

The Bath and Wells Diocesan Board of Finance

Annual Report

For the year ended 31 December 2021

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Introduction by the Chair of the Board of Finance

2021 proved to be a challenging year for the Diocese of Bath & Wells not only for the Diocesan Board of Finance (DBF) but also for the 466 parishes who historically have provided some 75% of the of its funds via the Parish Share mechanism. These funds help pay for the ministry support that the diocese provides, including stipendiary clergy. The continuing impact of the Covid pandemic and in particular the enforced lockdowns led to a reduction in income received by parishes with a consequent knock-on effect to the Parish Share parishes felt able to make. This wasn't universally the case, and we are particularly grateful to those parishes who sought to maintain, and in some cases increase, the amount of Parish Share paid.

The net impact was a drop in income from parishes of some £1.3million in the year compared to what had been asked for which, together with other cost pressures mainly arising from a lower than budgeted vacancy rate in stipendiary clergy, meant the Board of Finance suffered an operational deficit of £2.9 million (before investment gains and a budgeted £1.4 million transfer from endowed funds). Strong investment performance and profits on the sale of surplus diocesan property meant that the net drawdown on general reserves was reduced to £604k which has pushed our general reserves down to three months' expenditure - the bottom of our desired range.

Relying on investment gains to bail us out of a deficit position is not a sustainable financial policy so the diocese has embarked on a series of measures to bring its finances into balance over the next five years including a restructuring of the diocesan support structures at the end of 2021. This restructuring has brought a welcome focussing of the diocesan support services to deanery and parish priorities at the same time as saving £250k per annum in staff costs. We are working too with deaneries to reduce the number of stipendiary clergy we deploy over the next few years from a current 178 posts down to around 150. This is being done at the same time as we encourage the emergence of other forms of ministry across the diocese including lay and non-stipendiary licensed ministry.

Whilst these changes will bring the cost base down over a number of years, we need parishes to play their part by returning as much Parish Share as is possible. It will not be easy as the ongoing effects of the pandemic have resulted in changes in the way people 'experience' church and we are anticipating further deficits in 2022 as a result, which will push our free reserves even lower.

There is much to be positive about too. The last two years has seen churches adopt new and innovative ways to reach out to their communities and we have seen some remarkable stories emerging. Some of these are highlighted in our annual review which is published separately and can be accessed online at <https://www.bathandwells.org.uk/who-we-are/board-of-finance/annual-review-and-accounts/>. And of course, later this year we will be welcoming Bishop Michael to the diocese following the retirement of Bishop Peter in 2021.

Ian Theodoreson – DBF Chair

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A Legal Framework

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

The Diocese of Bath & Wells is one of 41 dioceses making up the Church of England. Each diocese is a separate legal entity. The Diocese of Bath & Wells provides support to the parishes in Somerset, and it is the parishes that represent the visible presence of the Church 'on the ground'. Each parish, and Wells Cathedral too, is a separate legal entity, and therefore, although there is a pooling of financial resources into the Common Fund, their results are not presented in these financial statements

The company, The Bath and Wells Diocesan Board of Finance (DBF), was incorporated on 6 March 1915 as a company limited by guarantee (No. 139557) and its governing documents are its Memorandum and Articles of Association. The DBF is registered with the Charity Commission (No. 249398).

A1 Legal Objects

The DBF's principal object is to promote, assist and advance the work of the Church of England in the Diocese of Bath and Wells by acting as the financial executive of the Bath and Wells Diocesan Synod.

The DBF has the following statutory responsibilities:

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Church Property Measure 2018;
- the repair of benefice houses as the Diocesan Parsonages Board under the Repair of Benefice Buildings Measure 1972;
- the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the DBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Bath and Wells (in respect of their responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

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A2 Public Benefit

The Trustees are aware of the Charity Commission's guidance on public benefit in "The Advancement of Religion for the Public Benefit" and have regard to that guidance in their administration of the charity. The DBF believes that this report provides evidence of the public benefit of the charity's work in 2021.

As described more fully throughout the report, the DBF provides funds to support ministers of religion in the diocese, to support education and to support the maintenance of many buildings including parsonages and churches, many of which form an important part of the historic fabric and architectural heritage of the area. The vast majority are available to the public at large and none are restricted to members of the Church of England.

The religious purposes of the Church of England are serious and tend to the moral and spiritual improvement of the public or, in other words, to the cure of souls. The ministers of religion seek to advance and promote the Christian religion amongst the people of the diocese and to sustain their belief in God, in part through the provision of public religious services, open to all, and in part through bearing Christian witness.

