately £2.8m), this was exceeded at the end of December 2022 with the cash balance in the general fund of £6.6m. The level of cash being held is deliberate and recommended by the Investment Advisory Group (IAG), given the high levels of economic and geopolitical uncertainty at this time.

This leaves the WDBF in a good position moving into 2023 as we see months with low CMF collection and therefore lowest cash inflows expected in the first half of 2023, as parishes determine their own financial needs for the year ahead.

Designated Fund

The Trustees may, with the approval of the Board, designate unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund, in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use, is set out in note 19. At 31 December 2022, total designated reserves were £1.4m (2021: £1.7m). This decrease is largely due to the use of the Sustainability Fund for the payment of clergy redundancies and a reduction in the value of the Old Alresford Place (OAP) property.

Restricted and Endowment Funds

As set out within Notes 17 and 18, the WDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2022, restricted funds totalled £10.8m (2021: £11.7m) and endowment funds totalled £128.0m (2021: £126.9m). Neither are available for the general purposes of the WDBF.

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

Investment policy
The WDBF is empowered by its memorandum of association, to invest monies not immediately required for its purposes. In addition, the WDBF acts as Trustee of several trust funds, and these must be invested in accordance with the related trusts. The WDBF's policy is to regularly review the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 18 provides details of the assets of each fund, together with the related purposes, and Note 12 summarises the movements in investments during the year.

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

	Value at 31 Dec 2022	% of portfolio	2022 Total Return	2021 Total Return
CCLA	**£'000**			
Investment Fund	20,046	67.2%	(9.2%)	17.40%
Property Fund	1,423	4.8%	(7.8%)	19.70%
Deposit Fund	8,346	28.0%	1.3%	0.05%
Total	**29,815**	**100.0%**		

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

Future Financial Outlook & Priorities

The financial outlook of the WDBF, is intrinsically linked to the outlook and sustainability of our 250 parishes. We cannot ignore the very challenging few years parishes have faced both financially and in terms of decline in attendance. It is clear that we will not be seeing a quick bounce back to 'normality' in the next 12 months.

As such the Directors of the WDBF have agreed a new **Diocesan Financial Framework**, to help guide our finances over the next 5 to 7 years. This includes a commitment to retain the current stipendiary clergy headcount at a minimum of 116.5fte, an intentional and strategic use of some reserves and restricted funds to buttress ministry costs in the coming years, along with carefully targeted reviews of expenditure, structures and operational costs through an enhanced approach to financial governance and oversight.

We have been fortunate to see historic pension deficits for clergy and lay employees reduce substantially in the last 12 months due in part, to the careful stewardship of our colleagues in the Church of England Pensions Board. This has in part enabled us to increase stipend levels in 2023 by 7%, recognising the high rate of inflation, and the need to actively invest in the care and support of our clergy and their families.

Plans for the next triennial diocesan budget for 2024 to 2026 are currently being developed. This process has started with a prolonged period of consultation and reflection with our PCCs, clergy, and key stakeholders. It is vital that we build our future financial plans on clear feedback and data from those in the front line of our mission and ministry.

Set alongside our financial planning and stewardship, is the need to actively seek new ways of supporting our parishes to return to positions of growth and viability. At the time of writing we are currently finalising an application to the Church of England's **Strategic Mission & Ministry Investment Board** for over £4.5m to support ongoing strategic projects in our large rural benefices and our urban conurbations.

STRATEGIC RISKS AND UNCERTAINTIES

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

Risk	Strategic Overview
Growth & Sustainability Continued decline in the numbers of in those involved in, or supporting, the church in any capacity	A continued reduction in numbers of those involved in our Diocese will adversely impact all areas of risk e.g. numbers of clergy in parishes, laity directly involved in mission, macro/micro economic factors, 'relevance' due to controversies/ debates at national level, diocesan finance due to fewer and less generous givers, volunteers needing training such as safeguarding. As we look forward it is vital that we continue to discern and invest in sustainable models of ministry and mission that will intentionally seek to address this decline. Accessing national strategic mission & ministry investment funding, working with our new Diocesan bishop from 2023 to discern a new mission strategy, and continuing to invest in clergy and parishes to help them grow their ministry must remain a fundamental priority.
Safeguarding: Child, adult at risk, or domestic abuse There is an occurrence of child, adult at risk, or domestic abuse by someone working for or on behalf of the Church (in a parish or parish-based organisation or at the Diocesan Office) Non-Current Cases It comes to light that there were instances of abuse in the past which were not appropriately dealt with by the Clergy/Diocese	The Diocese has a Safeguarding Board that is independently chaired and draws in senior officers from statutory agencies, law and education as well as the Diocesan Secretary and the Dean of the Cathedral. The Board is responsible for developing Safeguarding Strategy and an action plan of improvement. The Board is supported by a Casework Subcommittee (independently chaired). The Board promotes best practice and continuously ensures that the Diocese is adopting and developing appropriate policy and practice. One safeguarding incident was reported to the Charity Commissioners in 2022. A Safeguarding team, led by a highly qualified and experienced Safeguarding Manager, promotes best practice, supports those making disclosures and manages offenders and those under investigation. In 2022 the Diocese undertook further work to review the records it holds as part of its continuing work to review non-current cases as part of the national Past Case Review 2 process. No significant concerns were identified.

Risk	Strategic Overview
Financial: Diocesan Board of Finance A serious loss of income, investment market crash, unforeseen major expense, fraud, and theft are all potential serious financial incidents for the Board. Custodian Trustee A parish enters major expenditure without sufficient resources, experiences fraud, has major unforeseen building or staffing issues requiring significant expenditure.	The Diocesan Board of Finance (DBF) is supported by a Finance Committee which regularly reviews its reserves position and cash flow projections on a quarterly basis to ensure any unexpected losses in income can be covered whilst remedial actions are undertaken. The DBF issues comprehensive Financial Standing Instructions identifying levels of delegation, responsibility, and accountability. These are currently being reviewed to ensure they remain current and appropriate. Appropriate measures are in place to ensure that financial transactions require two signatures and property purchases and major contracts also require two director signatures in addition to the Diocesan Secretary & Chief Operating Officer. The DBF ensures against its most significant serious incidents and all insurance policies are reviewed annually. The DBF offers some advice and support to parishes embarking on major projects or areas of expenditure, assisting them in assessing risk and appropriate mitigations and will monitor parish accounts, with deanery assistance, to be alert to any needs and problems arising.
People: Employment Significant staff turnover, staff without appropriate qualifications and skills mix for evolving needs of the DBF and wider Diocese. Appointments The Diocese fails to make the right appointments to parishes and senior positions within the Diocese.	The WDBF is responsible for a wide range of specialisms and different disciplines operating in an unusual legal and compliance framework. Each area requires a high level of expertise and experience. This represents an ongoing organisational challenge, as we seek to recruit people with relevant experience whilst also managing expenditure on employed posts. The DBF has been building up a pool of consultants, partners and colleagues across the wider Church of England who can provide some level of cover if and when required. Investment and improvement in appointment processes have been a priority for the DBF over the recent years. More use is made of targeted testing and assessment, both prior to and during the early stages of a new employee's appointment. Whilst these processes can assist and improve appointment processes, the Directors recognise that many diocesan and parish appointments do not fall under secular employment legislation and are therefore risks which cannot be mitigated entirely.

Reputation A serious incident causes adverse publicity and a loss of confidence in the Diocese.	The Diocese cannot prevent all possible serious incidents across all parts of the organisation. If a serious incident should arise the Diocese has a policy of open and transparent communication, supported by a communications team and national Church colleagues. The Diocese works closely with statutory agencies and will always report serious incidents to the Charity Commissioners. No serious incidents were reported to the Charity Commissioners during 2022.

STRUCTURE AND GOVERNANCE

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

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

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

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. Following the changes in governance approved in December 2012, the membership of the DBF comprises: The Bishop of Winchester (currently in vacancy), the Chairs of the Synod House of Clergy and the Synod House of Laity, together with six people elected from and by the members of Diocesan Synod every three years. Members of the DBF have co-opted the Bishop of Southampton, Bishop of Basingstoke, Archdeacon of Winchester and the Dean for the duration of this triennium. Currently the Chair of the House of Laity is serving as interim Chair of the WDBF. The most recent elections were held in November 2021. Details of Trustees who served during the year are set out on page 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 in November 2021. The Synod elects six of the twelve Trustees of the Diocesan Board of Finance (as well as two of the ex officio trustees). Whilst the WDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000, the WDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

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

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

The Trustees are assisted in their work by 3 sub-committees:

The Finance Monitoring Group: The group monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans.

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

The Directors of the WDBF voted to expand the remit of the FMG in March 2023, combining it with the Investment Advisory Group and giving it greater delegated responsibility for drafting budgets, and reviewing annual expenditure. The Group has been re-designated as the Diocesan Finance Committee.

The Property Working Group: The Group has delegated responsibility from the WDBF to undertake some of the responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). The Group meets 4 times a year to consider requests, suggestions and appeals from clergy relating to the care and maintenance of their houses.

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

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

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

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

Funds held as Custodian Trustee
The WDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the WDBF does not control them, and they are segregated from the WDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £19.2m as at 31 December 2022 (2021: £20.9m), are available from the WDBF on request, and are summarised in note 22. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the WDBF's solicitor, Blake Morgan LLP, Winchester.

