



THE CHURCH  
OF ENGLAND  
**DIOCESE OF  
WORCESTER**



**Kingdom People**  
love • compassion • justice • freedom

Report of the Directors and Financial Statements  
for the year ended 31 December 2021 for  
**Worcester Diocesan Board of Finance Limited**  
Registered Charity Limited by Guarantee  
Company Registration Number 00271752    Registered Charity Number 247778



2021 REPORT



THE CHURCH  
OF ENGLAND  
DIOCESE OF  
WORCESTER

Company Registration Number 00271752

Registered Charity Number 247778

Published June 2022

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# 2021



£4.2 million in parish share received, paying 77% of the cost of parish ministry (£5.5m).



14 people ordained to serve in parishes across the Diocese and 5 new Lay Ministers licensed.

## Company Information for the year ended 31 December 2021

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

### Directors

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

R C Lunn (resigned 10.01.22)  
 D I A R Phillips  
 The Reverend A M Potter  
 (resigned 10.01.22)  
 H A Richards  
 The Reverend B E Rienstra  
 (resigned 10.01.22)  
 D J Sparkes (resigned 10.01.22)  
 The Reverend T J Williams  
 (appointed 17.02.22)

### Company Secretary

J P H Preston

### Registered Office

16 Lowesmoor Wharf  
 Worcester WR1 2RS

### Registered Number

Company: 00271752  
 Charity: 247778

### Auditors

Haysmacintyre LLP,  
 10 Queen Street Place,  
 London EC4R 1AG

### Bankers

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

### Solicitors

SME Solicitors LLP, 8 Sansome Walk,  
 Worcester WR1 1LW

### Investment Advisors

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

### Insurance Agents

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

### Property Investment Adviser

A N Champion FRICS, Fisher German LLP,  
 Chartered Surveyors, Global House,  
 Hindlip Lane, Worcester WR3 8SB

In 2021 our finances broke-even thanks to the generosity of parishes and significant cost savings made.





## Report of the directors for the year ended 31 December 2021

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

The directors/trustees are one and the same and in signing as directors they are also signing the in their capacity as trustees. This combined report satisfies the legal requirements for:

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

## Chair's Report

*"... the difference that makes the difference"* (Gregory Bateson)

Date: 16 May 2022

The English anthropologist Gregory Bateson is credited with the phrase "the difference that makes the difference." He was referring to the ways in which introducing information into a situation can have a huge effect on the outcome, but the phrase can equally well describe the impact of other seemingly small changes which result in big differences. Among the many stories which lie behind this set of Financial Statements – stories of individuals, parishes and benefices, and the whole Diocesan community – I would like to draw your attention to three fairly modest changes which I believe there is reason to hope will come to be seen as "differences which made a difference" in the life of this Diocese.

Firstly, previous years' accounts have described our journey as a Diocese to recover from an operational deficit (the amount by which the Diocese's expenditure on its core operations exceeds its income) of £1.1m in 2018. Despite the very challenging economic environment of the last couple of year, I am delighted that the result for 2021 was essentially break-even. This is a testimony to the remarkable generosity of parishes in sustaining levels of parish share, but also reflects the reality of at-times painful cost savings. To be able to approach the deep ongoing uncertainties now facing our churches with the Diocesan finances on a more sustainable footing is something for which we can be profoundly grateful.

Secondly, the foundations have been laid for the transition from the Parish Share system to Ministry Share, which makes more direct – and therefore more visible – the link between the cost of ministry and benefices' contributions. Inevitably the move has led to some challenging conversations, both within benefices, and between benefices and Diocese, but there is evidence that these conversations are proving very fruitful, underlining the vital importance of open dialogue and good communication at every level. Support, both financial and in terms of advice,

is available to benefices during the transition period. The Diocese has also reiterated its commitment to supporting lower income communities, especially through the Ministry Support Fund supplemented by National Church Grants.

Thirdly, a significant development has been the move to a 'Total Return' basis of managing some of the Diocesan endowed funds, which affords greater flexibility in their use. Users of these accounts who reach Note 29 (as I hope many readers will!) will see a figure of £2.5m relating to the establishment of a Healthier Churches Fund. This is a key element of the support being provided by the Transformation Programme to help parishes formulate and move towards their own aspirations for a healthy and sustainable future. It is the hope of the Diocesan Synod that this fund will result in many seeds being planted to grow the mission and ministry of the Church – differences that will make a difference.

More information is available on these and many other aspects of the stories behind these accounts throughout the pages which follow - and especially in the rest of the Report of the Directors – which I warmly commend to you.

It is clear that parishes are continuing to face very considerable ongoing challenges, not least in the form of inflationary pressures. My hope and prayer is that the modest changes outlined above will go some way towards positioning the Diocese better to weather these storms and indeed to thrive in its calling to grow as Kingdom People. Ultimately, however, our confidence is based only on the faithfulness of God, "our help in ages past, our hope for years to come."



The Reverend Andy Todd, Chair

## Public Benefit

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

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

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

## Structure, Governance and Management

The company is governed by its memorandum and articles of association. The company is controlled by the Bishop's Council of Trustees. The Diocesan Mission, Pastoral and Resources Committee, the Parsonages Committee and the Investment and Glebe Committee have powers related to their activities delegated by the authority of the Diocesan Synod. In March 2021, Diocesan Synod approved and implemented the recommendations of a Governance Review group which clarifies the strategic nature of the Bishop's Council of Trustees, and brings together financial governance into a single Finance and Resources Committee. The report also widens the responsibility of the Audit Committee to expand the challenge it brings to aspects of the WDBF's work.

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

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

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

### Objectives and Activities

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

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

The WDBF also has the following statutory responsibilities:

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

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

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

- The work of the Diocese's committees and working groups
- Work with children and young people
- The development of vocations and the provision of training for lay and ordained ministry
- Help and advice given to parishes by the Diocesan Advisory Committee for the care of churches
- Mission and social responsibility work under the umbrella of several groups including the Commission for Social Responsibility and the Eco-Church group.

### 2021 Priorities

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

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

- **PRIORITY 1:**

*To continue our transformation programme, helping churches to think through new and creative patterns of worship, to share the hope that Jesus Christ offers, to make disciples and to transform our communities as we live out our Kingdom people values.*

The pandemic held back some of the progress we had hoped to make in 2021. Analysis of parish returns for October 2021 showed that numbers attending church at that point were around 20% lower than in 2019, although on top of this there were a number accessing church online (equating to around a third of the reduction). We were able, however, to make good progress with the enablers of transformation: deanery restructuring, a governance review and the new Ministry Share system. These enablers don't by themselves make us healthier or more sustainable but provide a framework in which it is easier for parishes to grow in health and sustainability.

- **PRIORITY 2:**

*Supporting and enabling churches to become healthier and more sustainable. Within that, we will offer support and training to the six new deaneries to enable effective local discussions about how our churches can most effectively engage with their communities in ministry and mission.*

At the November 2021 Synod we announced the launch of a programme of Mission Companiers, offered to all parishes, which will support them as they develop and implement plans to increase their health and sustainability. At the same Synod, the creation of a Healthier Churches Fund was also announced, blending some funding enabled by the Council's decision to adopt a Total Return approach to the accounting for the Stipends Capital Fund, with funding for our Lowest Income Communities provided by the national church.

- **PRIORITY 3:**

*Enabling our Calling Young Disciples and Resourcing Church projects to review their plans in the light of the pandemic and assess whether project plans or activities need to change.*

Regular programme reviews have continued

throughout the period and have had a specific focus on the impact of the pandemic on the progress of the projects and on the delivery of the objectives and outcomes of the Calling Young Disciples and Resourcing Churches projects. Timing slippages and project underspend have been constantly reviewed and have resulted in Change Requests being submitted and subsequently approved by the Strategic Development Unit (SDU). This approval formally extended the completion dates of each project, to retime various aspects of the original plans, and to adjust various elements to accommodate the new context and emerging situation.

- **PRIORITY 4:**

*Appointing a Dean of Smaller Churches and developing a package of support which makes it easier for smaller and struggling churches to remain open, even if that needs to be in a limited way.*

Dean of Smaller Churches was appointed and fully in post by February 2021. Four areas of work have been identified as strategic priorities to support the population of Smaller Churches being Buildings, Administration, Governance, and new models of Ministry. In addition to working proactively on these areas, the Dean of Smaller Churches is working alongside individual churches and with benefices, to encourage them to consider how they can best be healthy and sustainable and help them to implement identified changes.