B Strategic Report

B1 Strategic Aims

In line with its legal and charitable objects, the role of the DBF is to identify and manage the financial aspects of the provision of ministry within the diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities of the diocese.

Diocesan Vision

The diocesan vision is expressed in the following words:

"In response to God's immense love for us, we seek to be God's people living and telling the story of Jesus."

Strategic Priorities

The strategic plan has three priorities for action:

1. to place mission and evangelism at the heart of everything that we do
2. to align our resources towards mission
3. to identify, develop and release the gifts of all our people

These strategic priorities govern the implementation of the strategy. They provide a framework for decision making and planning, at diocesan level but also for archdeaconries and deaneries.

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B2 Key achievements in the year

Notwithstanding the many restrictions placed upon the working of the diocese during repeated lockdowns 2021 was a year of significant change.

Mission Support and Ministry Development

A major reshaping of the existing staff structure took place to enable more core support for parishes and deaneries alongside specific areas of expertise. As well as providing an annual saving to the diocese of £250k per annum, early feedback from deaneries and parishes who have drawn on the resources of the re-shaped teams suggest the multi-disciplinary approach is greatly appreciated.

In November the team ran training for clergy across the diocese on the theme of Enabling Ministries, delivered alongside Chris Goldsmith, Head of Ministry for the Church of England and Carrie Myers, Lay Ministries Adviser for the Church of England. Further sessions were conducted with deanery leadership teams to introduce them to the Enabling Ministries work as part of the roll out of this important initiative over the coming 5 years.

Education

The Education department expanded its high-quality online training offer which was taken up by over 1,000 people and 90% church schools and they celebrated too the opening of King Ina School on its new site. As well as resuming governor conferences and in-person head teacher retreats the department successfully garnered 1,300 responses from children in Somerset schools regarding their hopes for a new bishop as part of the discernment process.

Property

Following a restructuring of the property team and the appointment in April 2021 of a Head of Property with a specific mandate for maximising the return from our property assets, we have been able to anticipate an additional £450k per annum return from the property portfolio which helps relieve the burden on Parish Share. Our property team has continued to deliver maintenance and repairs on properties across the diocese, despite many obstacles and practical restrictions during the ongoing pandemic and published a Clergy Housing Guide, giving clear guidance to those occupying DBF property.

The property team dealt with 1,242 response maintenance calls across the residential portfolio and enabled 34 clergy moves/new occupations through 2021, of which 13 properties required significant improvement/renovation.

Governance

A major review of the governance structures within the diocese was conducted and the initial findings reported to Council. Implementation of the findings, which include recommendations for streamlining decision making within the diocese, will be implemented from 2022 onwards.

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B3 Financial Performance

Financial Outturn

The operating deficit on general funds prior to investment gains and transfers was £2.9m: after investment gains, actuarial movements and transfers between funds, the resultant drawdown on unrestricted reserves was 604K.

The operating deficit primarily arose from continued low levels of Common Fund receipts and a lower level of clergy vacancies than budgeted. As a consequence of the last two years' downturn the diocese is facing significant pressures in unrestricted reserve levels and ensuring it holds sufficient cash reserves to support operational activities. However, unlike many dioceses, the DBF holds a significant level of endowed funds which it can draw upon. (In 2019 The Trustees elected to adopt Total Return accounting on certain permanent endowed funds allowing it to draw down of up to 4% of the balance held as Unapplied Total Return as at the balance sheet date. In the year to 31 December 2021 this transfer amounted to £1.4 million – see note 18 to the accounts).

Income and expenditure

The Statement of Financial Activities (SOFA) for the year on page 24 shows total income including from endowments of £12.9m (2020 - £13.7m) and total expenditure of £15.6m (2020 – £15.9m), resulting in net expenditure of £2.9m (2020 - £2.2m).

Income decreased by £0.8m, with the main factors being reduced Parish Share contributions, and reduced investment income as investment returns have been achieved through capital growth rather than dividends and yields. In addition, there has been less capital gain arising on the sale of fixed assets in the year.

Total expenditure decreased by £0.3m with a decrease in charitable activities spend.