TRUSTEES' RESPONSIBILITIES

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

- Select suitable accounting policies and apply them consistently.
- Observe methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

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

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

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

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

Statement of Disclosure to the Auditors
So far as the Trustees are aware:

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

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

ADMINISTRATIVE DETAILS

Trustees
No Trustee had any beneficial interest in the company during 2022. The following are the Trustees who served at any time during 2022 up to the date of this report:

Chair:	Timothy Dakin BA, MTh, PhD - Bishop of Winchester (retired 06.02.2022)
Interim Chair:	Alastair Barron BA (Hons), MBA, FSyl (resigned 01.05.2023) Ian Dighé (appointed 01.05.2023)
Ex officio:	Andrew Micklefield BEd (Hons) - Chair of the House of Clergy Alastair Barron BA (Hons), MBA, FSyl – Chair of the House of Laity (from 01.01.2022)
Synod House of Clergy:	Timothy Matthews (from 01.01.2022) Rachel Noel (from 01.01.2022)
Synod House of Laity:	Alison Coulter MA, MSc, MFPH (from 01.01.2022) Esther Clift BSc (Hons), MSc, MCSP Ian Newman Gillian Gray Knight (from 01.01.2022)
Co-opted:	Deborah Sellin (from 27.01.2022) David Williams (from 27.01.2022) Richard Brand (from 27.01.2022) Catherine Ogle (from 27.01.2022) Elspeth Mackeggie Gurney (from 10.10.2022)

Senior Staff and Advisers:

Company Secretary:	Lisa Streeter (resigned 31.03.2022)
Company Secretary:	Colin Harbidge (from 01.04.2022)
Interim Diocesan Secretary:	Colin Harbidge BA (Hons), PGDip, MCMI (from 01.04.2022)
Director of Finance:	Lisa Streeter FCCA, MBA (resigned 07.11.2022)
Director of Education:	Jeff Williams MA, DPhil
Directory of Ministry:	Mark Collinson BSc, MA
Director of Human Resources:	Susan Beckett, FCIPD
Director of Strategic Development:	Mark Lowman BSc, MBA, PhD, FHEA (resigned 30.06.2022)

ADMINISTRATIVE DETAILS (continued)

Registered Office:	Diocesan Office, Old Alresford Place, Alresford, Hampshire, SO24 9DH
Bankers:	National Westminster Bank PLC, 105 High Street, Winchester, SO23 9AW
Auditors:	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Solicitors:	Blake Morgan, New Kings Court, Tollgate, Chandler's Ford, Hants SO53 3LG
Investment Advisers:	CCLA Investment Management Limited, One Angel Lane London, EC4R 3AB
Glebe Agents:	Carter Jonas LLP, 9a Jewry Street, Winchester, SO23 8RZ
Insurers:	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5-20, within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

Ian Dighé
Interim Chair
08 June 2023

Colin Harbidge
Company Secretary
08 June 2023

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022

OPINION

We have audited the financial statements of Winchester Diocesan Board of Finance for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements
As explained more fully in the Trustees' responsibilities statement set out on pages 16 and 17, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Jane Askew (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date 07/07/2023

10 Queen Street Place
London
EC4R 1AG

Statement of Financial Activities
For the year ended 31 December 2022

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Income and endowments from:							
Donations							
Parishes	2	8,524	-	-	-	8,524	8,540
Archbishops' Council	2	192	-	1,271	-	1,463	1,623
Other	2	154	-	4	-	158	227
	2	8,869	-	1,275	-	10,145	10,390
Charitable activities	3	680	-	42	-	722	1,906
Other trading activities	4	1,073	-	31	-	1,104	1,109
Investments	5	425	22	455	28	930	760
Other	6	187	-	-	-	187	669
Total		11,234	22	1,804	28	13,088	14,834
Expenditure on:							
Raising funds	7	(14)	-	-	-	(14)	(20)
Charitable activities	8	(11,025)	(105)	(1,817)	(20)	(12,966)	(13,849)
Other	9	-	-	-	-	-	-
Total		(11,039)	(105)	(1,817)	(20)	(12,980)	(13,869)
Net income/(expenditure) before investment gains		**196**	**(83)**	**(13)**	**8**	**107**	**965**
Net gains on investments		(406)	(77)	(1,018)	(1,299)	(2,799)	2,946
Net income/(expenditure)		(210)	(159)	(1,031)	(1,291)	(2,692)	3,911
Transfers between funds	11	15	(138)	122	-	-	-
Net (expenditure)/income after transfers		(195)	(297)	(909)	(1,291)	(2,692)	3,911
Other recognised gains/(losses)							
Gains on revaluation of fixed tangible		-	-	-	2,241	2,241	16,310
Remeasurement of pension scheme provision		12	-	-	90	102	383
Net movement in funds		(183)	(297)	(909)	1,040	(349)	20,603
Total Funds at 1 January 2022		38,411	1,746	11,671	126,989	178,817	158,213
Total funds at 31 December 2022	18	**38,227**	**1,449**	**10,762**	**128,028**	**178,467**	**178,816**

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

The notes on pages 29 to 57 form part of the financial statements.

WINCHESTER DIOCESAN BOARD OF FINANCE
Company Number 142351

BALANCE SHEET
For the year ended 31 December 2022

	Note	Dec 2022	Dec 2021
		£'000	£'000
FIXED ASSETS			
Tangible assets	11	146,981	147,999
Investments	12	22,612	25,449
		169,593	173,448
CURRENT ASSETS			
Debtors	13	2,710	1,723
Cash on deposit		8,346	5,346
Cash at bank and in hand		1,124	1,908
		12,180	8,977
CREDITORS: amounts falling due within one year	14	(1,318)	(771)
NET CURRENT ASSETS		10,862	8,206
Total assets less current liabilities		180,455	181,654
CREDITORS: Amounts falling due after more than one year	15	(1,987)	(2,479)
Pension scheme liabilities	20	-	(358)
NET ASSETS		**178,467**	**178,817**
FUNDS			
Unrestricted income funds:			
General funds		38,227	38,411
Designated funds		1,449	1,746
		39,677	40,157
Restricted funds		10,762	11,671
Endowment funds		128,028	126,989
TOTAL FUNDS	18	**178,467**	**178,817**

The Notes on pages 29 to 57 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 8th June 2023 and signed on behalf of the Board by:



Ian Dighé
Interim Chair

WINCHESTER DIOCESAN BOARD OF FINANCE

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	2022		2021	
	£,000	£,000	£,000	£,000
Cash flows from operating activities				
Net cash (used in) operating activities		(2,079)		(438)
Cash flows from investing activities				
Dividends, interest and rent from investments	930		760	
Purchase of property and equipment	(1,546)		-	
Purchase of investments	-		(1,000)	
Sale of property and equipment	4,956		5,078	
Sale of investments	73		-	
Net cash provided by investing activities		4,413		4,838
Cash flows from financing activities				
Repayments of lending	268		235	
Repayments of borrowing	(131)		(356)	
Cash outflows from new lending	(256)		(520)	
Net cash (used in) financing activities		(118)		(641)
Change in cash and cash equivalents in the reporting period		2,216		3,759
Cash and cash equivalents at 1 January		7,254		3,495
Cash and cash equivalents at 31 December		9,470		7,254
Reconciliation of net income to net cash flow from operating activities				
Net income for the reporting period (as per Statement of Financial Activities)		(2,692)		3,911
Adjustments for:				
Revaluation (Gains) on Investments		2,799		(2,946)
Dividends, interest and rent from investments		(930)		(760)
(Profit) on sale of functional assets		(187)		(662)
Decrease/(Increase) in debtors		(987)		207
(Decrease) in creditors		(83)		(188)
Net cash (used in) operating activities		(2,079)		(438)
Analysis of cash and cash equivalents				
Cash on deposit		8,346		5,346
Cash at bank and in hand		1,124		1,908
		9,470		7,254

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

Going Concern

After reviewing the charity's forecasts and projections, as described in the budget and outlook for 2022 on page 10, the Trustees have a reasonable expectation that the charity has adequate resources to meet its liabilities as they fall due for the foreseeable future. The Trustees consider that there are no material uncertainties that may cast doubt on the charity's ability to continue as a going concern and they therefore continue to prepare the financial statements on the going concern basis.

a) Income

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

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

b) Expenditure

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

i. **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the diocese.
iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the WDBF, such grants being recognised as expenditure when the

1. ACCOUNTING POLICIES (continued)

iv. 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.

v. **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

vi. **Pension contributions**. The WDBF's staff are members of the Church Workers Pension Fund, and Clergy are members of the Church of England Funded Pensions Scheme (see Note 20). The pension costs charged as resources expended represent the WDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which WDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

i. **Freehold properties:** Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The WDBF has a policy of regular structural inspection, repair, and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

ii. **Properties subject to value linked loans:** Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

iii. **Investment properties:** Glebe properties held for investment purposes and rented out have been included at their fair value.

iv. **Parsonage houses:** The WDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The WDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. Parsonage houses are subject to a full revaluation on a five-year cycle.

v. **Other tangible fixed assets:** Capital expenditure over £5,000 is capitalised. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and fittings	15-30% per annum	straight line basis

1. ACCOUNTING POLICIES (continued)

d) Other accounting policies

i. **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

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

e) Fund balances

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

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

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

f) Key Judgements

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

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

2. DONATIONS

Parish Contributions

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Current Year Apportionment	9,629	-	-	-	9,629
Shortfall in Contributions	(1,134)	-	-	-	(1,134)
	8,495	-	-	-	8,495
Receipts for previous years	28	-	-	-	28
	8,524	**-**	**-**	**-**	**8,524**

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

The majority of donations are collected from the parishes of the Diocese through the Common Mission Fund. Current year CMF receipts represent 88.2% of the total apportioned (2021: 90%), or, when receipts for previous years are included, 88.5% of the total apportioned (2021: 91.1%).

Archbishops' Council

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Strategic Development grant	-	-	527	-	527
Ordinand Training grant	192	-	744	-	936
	192	**-**	**1,271**	**-**	**1,463**

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

2. DONATIONS (continued)

Other Donations

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
All Churches Trust	138	-	-	-	138
Donations	16	-	4	-	20
	154	**-**	**4**	**-**	**158**

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

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Statutory fees	484	-	-	-	484
Costs Recharged	92	-	-	-	92
Insurance Claims and Property Income	89	-	-	-	89
Development Project Income	-	-	10	-	10
Miscellaneous income	15	-	32	-	47
	680	**-**	**42**	**-**	**722**

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2021*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Statutory fees	*445*	*-*	*-*	*-*	*445*
Costs Recharged	*124*	*-*	*-*	*-*	*124*
Insurance Claims and Property Income	*99*	*-*	*-*	*-*	*99*
Development Project Income	*-*	*-*	*1,161*	*-*	*1,161*
Miscellaneous income	*27*	*-*	*40*	*10*	*77*
	695	***-***	***1,201***	***10***	***1,906***

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Rental income on functional property	1,013	-	31	-	1,044
Other income	60	-	-	-	60
	1,073	**-**	**31**	**-**	**1,104**

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

5. INVESTMENT INCOME

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Dividends receivable	239	21	437	28	724
Interest receivable	107	1	18	0	127
Rents receivable	79	-	-	-	79
	425	**22**	**455**	**28**	**930**

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

6. OTHER INCOME

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Gains on fixed asset disposals	187	-	-	-	187
Coronavirus Job Retention Scheme	-	-	-	-	-
	187	**-**	**-**	**-**	**187**

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

7. FUNDRAISING COSTS

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	14	-	-	-	14
	14	**-**	**-**	**-**	**14**

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

8. CHARITABLE ACTIVITIES EXPENDITURE

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2022
	General £'000	Designated £'000	£'000	£'000	£'000
Contributions to Archbishops' Council					
Training for ministry	366	-	-	-	366
National Church Responsibilities	224	-	-	-	224
Grants and provisions	31	-	-	-	31
Mission Agency Pension Costs	15	-	-	-	15
Retired clergy housing costs	-	-	139	-	139
Pooling of ordinands' maintenance grant costs	(90)	-	-	-	(90)
	546	**-**	**139**	**-**	**685**
Resourcing Ministry and Mission					
Stipends and national insurance	3,876	45	-	-	3,921
Pension contributions	1,141	-	-	-	1,141
Housing costs	1,921	4	4	-	1,928
Removal, resettlement and other grants	449	-	454	-	903
RME Training for ministry	247	-	374	-	621
Other expenses	70	0	0	-	71
	7,704	49	832	-	8,585
Support for parish ministry	872	-	836	-	1,708
Lay pension deficit provision					0
Governance	1,564	55	10	20	1,650
	10,140	105	1,678	20	11,943
Expenditure on Education					
Support for church schools and parishes	339	-	-	-	339
	11,025	**105**	**1,817**	**20**	**12,966**

Governance costs include auditor's remuneration of £22,428 (2021: £25,530).