- **PRIORITY 5:**

*To agree and implement a new Parish Share system which builds financial sustainability and more effectively resources ministry across the diocese.*

Diocesan Synod gave overwhelming approval to move to a new system of Ministry Share from 1st January 2022. This requests from each benefice a contribution equal to the income-adjusted cost of ministry in that benefice. Diocesan Synod's approval followed a wide consultation, with over 200 people attending a series of consultation events. The new system should enable stability, as requests should only change by the change in the level of clergy stipends/staff wages.

## Overview

Despite the Coronavirus pandemic, we sought to continue to grow as Kingdom People. Three enablers of that growth were put in place during 2021:

1. We simplified our deanery structure from 13 deaneries to 6, and new Area Deans were appointed to lead Deanery Leadership Teams in each of these deaneries.
2. The Governance Review group produced its final report, the recommendations of which were accepted by Bishops Council and Diocesan Synod. This simplified our governance structure, focusing financial governance into a Finance and Resources Committee as a sub-group of the Bishop's Council of Trustees. The remit of the Audit Committee was strengthened to add a greater focus on risk management and challenge.
3. The new method of Ministry Share was agreed and implemented from 1st January 2022 (*as reported p7*).

## Progress on Strategic Projects

Progress on the "Calling Young Disciples" project which seeks a strategic, significant, and sustained increase in the capacity of many churches across the diocese to engage with children and young people was for the second year significantly impacted by the pandemic – with most staff been furloughed during the first quarter of 2021. Once national coronavirus restrictions began to ease, churches again commenced in-person worship, and confidence was regained, work with children and youth people began to return. This was constrained by social distancing requirements, and by a hesitation in some places to quickly return to pre-Covid norms. Nevertheless, the basic design of the project continues to be judged appropriate and has enabled and embedded new confidence, capacity and capability within parishes.

Clergy are reporting 62 new regular worshippers over 2021, including 19 they specifically discern to be on an active journey of discipleship. It is currently unclear how many volunteers that paused engagement during the pandemic will return. There is similar uncertainty regarding those who had become worshippers at early stages of the project.

Two new Mission Enablers started on the programme during the year to replace a leaver and to cover for one existing ME on maternity leave. Ruth Walker left the role of Project Director in September, and operational leadership of the programme transferred to the Director of Ministry and Discipleship.

Towards the end of the year, approval was sought and gained from the SDU to use the salary underspend generated by the earlier furloughing of Mission Enablers, to extend the project from November 2022 to September 2023. This extension will now allow up to 2 full time equivalent Mission Enablers to remain in post, working with several specific congregations to deliver practical and focused children and young people activities, aimed at further growing the number of new disciples.

Despite significant impact of the Covid pandemic, including the inability to hold in-person worship or community activities for many months, both Resourcing

Churches continue to make progress across many aspects of their plans. Overall, 2021 has been a period of consolidation and regrouping as the churches have slowly emerged from the realities of the pandemic. Both churches continue to see people joining the church and people reconnecting more intentionally – with Sunday attendance increasing and online attendance stabilising. All Saints have seen particular growth in students and youth (which is the group research suggests have struggled the most with online church during the pandemic).

All Saints has enabled the launch of a new Church Plant in September 2021 at St Peter's Bengeworth – with the release of a planting vicar from the clergy team, and a number of All Saints congregation members moving to assist in creating and building the new congregation.

The refit of St Helens which was due to start during 2021 has been delayed by the pandemic and is now looking to commence during the second half of 2022.

Top Church's in-person attendance at the 4pm service has remained relatively stable, with more people from the local community are now regularly attending. A second Sunday service was launched at the end of the year. Additionally, 4 midweek small groups have taken place (Alpha, Black Theology, Spirit Lyfe & Working with Other Faiths). Tiny Town, midweek communion and Places of Welcome have grown since the relaunch in October, with the steady growth in the number of people attending. Community connections continue to grow – with highlights including the Invictus Education Trust's Alternative Provision using the church for 4 mornings per week, and Alcoholics Anonymous holding weekly meetings in the church vestry.

Match-funding for the National Lottery Heritage Fund (NLHF) project at Top Church has not yet been secured, with the project therefore at risk. Multiple funding applications have been submitted with some success, but the remaining funding gap is still significant. Meetings are to be held in the first quarter of 2022 to evaluate the situation and determine a way forward.



## Ministry Development

5 out of 5 candidates were recommended for ordination training in 2021. We now have 16 ordinands training, down from 21 last year. The number of those exploring ordination is lower than it has been for some time. In contrast, there were 22 participants in the Growing Leaders Course in 2021 – a new record. A new cohort of 5 has begun training for Reader Ministry, matching the 5 in their second year, and the 5 new Readers who were licensed. 19 completed training for Authorised Lay Ministry (ALM). Experimental deanery-based provision of ALM training is currently underway. Participation in ongoing clergy continual ministerial development (CMD) was, for much of the year, significantly lower than normal. This pattern was repeated in other dioceses. This is probably primarily because of the many other demands and challenges on clergy time and energy. In addition to the ongoing training of new ministers (as described above), the Ministry and Discipleship Team organised over 50 training and support events, with a total attendance of over 1,000.

Living in Love and Faith (LLF), a national project about identity, sexuality, relationships and marriage, has been a national and diocesan focus this year. Its current, nationwide, learning and consultation phase concludes at the end of April 2022. Many who have been able to engage with the national materials have found doing so very enabling insight and conversation. A panel discussion in November saw around 80 attending, in an atmosphere that was both honest and gracious. However, the pandemic context has been a particularly challenging one for this project – parishes and people have varied significantly in whether it has been seen as a sufficient priority to be given time. At least 160 people across the diocese have engaged with the five-session national LLF course.

One significant new development begun in 2021 is the planning of a new 'Auxiliary Pathway' for formation and discernment regarding ordination. An experimental cohort on this pathway is planned to commence in September 2022. It will be locally focused: selection and training will be from within the diocese but guided by the national framework; the bishops will be involved in the formational input; it is oriented towards locally-focused ordained ministry – typically a self-supporting assistant role, perhaps with day-to-day ministerial responsibility for one or more smaller churches in a larger benefice or team. We hope that around two or three people per deanery might engage with this pathway: 12 to 20 in total.

## Support for Church Buildings

The team continued to support parishes as they adapted to the changing circumstances of further lockdowns, relaxation of measures and reopening through 2021. They supported several parishes in applications to the Cultural Recovery Fund, with churches in the diocese accessing nearly £250,000 from the fund, both for urgent building works and general operating costs.

A new Chancellor, Jacqueline Humphreys, was appointed at the start of the year. The work of the Diocesan Advisory Committee (DAC) continued with visits to site again possible: applications remained understandably fewer than pre-pandemic though included significant applications for telephony and technology to support the return to church and hybrid working. (2021 – 45, 2020 – 44, 2019 – 97); and for Archdeacon's List B permission 104 (2020 – 93, 2019 – 108).

The team have supported the Dean of Smaller Churches as she began her new role, holding regular meetings and joining site visits as we seek to find sustainable ways to maintain the presence of these buildings in their communities and to launch the Church Buildings Management Partnership.

A major online conference – run with colleagues from other West Midlands dioceses – focused on the ability of churches to resume activities and projects after the pandemic drew attendees from our parishes, those further afield and diocesan colleagues from across the country, Ireland and other denominations (more attendees than could have ever fit in a physical venue). This partnership will run an in-person conference in Kidderminster in 2022, supported by coordinated online sessions.

A key strand of learning for the team and DAC through the year has been to understand the requirements of the Church's ambitious target to become Net Zero Carbon by 2030. Planning for pilot studies to understand the needs of our churches to move towards decarbonisation (both locally and nationally) will take place during 2022.

## Education

During the year, The Education Team have had significant staffing changes over the course of the year. Tim Reid was appointed as the new Director of Education, Duncan Hutchison was appointed to lead the teams work on the Training and Support Service Level Agreements (SLA) which focuses on developing the Christian Ethos, Religious Education and Collective Worship and Janine Jenkins was appointed as the Education Team's Administrator.

The work carried out by the Education Team has focused on providing a range of core services to schools in line with the DBE measure, and three Service Level agreements. The Training and Support Service Level Agreement designs and delivers training for all 100 church schools, the School Effectiveness Support Service Level Agreement provides bespoke packages of support to improve the quality of leadership, teaching and learning, and the third Service Level Agreement improves

governance by delivering training to governors.