Realised and unrealised investment gains of £6.5m (2020: Loss £0.2m), contributed to the net increase in total funds of £3.7m (2020 – net decrease of £2.4m). Total fund balances increased from £101.2m to £104.9m

Common Fund

In 2021 the DBF increased the Parish Share contributions requested by member by 1.1% compared with the 2020 level. Every effort is being made by the DBF to review the costs covered by the Common Fund into which Parish Share contributions are made, to ensure the Common Fund is sustainable. A large part of the costs are stipends, pensions, staff salaries and building maintenance costs, which are all increasing broadly in line with inflation.

As noted above, the effect of the pandemic meant the many parishes were unable to sustain their historic levels of giving and, for a second year in a row, the contribution rate fell from its historic levels of around 99% to something in the mid-80s. In 2021 the DBF received 85% of share requested from parishes (2020 – 87%) a reduction of about £1.5m on pre-pandemic levels, which meant that the diocese had to subsidise an increasing level of ministry costs from its own reserves.

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Grants received

The DBF gratefully acknowledges grants received from Allchurches Trust of £126,000 (2020 - £131,000) and from The Foundation of St. Matthias totalling £57,000 (2020 - £57,000). The DBF also received the following grants from the Archbishops' Council:

- £402,000 (2020 - £257,000) Strategic Development Funding towards the Pioneer Project
- £522,000 (2020- £511,000) block grant for ordinands' training fees and expenses under the Resourcing Ministerial Education process.

Balance Sheet

The net assets at the balance sheet date totalled £104.9m (2020 - £101.2m). This includes properties totalling £66.2m (2020 - £65.7m), which are mainly used to house stipendiary clergy. Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the DBF. – see notes 24 and 25 to the accounts.

The Trustees are satisfied that the DBF has adequate resources to continue to operate as a going concern and have prepared the financial statements on that basis.

Reserves Policy - Free reserves

The Trustees require reserves to:

- meet short term excesses of expenditure over income
- provide funds for expenditure with long life horizons such as clergy housing
- fund future initiatives such as the changing structure of ministry and the deployment of clergy.

It is the DBF's policy to maintain the readily realisable assets in the Unrestricted General Fund at between three and six months' unrestricted expenditure. The aim is to ensure the availability of sufficient liquid funds to enable the DBF to meet its daily commitments. A 31 December 2021 free reserves stood at £3.6m (2020 - £4.3m) which is around three months' expenditure. These are budgeted to fall further in 2022 as the savings associated with the planned reduction in stipendiary clergy and associated housing will not take effect immediately and the diocese has once again been forced to set a deficit budget.

Designated and other reserves

The Diocese hold a number of other reserves for operational purposes which are detailed in full in note 24 of the accounts.

Grant making policy

The DBF makes grants in pursuance of its objects, and the nature of grants made in 2021 is set out in note 12 to the accounts.

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Grants are made to the National Church to cover a proportion of its central costs and to cover the cost of training for ministry. Grants are also paid to other connected charities and charitable projects which support the furtherance of the DBF's objects.

Investment Policy

The DBF invest monies not immediately required for its operational purposes in listed investments managed on its behalf by two separate investment managers, Brewin Dolphin and CCLA. All investments are held in accordance with the Church of England's Ethical Investment Advisory Group's (EIAG) guidance – the EIAG is widely held to be a leading think tank in the field of ESG (Environmental, Social and Governance) investing.

The DBF also holds glebe (property) investments in agricultural land, commercial and residential land and buildings and the rents received and the gains arising on disposal are used to help fund clergy stipends. The diocese seeks to achieve a 4% real return on all its investments which is used to fund the day-to-day operations of the diocese.

In addition, the DBF acts as trustee of a number of trust funds, and these are invested in accordance with the related trusts. Note 25 to the accounts provides details of the assets of each fund, together with the related purposes, and note 18 summarises the movements in investments during the year.

Programme related investments

The DBF provides loan finance to PCCs and related projects through two loan initiatives:

CCLA backed Diocesan Loan Scheme (closed to new applications)

This scheme allowed PCCs to obtain loan finance from the DBF at low interest rates for periods from 5-7 years to facilitate building or other projects which further the mission of the church. The DBF received loan funding from CCLA totalling £1m which is available to provide these loan facilities until May 2026. Loans range from £3,000 to £150,000. At 31 December 2021 the total loans outstanding from parishes from this scheme was £385K (2020 - £491K).

Diocesan Loan Fund

The DBF has designated a £1m reserve to allow further loans to be extended to PCCs where CCLA funds are not available. These loans are repayable over variable periods and are at a low interest rate. At 31 December 2021 loan balances outstanding, prior to bad debt provision, were £730K.