Analysis of Governance Costs	**2022 £'000**	***2021 £'000***
Central Support	831	*534*
Finance (incl. auditor fees)	318	*237*
HR	256	*341*
Diocesan Office	147	*398*
Registrar Costs	98	*117*
	1,650	*1,627*

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

	Unrestricted Funds		*Restricted*	*Endowment*	*Total*
	General	*Designated*	*Funds*	*Funds*	*2021*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Contributions to Archbishops' Council					
Training for ministry	*366*	*-*	*-*	*-*	*366*
National Church Responsibilities	*256*	*-*	*-*	*-*	*256*
Grants and provisions	*69*	*-*	*110*	*-*	*179*
Mission Agency Pension Costs	*16*	*-*	*-*	*-*	*16*
Retired clergy housing costs	*-*	*-*	*140*	*-*	*140*
Pooling of ordinands' maintenance grant costs	*(118)*	*-*	*-*	*-*	*(118)*
	589	***-***	***250***	***-***	***839***
Resourcing Ministry and Mission					
Stipends and national insurance	*3,721*	*265*	*222*	*-*	*4,208*
Pension contributions	*1,125*	*14*	*33*	*-*	*1,172*
Housing costs	*1,353*	*24*	*-*	*-*	*1,377*
Removal, resettlement and other grants	*229*	*8*	*5*	*-*	*242*
RME Training for ministry	*289*	*-*	*434*	*-*	*723*
Other expenses	*322*	*-*	*12*	*-*	*334*
	7,039	*311*	*706*	*-*	*8,056*
Support for parish ministry	*1,026*	*28*	*1,927*	*-*	*2,981*
Lay pension deficit provision	*-*	*-*	*-*	*-*	*-*
Governance	*1,388*	*222*	*17*	*-*	*1,627*
	9,453	*561*	*2,650*	*-*	*12,664*
Expenditure on Education					
Support for church schools and parishes	*345*	*-*	*-*	*-*	*345*
	10,387	***561***	***2,900***	***-***	***13,848***

Analysis of Expenditure -2022

	Activities Undertaken Directly	**Grant Funding of Activities**	**Support Costs**	**Total 2022**
	£'000	**£'000**	**£'000**	**£'000**
Raising funds				
Investment management costs	14	-	-	14
Direct Fundraising	-	-	-	-
Conference Centre	-	-	-	-
Charitable Activities				
Contributions to Archbishop's Council	-	685	-	685
Resourcing ministry and mission	9,441	794	1,708	11,943
Education	339			339
	9,794	**1,479**	**1,708**	**12,980**

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Expenditure - 2021

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

Analysis of Grants Funding

	No.	Individuals £'000	Institutions £'000	Total 2022 £'000
From unrestricted funds for national church responsibilities				
Archbishops' Council (note 8)	1			685
From unrestricted funds				
Clergy for training & welfare	2	7		7
First Appointment, Resettlement and removal	46	270		270
Ordinands' training, receiving maintenance	28	314		314
Grant to Parish for building costs	1		138	138
RME Ordinands in training	2	0	25	26
QI costs reimbursed to Parishes	51		35	35
Total from unrestricted funds	**130**	**591**	**198**	**789**
From restricted funds for various purposes				
Clergy for training & welfare	14	29		29
Hardship grants to clergy	106	106	0	106
Ordinands' training, receiving maintenance	1	1		1
Energy Grants to Parishes	201		215	215
Widows and dependants of clergy	5	3		3
RME Ordinands in training	56	65	216	281
Other institutional grants				0
Total from restricted funds for various purposes	**383**	**203**	**431**	**635**
Total	**514**	**794**	**629**	**2,108**

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

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

9. STAFF & TRUSTEES

Staff Costs

	2022 £'000	*2021 £'000*
Wages and salaries	1,696	*1,923*
National insurance contributions	183	*196*
Pension costs	227	*245*
Lay pension deficit provision change	(12)	*(330)*
	2,094	***2,034***

Included in the above are payments made under settlement agreements of £10,267 (2021: £228,692)

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

	2022 fte	*2021 fte*
Resourcing ministry:		
Winchester School of Mission	8	*8*
Strategic Development	4	*5*
Administration and Financial management	25	*24*
Safeguarding	4	*4*
Property	3	*3*
Fundraising	1	*1*
	45	***45***

The average number of persons employed during the year:

	2022 no.	*2021 no.*
Resourcing ministry:		
Winchester School of Mission	9	*10*
Strategic Development	5	*5*
Administration and Financial management	28	*28*
Safeguarding	5	*4*
Property	3	*3*
Fundraising	1	*1*
	51	***51***

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

	2022	*2021*
£60,001 to £70,000	2	*4*
£70,001 to £80,000	2	*-*
£80,001 to £90,000	1	*-*
£90,001 to £100,000	-	*1*

Pension payments of £45,802 (2021: £52,003) were made for these employees

9. STAFF & TRUSTEES (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing, and controlling the activities of the Diocese. During 2022 they were:

Interim Diocesan Secretary & Company Secretary	Colin Harbidge (appointed 01.04.2022, previously Director of Operations)
Director of Finance	Lisa Streeter (55% - resigned 07.11.2022)
Director of Education	Jeff Williams (67%)
Director of Human Resources	Susan Beckett
Director of Strategic Development	Mark Lowman (resigned 30.06.2022)
Director of Ministry	Mark Collinson

Remuneration, pensions, and expenses for the 6 employees amounted to £420,002 (2021: £492,212)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £nil (2021: £nil) in respect of General Synod duties, duties as Archdeacon or Area/Rural Dean, and other duties as Trustees. No Trustee was in receipt of a clergy resettlement grant in 2022 (2021: Nil).

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

	Stipend	**Housing**
The Revd A Micklefield	Yes	Yes
The Revd Dr T Matthews	Yes	Yes
The Revd R Noel	Yes	Yes

2021	**Stipend**	**Housing**
The Revd A Micklefield	Yes	Yes
The Revd Canon R Harlow	Yes	Yes
The Revd Canon C Stewart	Yes	Yes

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

The WDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishops but excluding diocesan bishop and cathedral staff. The WDBF paid an average of 133 (2021: 140) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

Stipend Costs

	2022	***2021***
	£'000	***£'000***
Stipends	3,613	*3,920*
National insurance contributions	308	*289*
Pension costs - current year	1,141	*1,172*
Pension costs - deficit reduction	143	*247*
	5,205	***5,628***

10. ANALYSIS OF TRANSFERS BETWEEN FUNDS

2022	Unrestricted Funds General £'000	Unrestricted Funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000
From General fund to Restricted fund to eliminate negative balances	(289)	-	289	-
From Restricted fund to General fund for Education costs	130	-	(130)	-
From Restricted fund to General fund for Stewardship costs	37	-	(37)	-
From Designated fund to General fund for grant to parish	138	(138)		-
	15	**(138)**	**122**	**-**

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

11. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Office Equipment £'000	Total £'000
Valuation as at:			
1 January 2022	147,999	8	148,007
Additions	1,546	-	1,546
Disposals	(4,805)	-	(4,805)
Revaluation	2,241	-	2,241
31 December 2022	**146,981**	**8**	**146,989**
Depreciation:			
1 January 2022	-	(8)	(8)
Disposals	-	-	-
Charge for the year	-	-	-
31 December 2022	**-**	**(8)**	**(8)**
Net Book Value			
At 31 December 2022	**146,981**	**-**	**146,981**
At 31 December 2021	***147,999***	**-**	***147,999***

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

12. FIXED ASSET INVESTMENTS

	As at 1st January 2022 £'000	Additions £'000	Disposals £'000	Net Gains / (Losses) £'000	As at 31st December 2022 £'000
Unrestricted funds					
Unlisted Investments	3,722	-	-	(482)	3,240
Restricted funds					
Unlisted Investments	8,705	-	-	(1,018)	7,687
Endowment funds					
Investment Property	1,015	-	(2)	46	1,059
Unlisted Investments	12,007	-	(20)	(1,361)	10,626
	13,022	-	(22)	(1,315)	11,685
Total	**25,449**	**-**	**(22)**	**(2,814)**	**22,612**

13. DEBTORS

	2022 £'000	*2021 £'000*
Due within one year		
Current year Common Mission Fund (parish share)	146	*70*
Loans to parishes	244	*272*
Loans to others	69	*19*
Other debtors and prepayments	627	*364*
	1,087	***725***
Due after more than one year		
Loans to parishes	840	*799*
Other Loans	784	*199*
	1,623	***998***
Total Debtors	**2,710**	***1,723***

14. CREDITORS: amounts falling due within one year

Due within one year

	2022 £'000	*2021 £'000*
Loan repayments	390	*29*
Deferred income	69	*78*
Other taxes and social security	-	*48*
Creditor relating to sale proceeds of closed school	400	*400*
Other creditors and accruals	458	*176*
Pension scheme liabilities:		
CEFPS for Clergy	-	*23*
Church Workers DBS	-	*17*
Total creditors: amounts falling due within one year	**1,318**	***771***

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

Due after more than one year

	2022 £'000	*2021 £'000*
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	61	*75*
NatWest Bank value-linked loans	137	*149*
Loan from CCLA	1,000	*1,000*
Other loans	789	*1,255*
Pension scheme liabilities:		
CEFPS for Clergy	-	*210*
Church Workers DBS	-	*148*
Total creditors: amounts falling due after more than one year	**1,987**	***2,837***
The maturity of the above loans may be analysed as follows:		
Between one and two years	29	*27*
Between two and five years	86	*76*
In five years and more	1,873	*2,376*
	1,987	*2,479*

16. ANALYSIS OF CHANGES IN DEBT

2022	As at 1st January 2022 £'000	Cashflows £'000	Other £'000	As at 31st December 2022 £'000
Cash and cash equivalents	7,254	2,216	-	9,470
Loans falling due within one year	(29)	(361)	-	(390)
Loans falling due after more than one year	(2,319)	332	-	(1,987)
	4,906	**2,187**	**-**	**7,093**