During the year the Education Team supported the facilitation of building projects in VA schools valuing over £450,000, and also initiated the set-up of a Diocesan Multi Academy Trust for Church of England Schools in Dudley.

The new Diocesan Board of Education Measure scheme was agreed by the DBE on 6th July 2021, approved by Diocesan Synod on 11th November 2021 and certified by Archbishop's Certificate, signed by Nigel Genders on 14th December 2021. The new Measure will come into operation on the 1st January 2023 when the DBE will become a statutory committee of the DBF.

The wider strategy continues to be to promote education within the Diocese. The detail of the strategy is outlined within the scheme published on the Diocese of Worcester website.

## Net Zero Carbon

As with other parts of the Church of England, the Diocese has signed up to the ambitious target of achieving net zero carbon emissions by 2030. During the year, an analysis of the carbon usage by area of church life (churches, schools, parsonages, offices etc) was carried out. This will enable the development of sector appropriate strategies to make a significant reduction in carbon emissions. A portion of the Total Return fund has been designated to support this work by enabling specialist consultancy to be engaged to ensure that our strategies are both cost and climate effective.

## 2022 Priorities

As the nation hopefully emerges from the coronavirus pandemic, our Kingdom People vision will continue to guide us in seeking the coming of God's kingdom on earth. As churches re-commence worshipping in person and re-connect with their communities, our priorities will be:

- To continue our transformation programme, helping churches to think through new and creative patterns of worship, to share the hope that Jesus Christ offers, to make disciples and to transform our communities as we live out our Kingdom people values;
- Supporting and enabling churches to become healthier and more sustainable by an effective Mission Accompanier programme, and providing grant funding through the Healthier Churches Fund;
- Enabling our Calling Young Disciples to move towards a conclusion effectively, seeking to maximise its achievement of desired outcomes. Supporting the Resourcing Church projects to emerge from the pandemic and regain momentum against desired project outcomes;
- To enable the launch of a Church Buildings Management Partnership which will provide support to our smallest churches in managing their buildings;
- To ensure that the new Ministry Share system is operating well, and that transition is happening effectively.

### Financial Review

Total incoming resources for the year were £9,740,000 (2020 - £9,396,000). The principal funding source was from Parish Share which represents 43.6% (2020 - 47.2%) of total incoming resources. Total Parish Share received during the year was £4,244,000 (2020 - £4,431,000) representing 73% (2020 - 76%) of the total requested. Endowments rose by £5,975,000 (2020 - £1,419,000) this is as a result of investment income, gains in investments and surpluses on property sales. The significant increase is a result of the investment unrealised gains (see investment performance below). From the endowment £3,205,000 was transferred to general funds under Total Return Accounting, see below and note 26. Total resources expended were £8,812,000 (2020 - £8,411,000).

The Statement of Financial Activities on page 18 shows an overall increase in funds of £5,698,000 (2020 - £2,224,000), of which £4,753,000 related to unrealised investment gains, and £1,127,000 from surpluses on property sales.

The underlying result for the year was an operational surplus of £269,000 plus an investment of £200,000 into our strategic projects (2020 - £236,000 deficit plus an investment into strategic projects of £145,000). From this operational surplus the charity paid £463,000 as exceptional costs to settle all liabilities including dilapidations, final lease costs and legal costs as a result of the long-term cost reduction plan of moving out of the previous operating premises – The Old Palace (see note 33). The reported results included the cash impact of the clergy pension deficit repayments of £195,000 but excluded the gains on property sales of £1,127,000.

The Parish Share contributions were £187,000 (4.2%) down compared to 2020 and over half a million pounds down compared to the budget. Despite this, a surplus was achieved due to the increased investment returns and continued cost savings. Some of these savings were planned as part of the overall cost reduction plan, and others were due to the continual impact of the pandemic. The cost savings outweighed the fall in the Parish Share and therefore led to the surplus. The charity was also financially supported by the Government's Coronavirus Job Retention Scheme and received furlough income of £44,000 (2020 - £167,000).

### Investment Policy

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

### Reserves *Restricted and endowment funds*

As set out in note 28 the WDBF holds and administers several restricted and endowment funds. As at 31 Dec 2021 restricted funds totalled £2,815,000 (2020 - £2,533,000) and endowment funds totalled £68,337,000 (2020 - £65,567,000). This includes the Diocesan Unapplied Total Return funds which totalled £22,319,000 (2020 - £0) – see below.

### Total Return Accounting

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

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

- The date used for the initial value, or base year, of the trust for investment was 31st December 1995. At this point the DSCF balance was £15,598k. This is taken as the original value of the endowment.
- CPIH was used to uplift the trust for investment giving rise to a valuation as at 1st January 2021 of £25,103k. The Unapplied Total Return fund as at 1st January 2021 amounted to £21,288k.

The Board can then release funds which is transferred to the income fund in order fund stipends. This enables other funds which would have normally been used for the funding of stipends as the Board sees fit. In turn this has meant the Board has established new designated funds as follows:

- Healthier Churches Fund - £2.5m one off allocation to supporting our churches towards a greater health and sustainability, and

- Transitional Support for Parishes - £100k (inflation adjusted) per annum for six years – this is help Parishes transition to the new ministry share system. This is further supported by an allocation of £600,000 of unrestricted reserves into the Ministry Support Fund, and
- Net Carbon Zero Fund – £25k (inflation adjusted) per annum for six years to provide some expert resource to help the diocese achieve the 2030 Net Zero Carbon target.

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

### Designated funds

The Board may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of the designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 28. At 31 December 2021 total designated reserves were £3,701,000 (2020 - £675,000). The increase in designated funds is due to the Boards decision to make funds available to Parishes to support both parochial ministry (the Ministry Support Fund) and projects in parish mission (the Healthier Churches Fund). See note 28 for further details.

### Reserves policy *Free reserves*

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

As at 31 December 2021 the general unrestricted fund's net assets, excluding tangible fixed assets was £4,088,000 (2020 - £4,613,000) and during 2021 total resources expended in unrestricted funds was £7,689,000 (2020 - £6,553,000), providing for 6 months of expenditure (2020 – 8 months). Our budget suggests that expenditure will grow – as commented previously, 2021 expenditure was lower than anticipated. Consequently, the Board expects that free reserves will come into line with the target of 4.5 months by 2023.

### Fundraising

Funds were raised in 2021 for our partner dioceses of Peru and Morogoro: £12,701 was raised for the Diocese of Peru; £477 for the Diocese of Morogoro; £4,746 for Berega Hospital, Tanzania; £5,441 for Morogoro Sewing Academy and £2,687 for Afghanistan Refugees.

As a result of the pandemic, we launched a Diocese of Worcester Ministry fund in 2020. The aim was to raise enough to cover the stipend of one vicar for one year to assist with the reduced income caused by Covid-19. We encouraged potential donors to support their local church as their first priority and if they were able to make an additional gift to this Ministry fund. Through donors' generosity £16,000 was received in 2021 (2020 - £33,000).

### Risk Policy

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

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

- The move to Ministry Share leads to lower receipts, which are insufficient to meet the financial commitments and the strategic plans of the Diocese:
  - Regular and active communication with parish treasurers to maintain two-way communication;
  - The launch of a Ministry Support Fund provides support to parishes, encourages medium term planning and brings forward sight of potential shortfalls by several months;
  - Monthly monitoring of receipts and projection for the remainder of the year;
  - Proactive support by the Stewardship Officer with struggling parishes.



## Risk Policy (continued)

- The effect of Covid, and the recovery from it, continues to have a significant impact on the Diocese in terms of impact on income from Parish Share even if the severity of the pandemic subsides:
  - Careful monitoring of expenditure compared to approved budget and parish share income;
  - Cashflow is continuously monitored and alternative sources of credit finance are available to meet any temporary cashflow shortages;
  - The Transformation Steering Group is developing scenarios, to seek as many healthy and sustainable churches as possible but also reduce costs to a more sustainable level ongoing;
  - Following adoption of a Total Return approach to investment, the provision of support funding for parishes struggling to meet their Ministry Share contribution.
- Falling numbers and ageing of attendance / membership within the Church in the diocese leading to churches becoming unsustainable:
  - Continue to invest in the "Calling Young Disciples" project finishes well, with a focus in a final phase on helping parishes attract new children and families;
  - Ensure the Resourcing Churches projects are effective, including the planting and renewing of a number of additional churches;
  - Development of a Healthier Churches Fund to resource parishes who have developed Health and Sustainability plans;
  - Provision of Mission Accompaniers to support parishes develop and implement such plans.
- Serious safeguarding case:
  - Ensure swift action taken if a situation does arise;
  - Ensure effective safeguarding provision is available, through the diocesan safeguarding team; training officers and caseworkers. This will include use of core groups to bring in a wider team where appropriate;
  - Ensure safer recruitment, training, policies applied and audited at diocesan and parish level;
  - Ensure adequate insurance is in place.