The DBF considers these investments assist PCCs to achieve the mutual charitable objects of furthering the mission of the church within the diocese and complement the PCCs use of grant funding and local fundraising including pledged donations which are received over a number of years. Provision is made in the accounts for any assessed non-recoverable balances.

People resources

The DBF and the parishes it serves are resourced with over 600 clergy, either licensed or with permission to officiate, including not only stipendiary parish priests, curates and archdeacons but

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also self-supporting ministers, chaplains, ministers with a House for Duty and many retired clergy. In addition, there are over 350 lay ministers, either licensed or with permission to officiate, including readers, authorised lay ministers and lay chaplains.

The DBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis. Within this context, the DBF greatly values the considerable time given by all committee members and other volunteers across the diocese in pursuit of the mission of the diocese.

Related Parties

The DBF identifies the following as related parties for the purpose of reporting:

General Synod, Church Commissioners and Archbishops' Council

The DBF has to comply with Measures passed by the General Synod of the Church of England and also makes certain annual payments to the Archbishops' Council towards the running costs of the National Church. As disclosed in note 13 to the accounts, certain costs of the bishops, including stipends and pension contributions are borne by the Church Commissioners.

Parochial Church Councils (PCCs)

The DBF is required by Measure to be custodian trustee in relation to certain PCC property, but has no control over PCCs, which are independent registered or excepted charities. The accounts of PCCs and deaneries do not form part of these financial statements. PCCs are able to influence the decision making within the DBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

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Other

- *The Church of England Pensions Board* to which the DBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- *The Chapter of Wells Cathedral* from which the DBF receives modest alms. Some diocesan events held in the Cathedral are paid for by the DBF. The DBF provides HR and Safeguarding services to the Chapter under service level agreements.
- *The Foundation of St Matthias* of which three DBF employees are trustees, from which the DBF receives grants for educational services.
- *The Bath and Wells Multi Academy Trust (BWMAT)*
BWMAT leases serviced office accommodation from the DBF and the DBF provided educational services to BWMAT during the year. BWMAT occupy school buildings under agreements with the DBF. The DBF does not exercise control over these buildings and therefore they are not recognised as assets in these financial statements. BWMAT's company name and number is The Bath and Wells Diocesan Academies Trust (08207095).
- *The Palace Trust, Wells*, of which the Bishop of Bath and Wells is a trustee. The DBF provides HR services to the Trust under a service level agreement.
- *Discretionary trust funds* administered by employees of the DBF. DBF trustees of these trusts are as follows:

The Stone Trust (5 DBF trustees, 1 DBF employee); The Herbert Trust (2 DBF Trustees); Bishop's Rib (1 DBF Trustee); Wells Clerical Charity (2 DBF trustees); The Archdeaconry of Taunton Fund for Clergy, their Widows and Dependants (1 DBF trustee); The Wynne Willson Scholarship Fund (2 DBF trustees); and The Bath Clerical Families Fund (2 DBF trustees). Except for the Bath Clerical Families Fund, management charges are paid by the trusts to the DBF and the DBF receives an annual grant from the Bishop's Rib towards the working costs of the three Archdeacons.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where the materiality of the transactions merits more detailed disclosure is given in note 13 to the financial statements.

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B4 Future Plans

Mission Support and Ministry Development

The diocese team will support deaneries and parishes as they explore the development of shared local ministry by developing a framework for the discernment and equipping of a range of ministries, providing monthly online workshops to introduce the Enabling Ministries resources to parishes and deaneries and supporting them as they reflect on the opportunities and challenges that they face locally and the partnerships they might form.

It will develop the Giving and Funding Team by appointing local advisors, using the National Giving Fund, to work in the Archdeaconries, giving support to parishes seeking to resource their mission. It will also commence the roll out of the Parish Giving Scheme to help reduce the burden on parish treasurers for managing Gift Aid claims and increase the level of regular, committed giving across the diocese

A new Deanery Leadership Handbook will be launched which complements the diocesan approach to shared local ministry and will support deanery leaders as they discern the right shape of ministry for their deaneries alongside the current reduction in stipendiary posts.

Education

The diocese will implement the new DBE Measure which will bring the work of the Education into the heart of the work of the diocese. At the same time the team will return to in-person contacts and visits to schools and parishes, enhanced by high quality online training which improves accessibility and reduces carbon footprint.

Safeguarding

The priority is to restart face to face delivery of training as a support for Parishes struggling with online training. The importance of safeguarding will be promoted through a variety of communication methods and the website will be improved to make sure it is easier to use. Emphasis will be placed on equipping the network of Parish Safeguarding Officers with the tools and support required to help them feel confident in their roles.