2021	*As at 1st January 2021 £'000*	*Cashflows £'000*	*Other £'000*	*As at 31st December 2021 £'000*
Cash and cash equivalents	*3,495*	*3759*	-	*7,254*
Loans falling due within one year	*(34)*	*5*	-	*(29)*
Loans falling due after more than one year	*(2,634)*	*315*	-	*(2,319)*
	827	***4,079***	**-**	***4,906***

17. SUMMARY OF FUND MOVEMENTS – CURRENT YEAR

	01 Jan 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains & Losses £'000	Total 31 Dec 2022 £'000
Unrestricted Fund						
General	38,411	11,048	(11,039)	15	(207)	38,227
General Designated Fund						
General Designated Fund	(1)	-	-	-	-	(1)
Parish mission and development	107	-	-	-	-	107
Maclean	492	17	-	-	(57)	452
OAP Property	753	-	-	-	-	753
Building New Church	491	5	(4)	(138)	(20)	335
Planned maintenance sinking fund	(106)	-	-	-	-	(106)
Sustainability Fund	40	-	(45)	-	-	(5)
Clerical Registry fund	(30)	-	(55)	-	-	(85)
	1,746	**22**	**(105)**	**(138)**	**(77)**	**1,449**
Restricted Funds						
General Restricted Fund	-	242	(215)	-	-	27
Pastoral fund	(267)	-	(1)	267	-	(0)
Parsonages endowment income	1	-	-	-	-	1
Retired Clergy houses fund	3,290	54	(142)	-	(108)	3,094
Major Ball settlement income	6	5	(2)	-	-	8
Penrose income fund	73	13	-	-	(5)	81
Clergy welfare income fund	810	180	(29)	(46)	(82)	833
Chalke Bequest income	13	1	-	-	-	14
Church schools fund	10	2	-	-	-	12
Queen Victoria clergy fund	(17)	3	(2)	17	-	(0)
Pember income fund	90	-	-	-	(10)	80
Widows and dependants fund	1,039	32	(7)	-	(107)	956
Thorrold library fund	24	-	-	-	-	24
ICSF grant fund	462	12	-	-	(54)	420
Council for Social Responsibility	914	37	(100)	-	(156)	695
Fairbairn trust	371	10	(1)	-	(42)	338
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	494	442	(377)	-	-	559
Winchester Mission Action	572	537	(834)	-	-	275
New Church Buildings	(6)	-	-	6	-	(0)
Northbrook	4	-	-	-	-	4
Giving Advisor	40	32	-	(37)	-	35
Schools Development Fund	3,742	140	-	(130)	(453)	3,299
Ministry Hardship Fund	-	60	(106)	46	-	-
	11,671	**1,804**	**(1,817)**	**122**	**(1,017)**	**10,762**
Endowment Funds						
Expendable						
Benefice houses	93,545	-	-	-	2,218	95,763
Permanent						
Stipends fund capital	23,059	-	-	-	(138)	22,921
Parsonages endowment capital	893	-	-	-	(105)	788
Major Ball settlement capital	200	-	(20)	-	(23)	157
Penrose capital	390	-	-	-	(46)	344
Clergy welfare capital	7,097	-	-	-	(668)	6,429
Chalke bequest capital	70	1	-	-	(8)	63
Widows and dependants capital	224	-	-	-	(26)	198
Thorrold library capital	247	-	-	-	(29)	218
Pember capital	965	27	-	-	(108)	884
Christopher Library	5	-	-	-	(1)	4
Chute endowment	294	-	-	-	(34)	260
	126,989	**28**	**(20)**	**-**	**1,032**	**128,029**
Total funds	**178,817**	**12,901**	**(12,980)**	**-**	**(270)**	**178,467**

17. SUMMARY OF FUND MOVEMENTS – PREVIOUS YEAR

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

18. SUMMARY OF ASSETS BY FUND – CURRENT YEAR

	Fixed Assets		Current		
	Tangible	Investments	Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted Fund					
General	31,010	2,662	6,339	(1,784)	38,227
General Designated Fund					
General Designated Fund	-	-	(1)	-	(1)
Parish mission and development	-	-	107	-	107
Maclean	-	428	24	-	452
OAP Property	2,142	-	(1,389)	-	753
Building New Church	800	150	(616)	-	334
Planned maintenance sinking fund	-	-	(106)	-	(106)
Sustainability Fund	-	-	(5)	-	(5)
Clerical Registry fund	-	-	(85)	-	(85)
	2,942	**578**	**(2,071)**	**-**	**1,449**
Restricted Funds					
General Restricted Fund	-	-	26	-	26
Pastoral fund	-	-	-	-	-
Parsonages endowment income	-	-	1	-	1
Retired Clergy houses fund	1,536	815	1,028	(286)	3,094
Major Ball settlement income	-	-	8	-	8
Penrose income fund	-	41	40	-	81
Clergy welfare income fund	-	615	219	-	834
Chalke Bequest income	-	-	15	-	15
Church schools fund	-	-	12	-	12
Queen Victoria clergy fund	-	4	(7)	3	-
Pember income fund	-	69	11	-	80
Widows and dependants fund	-	808	148	-	956
Thorrold library fund	-	-	24	-	24
ICSF grant fund	-	403	16	-	420
Council for Social Responsibility	-	1,189	(494)	-	695
Fairbairn trust	1	325	13	-	338
Tale Tellers	-	-	2	-	2
Christopher library	-	-	4	-	4
RME Training for Mission	-	-	559	-	559
Winchester Mission Action	-	-	311	(37)	274
Northbrook	-	2	2	-	4
Giving Advisor	-	-	35	-	35
Schools Development Fund	-	3,416	1,085	(1,201)	3,300
	1,537	**7,687**	**3,060**	**(1,521)**	**10,762**
Endowment Funds					
Expendable					
Benefice houses	96,486	173	(897)	-	95,762
Permanent					
Stipends fund capital	15,005	3,238	4,678	-	22,922
Parsonages endowment capital	-	788	-	-	788
Major Ball settlement capital	-	156	1	-	157
Penrose capital	-	345	(1)	-	344
Clergy welfare capital	-	5,429	1,000	-	6,429
Chalke bequest capital	-	60	2	-	62
Widows and dependants capital	-	199	(1)	-	198
Thorrold library capital	-	219	(1)	-	218
Pember capital	-	812	72	-	884
Christopher Library	-	7	(3)	-	5
Chute endowment	-	259	-	-	259
	111,491	**11,685**	**4,851**	**-**	**128,028**
Total funds	**146,981**	**22,612**	**12,180**	**(3,305)**	**178,467**

18. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

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

19. DESCRIPTION OF FUNDS

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

Parish Mission and Development Fund:

A fund created in the mid-2000s by the then Bishop's Council to support mission projects in parishes as part of the mission strategy in place at the time. Strategies moved on and fund was never fully used as priorities changed. Designated Fund to be wound up in 2023 and returned to General Fund.

Maclean Fund: The Maclean Fund originated with an unrestricted bequest in 1948 by the late Sir Alexander Maclean. The WDBF has designated this fund to assist with expenditure on clergy houses which could not be met from any other fund.

OAP Property: Fund representing the asset at Old Alresford Place net of the related loan.

Building New Church: Designated fund created by the directors of the WDBF in mid 2000s. Fund to be reviewed during 2023 to ascertain if original purposes are still required.

Planned maintenance sinking fund:

Designated fund created to fund maintenance works for Old Alresford Place. Fund ceased to be utilised in 2020 so will be reviewed and returned to the General Fund during 2023.

Sustainability Fund: Designated fund representing a grant made from the Church commissioners during 2021 to support DBFs in managing the financial implications of the pandemic. Original Grant now fully expended so fund to be closed.

Clerical Registry Fund: Designated Fund originally created from the surplus assets of the Winchester & Portsmouth Diocesan Clerical Registry which were passed to the WDBF when the Charity was wound up. Funds used to cover costs of the Registry. Once fully expended, this Designated Fund will be closed.

Pastoral Fund: The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese
- other purposes of the diocese or any benefice or parish in the diocese
- to make grants or loans to any other diocese
- to transfer funds to the diocesan stipends fund income or capital accounts.

Retired Clergy Houses Fund: This restricted fund, formerly known as the Clergy Retirement Houses Fund, represents the unexpended balance of a special appeal for funds made in the early 1980s for the provision of retirement housing for clergy. The fund is also used to make bridging loans to clergy approaching retirement. A Charity Commissioners Scheme has widened the purposes of this fund to include housing provision for clergy widows and deserted clergy spouses.

Major Ball settlement: This restricted fund represents the unexpended accumulated income of a settlement for the benefit of the parishes of Brown Candover and Chilton Candover.

Penrose Legacy Income: This fund represents the unexpended accumulated income of a legacy for the benefit of clergy, who in the opinion of the WDBF are most in need of grants. In recent years the WDBF has applied the income for grants to clergy for extended study leave.

19. DESCRIPTION OF FUNDS (continued)

Clergy Welfare Fund: The Clergy Welfare Fund is vested in the WDBF as trustee. The capital of the trust is shown as a permanent endowment, and accumulations of income as a restricted fund. The purposes for which the trustee may apply the income are as follows: for the benefit of clergy in the Diocese of Winchester, at the discretion of the Bishop; to assist ordination candidates; to assist with the higher education of children of the clergy in the Diocese.

Chalke Bequest: Bequest from Miss Winifred Joan Chalke to be used for the benefit of Industrial Mission.

Church Schools Fund: The church schools fund represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the diocese and education generally at Church of England schools in the diocese. The WDBF is trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

Queen Victoria Fund: Restricted Fund to receive any grants made to the WDBF by the Queen Victoria Fund – a separate grant making charity that provides small grants for clergy welfare.

Pember Income Fund: The annual income of the Pember Fund is restricted by a Charity Commissioners' Scheme to the payment of Winchester Diocesan clergy pensions. Where the income in any year is not required for this purpose, it may be used for providing accommodation for these clergy and their dependants, and for making grants to widows of such clergy and their dependants.

Clergy Widows and Dependants: These funds have been left to, or settled with, the WDBF specifically for the benefit of clergy widows and dependants. Fund reviewed by the WDBF in 2023 with a view to seeking approval from the charity Commission to expand its purposes.

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

Fairbairn Trust: The Fairbairn Trust, of which the WDBF is Trustee, was a bequest of the late Sir Arthur Fairbairn for the Church of England's mission to deaf and hard-of-hearing people in the Diocese. Grants are awarded to parishes and local deaf clubs.

Diocesan Council for Social Responsibility:
The Council for Social Responsibility Fund exists to support "the advancement of the Christian religion within the Diocese of Winchester by promoting Christian engagement with and concern for people's needs in the whole of society, and to reflect upon social issues in the light of the Gospel'".

