



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

WINCHESTER DIOCESAN BOARD OF FINANCE

Company number - 142351

Registered charity number – 249276

TABLE OF CONTENTS	PAGE NUMBER
Foreword	3-4
Legal Objects	5
Strategic Report:	
Strategic Aims	6
Activities, Achievements in the year & Future Plans	7-9
Financial review	11-14
Strategic risks and uncertainties	15-16
Structure and Governance	17-18
Trustees' Responsibilities	19-20
Administrative details	21-22
Independent Auditor's Report	23-25
Statement of Financial Activities	26
Balance Sheet	27
Cash Flow Statement	28
Notes to the Financial Statements	29-57

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.

A handwritten signature in black ink, appearing to be 'Alastair Barron', written over a faint, circular stamp or watermark.

Alastair Barron

Interim Chair of the Winchester Diocesan Board of Finance

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2022

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

The Directors 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 posts¹ 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 residential. 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 vision 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.

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2022

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.

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2022

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
<p>Growth & Sustainability Continued decline in the numbers of in those involved in, or supporting, the church in any capacity</p>	<p>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.</p> <p>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.</p>
<p>Safeguarding: Child, adult at risk, or domestic abuse There is an occurrence of child, adult at risk, or domestic abuse by someone working for or on behalf of the Church (in a parish or parish-based organisation or at the Diocesan Office)</p> <p>Non-Current Cases It comes to light that there were instances of abuse in the past which were not appropriately dealt with by the Clergy/Diocese</p>	<p>The Diocese has a Safeguarding Board that is independently chaired and draws in senior officers from statutory agencies, law and education as well as the 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.</p> <p>A Safeguarding team, led by a highly qualified and experienced Safeguarding Manager, promotes best practice, supports those making disclosures and manages offenders and those under investigation.</p> <p>In 2022 the Diocese 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.</p>

WINCHESTER DIOCESAN BOARD OF FINANCE**TRUSTEES REPORT****For the year ended 31 December 2022**

Risk	Strategic Overview
<p>Financial: <i>Diocesan Board of Finance</i> A serious loss of income, investment market crash, unforeseen major expense, fraud, and theft are all potential serious financial incidents for the Board.</p> <p><i>Custodian Trustee</i> A parish enters major expenditure without sufficient resources, experiences fraud, has major unforeseen building or staffing issues requiring significant expenditure.</p>	<p>The Diocesan Board of Finance (DBF) is supported by a Finance 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.</p> <p>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.</p> <p>Appropriate measures are in place to ensure that financial transactions require two signatures and property purchases and major contracts also require two director signatures in addition to the Diocesan Secretary & Chief Operating Officer. The DBF ensures against its most significant serious incidents and all insurance policies are reviewed annually.</p> <p>The DBF offers some advice and support to parishes embarking on major projects or areas of expenditure, assisting them in assessing risk and appropriate mitigations and will monitor parish accounts, with deanery assistance, to be alert to any needs and problems arising.</p>
<p>People: <i>Employment</i> Significant staff turnover, staff without appropriate qualifications and skills mix for evolving needs of the DBF and wider Diocese.</p> <p><i>Appointments</i> The Diocese fails to make the right appointments to parishes and senior positions within the Diocese.</p>	<p>The 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.</p> <p>Investment and improvement in appointment processes have been a priority for the DBF over the recent years. More use is made of targeted testing and assessment, both prior to and during the early stages of a new employee's appointment. Whilst these processes can assist and improve appointment processes, the Directors recognise that many diocesan and parish appointments do not fall under secular employment legislation and are therefore risks which cannot be mitigated entirely.</p>
<p>Reputation A serious incident causes adverse publicity and a loss of confidence in the Diocese.</p>	<p>The Diocese cannot prevent all possible serious incidents across all parts of the organisation. If a serious incident should arise the Diocese has a policy of open and transparent communication, supported by a communications team 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.</p>

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.

WINCHESTER DIOCESAN BOARD OF FINANCE

TRUSTEES REPORT

For the year ended 31 December 2022

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)

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

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

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.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

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

WINCHESTER DIOCESAN BOARD OF FINANCE

Statement of Financial Activities For the year ended 31 December 2022

		Unrestricted funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2022	2021
	Note	£'000	£'000	£'000	£'000	£'000	£'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.

BALANCE SHEET
For the year ended 31 December 2022

	Note	Dec 2022 £'000	Dec 2021 £'000
FIXED ASSETS			
Tangible assets	11	146,981	147,999
Investments	12	22,612	25,449
		<u>169,593</u>	<u>173,448</u>
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
		<u>12,180</u>	<u>8,977</u>
CREDITORS: amounts falling due within one year	14	(1,318)	(771)
NET CURRENT ASSETS		<u>10,862</u>	<u>8,206</u>
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		<u><u>178,467</u></u>	<u><u>178,817</u></u>
FUNDS			
Unrestricted income funds:			
General funds		38,227	38,411
Designated funds		1,449	1,746
		<u>39,677</u>	<u>40,157</u>
Restricted funds		10,762	11,671
Endowment funds		128,028	126,989
TOTAL FUNDS	18	<u><u>178,467</u></u>	<u><u>178,817</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