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

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

## Remuneration Policy

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

## Investment Performance

### Overall performance

Investments are held in both glebe and general funds. The total value of investments at 31 December 2021 was £46.7m (2020 - £40.7m) and the total return on investment was 14% (2020 - 9%).

### Glebe investments

Investments are in glebe funds, primarily to generate a sustainable income to continue funding clergy stipends. Agricultural, commercial and residential land and buildings were valued at £15.48m at 31 December 2021 (2020 - £14.20m). Rents receivable amounted to £252,000 (2020 - £222,000) – an income yield of 1.6% (2020 - 1.6%).

### Investment securities (Glebe and General)

Investments in equity and fixed interest securities were valued at £29.3m at 31 December 2021 (2020 - £22.3m). Income from these securities amounted to £762,000 (2020 - £718,000) – a yield of around 2.6% (2020 - 3.2%), which is considered satisfactory.

## Statement of Directors' Responsibilities

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

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

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

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

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

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

## Statement as to Disclosure of Information to Auditors

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

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

**On Behalf of the Board: The Reverend Andy Todd**

**Date: 16 May 2022**

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

### Opinion

We have audited the financial statements of Worcester Diocesan Board of Finance Limited for the year ended 31 December 2021 which comprise Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

## Other information

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

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

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

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

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

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

## Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity and company law applicable in England and Wales, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates in particular valuation of property assets and investment properties; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuation.

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

## Use of our report

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

Adam Halsey (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors  
10 Queen Street Place, London EC4R 1AG

Date: 7 June 2022

## Statement of Financial Activities for the Year Ended 31 December 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
<b>INCOME AND ENDOWMENTS</b>						
<b>Donations</b>						
- Parish contributions	2	4,244	-	-	4,244	4,431
- Archbishops' Council	3a	750	884	-	1,634	1,372
- Other donations	3b	589	203	-	792	779
<b>Charitable activities</b>	4	466	75	-	541	464
<b>Other activities</b>	5	387	-	-	387	366
<b>Investments</b>	6	113	-	902	1,015	946
<b>Other</b> – gains on sale of tangible fixed asset properties		333	118	676	1,127	1,038
		<b>6,882</b>	<b>1,280</b>	<b>1,578</b>	<b>9,740</b>	<b>9,396</b>
<b>EXPENDITURE</b>						
<b>Raising funds</b>	7	-	64	-	64	58
<b>Charitable activities</b>						
- Contributions to Archbishops' Council	8	398	-	-	398	439
- Parish Ministry	9	5,604	607	-	6,211	6,187
- Support for Ministry	10	873	452	-	1,325	1,312
- Support for Schools	11	336	-	-	336	327
<b>Other</b> – General	12	15	-	-	15	88
<b>Other</b> – Old Palace	33	463	-	-	463	-
		<b>7,689</b>	<b>1,123</b>	<b>-</b>	<b>8,812</b>	<b>8,411</b>
<b>Net income before investment gains</b>		(807)	157	1,578	928	985
Net gains on investments		236	137	4,380	4,753	1,268
<b>Net income</b>		(571)	294	5,958	5,681	2,253
Transfers between funds	26	3,217	(12)	(3,205)	-	-
<b>Other recognised gains / (losses)</b>						
Actuarial gain / (loss) on defined benefit pension scheme	24	-	-	17	17	(29)
<b>Net movement in funds</b>		<b>2,646</b>	<b>282</b>	<b>2,770</b>	<b>5,698</b>	<b>2,224</b>
<b>Total funds brought forward</b>	25	<b>6,733</b>	<b>2,533</b>	<b>65,567</b>	<b>74,833</b>	<b>72,609</b>
<b>Total funds carried forward</b>	25	<b>9,379</b>	<b>2,815</b>	<b>68,337</b>	<b>80,531</b>	<b>74,833</b>

All incoming resources and resources expended derive from continuing activities.  
The notes on pages 22 to 44 form part of these financial statements.

## Income and Expenditure Account Year Ended 31 December 2021

	2021 £'000	2020 £'000
Total income	8,162	8,887
Expenditure	(8,812)	(8,411)
Operating (deficit)/surplus for the year	(650)	476
Net gains /(losses) on investments	373	(36)
Net income for the year	(277)	440
Other comprehensive income:		
Net assets transferred from endowments	3,205	(328)
Total comprehensive income	2,928	112

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

*The notes on pages 22 to 44 form part of these financial statements.*

## Balance Sheet

### Balance Sheet as at 31 December 2021

Company Number 00271752

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>FIXED ASSETS</b>					
Tangible assets	16		33,654		33,325
Investments					
Investment property	17		15,480		14,220
Investments	17		31,269		26,486
			80,403		74,031
<b>CURRENT ASSETS</b>					
Debtors	18	630		1,030	
Cash at bank	19	603		896	
		1,233		1,926	
<b>CREDITORS</b>					
Amounts falling due within one year	20	(1,072)		(846)	
<b>NET CURRENT ASSETS</b>					
			161		1,080
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			80,564		75,111
<b>CREDITORS</b>					
Amounts falling due after more than one year	21		(33)		(278)
<b>NET ASSETS</b>					
			80,531		74,833
<b>FUNDS OF THE CHARITY</b>					
Endowment funds	25		68,337		65,567
Restricted Income funds	25		2,815		2,533
Unrestricted Income funds:					
- General funds	25		5,678		6,058
- Designated funds	25		3,701		675
			80,531		74,833

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

Endowment funds £25,078,000 (2020 £23,847,000)

Restricted Income funds £1,088,000 (2020 £1,022,000)

General funds £3,101,000 (2020 £36,000)

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

The Reverend Andy Todd

Date: 16 May 2022

The notes on pages 22 to 44 form part of these financial statements



## Cash Flow Statement for the Year Ended 31 December 2021

Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>Net cash flow from operating activities</b>		(784)		(1,123)
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	1,015		946	
Proceeds from the sale of:				
- Tangible fixed assets	1,902		2,386	
- Investments	63		5,215	
Purchase of:				
- Tangible fixed assets for the use of the WDBF	(1,136)		(5)	
- Fixed asset investments	(3,507)		(4,272)	
<b>Net cash provided by investing activities</b>		(1,663)		4,270
<b>Change in cash and cash equivalents in the year</b>		(2,447)		3,147
<b>Cash and Cash Equivalents at 1 January</b>		5,050		1,903
<b>Cash and Cash Equivalents at 31 December</b>		2,603		5,050
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>				
Net income before investment gains for the year		928		985
<b>Adjustments for:</b>				
Depreciation Charges	32		21	
Dividends, interest and rent from investments	(1,015)		(946)	
Actuarial gain/(loss) on pension scheme	17		(29)	
(Surplus) on sale of functional assets	(1,127)		(1,038)	
Decrease in debtors	400		83	
(Decrease) in creditors	(19)		(199)	
<b>Net cash used in operating activities</b>		(784)		(1,123)
<b>Analysis of cash and cash equivalents</b>				
Cash in Hand		603		896
Notice Deposits		2,000		4,154
		2,603		5,050

The notes on pages 22 to 44 form part of these financial statements

## 1. PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies and estimation techniques are as follows:

### a) Income

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

- i) **Parish Share** is recognised as income of the year in respect of which it is receivable up to 4 February 2022.
- ii) **Rent receivable** is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate up to 4 February 2022.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the WDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953 as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

### b) Expenditure

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

- i) **Costs of raising funds** are constrained to investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the WDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The WDBF's staff are members of the Church Workers Pension Fund and clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent the WDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes in which WDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

## c) Tangible fixed assets and depreciation

### *Freehold properties*

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

### *Properties subject to value linked loans*

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

### *Investment properties*

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

### *Parsonage houses*

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

## d) Other tangible fixed assets

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

Fixtures and Fittings 20% per annum straight line basis

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

## e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The WDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.
- iii) **Taxation.** The company is a registered charity and is not liable to corporation tax in this year.