ICSF Grant for Clergy Houses: This fund arose from a distribution to the WDBF from the former Incorporated Clergy Sustentation Fund. Capital and income may be used in aid of the sustentation of the clergy in the Diocese.

Benefice House Endowment: This restricted fund consists of income generated by the associated endowment the income is entirely transferred annually to the general fund where it is applied for its specified purpose of benefice house outgoings.

19. DESCRIPTION OF FUNDS (continued)

Diocesan Stipends Fund Capital:	The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.
Benefice Property Fund:	The benefice property fund consists of resources restricted to provision of benefice houses in the diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the WDBF.
Chalk Bequest:	Bequest from Miss Winifred Joan Chalk to be used for the benefit of Industrial Mission.
Chute Fund:	The income from the Chute Legacy Endowment, a fund originally created by the WDBF from a number of restricted gifts is for the purpose of being a repair and replacement fund for the Retreat Centre & Diocesan Offices.
Christopher Library:	Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.
Tale Tellers:	Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.
RME Training for Mission:	Income received from Church Commissioners to fund theological training of ordinands. Any funds not spent on training are required to be held by the WDBF with the expectation that the surplus will be returned to the Church Commissioners.
Winchester Mission Action:	Restricted Fund for any grants received from the National CofE Strategic Development Fund or its successors. Fund can only be used to support the costs of projects approved by the National Strategic Mission & Ministry Investment Board.
Giving Advisor Fund:	Grant provided by the Church Commissioners to fund additional resource in our stewardship team. Funding tapers over a 3 year period.
Sustainability Fund:	To aid transition.

20. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

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

Church of England Funded Pension Scheme (CEFPS)

The membership figures that we hold as at December 2021 and December 2022 for Winchester DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2022	December 2021
Number of members at this Responsible Body	140	135

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. 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: £1,141,210, 2021: £1,171,892), plus the figures in relation to the Scheme's deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,284,210 for 2022 (2021: £1,418,892).

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 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, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

20. PENSIONS (continued)

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were 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 2018 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. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022	2021
Balance sheet liability at 1 January	233,000	532,000
Deficit contribution paid	-143,000	-247,000
Interest cost (recognised in SoFA)	0	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-90,000	-53,000
Balance sheet liability at 31 December	0	233,000

* Comprises change in agreed deficit recovery plan and change in discount rate and inflation 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 2021	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

20. PENSIONS (continued)

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

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

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two sub-sections;
    a. a deferred annuity section known as Pension Builder Classic, and,
    b. 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. 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 (2022: £226,825 2021: £244,897) 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 £380,825 for 2021 (2021: £398,897).

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 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 £8,500 per year. In addition, deficit payments of £153,956 per year were agreed for 1.83 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

20. PENSIONS (continued)

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
Balance sheet liability at 1 January	165,000	647,000
Deficit contribution paid	-154,000	-154,000
Interest cost (recognised in SoFA)	1,000	2,000
Remaining change to the balance sheet liability*(recognised in SoFA)	-12,000	-330,000
Balance sheet liability at 31 December	0	165,000

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

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

	December 2022	December 2021	December 2020
Discount rate	0.00%	1.30%	0.40%

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

Teachers' pension scheme (TPS)

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

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

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

21. OPERATING LEASES

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

	2022 £'000	*2021 £'000*
Land and Buildings:		
Within one year of the balance sheet date	17	*15*
In the second to fifth years inclusive of the balance sheet date	-	-
	17	***15***
Other operating Leases:		
Within one year of the balance sheet date	7	*6*
In the second to fifth years inclusive of the balance sheet date	-	-
	7	***6***

22. FUNDS HELD AS CUSTODIAN TRUSTEE

The WDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not consolidated into these financial statements as the WDBF does not control them. The financial assets held in this way may be summarised as follows:

Funds Held As Custodian Trustee

	2022 £'000	*2021 £'000*
CBF Church of England Investment Fund income shares	16,314	*18,353*
CBF Church of England Fixed Interest Securities Fund shares	273	*478*
CBF Church of England Property Fund shares	245	*278*
COIF income and accumulation shares	2	*3*
Other common investment fund holdings	316	*279*
Other fixed interest stocks	104	*104*
CBF Church of England Deposit Fund	1,372	*1,326*
Cash at bank	570	*68*
	19,195	***20,889***

WINCHESTER DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249276

Accounts

DIOCESE of WINCHESTER

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

WINCHESTER DIOCESAN BOARD OF FINANCE

Company number - 142351

Registered charity number – 249276

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FOREWORD



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

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

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

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

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

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

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

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

Yours in Christ,

Bishop Debbie
The Right Reverend Deborah Sellin
Acting Bishop of Winchester

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

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The objects of the Diocese of Winchester cover most of Hampshire - a part of eastern Dorset, the unitary authority of Southampton and the eastern parts of the unitary authorities of Bournemouth and Poole. The Bishop of Winchester has delegated the responsibility for the pastoral and spiritual oversight of the Channel Islands to the Right Reverend Trevor Willmott.

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

The WDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

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

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

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

The outcomes we look for are represented by the framework of the 3 Ps:

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

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

ACTIVITIES IN THE YEAR

Support for Parishes

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

- **DAC:** The DAC Team worked with more than 100 PCCs during 2021; providing advice and support for around 300 applications for changes, maintenance and development to our church buildings.

- **Stewardship & Generosity**: The Stewardship Team continues to provide support and advice to clergy and PCCs on how to encourage, promote and enable giving to parishes.

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

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

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

- **Mission & Pastoral Planning:** In light of the reduction in our number of stipendiary clergy, wide ranging plans were considered during 2021 for combining parishes, simplifying governance structures, and uniting benefices. Initial consultations and conversations were started for 21 pastoral schemes affecting 50 benefices and 103 parishes during 2021, with members of the Diocesan Team meeting with PCCs as part of the informal and formal consultation processes. We are grateful for the constructive and open approach many have shown to these complex and often challenging discussions.

- **Parish Portal:** The development and expansion of the online parish portal continued during 2021, with new functionality added to make recording parochial fees and access historic records much simpler for parishes.

- **Clerical Registry**: The Clerical Registry re-opened in 2021, following its temporary closure during 2020. Whilst several members chose to retire during lockdowns, we have been hugely grateful to those that have returned and to the new members who have joined. During 2021, the Registry provided cover for 586 services ensuring public worship and occasional offices could continue in parishes in vacancy.

- **Safeguarding Training:** Following the expansion of our online training provision, over 2,415 clergy and volunteers undertook safeguarding training during 2021. This vital work helps ensure our churches and worshipping communities can be safe places for all.

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

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

- **Clergy Human Resources (HR):** The HR Team offer a range of bespoke support and care to our clergy and their families. The nature of this support is, by its nature, private but we know from the feedback received how valuable it can be in helping clergy navigate the ever-increasing complexities of roles.

- **Clergy Welfare Fund**: The Diocesan Clergy Welfare Fund is a restricted fund held by the WDBF to help support and resource clergy wellbeing, training, and costs. During 2021, grants totalling £7,548.51 were given to those clergy, who were in need of financial support.

- **Continuing Ministerial Development (CMD)** for clergy and laity: there were 32 training events for prayer and spirituality, 3 online CMD seminars, a Bishop's Learning Day for all licensed clergy, 16 participants on a 6 month programme for Benefice Ministry Training, a clergy wellbeing day, 15 clergy supported in their retreats, and 7 in external courses and academic study. A further 11 clergy attended the Transitions in Ministry training for Area Deans, First Post of Responsibility and pre-retirement programmes, offered collaboratively throughout the South-Central Regional Training Partnership. Two teams comprising 11 people, participated in a new programme of training for church planting, using the Gregory Centre for Church Multiplication material, together with two other churches from Chichester diocese.

Support for Schools

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

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

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

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

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

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

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

- **Bishop's Commission for Mission (BCM):** BCM proved to be popular through the introduction of online training during the pandemic and remains a valuable programme of training covering diverse areas such as prayer, pastoral care, worship, creation care and children & young people. 151 people who had been trained during the pandemic were commissioned in person in the cathedral in October 2021. They joined a total of 388 lay people who have been commissioned since the first pilot was run in 2017. A further 23 lay people completed (12) or started (11) the **Bishop's Permission to Preach** training course in 2021. A review suggests that large multi-parish rural benefices may need around 25 commissioned and authorised laity to provide the resources needed for ministry in additional to licensed ordained and lay ministry.

- **Vocations:** 20 people were recommended for ordination by the national Bishops' Advisory Panel, of whom 13 are to be trained in theological colleges around the country and 7 started training in Winchester School of Mission.

- **Ordinands:** Investing in the next generations of parish clergy continues to be a high priority. There were 47 students training for ordained (33) and licensed lay ministry (14) through the Winchester School of Mission during 2021, of whom 11 started training in September 2021. Once their training is complete, many will move on to hold curacies within our diocese and then, we hope, move on to leading our parishes and worshipping communities. An independent review of the training provided through South Central Theological Education Institution (SCTEI), including the Winchester School of Mission carried out in 2021, concluded that the training provided in Winchester was *"an excellent education for your students which is the equal of any other provider of theological education."*

- **Curates:** There were 26 curates in our 2021 cohort, of whom 11 are stipendiary and 15 in self-supporting ministry. They joined the 26 curates who were already in curacies, ordained in 2019 and 2020. It has been fantastic to see that the nationally and diocesan focussed on encouraging more vocations to ordained ministry, has resulted in such large numbers in recent years, and especially the contribution that the self-supporting ministers are making to their parishes and chaplaincy contexts.

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

- **Benefice of the Future:** The pilot stage of Benefice of the Future has now completed, with the learning and results from the initial three benefices (North Hampshire Downs, Pastrow, and Avon Valley), being collated to help guide and inform sustainable rural ministry across our diocese. This has included content for recent Benefice Ministry Team training. We hope to use this learning to launch a new Growing Rural Ministry initiative during 2022.

- **Church Planting and Revitalisation:** 2021 was a busy year for church planting and revitalisation:

    - Our three Resource Churches in Bournemouth, Southampton and Andover now have a total combined weekly attendance of over 900 people, and a combined worshipping community of over 1,500 people.

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

Operations & Governance

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

- **Implementation of Diocesan Resilience Task Group Report (DRT):** Following the approval of the DRT Report in 2020, the process on implementing the changes and savings recommended by it, was completed in early 2021. Delivering difficult changes of this nature during a pandemic, and with substantially reduced capacity within the Diocesan Leadership Team was not easy. Inevitably there were elements which could have benefited from more time, resource, consultation, and pastoral care – where this was not present to the levels needed, the Directors apologise. The sacrifices asked of clergy, employees, and parishioners mean that our shared diocesan finances were able to withstand the worst of the negative impacts of the last two years.