Property

The DBF will conduct a strategic review of housing requirements and glebe assets across the diocese, enabling surplus assets to be realised and in turn aid a reduction in pressure on DBF reserves, parishes and the Common Fund.

As part of the strategic intent to move towards becoming a net -zero carbon diocese by 2030, by the end of 2022 the team will have ascertained the current energy and environmental performance of the housing stock. Where possible and financially viable the DBF will seek to improve energy efficiency and carbon output of the housing portfolio.

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B5 Risk Management

The Trustees have overall responsibility for risk management and internal controls and have a risk management strategy designed to ensure that the principal risks to the organisation are identified and managed. The Trustees delegate to the Audit and Risk Management Group (ARMG) the task of ensuring that risks are identified, reviewed, and brought to their attention.

Risks are reviewed regularly and incorporated in the General Risk Register. Risks 'Assessed' as high are detailed in the High-Risk Register, which identifies what steps are already being taken to mitigate the risk, and what the 'Reviewed' risk will be if further steps are taken. This assists Trustees in the management of risk including the determination of risk appetite.

Principal Risks and Uncertainties arising from 2021

For the past two years the impact and risks of Covid-19 have been highlighted here. As we (hopefully) emerge from those threats, it is clear that it leaves the Diocese facing the challenge of securing financial resilience. Many steps have already been taken to mitigate the situation, and strong investment performance and property sales helped in 2021.

Nonetheless, perhaps the most striking challenges we face are the uncertainties and difficult-to-predict assumptions underpinning 2022, the 2023 Budget and five-year resourcing plan. It is difficult at this stage to know therefore whether the DBF restructuring, deployment plans, or common fund proposals for example will be sufficient or whether more will be needed. Relying on investment gains to cover operating costs is not sustainable, and is anyway also unpredictable, for example with the value of investments having fallen significantly since December 2021. The key word that expresses best the current position is *uncertainty*.

Principal risks include insufficient cash flow due to parish receipts not meeting budgeted levels and clergy levels not reducing to budget levels, in conjunction with a failure to develop new sources of income. Risks also include a possibly slow rebuilding of church membership and attendance with consequential difficulties of rebuilding parish reserves and funding Parish Share. Mitigations in place include regular performance monitoring and readiness to take corrective action if necessary; as well as improved communication to parishes concerning the importance of Parish Share and providing greater support for parishes.

An additional, new, risk relates to the cost of implementing the Church of England policy of becoming carbon neutral by 2030. A multi-disciplinary task force has been proposed and the property team has identified steps it needs to take, but the risk remains high until more work is done. A potentially high risk exists for Education, principally because of the uncertainty surrounding an increase in the number of schools the numbers of church schools applying to join MATS, which could mean that more temporary/fixed staff will have to be engaged to carry out the work; something difficult to plan for.

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A major review of governance structures has been undertaken and its implementation from 2022 onwards, with recommendations for streamlining decision-making within the diocese, will assist the diocese in being nimble and responsive in the face of the uncertainties.

C Structure and Governance

C1 Organisation and decision making structure

The statutory governing body of the diocese is the Diocesan Synod, which is an elected body with representation from all parts of the diocese. Its legal basis is the Synodical Government Measure 1969. Membership consists of ex-officio members, including the bishops and archdeacons, clergy members elected by the houses of clergy and lay persons elected by the houses of laity in deanery synods, up to five other persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Bishop of Bath and Wells. The Diocesan Synod normally meets three times a year during March, July and October and elects members to serve as trustees on the Bishops' Council.

Since 1 April 2008 the members of the Bishop's Council (which is the standing committee of the Diocesan Synod) have also formed the Board of Directors (the Board) of the DBF, and the members of the Diocesan Synod have been the members of the DBF. There is a Finance Group of the Bishop's Council, which acts for and assists the Board in its more detailed work. The Board has delegated responsibility for the day-to-day management of the DBF to the Diocesan Secretary who is supported by a management team. The Diocesan Secretary also meets regularly with the three archdeacons.

C2 Trustee recruitment, selection and induction

The Board includes:

- Ex-officio Trustees
- Trustees who have been elected by Synod to serve for three years, and
- Trustees appointed by the Bishop of Bath and Wells for the same term.

All new Trustees are given an induction pack with key information about the DBF, their role as Trustees and their role as company directors. All Trustees receive induction training when first appointed and receive ongoing training, as appropriate.