## f) Fund balances

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

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

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

## g) Key judgments

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

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

## h) Going concern

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

## 2. PARISH CONTRIBUTIONS

	Total Funds 2021 £'000	Total Funds 2020 £'000
Current year's allocation	5,775	5,775
Less grants and allowances	-	-
	<u>5,775</u>	<u>5,775</u>
Shortfall in contributions	(1,540)	(1,395)
	<u>4,235</u>	<u>4,380</u>
Arrears for previous years	9	51
<b>TOTAL</b>	<u>4,244</u>	<u>4,431</u>

	2021 Parish Share Requested £'000	2021 Shortfall £'000	2021 Total Received £'000	2021 Total Received %	2020 Total Received £'000	2020 Total Received %	(Decrease) Increase / £'000	(Decrease) Increase / %
<b>Deanery</b>								
Greater Dudley	1,346	335	1,011	75.1	1,018	75.6	(7)	(0.7)
Kidderminster & Stourport	776	177	599	77.2	653	84.1	(54)	(8.3)
Malvern & Upton	823	193	630	76.5	644	78.3	(14)	(2.2)
Pershore & Evesham	1,021	350	671	65.7	733	71.8	(62)	(8.5)
Redditch & Bromsgrove	749	217	532	71.0	577	77.0	(45)	(7.8)
Worcester	1,059	267	792	74.8	755	71.3	37	4.9
	<u>5,774</u>	<u>1,539</u>	<u>4,235</u>	<u>73.3</u>	<u>4,380</u>	<u>75.8</u>	<u>(145)</u>	<u>(3.3)</u>



### 3a.ARCHBISHOPS' COUNCIL

#### Unrestricted

Lower Income Communities Funding

#### Restricted

SDF Grant - Calling Young Disciples

SDF Grant - Resourcing Churches

SDF Grant - Capacity Grant Funding

### 3b.OTHER DONATIONS

Allchurches Trust

Education Service Level Agreements

Education Academy Conversion Fees

Education Grants

CSF Grant

Parsonage Income

Ministry Restricted Donations

Archbishops' Council – RME grant

Sundry Income

Registry-Church Commissioners

Safeguarding Income

Safeguarding PCR2 Grant

Furlough Grant

### 4. CHARITABLE ACTIVITIES

Statutory fees

Trust Income

- Clergy Widows and Orphans Fund

- Ordination Candidates Fund

- Church Schools Improvement and Maintenance Fund

- Sundry Trust Funds

### 5. OTHER ACTIVITIES

Insurance claim

Rental income from parsonages

Rental income from other property

Bishop's office – rent, salary and service charge

	Total Funds 2021 £'000	Total Funds 2020 £'000
	750	725
	<b>750</b>	<b>725</b>
	149	89
	670	500
	65	58
	<b>884</b>	<b>647</b>
	117	112
	146	65
	-	3
	107	-
	11	6
	40	23
	16	33
	187	236
	50	29
	45	44
	29	31
	-	30
	44	167
	<b>792</b>	<b>779</b>
	466	404
	8	10
	33	30
	7	7
	27	13
	<b>541</b>	<b>464</b>
	3	-
	245	223
	45	45
	94	98
	<b>387</b>	<b>366</b>

## 6. INVESTMENTS

Dividends receivable	762	718
Interest receivable	2	6
Rents receivable	251	222

**1,015**

**946**

## 7. RAISING FUNDS

Glebe Agent's fees and expenses (including registration costs)	64	58
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## 8. CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL

Training for Ministry	215	212
National Church responsibilities	179	188
Retired clergy housing costs	79	77
Pooling of ordination candidates' costs	(80)	(40)
General Synod Representatives' Expenses	5	2

**398**

**439**

## 9. PARISH MINISTRY

Stipends and national insurance	2,900	3,115
Pension costs	735	748
Housing costs – Council Tax	240	268
Parsonage Houses maintenance	651	572
Removal, resettlement and other grants	71	72
Lowest Income Communities projects	40	50
Resourcing Churches	670	524
Other expenses	183	196
Support costs - Administration (see note 13)	721	642

**6,211**

**6,187**

## 10. SUPPORT FOR MINISTRY

Ministry and Discipleship	219	261
Calling Young Disciples project	349	253
Church Buildings Team	116	120
Restructuring	68	15
Mission Development Officers	41	31
Safeguarding	125	179
World Church Links	-	3
Ordination Candidates Allowances and tuition fees	272	330
Support costs – Administration (see note 13)	135	120

**1,325**

**1,312**

## 11. SUPPORT FOR SCHOOLS

Education team	291	287
Support costs – Administration (see note 13)	45	40

**Total Funds  
2021  
£'000**

**Total Funds  
2020  
£'000**

**336**

**327**

## 12. OTHER EXPENDITURE

Office maintenance and repairs	15	23
Holland House Grant	-	65

**15**

**88**

## 13. ANALYSIS OF SUPPORT COSTS

Central Administration	730	632
Governance:		
- External audit	28	16
- Registrar and Chancellor	143	152
- Synodical costs	-	2

**901**

**802**

	<b>Activities Undertaken Directly £'000</b>	<b>Support Costs £'000</b>	<b>Total Funds 2021 £'000</b>	<b>Total Funds 2020 £'000</b>
<b>Cost of generating funds</b>	64	-	64	58
Contributions to Archbishops' Council	398	-	398	439
Parish Ministry	5,491	721	6,212	6,187
Support for Ministry	1,189	135	1,324	1,312
Support for Schools	291	45	336	327
<b>Charitable activities</b>	7,369	901	8,270	8,265
Other - General	15	-	15	88
Other - Old Palace	463	-	463	-
	<b>7,911</b>	<b>901</b>	<b>8,812</b>	<b>8,411</b>

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

## 14. STAFF COSTS

Gross wages and salaries  
Employers National Insurance Costs  
Other Pension Costs - Annual

2021 £'000	2020 £'000
1,374	1,392
124	129
246	298
<b>1,744</b>	<b>1,819</b>

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

	No. in 2021	No. in 2020
Full time	24.3	26.3
Part time	25.3	25.8
	<b>49.6</b>	<b>52.1</b>

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

Operational posts funded by the DBF  
Project posts and operational posts funded from other sources\*

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

No. in 2021	No. in 2020
31.4	30.4
10.0	11.2
<b>41.4</b>	<b>41.6</b>

There are two employees with emoluments above £60,000 per annum (2020: two employees). Pension contributions are paid for 50 employees (2020: 53 employees).

As part of an office relocation, there were three redundancies in 2021 (2020 – one). Accordingly, the total paid during the year in termination and redundancy payments was £33,000 (2020: £2,000).

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

The WDBF paid an average of 108 (2020:109) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021 £'000	2020 £'000
Stipends	2,815	2,896
National insurance contributions & apprenticeship levy	227	248
Pension costs - current year	900	713
Pension costs - deficit reduction	195	328
	<b>4,137</b>	<b>4,185</b>

## 14. STAFF COSTS (continued)

### Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2021 they were:

Diocesan Secretary and Company Secretary	John Preston
Director of Finance	Helen Archer-Smith
Director of Education	Margaret James (Jan 21 – May 21)
Director of Education	Tim Reid (June 21 onwards)
Director of Ministry and Discipleship	Jonathan Kimber
Director of Communications	Samantha Setchell
Deputy Diocesan Secretary - Restructuring	Robert Quarton

Remuneration and pensions for these six roles amounted to £339,131 (2020: £295,605).

### Trustees' emoluments

No trustee received any remuneration for services as Trustee. Six (2020 – six) Trustees received travelling and out of pocket expenses, totaling £8,437 (2020 - £5,437) in respect of General Synod duties, duties as archdeacon or rural dean and other duties as Trustees.

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

	Stipend	Housing
The Revd M Badger	Yes	Yes
The Revd R M Clark	Yes	Yes
The Revd A C Davies	Yes	Yes
The Right Revd M Gorick	No	Yes
The Ven N J Groarke	Yes	Yes
The Ven R G Jones	Yes	Yes
The Revd C A Lording	Yes	Yes
The Revd A M Potter	Yes	Yes
The Revd B E Rienstra	Yes	Yes
The Revd A Todd	Yes	Yes
The Revd R Johnson	Yes	Yes
The Revd T J Williams	Yes	Yes

The WDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishop but excluding diocesan bishop and cathedral staff.