6. OTHER INCOME

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

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2021
	General £'000	Designated £'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 Funds	Endowment Funds	Total 2022
	General £'000	Designated £'000	£'000	£'000	£'000
Glebe agent's fee	14	-	-	-	14
	14	-	-	-	14

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES EXPENDITURE

	Unrestricted Funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
<u>Contributions to Archbishops' Council</u>					
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
<u>Resourcing Ministry and Mission</u>					
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
<u>Expenditure on Education</u>					
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	2021
	£'000	£'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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

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

Analysis of Expenditure -2022

	<i>Activities Undertaken Directly</i>	<i>Grant Funding of Activities</i>	<i>Support Costs</i>	<i>Total 2022</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<u>Raising funds</u>				
Investment management costs	14	-	-	14
Direct Fundraising	-	-	-	-
Conference Centre	-	-	-	-
<u>Charitable Activities</u>				
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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)Analysis of Expenditure - 2021

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total 2021 £'000
<u>Raising funds</u>				
Investment management costs	20	-	-	20
Direct Fundraising	-	-	-	-
Conference Centre	-	-	-	-
<u>Charitable Activities</u>				
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
<u>From unrestricted funds for national church responsibilities</u>				
Archbishops' Council (note 8)	1			685
<u>From unrestricted funds</u>				
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
<u>From restricted funds for various purposes</u>				
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES EXPENDITURE (continued)

	No.	Individuals £'000	Institutions £'000	Total 2021 £'000
<u>From unrestricted funds for national church responsibilities</u>				
Archbishops' Council (note 8)	8	-	808	808
<u>From unrestricted funds</u>				
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
<u>From restricted funds for various purposes</u>				
Clergy for charitable purposes	1	2	-	2
Widows and dependants of clergy	51	6	-	6
RME Ordinands in training	55	184	230	414
Other institutional grants	4	-	73	73
Total from restricted funds for various purposes	111	192	303	495
Total	173	483	1,112	1,595

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

10. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds	Endowment Funds
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
2022				
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	-

	Unrestricted Funds		Restricted Funds	Endowment Funds
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
2021				
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	Office Equipment	Total
	£'000	£'000	£'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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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
<i>Due within one year</i>		
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
<i>Due after more than one year</i>		
Loans to parishes	840	799
Other Loans	784	199
	1,623	998
Total Debtors	2,710	1,723

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

14. CREDITORS: amounts falling due within one year*Due within one year*

	2022	2021
	£'000	£'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	2021
	£'000	£'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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16. ANALYSIS OF CHANGES IN DEBT

	As at 1st January 2022 £'000	Cashflows £'000	Other £'000	As at 31st December 2022 £'000
2022				
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

	As at 1st January 2021 £'000	Cashflows £'000	Other £'000	As at 31st December 2021 £'000
2021				
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

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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
Thorold 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
Thorold 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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
Thorold 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
Thorold 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

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

18. SUMMARY OF ASSETS BY FUND – CURRENT YEAR

	Fixed Assets		Current	Creditors £'000	Net Assets £'000
	Tangible £'000	Investments £'000	Assets £'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
Thorold library fund	-	-	24	-	24
ICSF grant fund	-	403	16	-	420
Council for Social Responsibility	-	1,189	(494)	-	695
Falrbairn 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
Thorold 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

WINCHESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

18. SUMMARY OF ASSETS BY FUND – PREVIOUS YEAR

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		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 fund	-	-	(106)	-	(106)
Sustainability	-	-	40	-	40
Clerical Registry fund	-	-	(29)	(0)	(30)
	2,653	654	(1,561)	(0)	1,746
Restricted					
General Restricted Fund	-	-	(1)	-	(1)
Pastoral fund	-	-	(267)	-	(267)
Parsonages endowment income	-	-	1	-	1
Clergy houses fund	1,536	924	1,119	(289)	3,290
Major Ball settlement income	-	-	6	-	6
Penrose income fund	-	46	27	-	73
Clergy welfare income fund	-	696	114	-	810
Chalke Bequest income	-	-	13	-	13
Church schools fund	-	3,869	285	(400)	3,753
Queen Victoria clergy fund	-	4	(21)	-	(17)
Pember income fund	-	79	11	-	90
Widows and dependants fund	-	915	123	(0)	1,038
Thorold library fund	-	-	24	-	24
ICSF grant fund	-	458	5	-	462
Council for Social Responsibility	-	1,345	(431)	-	914
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
Thorold library capital	-	248	(1)	-	247
Pember capital	-	920	45	-	965
Christopher Library	-	8	(3)	-	5
Chute endowment	-	294	(0)	-	294
	110,443	13,022	3,757	(233)	126,989
Total funds	147,999	25,449	8,977	(3,608)	178,817

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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:	<p>The diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:</p> <ul style="list-style-type: none">• to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees• to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the diocese• other purposes of the diocese or any benefice or parish in the diocese• to make grants or loans to any other diocese• to transfer funds to the diocesan stipends fund income or capital accounts.
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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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%).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 2022 (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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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>.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