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C3 Remuneration of key management personnel

Emoluments of higher paid employees are determined by the Conditions of Service Group. Remuneration is set following a remuneration policy which includes regular appraisals, and remuneration and salary benchmarking. The policy has been approved by the Board. Details of the aggregate remuneration of key management personnel is shown in note 14 to the accounts.

C4 Funds held as custodian trustee

The DBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are PCCs and others. These assets are not aggregated in the financial statements as the DBF does not control them, and they are segregated from the DBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £13.5m at 31 December 2021 (2020 - £11.8m), are available from the DBF on request, and are summarised in note 30. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the DBF.

C5 Funds held on behalf of schools and Zambian dioceses

The DBE is incorporated within the DBF and receives contributions from governors of church schools within the diocese and government grants in connection with major repair and capital projects to church schools. The DBE administers these monies as managing agent and makes appropriate payments to contractors for work carried out. The monies do not belong to the DBE and as such do not form part of these financial statements. The amount held at 31 December 2021 was £365,910 (2020 - £352,023).

The DBF manages UK bank accounts for the link dioceses in Zambia as managing agents. The monies do not belong to the DBF and as such do not form part of these financial statements. The amount held at 31 December 2021 was £10,007 (2020 - £52,342).

D Trustees' Responsibilities

D1 Trustees' Responsibilities for Annual Reports and Accounts

The Trustees are responsible for preparing the Trustees' Report, incorporating the Strategic Report, in accordance with applicable law and regulations.

Company law requires the Trustees (in their capacity as directors) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net income or expenditure of the company for that year.

In preparing those financial statements the trustees are required to:

- select the most suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards and the Charities SORP (FRS102), subject to any material departures disclosed and explained in the financial statements;

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- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

D2 Statement of disclosure to the auditors

The trustees have taken all the necessary steps to ensure that they are aware, as trustees, of any relevant audit information and to establish that the auditors are aware of that information.

As far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware.

D3 Appointment of auditors

A resolution to reappoint Haysmacintyre LLP as auditors to the company and to authorise the Trustees to fix their remuneration will be proposed at the Annual General Meeting.

No trustee had any beneficial interest in the company during 2021. The names of the Trustees (who also act as directors) who served during the period 1 January 2021 to the date of approval of these accounts are shown in section F. Trustees' remuneration and expenses are detailed in note 13 to the accounts.

The trustees declare that they have approved the trustees' report (incorporating the strategic report) above.

Signed on behalf of the Board

Rt Revd R Worsley
Trustee

I Theodoreson
Chair

Date: 14 June 2022

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E Legal and Administrative Details

Registered Office	Flourish House 2 Cathedral Avenue Wells Somerset BA5 1FD
Telephone	01749 670777
E-mail	general@bathwells.anglican.org
Website	www.bathandwells.org.uk

Chairs

DBF Chair and Chair of the Finance Group	Mr I Theodoreson FCA
DBF Vice-Chair and Chair of the Houses Committee	Dr A A Palmer LLM PhD FCIB
DBF Vice-Chair and Chair of the Conditions of Service Group	Mrs M Lee
Chair of Investments Committee	Mr I Theodoreson FCA
Chair of Common Fund Committee	The Venerable Dr A Youings
Chair of the Audit and Risk Management Group	Mr K Beecham

Officers

Diocesan Secretary	Ms S Kindleysides (to 30 June 2021) Canon R Pearce (Interim from 16 November 2021 to 30 September 2022)
Assistant Diocesan Secretary	Mr P Evans BA ACIS
Head of Finance and Operations	Mr M Pinnock BSc FCA
Head of Property Services	Mr J Millard BSc MRICS (from 1 March 2021)
Head of Communications	Ms R Paveley (to 21 May 2021)
HR Manager	Ms E Andrews MSc
Safeguarding Adviser	Ms G Armstrong (to 8 October 2021) Mr B Goodhind BSc BA DIPS (from 27 September 2021)

Agents

Solicitor and Diocesan Registrar	Preb R Callaby LLB (to 30 June 2021) C Jones LLB (from 1 July 2021) 14 Market Place Wells Somerset BA5 2RE
Consultant Land Agents	Greenslade Taylor Hunt 1 High Street Chard Somerset TA20 1QF
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Bankers	National Westminster Bank PLC 7 High Street Wells Somerset BA5 2AD

The Bath and Wells Diocesan Board of Finance
Annual Report
For the year ended 31 December 2021

Investment Managers

CCLA Investment Management Limited
Senator House 85 Queen Victoria St
London EC4V 4ET

Brewin Dolphin
Pynes Hill Woodwater Park Exeter EX2 5FD

The Bath and Wells Diocesan Board of Finance

Annual Report

For the year ended 31 December 2021

F Members and Trustees

The members of the Bath and Wells Diocesan Synod are members of the DBF. Similarly, members of the Bishop's Council are directors and trustees of the DBF.