## 15. SURPLUS FOR THE FINANCIAL YEAR

Is stated after charging / (crediting):

Depreciation
(Surplus) on disposal of fixed assets
Operating Lease – Rent Old Palace
Operating Lease – Rent Lowesmoor Wharf
Auditors Remuneration – external scrutiny

2021 £'000	2020 £'000
32	21
(1,127)	(1,038)
25	21
13	-
28	16



## 16. TANGIBLE FIXED ASSETS

### Unrestricted Funds

#### COST

	Board Houses £'000	Leasehold Improvements £'000	Fixtures and Fittings £'000	Totals £'000
At 1 January 2021	1,413	-	313	1,726
Additions	202	67	1	270
Disposals	(93)	-	(269)	(362)
At 31 December 2021	1,522	67	45	1,634

#### DEPRECIATION

At 1 January 2021	-	-	281	281
Charge for year	-	14	18	32
Disposals	-	-	(269)	(269)
At 31 December 2021	-	14	30	44

#### NET BOOK VALUE

At 31 December 2021	1,522	53	15	1,590
At 31 December 2020	1,413	-	32	1,445

### Restricted Funds

#### COST

	Glebe Team Vicarages & Curates' Houses £'000	Parsonages Houses £'000	Pastoral Buildings £'000	Totals £'000
At 1 January 2021	11,965	19,693	222	31,880
Additions	866	-	-	866
Disposals	(538)	(114)	(30)	(682)
At 31 December 2021	12,293	19,579	192	32,064

#### DEPRECIATION

At 31 December 2021	-	-	-	-
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#### NET BOOK VALUE

At 31 December 2021	12,293	19,579	192	32,064
At 31 December 2020	11,965	19,693	222	31,880

### Total Tangible Fixed Assets

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

2021 £'000	2020 £'000
1,590	1,445
32,064	31,880
33,654	33,325

## 16. TANGIBLE FIXED ASSETS (continued)

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

Included in land and buildings is freehold land valued at £9.9m (2020- £9.9m) which is not depreciated. The freehold property of Board, Parsonage, Glebe and Pastoral buildings and the fixtures and fittings are held in the direct furtherance of the charity's objects.

## 17. FIXED ASSET UK INVESTMENTS

	Property £'000	CBF Shares £'000	Cash £'000	Total £'000
<b>Valuation</b>				
At 1 January 2021	14,220	22,332	4,154	40,706
Additions	-	3,507	-	3,507
Disposals	-	-	(2,154)	(2,154)
Increase in revaluation	1,260	3,430	-	4,690
At 31 December 2021	<u>15,480</u>	<u>29,269</u>	<u>2,000</u>	<u>46,749</u>
At 31 December 2020	<u>14,220</u>	<u>22,332</u>	<u>4,154</u>	<u>40,706</u>

	Total 2021 £'000	Total 2020 £'000
UK investment property	15,480	14,220
Unlisted UK investment shares	29,269	22,332
CBF Investments	2,000	4,154
	<u>46,749</u>	<u>40,706</u>

Investment property was valued on an open market basis as at 31 December 2021 by A N Champion FRICS, who is Glebe Agent. Historical investment costs are not readily available as much of the investment properties was acquired a considerable time ago.

## 18. DEBTORS

	Total 2021 £'000	Total 2020 £'000
Current year Parish Share	328	320
Fee receivable	57	51
Other debtors	170	453
Prepayments	29	135
Accrued Income	36	71
	<b>630</b>	<b>1,030</b>

## 19. CASH AT BANK

Lloyds Bank PLC Accounts	<b>603</b>	<b>896</b>
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## 20. CREDITORS:

### Amounts falling due within one year

Trade creditors	86	82
Other taxes and social security	65	72
Other creditors	477	23
Deferred income	97	209
Accruals	29	35
Parsonage houses maintenance	127	97
Clergy Pension Scheme	191	328
	<b>1,072</b>	<b>846</b>

## 21. CREDITORS:

### Amounts falling due after more than one year

Loans (see note 22)	-	171
Repayable Grant (see note 22)	33	33
Clergy Pension Scheme	-	74
	<b>33</b>	<b>278</b>

## 22. LOANS

### Amounts falling due in more than five years:

Repayable otherwise than by instalments:		
Church Commissioners – Value Linked Loans (secured on Board Houses)	-	171
Church Commissioners – Repayable Grant	33	33
	<b>33</b>	<b>204</b>

## 23. OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

### Land and Buildings

Payable within one year of the balance sheet date	21	15
Payable in the second to fifth years inclusive of the balance sheet date	44	-
	<b>65</b>	<b>15</b>

## 24. PENSION COMMITMENTS - Church of England Funded Pension Scheme

The Worcester Diocesan Board of Finance, as a Responsible Body, participates in the Church of England Funded Pension Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from the company and the other participating Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to a specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

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

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

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021		2020	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		402		695
Deficit contribution paid	(195)		(328)	
Interest cost	1		6	
Remaining change to the balance sheet liability*	(17)		29	
		(211)		(293)
Balance sheet liability at 31 December		191		402

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

## Church of England Funded Pension Scheme (continued)

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

	Dec 2021	Dec 2020	Dec 2019
Discount rate	0.0%pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase in total pensionable payroll	(1.5%)	1.6% pa	1.3% pa

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

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

CWPF has two sections:

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

### Defined Benefits Scheme

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

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £13,600 per year.



## 24. PENSION COMMITMENTS - Church of England Defined Benefits Scheme

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is as set out below:

	2021		2020	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		-		-
Deficit contribution paid	-		-	
Interest cost	-		-	
Remaining change to the balance sheet liability*	-		-	
		-		-
Balance sheet liability at 31 December		-		-

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

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

	Dec 2021	Dec 2020	Dec 2019
Discount rate	0%	0%	0%

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

## Church of England Pension Builder Scheme

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102.

This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

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

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

## 25. SUMMARY OF MOVEMENTS IN FUNDS

	2021 £'000	Endowments £'000	Expenditure £'000	Pension Gains £'000	Transfers £'000	2021 £'000
<b>Unrestricted Funds</b>						
General Fund	6,058	6,132	(6,754)	236	6	5,678
<b>Designated Funds</b>						
Healthier Churches Fund	-	-	-	-	2,500	2,500
Ministry Support Fund	-	-	-	-	700	700
Net Carbon Zero Fund	-	-	-	-	25	25
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	28	-	-	-	-	28
Holland House Fund	-	-	-	-	-	-
Lowest Income Communities Fund	243	750	(735)	-	-	258
Calling Young Disciples	394	-	(200)	-	(14)	180
<b>Designated Funds</b>	675	750	(935)	-	3,211	3,701
<b>Total Unrestricted Funds</b>	<b>6,733</b>	<b>6,882</b>	<b>(7,689)</b>	<b>236</b>	<b>3,217</b>	<b>9,379</b>
<b>Restricted Income Funds</b>						
Education Fund	230	-	-	28	-	258
Resourcing Churches	-	670	(670)	-	-	-
Calling Young Disciples	-	149	(149)	-	-	-
Capacity Grant Restructuring	-	65	(65)	-	-	-
Diocesan Pastoral Account Fund	2,183	118	-	108	-	2,409
Ordination Candidates Fund	-	33	(33)	-	-	-
Clergy Widows and Orphans Fund	-	8	(8)	-	-	-
Lay Staff Support Fund	10	-	-	1	-	11
Ministry Restricted Donations	-	16	(16)	-	-	-
RME Fund	110	187	(148)	-	(12)	137
Other	-	34	(34)	-	-	-
<b>Restricted Funds</b>	<b>2,533</b>	<b>1,280</b>	<b>(1,123)</b>	<b>137</b>	<b>(12)</b>	<b>2,815</b>
<b>Endowment Funds</b>						
Diocesan Stipends Capital Fund	25,103	-	-	1,435	-	26,538
Diocesan Unapplied Total Return	21,288	1,389	-	2,847	(3,205)	22,319
Diocesan Parsonage Capital Fund	19,176	189	-	115	-	19,480
<b>Endowment Funds</b>	<b>65,567</b>	<b>1,578</b>	<b>-</b>	<b>4,397</b>	<b>(3,205)</b>	<b>68,337</b>
<b>TOTAL FUNDS</b>	<b>74,833</b>	<b>9,740</b>	<b>(8,812)</b>	<b>4,770</b>	<b>-</b>	<b>80,531</b>