- **Houses Strategy:** In October, the Bishop's Council in their roles as Directors of the WDBF and Diocesan Parsonages Board, unanimously approved a new Housing Strategy. This new approach to managing our portfolio of properties will result in around 40 houses that are no longer required for ministerial purposes being sold, with the resulting capital being invested in a designated fund, and the resulting income being used to support the future costs of stipendiary parochial ministry.

- **Elections:** 2021 saw a summer of statutory election processes. General Synod, Diocesan Synod and all Diocesan Boards, Committees and Groups were scheduled for re-election. We were delighted to see the level of engagement in the General Synod election with the greatest percentage of voters participating we have ever seen. Elections to Diocesan Synod and our Boards and Committees were somewhat disappointing, with several key critical vacancies at the end of the process. The engagement and participation of clergy and laity in our governance structures is fundamental to ensuring we make good decisions that truly represent the views of our diocesan community.

- **Review of Governance:** The Directors of the WDBF are committed to reviewing our governance structures in 2021. This is and will be an ongoing process of continual review and improvement over years to come. In 2021 the following changes and improvements were actioned:

  - An interim, lay chair of the WDBF was appointed pending formal changes to the Company's Mem & Arts to end the practice of the Diocesan Bishop being the chair.
  - Senior Diocesan Clergy (i.e. suffragan bishops, the archdeacon and dean) were co-opted as full Directors of the DBF.

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

FINANCIAL REVIEW

Financial Performance 2021

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

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

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

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

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

General Fund

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

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

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

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

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

Balance sheet position

The Directors consider that the balance sheet together with details in note 19 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £178.8m (2020: £158.2m), it should be noted that included in this total are properties, mostly in use for Clergy, whose value net of loans, used to buy them, amounted to £147.9m (2020: £136.1). Much of the remainder of the assets shown in the balance sheet is held in restricted funds and cannot necessarily be used for the general purposes of the WDBF.

Free reserves

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

Designated funds

The Trustees may, with the approval of the Board, designate unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund, in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the latter, is set out in note 20. At 31 December 2021, total designated reserves were £1.7m (2020: £3.0m). This decrease is largely due to the use of the Sustainability Fund for the payment of clergy redundancies and a reduction in the value of the Old Alresford Place (OAP) property.

Restricted and endowment funds

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

WDBF. Within Notes 18 and 19 "Winchester: Mission Action" restricted fund and "Resourcing Ministerial Education (RME) Training for Ordinands' fund" are recognised.

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

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

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

	Value at 31/12/21	**% of portfolio**	**2021 Total Return**	**2020 Total Return**
CCLA	£000's			
Investment Fund	22,501	76.9%	17.4%	10.2%
Property Fund	1,366	4.7%	19.7%	-0.48%
	23,867			
Deposit Fund	5,374	18.4%	0.05%	
	29,241	100.00%		

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

Future Financial Outlook & Priorities

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

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

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

STRATEGIC RISKS AND UNCERTAINTIES

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

Risk	Strategic Overview
Safeguarding: Child, adult at risk, or domestic abuse There is an occurrence of child, adult at risk, or domestic abuse by someone working for or on behalf of the Church (in a parish or parish-based organisation or at the Diocesan Office) Non-Current Cases It comes to light that there were instances of abuse in the past which were not appropriately dealt with by the Clergy/Diocese	The Diocese has a Safeguarding Board that is independently chaired and draws in senior officers from statutory agencies, law and education as well as the Chief Executive of the Diocese and the Dean of the Cathedral. The Board is responsible for developing Safeguarding Strategy and an action plan of improvement. The Board is supported by a Casework Subcommittee and a Training Subcommittee (both independently chaired). The Board promotes best practice and continuously ensures that the Diocese is adopting and developing appropriate policy and practice. Two safeguarding incidents were reported to the Charity Commissioners in 2021. A Safeguarding team, led by a highly qualified and experienced Safeguarding Manager, promotes best practice, supports those making disclosures and manages offenders and those under investigation. In 2022 the Diocese will undertake further work to review the records it holds as part of its continuing work to review non-current cases.

Risk	Strategic Overview
Financial: Diocesan Board of Finance A serious loss of income, investment market crash, unforeseen major expense, fraud and theft are all potential serious financial incidents for the Board.	The Diocesan Board of Finance (DBF) is supported by a Finance Monitoring Group, made up of DBF and independent members that scrutinise the budgets, major financial transactions and current and future spending plans. The DBF also has an Investment Advisory Group which is responsible for meeting with fund managers, managing investments to meet the DBF's growth and income targets, and advising on levels of liquidity. During 2021, the Directors agreed to increase the size and breadth of expertise and experience on both groups, to add greater reassurance and scrutiny of our financial management.
Custodian Trustee A parish enters major expenditure without sufficient resources, experiences fraud, has major unforeseen building or staffing issues requiring significant expenditure.	The DBF reviews its reserves position and cash flow projections on a quarterly basis through the Finance Monitoring Group to ensure any unexpected losses in income can be covered whilst remedial actions are undertaken. The DBF issues comprehensive Financial Standing Instructions identifying levels of delegation, responsibility and accountability. Appropriate measures are in place to ensure that financial transactions require two signatures and property purchases and major contracts also require two director signatures in addition to the Chief Executive (now the Diocesan Secretary & Chief Operating Officer).The DBF ensures against its most significant serious incidents and all insurance policies are reviewed annually. The DBF offers some advice and support to parishes embarking on major projects or areas of expenditure, assisting them in assessing risk and appropriate mitigations.

Risk	Strategic Overview
People: Employment Significant staff turnover, staff without appropriate qualifications and skills mix for evolving needs of the DBF and wider Diocese. Appointments The Diocese fails to make the right appointments to parishes and senior positions within the Diocese.	The Diocese continues to invest in human resource. It also plans to develop a new managers' training programme and invest in targeted leadership development for key individuals. Staff support and development are overseen by an HR team led by a highly qualified and experienced Head of Human Resources. Investment and improvement in appointment processes have been a priority for the DBF over the recent years. More use is made of targeted testing and assessment, both prior to and during the early stages of a new employee's appointment. Whilst these processes can assist and improve appointment processes, the Directors recognise that many diocesan and parish appointments do not fall under secular employment legislation and are therefore risks which cannot be mitigated entirely.

Risk	Strategic Overview
Reputation A serious incident causes adverse publicity and a loss of confidence in the Diocese.	The Diocese cannot prevent all possible serious incidents across all parts of the organisation. If a serious incident should arise the Diocese has a policy of open and transparent communication, supported by a communications team made up of both internal and consultancy staff. The Diocese works closely with statutory agencies and will always report serious incidents to the Charity Commissioners. No serious incidents were reported to the Charity Commissioners during 2021. The Directors commissioned a review of our Communications support (January 2022) drawing in suitably qualified practitioners and experts to advise on the structure, skills and level of resource required.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprised of ex-officio and elected representations from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese itself is divided into 13 deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the

parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

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

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

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. Following the changes in governance approved in December 2012, the membership of the DBF comprises: The Bishop of Winchester (currently in vacancy), the Chairs of the Synod House of Clergy and the Synod House of Laity, together with six people elected from and by the members of Diocesan Synod every three years. Members of the DBF have co-opted the Bishop of Southampton, Bishop of Basingstoke, Archdeacon of Winchester and the Dean for the duration of this triennium. Currently the Chair of the House of Laity is serving as interim Chair of the WDBF. The most recent elections were held in November 2021. Details of Trustees who served during the year are set out on page 18.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop's Staff Team. The Synod membership is elected every three years, the last elections having been in November 2021. The Synod elects six of the twelve Trustees of the Diocesan Board of Finance (as well as two of the ex officio trustees). Whilst the WDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000, the WDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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

- Initiating proposals for action by the Synod and advising it on matters of policy.
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders.
- Acting as the Trustees of the WDBF.
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion.
- Advising the Bishop on any matters he/she may refer to the committee.

- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership.
- Carrying out such other functions as the Synod delegates to it.
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

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

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

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

Trustee recruitment, selection and induction

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

Fundraising Code of Practice

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

Remuneration of key management personnel

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

Delegation of day to day delivery

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

Funds held as Custodian Trustee

The WDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964, where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the WDBF does not control them, and they are segregated from the WDBF's own assets by

means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £20.9m as at 31 December 2021 (2020: £17.8m), are available from the WDBF on request, and are summarised in note 25. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the WDBF's solicitor, Blake Morgan LLP, Winchester.

TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Statement of Disclosure to the Auditors
So far as the Trustees are aware:

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

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

ADMINISTRATIVE DETAILS

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

Chairman:	Timothy Dakin BA, MTh, PhD - Bishop of Winchester (retired 06.02.2022)
Interim Chairman:	Alastair Barron BA (Hons), MBA, FSyl (from 04.10.2021)
Ex officio:	Andrew Micklefield BEd (Hons) - Chair of the House of Clergy Alastair Barron BA (Hons), MBA, FSyl – Chair of the House of Laity (from 01.01.2022) Alison Coulter MA, MSc, MFPH - Chair of the House of Laity (retired 31.12.2021)
Synod House of Clergy:	Richard Harlow MA (Cantab), Dip. Psychotherapy (retired 31.12.2021) Charles Stewart MA PGCE (retired 31.12.2021) Timothy Matthews (from 01.01.2022) Rachel Noel (from 01.01.2022)
Synod House of Laity:	Alastair Barron BA (Hons), MBA, FSyl (retired 31.12.2021) Alison Coulter MA, MSc, MFPH (from 01.01.2022) Esther Clift BSc (Hons), MSc, MCSP Ian Newman Mark Ward BA (Hons) (retired 31.12.2021) Gillian Gray Knight (from 01.01.2022)
Co-opted:	Deborah Sellin (04.10.2021 to 31.12.2021 and from 27.01.2022) David Williams (04.10.2021 to 31.12.2021 and from 27.01.2022) Richard Brand (04.10.2021 to 31.12.2021 and from 27.01.2022) Catherine Ogle (04.10.2021 to 31.12.2021 and from 27.01.2022)

Senior Staff and Advisers:

Company Secretary:	Andrew Robinson (resigned 31.10.2021)
Company Secretary:	Lisa Streeter (01.11.2021 - 31.03.2022)
Company Secretary:	Colin Harbidge (from 01.04.2022)
Chief Executive Officer:	Andrew Robinson (resigned 31.10.2021)
Director of Operations:	Colin Harbidge BA (Hons), PGDip, MCMI
Director of Finance:	Lisa Streeter FCCA, MBA
Director of Education:	Jeff Williams MA, DPhil
Directory of Ministry:	Mark Collinson BSc, MA
Director of Human Resources:	Susan Beckett, FCIPD
Director of Strategic Development:	Mark Lowman BSc, MBA, PhD, FHEA

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

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

ON BEHALF OF THE TRUSTEES

Alastair Barron
Interim DBF Chair
06 June 2022

Colin Harbidge
Company Secretary
06 June 2022

OPINION

We have audited the financial statements of Winchester Diocesan Board of Finance for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on pages 16 and 17, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
20 June 2022

10 Queen Street Place
London
EC4R 1AG

WINCHESTER DIOCESAN BOARD OF FINANCE

Statement of Financial Activities
For the year ended 31 December 2021

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

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

The notes on pages 28 to 55 form part of the financial statements.