The Bishop's Council consists of the following members:

- Ex-officio – the Bishop of Bath and Wells (the President), the Bishop of Taunton, the Archdeacons, the Dean of Wells, the Vice-Presidents (Chairs of Diocesan Synod House of Clergy and Laity)
- Nominated – Up to five lay members nominated by the president, including the Chairs of the DBF and DBE
- Elected – five members (two clergy and three lay) of the three archdeaconries

The Bishop's Council appoints the Finance Group with delegated powers to manage the operational financial affairs of the DBF.

The following served as Directors and Trustees for the period from 1 January 2021 to 14 June 2022

Ex officio

The Rt Revd P Hancock (until 22 May 2021)
The Rt Revd R Worsley
The Venerable A Gell
The Venerable S Hill
The Venerable Dr A Youings
The Very Revd J Davies
The Revd Preb J Haslam
Mrs M Masters (until 31 July 2021)
Dr C Mason (became ex-officio 28 October 2021)

Bishop of Bath and Wells' nominees

Mr A Blackshaw (until 15 June 2021)
Ms T J Khodabandehloo (appointed 15 June 2021)
Mrs M Lee
Dr A A Palmer
The Revd C Shaw Notice (appointed 15 June 2021)
Mr I Theodoreson

The Bath and Wells Diocesan Board of Finance

Annual Report

For the year ended 31 December 2021

Elected

Bath Archdeaconry

The Revd M A C Andrews (elected 1 January 2022)
The Revd S Buddle (until 31 August 2021)
The Revd R Driver
Mr P Edge
Mr J Loring
Dr E I Marshall (elected 1 January 2022)
Dr C Mason (until 28 October 2021 – then became ex-officio)

Wells Archdeaconry

The Revd B Faulkner (until 31 December 2021)
The Revd D M Keen (elected 1 January 2022)
The Revd D MacGeoch (until 31 December 2021)
The Revd R J Miles (elected 1 January 2022)
Mr R Dean (elected 1 January 2022)
Mr T Hind
Mr C Jenkins (until 31 December 2021)
Dr R Sage

Taunton Archdeaconry

The Revd M Andrews (until 6 October 2021)
The Revd A E Fulton (elected 1 January 2022)
The Revd J B V Laurence (elected 1 January 2022)
The Revd C Ralph (until 31 December 2021)
Mrs S G Bult (elected 1 January 2022)
Mrs K Cannell (until 31 December 2021)
Mr S Grimshaw
Mrs K Tucker (until 31 December 2021)

Independent Auditor's Report to the Members of The Bath and Wells Diocesan Board of Finance

For the year ended 31 December 2021

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

Independent Auditor's Report to the Members of The Bath and Wells Diocesan Board of Finance

For the year ended 31 December 2021

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us]; 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

Independent Auditor's Report to the Members of The Bath and Wells Diocesan Board of Finance

For the year ended 31 December 2021

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 25, 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 charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered other factors such as income tax, payroll tax and sales tax.

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

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and

Independent Auditor's Report to the Members of The Bath and Wells Diocesan Board of Finance

For the year ended 31 December 2021

- Challenging assumptions and judgements made by management in their critical accounting estimates

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

Use of our report

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

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

The Bath and Wells Diocesan Board of Finance
Statement of Financial Activities
For the year ended 31 December 2021

	Note	Unrestricted Funds General	Restrict- ed Funds Desig- nated	Endow- ment Funds	Total Funds 2021	Total Funds 2020
		£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Parish Contributions	2a	8,866	-	-	8,866	9,208
Other donations	2b	192	-	1,175	1,367	1,202
Charitable activities	3	645	-	1	646	432
Other activities	4	436	-	22	458	447
Investments	5	217	5	76	912	1,109
Other Income	6	495	-	2	692	1,314
Total income and endowments		10,851	5	1,276	809	12,941
Expenditure on						
Raising funds	7	219	-	-	43	248
Charitable activities	8	13,550	246	1,561	-	15,357
Total expenditure		13,769	246	1,561	43	15,619
Net (expenditure) / income before investment gains / (losses)		(2,918)	(241)	(285)	766	(2,678)
Net gains / (losses) on investments	9	718	26	178	5,620	6,542
Net (expenditure) / income		(2,200)	(215)	(107)	6,386	3,864
Transfers between funds	15	1,733	(331)	-	(1,402)	-
Other recognised gains						
Remeasurement gains/(losses) on defined benefit pension schemes	28	(138)	-	-	7	(131)
Net movement in funds		(605)	(546)	(107)	4,991	3,733
RECONCILIATION OF FUNDS						
Total funds brought forward		4,288	7,166	1,874	87,835	101,163
Total funds carried forward	24	3,683	6,620	1,767	92,826	104,896