## 26. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted General fund £'000	Unrestricted Designated fund £'000	Total Unrestricted fund £'000	Restricted funds £'000	Endowed funds £'000	Total 2021 £'000
From Endowment Fund to General Fund for stipends under Total Return (see note 29)	3,400	-	3,400	-	(3,400)	-
From General fund to Healthier Churches Fund	(2,500)	2,500	-	-	-	-
From General fund to Ministry Support Fund	(700)	700	-	-	-	-
From General fund to Net Carbon Zero Fund	(25)	25	-	-	-	-
From General fund to Endowment due to reduction in pension deficit liability	(195)	-	(195)	-	195	-
RME Fund non pooling adjustment	12	-	12	(12)	-	-
Calling Young Disciples adjustment so that the Designated Fund is equal to the charities budgeted commitment	14	(14)	-	-	-	-
<b>Total</b>	<b>6</b>	<b>3,211</b>	<b>3,217</b>	<b>(12)</b>	<b>(3,205)</b>	<b>-</b>

## 27. SUMMARY OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
General Fund	1,590	-	3,948	76	(914)	978	5,678
<b>Designated Funds</b>							
Healthier Churches Fund	-	-	-	-	-	2,500	2,500
Ministry Support Fund	-	-	-	-	-	700	700
Net Carbon Zero Fund	-	-	-	-	-	25	25
Conferences Fund	-	-	-	10	-	-	10
World Church Links Fund	-	-	-	28	-	-	28
Lowest Income Communities Fund	-	-	-	258	-	-	258
Calling Young Disciples	-	-	-	180	-	-	180
<b>Designated Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476</b>	<b>-</b>	<b>3,225</b>	<b>3,701</b>
<b>Total Unrestricted Funds</b>	<b>1,590</b>	<b>-</b>	<b>3,948</b>	<b>552</b>	<b>(914)</b>	<b>4,203</b>	<b>9,379</b>
<b>Restricted Funds</b>							
Education Fund	-	-	248	10	-	-	258
Diocesan Pastoral Account Fund	192	-	1,683	534	-	-	2,409
Lay Staff Support Fund	-	-	11	-	-	-	11
RME Fund	-	-	-	137	-	-	137
<b>Restricted Funds</b>	<b>192</b>	<b>-</b>	<b>1,942</b>	<b>681</b>	<b>-</b>	<b>-</b>	<b>2,815</b>
<b>Endowment Funds</b>							
Diocesan Stipends Capital Fund	12,293	15,480	24,462	-	(191)	(3,187)	48,857
Diocesan Parsonage Capital Fund	19,579	-	917	-	-	(1,016)	19,480
<b>Endowment Funds</b>	<b>31,872</b>	<b>15,480</b>	<b>25,379</b>	<b>-</b>	<b>(191)</b>	<b>(4,203)</b>	<b>68,337</b>
<b>TOTAL FUNDS</b>	<b>33,654</b>	<b>15,480</b>	<b>31,269</b>	<b>1,233</b>	<b>(1,105)</b>	<b>-</b>	<b>80,531</b>

## 28. PURPOSE OF FUNDS

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

**Healthier Churches Fund** is a new fund allocated to a one-off project fund supporting our churches towards a greater health and sustainability

**Ministry Support Fund** is a new fund to offer transitional support for parishes to navigate the post-Covid area and the transition to the new ministry share system.

**Net Carbon Zero Fund** is a new fund to support the transition to Net Zero Carbon position.

**Conference Designated Fund** is an amount set aside to help fund the periodic clergy conference.

**World Church Links Designated Fund** relates to funds which are earmarked for the mission work with the World Church Links.

**Lower Income Communities Designated Fund** is income received to support stipendiary ministry in the most deprived areas of the Diocese. Due to the pandemic not all of the planned projects could take place and hence the increase of the funds held at the year end.

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

**Calling Young Disciples (CYD) Designated Fund** relates to the cost of CYD which will need to be funded by WDBF over the course of the project which is above the restricted income which will be received. It is budgeted that these funds will be spent by 2023.

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

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

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

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

The capital can only be expended as provided by the Measure.

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

**The Restricted Diocesan Pastoral Account Fund** has arisen from the Pastoral Measure 2011 and can be used for purposes laid down in Section 94 of the Pastoral Measure 2011. This includes expenditure on any property vested by or under this Measure in the Church Commissioners of the DBF, and grants and loans for parsonage and church provision, restoration, improvement or grant.

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

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

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

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

**The Restricted Calling Young Disciples Fund** is to finance the cost of Mission Enablers. The expenditure is funded by grants from the Archbishops' Council.

## 29. ENDOWMENT FUND - TOTAL RETURN

### At 1 January 2021

	Trust for Investment £'000	Unapplied Total return £'000	Total Endowment £'000
Gift component of the permanent endowment	15,598	-	15,598
Accumulated inflation since original gift	9,505	-	9,505
Unapplied total return	-	21,288	21,288
	<b>25,103</b>	<b>21,288</b>	<b>46,391</b>

### Movements in the year:

Dividends, interest and rental income	-	902	902
Realised gains on sale of property	-	487	487
Unrealised gains on investments	-	4,265	4,265
Transfer from general fund for reduction in clergy pension deficit payments liability	-	195	195
Actuarial gain on clergy defined benefit pension scheme	-	17	17
Indexation on base value of investment	1,435	(1,435)	-
	<b>1,435</b>	<b>4,431</b>	<b>5,866</b>

### Unapplied Total Return allocated transferred to income to fund stipends:

- Equating to budgeted dividends and interest	-	(775)	(775)
- Equating to establishment of Healthier Churches Fund	-	(2,500)	(2,500)
- Equating to contribution to Transitional Support for Parishes Fund	-	(100)	(100)
- Equating to contribution to Net Zero Carbon Fund	-	(25)	(25)
	<b>-</b>	<b>(3,400)</b>	<b>(3,400)</b>

### Net movements in year:

### At 31 December 2021

	<b>1,435</b>	<b>1,031</b>	<b>2,466</b>
	<b>26,538</b>	<b>22,319</b>	<b>48,857</b>

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

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

The indexation base value on investment has been calculated by taking the annual CIPH percentage increase for the year. The release of funds which can be transferred to the income fund in order to fund stipends is limited to no more than the annual amount spent on stipends for clergy each year. Accordingly, the maximum which could be realised in 2021 was £3,635k.

## 30. FINANCIAL INSTRUMENTS

Financial assets measured at fair value	29,269
Financial assets measured at amortised cost	3,233
Financial liabilities measured at amortised cost	(1,105)
Financial liabilities measured at fair value	-

Financial assets measured at fair value comprise unlisted investments.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and receivables and a parish loan.

2021 £'000	2020 £'000
29,269	22,332
3,233	6,080
(1,105)	(1,139)
-	(171)

Financial liabilities measured at amortised cost comprise accruals, other creditors, the Clergy Pension Scheme liability and amounts held for other bodies.

Financial liabilities measured at fair value comprise value linked loans.