WINCHESTER DIOCESAN BOARD OF FINANCE
Company Number 142351

BALANCE SHEET
For the year ended 31 December 2021

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

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



Alastair Barron
Interim Chair of the Board of Finance

WINCHESTER DIOCESAN BOARD OF FINANCE

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

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

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

After reviewing the charity's forecasts and projections, as described in the budget and outlook for 2022 on page 10, the Trustees have a reasonable expectation that the charity has adequate resources to meet its liabilities as they fall due for the foreseeable future. The Trustees consider that there are no material uncertainties that may cast doubt on the charity's ability to continue as a going concern and they therefore continue to prepare the financial statements on the going concern basis.

a) Income

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

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

b) Expenditure

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

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

iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

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

c) Tangible fixed assets and depreciation

i. **Freehold properties:** Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The WDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

ii. **Properties subject to value linked loans:** Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

iii. **Investment properties:** Glebe properties held for investment purposes and rented out have been included at their fair value.

iv. **Parsonage houses:** The WDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The WDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. Parsonage houses are revalued on a five-year cycle.

v. **Other tangible fixed assets:** Capital expenditure over £5,000 is capitalised. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and fittings	15-30% per annum	straight line basis

d) Other accounting policies

i. **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

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

e) Fund balances

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

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

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

f) Key Judgements

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

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

2. DONATIONS

Parish Contributions

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

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

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

Archbishop's Council

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

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

2. DONATIONS (continued)

Other donations

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

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

3. CHARITABLE ACTIVITIES

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

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

4. OTHER TRADING ACTIVITIES

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

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

5. INVESTMENT INCOME

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

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

6. OTHER INCOME

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

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

7. FUNDRAISING COSTS

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

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

8. CHARITABLE ACTIVITIES EXPENDITURE

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

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

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

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

Analysis of Grants & Support Costs

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

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Grants & Support Costs – 2020

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

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

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

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

9. OTHER EXPENDITURE

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

There was no other expenditure during 2021.

10. STAFF & TRUSTEES

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

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

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

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

The average number of persons employed during the year:

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

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

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

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

10. STAFF & TRUSTEES (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2021 they were:

Chief Executive and Company Secretary	Andrew R Robinson (resigned 31.10.2021)
Diocesan & Company Secretary	Colin Harbidge (appointed 01.04.2022)
Director of Finance	Lisa Streeter (60%)
Director of Education	Jeff Williams (67%)
Head of Operations	Colin Harbidge
Director of Human Resources	Susan Beckett
Director of Strategic Development	Mark Lowman
Canon Principal & Head of School of Mission	Mark Collinson

Remuneration, pensions and expenses for the 8 employees amounted to £492,212 (2020: £603,608)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £nil (2020: £86) in respect of General Synod duties, duties as Archdeacon or Area/Rural Dean, and other duties as Trustees. No Trustee was in receipt of a clergy resettlement grant in 2021 (2020: Nil).

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

	Stipend	Housing
The Revd A Micklefield	Yes	Yes
The Revd Canon R Harlow	Yes	Yes
The Revd Canon C Stewart	Yes	Yes

2020	Stipend	Housing
The Revd A Micklefield	Yes	Yes
The Revd Canon R Harlow	Yes	Yes
The Revd Canon C Stewart	Yes	Yes

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

The WDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishops but excluding diocesan bishop and cathedral staff. The WDBF paid an average of 140 (2020: 142) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

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

11. ANALYSIS OF TRANSFERS BETWEEN FUNDS

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

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

12. TANGIBLE FIXED ASSETS

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

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

13. FIXED ASSET INVESTMENTS

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

14. DEBTORS

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

15. CREDITORS: amounts falling due within one year

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

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

	2021 £,000	2020 £,000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	85	85
Church Commissioners other loans	75	111
Other loans	2,319	2,634
Pension scheme liabilities:		
CEFPS for Clergy	210	479
Church Workers DBS	148	582
Total creditors: amounts falling due after more than one year	**2,837**	**3,891**
The maturity of the above loans may be analysed as follows:		
Between one and two years	27	34
Between two and five years	76	134
In five years and more	2,376	2,662
	2,479	2,830

17. ANALYSIS OF CHANGES IN DEBT

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

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

18. SUMMARY OF FUND MOVEMENTS – CURRENT YEAR

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

18. SUMMARY OF FUND MOVEMENTS – PREVIOUS YEAR

	1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2021 £'000
UNRESTRICTED FUNDS						
General	30,761	10,981	(10,695)	(521)	2,193	32,719
DESIGNATED FUNDS						
Parish mission and development	107	1	-	-	(2)	106
Maclean	377	15	-	-	24	416
OAP Property	1,450	-	-	100	-	1,550
Building New Church	372	66	9	-	44	491
Planned maintenance sinking fund	(100)	-	(6)	-	-	(106)
Sustainability Fund	-	550	(5)	-	-	545
	2,206	632	(2)	100	67	3,002
RESTRICTED FUNDS						
Pastoral fund	(264)	-	(3)	-	-	(267)
Parsonages endowment income	-	-	-	-	-	-
Clergy houses fund	2,918	70	(17)	-	130	3,101
Major Ball settlement income	19	6	(21)	-	-	4
Penrose income fund	47	12	(1)	-	(3)	55
Clergy welfare income fund	493	160	(12)	-	25	666
Chalke Bequest income	21	1	-	-	-	22
Church schools fund	2,896	126	(3)	-	103	3,122
Queen Victoria clergy fund	(10)	3	(6)	-	(2)	(15)
Pember income fund	77	1	-	-	2	80
Widows and dependants fund	829	29	(6)	-	52	904
Thorrold library fund	24	-	-	-	-	24
ICSF grant fund	362	11	-	-	26	399
Council for Social Responsibility	939	33	(224)	-	75	823
Fairbairn trust	293	11	(8)	-	21	317
Tale Tellers	2	-	-	-	-	2
Christopher library	4	-	-	-	-	4
RME Training for Mission	163	598	(353)	-	-	408
Winchester Mission Action	648	832	(1,118)	-	1	363
	9,461	1,893	(1,772)	-	430	10,012
ENDOWMENT FUNDS						
Expendable						
Benefice houses	76,947	-	-	-	5,881	82,828
Permanent						
Stipends fund capital	18,767	-	(1)	421	1,133	20,320
Parsonages endowment capital	730	-	-	-	50	780
Major Ball settlement capital	164	-	-	-	11	175
Penrose capital	319	-	-	-	22	341
Clergy welfare capital	6,159	-	-	-	321	6,480
Chalke bequest capital	56	1	-	-	3	60
Widows and dependant's capital	183	-	-	-	13	196
Thorrold library capital	202	-	-	-	14	216
Pember capital	753	18	-	-	52	823
Christopher Library	4	-	-	-	-	4
Chute endowment	240	-	-	-	17	257
	104,524	19	(1)	421	7,517	112,480
Total funds	**146,952**	**13,525**	**(12,470)**	**-**	**10,207**	**158,213**

19. SUMMARY OF ASSETS BY FUND – CURRENT YEAR

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

19. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

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

20. DESCRIPTION OF FUNDS

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

Maclean Fund: The Maclean Fund originated with an unrestricted bequest in 1948 by the late Sir Alexander Maclean. The WDBF has designated this fund to assist with expenditure on clergy houses which could not be met from any other fund.

Pastoral Fund: The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese
- other purposes of the diocese or any benefice or parish in the diocese
- to make grants or loans to any other diocese
- to transfer funds to the diocesan stipends fund income or capital accounts.

Clergy Houses Fund: This restricted fund, formerly known as the Clergy Retirement Houses Fund, represents the unexpended balance of a special appeal for funds made in the early 1980s for the provision of retirement housing for clergy. The fund is also used to make bridging loans to clergy approaching retirement. A Charity Commissioners Scheme has widened the purposes of this fund to include housing provision for clergy widows and deserted clergy spouses.

Major Ball settlement: This restricted fund represents the unexpended accumulated income of a settlement for the benefit of the parishes of Brown Candover and Chilton Candover.

Penrose Legacy Income: This fund represents the unexpended accumulated income of a legacy for the benefit of clergy, who in the opinion of the WDBF are most in need of grants. In recent years the WDBF has applied the income for grants to clergy for extended study leave.

Clergy Welfare Fund: The Clergy Welfare Fund is vested in the WDBF as trustee. The capital of the trust is shown as a permanent endowment, and accumulations of income as a restricted fund. The purposes for which the trustee may apply the income are as follows: for the benefit of clergy in the Diocese of Winchester, at the discretion of the Bishop; to assist ordination candidates; to assist with the higher education of children of the clergy in the Diocese.

Church Schools Fund: The church schools fund represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the diocese and education generally at Church of England schools in the diocese. The WDBF is trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.

Pember Income Fund: The annual income of the Pember Fund is restricted by a Charity Commissioners' Scheme to the payment of Winchester Diocesan clergy pensions. Where the income in any year is not required for this purpose, it may be used for providing accommodation for these clergy and their dependants, and for making grants to widows of such clergy and their dependants.

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

Thorrold Library fund: The purpose of this fund is to provide a theological library for the clergy of the Diocese. The Thorrold and Lyttelton Library has been loaned to the University of

Winchester to secure its future accessibility and development.

Fairbairn Trust: The Fairbairn Trust, of which the WDBF is Trustee, was a bequest of the late Sir Arthur Fairbairn for the Church of England's mission to deaf and hard-of-hearing people in the Diocese. Grants are awarded to parishes and local deaf clubs.

Diocesan Council for Social Responsibility:
The Winchester Diocesan Council for Social Responsibility is a registered charity of which the WDBF is trustee, and which is linked to the WDBF for reporting purposes by a uniting direction of the Charity Commission dated 31 May 2005. The purpose of the charity is "the advancement of the Christian religion within the Diocese of Winchester by promoting Christian engagement with and concern for people's needs in the whole of society, and to reflect upon social issues in the light of the 'Gospel'.

ICSF Grant for Clergy Houses: This fund arose from a distribution to the WDBF from the former Incorporated Clergy Sustentation Fund. Capital and income may be used in aid of the sustentation of the clergy in the Diocese.

Benefice House Endowment: This restricted fund consists of income generated by the associated endowment the income is entirely transferred annually to the general fund where it is applied for its specified purpose of benefice house outgoings.