### 31. FUNDS HELD AS CUSTODIAN TRUSTEE

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

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

	2021 £'000	2020 £'000
Church of England Investment Fund income shares	17,110	15,086
CBF Church of England Fixed Interest Securities Fund shares	356	380
CBF Church of England Property Fund shares	262	229
CBF Church of England Deposit Fund	2,393	2,713
Total assets held as Custodian Trustee	20,121	18,408

### 32. RELATED PARTY TRANSACTIONS

The Board is associated with various charities and trusts due to the majority of their trustees being trustees of the Board. The trustees consider that this relationship does not inhibit either charity from pursuing its own separate interests. The amounts due to / (from) the DBF at 31 December 2021 are as shown below. During the year ended 31 December 2021 the Board has received grants from the charities and trusts as follows:

	Grants Receivable 2021	Grants Receivable 2020	Amounts due to/(from) the DBF at 31 Dec 2021	Amounts due to/(from) the DBF at 31 Dec 2020
Worcester Diocesan Social Responsibility Fund	24,500	17,500	22,000	17,500
Worcester Diocesan Ordination Candidates Fund	30,000	30,000	2,000	6,200
Worcester Diocesan Church Schools Improvement and Maintenance Fund	117,677	6,530	(10,977)	9,350
Worcester Diocesan Clergy Holiday Fund	3,665	3,624	-	-
Lye Church Estate Trust	8,463	8,172	-	-
Cholmondeley Bequest Fund	1,189	1,148	-	-
Trust Administration Fund	770	770	-	-
Special Purposes Fund	7,751	7,832	-	-
Redditch Holy Trinity Charity	25,000	25,000	-	50,000
Diocesan Records Office Income Fund	8,640	14,415	-	16,278
Clergy Widows & Orphans Income	8,065	9,502	-	18,502
Clent Hall Parish Hall	6,000	6,000	-	12,000
Bourneheath Trust Income Fund	-	-	-	3,070
Abberton Spire Trust Fund	12,253	5,762	570	500

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

These funds are:

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

## 32. RELATED PARTY TRANSACTIONS - CONTINUED

The Dean and Chapter of the Cathedral, Worcester is considered a related party as there are common Trustees between the two entities, being The Bishop of Worcester and The Dean of Worcester. Full details of the transaction between these entities are disclosed in note 33 below. £440,000 was owed to The Dean and Chapter of the Cathedral, Worcester at the year end date as included within creditors in these financial statements; this was fully paid and settled post year end.

## 33. OLD PALACE DILAPIDATIONS SETTLEMENT

As part of the charity's cost reduction plan, the operating premises of Worcester Diocesan Board of Finance moved from the Old Palace, Deansway, Worcester to 16 Lowesmoor Wharf, Worcester during the year. The lease of the Old Palace required the charity to keep the premises in no worse state of repair than when the lease was entered into. Considering the significant investment in the Old Palace over the years, the Board is of the opinion that the Old Palace is in a better state of repair when the lease ceased on 28th September 2021. However, the Board has paid the Dean and Chapter of the Cathedral, Worcester, as the landlords of the Old Palace, a total settlement of £463k to settle all liabilities including dilapidations, final lease costs and legal costs.

## 34. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000	Total 2019 £'000
<b>INCOME AND ENDOWMENTS</b>					
Donations					
- Parish contributions	4,431	-	-	4,431	4,827
- Archbishops' Council	725	647	-	1,372	1,450
- Other donations	475	304	-	779	769
Charitable activities	404	60	-	464	527
Other activities	366	-	-	366	413
Investments	99	847	-	946	976
Other – gains on sale of tangible fixed asset properties	529	-	509	1,038	202
	<b>7,029</b>	<b>1,858</b>	<b>509</b>	<b>9,396</b>	<b>9,164</b>
<b>EXPENDITURE</b>					
Raising funds	-	58	-	58	90
Charitable activities					
- Contributions to Archbishops' Council	439	-	-	439	519
- Parish Ministry	4,898	1,289	-	6,187	6,917
- Support for Ministry	801	511	-	1,312	1,396
- Support for Schools	327	-	-	327	422
Other	88	-	-	88	214
	<b>6,553</b>	<b>1,858</b>	<b>-</b>	<b>8,411</b>	<b>9,558</b>
<b>Net income/(expenditure) before investment gains</b>	<b>476</b>	<b>-</b>	<b>509</b>	<b>985</b>	<b>(394)</b>
Net gains on investments	(69)	33	1,304	1,268	3,312
<b>Net income</b>	<b>407</b>	<b>33</b>	<b>1,813</b>	<b>2,253</b>	<b>2,918</b>
Transfers between funds	(438)	110	328	-	-
<b>Other recognised (losses)</b>					
Actuarial (loss) on defined benefit pension scheme	-	-	(29)	(29)	1,109
<b>Net movement in funds</b>	<b>(31)</b>	<b>143</b>	<b>2,112</b>	<b>2,224</b>	<b>4,027</b>
<b>Total funds brought forward</b>	<b>6,764</b>	<b>2,390</b>	<b>63,455</b>	<b>72,609</b>	<b>68,582</b>
<b>Total funds carried forward</b>	<b>6,733</b>	<b>2,533</b>	<b>65,567</b>	<b>74,833</b>	<b>72,609</b>

## 35. PRIOR YEAR COMPARATIVE ANALYSIS OF MOVEMENT IN FUNDS

	Balance at 1 January 2020 £'000	Income and Endowments £'000	Expenditure £'000	Investment Gains and (Losses) £'000	Transfers £'000	Balance at 31 December 2020 £'000
<b>Unrestricted Funds</b>						
General fund	6,081	6,304	(5,820)	(69)	(438)	6,058
<b>Designated Funds</b>						
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	31	-	(3)	-	-	28
Holland House Fund	65	-	(65)	-	-	-
Lowest Income Communities Fund	183	725	(665)	-	-	243
Calling Young Disciples	394	-	-	-	-	394
<b>Designated Funds</b>	683	725	(733)	-	-	675
<b>Total Unrestricted funds</b>	<b>6,764</b>	<b>7,029</b>	<b>(6,553)</b>	<b>(69)</b>	<b>(438)</b>	<b>6,733</b>
<b>Restricted Income funds</b>						
Education fund	217	-	-	13	-	230
Diocesan Stipends fund	-	847	(847)	-	-	-
Resourcing Churches	-	500	(500)	-	-	-
Calling Young Disciples	-	132	(132)	-	-	-
Transformation grant	-	15	(15)	-	-	-
Diocesan Pastoral Account fund	2,164	-	-	19	-	2,183
Ordination Candidates fund	-	25	(25)	-	-	-
Clergy Widows and Orphans fund	-	10	(10)	-	-	-
Lay Staff Support fund	9	-	-	1	-	10
Ministry Restricted Donations	-	33	(33)	-	-	-
RME fund	-	236	(236)	-	110	110
Other	-	60	(60)	-	-	-
<b>Restricted funds</b>	<b>2,390</b>	<b>1,858</b>	<b>(1,858)</b>	<b>33</b>	<b>110</b>	<b>2,533</b>
<b>Endowment Funds</b>						
Diocesan Stipends Capital fund	44,316	509	-	1,238	328	46,391
Diocesan Parsonage Capital fund	19,139	-	-	37	-	19,176
<b>Endowment funds</b>	<b>63,455</b>	<b>509</b>	<b>-</b>	<b>1,275</b>	<b>328</b>	<b>65,567</b>
<b>TOTAL FUNDS</b>	<b>72,609</b>	<b>9,395</b>	<b>(8,411)</b>	<b>1,239</b>	<b>-</b>	<b>74,833</b>

### 36. PRIOR YEAR COMPARATIVE OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £'000	Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Fund Loan £'000	Net Assets £'000
<b>Unrestricted Funds</b>							
General fund	1,445	-	2,816	467	(722)	2052	6,058
<b>Designated Funds</b>							
Conferences Fund	-	-	-	10	-	-	10
World Church Links Fund	-	-	-	28	-	-	28
Holland House Fund	-	-	-	-	-	-	-
Lowest Income Communities Fund	-	-	-	243	-	-	243
Calling Young Disciples	-	-	-	394	-	-	394
<b>Designated Funds</b>				675			675
<b>Total Unrestricted funds</b>	<b>1,445</b>	<b>-</b>	<b>2,816</b>	<b>1,142</b>	<b>(722)</b>	<b>2,052</b>	<b>6,733</b>
<b>Restricted funds</b>							
Education fund	-	-	219	11	-	-	230
Diocesan Pastoral Account fund	222	-	907	1,054	-	-	2,183
Lay Staff Support fund	-	-	10	-	-	-	10
RME fund	-	-	-	110	-	-	110
<b>Restricted funds</b>	<b>222</b>	<b>-</b>	<b>1,136</b>	<b>1,175</b>	<b>-</b>	<b>-</b>	<b>2,533</b>
<b>Endowment Funds</b>							
Diocesan Stipends Capital fund	11,964	14,220	21,341	-	(402)	(732)	46,391
Diocesan Parsonage Capital fund	19,694	-	802	-	-	(1,320)	19,176
<b>Endowment funds</b>	<b>31,658</b>	<b>14,220</b>	<b>22,143</b>	<b>-</b>	<b>-</b>	<b>(2,052)</b>	<b>65,567</b>
<b>TOTAL FUNDS</b>	<b>33,325</b>	<b>14,220</b>	<b>26,486</b>	<b>1,926</b>	<b>(1,124)</b>	<b>-</b>	<b>74,833</b>