Diocesan Stipends Fund Capital: The diocesan stipends capital fund has been created from the diocesan stipends fund capital account assets held on behalf of the diocese by the Church Commissioners under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

Benefice Property Fund: The benefice property fund consists of resources restricted to provision of benefice houses in the diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the WDBF.

Chalk Bequest: Bequest from Miss Winifred Joan Chalk to be used for the benefit of Industrial Mission.

Chute Endowment: The income from the Chute Legacy Endowment, a fund originally created by the WDBF from a number of restricted gifts is for the purpose of being a repair and replacement fund for the Retreat Centre.

Christopher Library: Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.

Tale Tellers: Gift from OAP Trustees in 2009 – Income is used to support the salary of resources assistant in the Resources Centre.

Sustainability Fund: To aid transition.

21. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

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

Church of England Funded Pension Scheme (CEFPS)

The membership figures that we hold as at December 2020 and December 2021 for Winchester DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

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

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

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

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

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

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

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

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

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

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

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

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

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

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

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,171,892 2020: £1,017,280) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,472,892 for 2021 (2020: £1,451,280).

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

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £8,500 per year. In addition, deficit payments of £153,956 per year have been agreed for 1.83 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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

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

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

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

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

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

Teachers' pension scheme (TPS)

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

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

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

22. OPERATING LEASES

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

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

23. FUNDS HELD AS CUSTODIAN TRUSTEE

The WDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not consolidated into these financial statements as the WDBF does not control them. The financial assets held in this way may be summarised as follows:

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

WINCHESTER DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249276

Accounts

DIOCESE of
WINCHESTER

ANNUAL REPORT AND FINANCIAL STATEMENTS

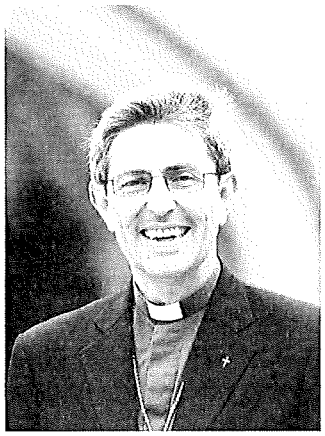
For the year ended 31 December 2020

WINCHESTER DIOCESAN BOARD OF FINANCE

Company number - 142351
Registered charity number – 249276

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FOREWORD



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

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

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

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

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

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

Yours in Christ,

+ Timothy Winton

+Tim
The Right Reverend Dr Timothy Dakin
The Bishop of Winchester

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

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

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

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

The WDBF has the following statutory responsibilities: -

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

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

STRATEGIC AIMS

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

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

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

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

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

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

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

ACTIVITIES IN THE YEAR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

Financial Performance

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

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

Balance sheet position

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

Free reserves

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

Designated funds

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

Restricted and endowment funds

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

Grant making policy

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

Investment policy

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

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

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

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

Budget and outlook for 2021

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

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

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

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

STRATEGIC RISKS AND UNCERTAINTIES

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

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

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

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

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

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

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

Organisational structure

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

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

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

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

Decision making structure

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

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

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

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

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

Trustee recruitment, selection and induction

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

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

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

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

Funds held as Custodian Trustee
The WDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the WDBF does not control them, and they are segregated from the WDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £17,793,000 as at 31 December 2020 (2019: £17,021,000), are available from the WDBF on request, and are summarised in note 25. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the WDBF's solicitor, Blake Morgan LLP, Winchester.

TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Statement of Disclosure to the Auditors

So far as the Trustees are aware:

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

Appointment of Auditors

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

ADMINISTRATIVE DETAILS

Trustees

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

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

Senior staff and advisers

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

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

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

ON BEHALF OF THE TRUSTEES

The Right Reverend Dr Timothy Dakin
Chairman
8th September 2021

Andrew Robinson
Company Secretary
8th September 2021

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

OPINION

We have audited the financial statements of Winchester Diocesan Board of Finance for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement set out on pages 15 and 16 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

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

10 Queen Street Place
London
EC4R 1AG

Statement of Financial Activities
For the year ended 31 December 2020

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

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

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

WINCHESTER DIOCESAN BOARD OF FINANCE
Company Number 142351

BALANCE SHEET
For the year ended 31 December 2020

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

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

The Right Reverend Dr Timothy Dakin

CASH FLOW STATEMENT
For the year ended 31 December 2020

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

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (Second Edition, effective 1 January 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

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

a) Income

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

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

b) Expenditure

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

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

iv. **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

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

c) Tangible fixed assets and depreciation

i. **Freehold properties.** Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The WDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

ii. **Properties subject to value linked loans.** Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

iii. **Investment properties.** Glebe properties held for investment purposes and rented out have been included at their fair value.

iv. **Parsonage houses.** The WDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The WDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. Parsonage houses are revalued on a five-year cycle.

v. **Other tangible fixed assets.** Capital expenditure over £5,000 is capitalised. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

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

d) Other accounting policies

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

e) Fund balances

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

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

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

f) Key Judgements

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

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

2. DONATIONS

Parish Contributions

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

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

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

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

Archbishop's Council

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

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

2. DONATIONS (continued)

Other donations

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

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

3. CHARITABLE ACTIVITIES

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

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

4. OTHER TRADING ACTIVITIES

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

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

5. INVESTMENT INCOME

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

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

6. OTHER INCOMING RESOURCES

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

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

7. FUND RAISING COSTS

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

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

8. CHARITABLE ACTIVITIES EXPENDITURE

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

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

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

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

Analysis of Resources Expended Including Grants & Support Costs

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

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

Analysis of Resources Expended Including Grants & Support Costs – 2019

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

Analysis of Grant funding

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

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

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

9. OTHER EXPENDITURE

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

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

10. STAFF & TRUSTEES

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

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

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

The average number of persons employed during the year:

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

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

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

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

10. STAFF & TRUSTEES continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2020 they were:

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

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

Trustees' emoluments

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

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

	Stipend	Housing
The Revd A Micklefield	Yes	Yes
The Revd Canon R Harlow	Yes	Yes
The Revd Canon C Stewart	Yes	Yes

2019	Stipend	Housing
The Revd A Micklefield	Yes	Yes
The Revd Canon R Harlow	Yes	Yes
The Revd Canon C Stewart	Yes	Yes

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

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

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

11. ANALYSIS OF TRANSFERS BETWEEN FUNDS

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

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

12. TANGIBLE FIXED ASSETS

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

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

13. FIXED ASSET INVESTMENTS

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

14. DEBTORS

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

15. CREDITORS: amounts falling due within one year

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

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

	2020 £,000	2019 £,000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	85	85
Church Commissioners other loans	111	112
Other loans	2,634	2,808
Pension scheme liabilities:		
CEFPS for Clergy	479	855
Church Workers DBS	582	698
Total creditors: amounts falling due after more than one year	**3,891**	**4,558**
The maturity of the above loans may be analysed as follows:		
Between one and two years	34	37
Between two and five years	134	107
In five years and more	2,662	2,861
	2,830	**3,005**

17. ANALYSIS OF CHANGES IN DEBT

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

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

18. SUMMARY OF FUND MOVEMENTS – CURRENT YEAR

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

18. SUMMARY OF FUND MOVEMENTS – PREVIOUS YEAR

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

19. SUMMARY OF ASSETS BY FUND – CURRENT YEAR

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

19. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

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

20. DESCRIPTION OF FUNDS

General fund	The general fund is the WDBF's unrestricted undesignated fund available for any of the WDBF's purposes without restriction.
Maclean fund	The Maclean Fund originated with an unrestricted bequest in 1948 by the late Sir Alexander Maclean. The WDBF has designated this fund to assist with expenditure on clergy houses which could not be met from any other fund.
Pastoral fund	The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: • to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees • to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese • other purposes of the diocese or any benefice or parish in the diocese • to make grants or loans to any other diocese • to transfer funds to the diocesan stipends fund income or capital accounts.
Clergy houses fund	This restricted fund, formerly known as the Clergy Retirement Houses Fund, represents the unexpended balance of a special appeal for funds made in the early 1980s for the provision of retirement housing for clergy. The fund is also used to make bridging loans to clergy approaching retirement. A Charity Commissioners Scheme has widened the purposes of this fund to include housing provision for clergy widows and deserted clergy spouses.
Major Ball settlement	This restricted fund represents the unexpended accumulated income of a settlement for the benefit of the parishes of Brown Candover and Chilton Candover.
Penrose legacy income	This fund represents the unexpended accumulated income of a legacy for the benefit of clergy, who in the opinion of the WDBF are most in need of grants. In recent years the WDBF has applied the income for grants to clergy for extended study leave.
Clergy welfare fund	The Clergy Welfare Fund is vested in the WDBF as trustee. The capital of the trust is shown as a permanent endowment, and accumulations of income as a restricted fund. The purposes for which the trustee may apply the income are as follows: for the benefit of clergy in the Diocese of Winchester, at the discretion of the Bishop; to assist ordination candidates; to assist with the higher education of children of the clergy in the Diocese.
Church schools fund	The church schools fund represents unexpended accumulations of sale proceeds of redundant Church of England School properties. Its use is restricted by law to capital and maintenance work to Church of England schools in the diocese and education generally at Church of England schools in the diocese. The WDBF is trustee of these funds, which are managed on a day to day basis by and in consultation with the Board of Education.
Pember income fund	The annual income of the Pember Fund is restricted by a Charity Commissioners' Scheme to the payment of Winchester Diocesan clergy pensions. Where the income in any year is not required for this purpose, it may be used for providing accommodation for these clergy and their dependants, and for making grants to widows of such clergy and their dependants.
Clergy widows and dependants	These funds have been left to, or settled with, the WDBF specifically for the benefit of clergy widows and dependants.
Thorrold Library fund	The purpose of this fund is to provide a theological library for the clergy of the Diocese. The Thorrold and Lyttelton Library has been loaned to the University of Winchester to secure its future accessibility and development.

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

21. PENSIONS

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

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

Church of England Funded Pension Scheme (CEFPS)

The membership figures that we hold as at December 2019 and December 2020 for Winchester DBF are set out in the table below. These are used as part of the Board's calculation of the deficit contributions in payment at each year-end, which in turn feed into the FRS102 calculations, so are provided here for reference.

	December 2020	December 2019
Number of members at this Responsible Body	146	155

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

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

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

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

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

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

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

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

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

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

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

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

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

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

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

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

Defined Benefits Scheme

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Teachers' pension scheme (TPS)

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

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

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

22. OPERATING LEASES

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

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

23. FUNDS HELD AS CUSTODIAN TRUSTEE

The WDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not consolidated into these financial statements as the WDBF does not control them. The financial assets held in this way may be summarised as follows:

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

24. POST BALANCE SHEET EVENT

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