All activities derive from continuing activities. The notes on pages 30 to 76 form part of the financial statements.

The Bath and Wells Diocesan Board of Finance
Income and Expenditure Account
For the year ended 31 December 2021

	Total 2021 £'000	Total 2020 £'000
Total income	12,132	11,930
Total expenditure	<u>15,576</u>	<u>15,872</u>
Net operating expenditure for the year	(3,444)	(3,942)
Net gains on investments	<u>922</u>	<u>62</u>
Net expenditure for the year	<u>(2,522)</u>	<u>(3,880)</u>
Other comprehensive income:		
Remeasurement losses on defined benefit pension schemes	<u>(138)</u>	<u>(4)</u>
Total comprehensive expenditure	<u>(2,660)</u>	<u>(3,884)</u>

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 Bath and Wells Diocesan Board of Finance
 Balance Sheet
 For the year ended 31 December 2021

Balance Sheet - Company No. 139557	Note	2021 £'000	2020 £'000
Fixed Assets			
Intangible assets	16	-	1
Tangible assets	17	67,453	67,201
Investments	18	44,204	41,940
		111,657	109,142
Current Assets			
Stock		5	5
Debtors	19	2,324	2,325
Assets held for resale	20	150	150
Cash on deposit	21	1,862	1,006
Cash at bank and in hand	21	887	1,279
		5,228	4,765
Creditors: amounts falling due within one year	22	(4,692)	(5,030)
Net Current Assets		536	(265)
Total Assets Less Current Liabilities		112,193	108,877
Creditors: amounts falling due after more than one year	22	(6,693)	(6,808)
Pension scheme liabilities	28	(604)	(907)
Net Assets		104,896	101,162
Funds			
Endowment funds		92,826	87,835
Including revaluation reserve of £18,738k (2020 - £18,542k)			
Restricted income funds		1,767	1,874
Including revaluation reserve of £622k (2020 - £513k)			
Unrestricted income funds:			
General funds		3,683	4,288
Including revaluation reserve of £301k (2020 - £204k)			
Designated funds		6,620	7,166
Including revaluation reserve of £58k (2020 - £22k)			
Total Funds	24	104,896	101,163

The Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 14 June 2022 and signed on behalf of the Board by:

Rt Revd R Worsley
 Trustee

Mr I Theodoreson
 Trustee

The Bath and Wells Diocesan Board of Finance
Cash Flow Statement
For the year ended 31 December 2021

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Net cash used in operating activities	(5,412)	(3,211)
Cash flows from investing activities		
Dividends, interest and rent from investments	955	1,070
Proceeds from the sale of:		
Tangible fixed assets	2,119	4,267
Fixed asset investments	11,418	13,079
Purchase of:		
Tangible fixed assets for the use of the DBF	(2,023)	(3,511)
Fixed asset investments	(7,169)	(11,859)
Net cash provided by investing activities	5,300	3,046
Cash flows from financing activities		
Loans repaid by the DBF	(174)	(1,349)
New loans received by the DBF	750	1,087
Net cash provided by financing activities	576	(262)
Change in cash and cash equivalents in the year	464	(427)
Cash and cash equivalents at 1 January	2,285	2,712
Cash and cash equivalents at 31 December	2,749	2,285

Reconciliation of net income to net cash flow from operating activities

Net expenditure for the reporting period (as per the Statement of Financial Activities)	3,864	(2,404)
Adjustments for:		
Investment (gains)/losses	(6,542)	207
Depreciation and amortisation	239	223
Investment income	(955)	(1,070)
Notional interest in present value calculation	43	(39)
Repayment of loans advanced	18	398
Advancement of loans	(100)	(200)
Repayment of pension schemes net of remeasurement costs	(434)	(619)
Gain on disposal of fixed assets	(587)	(1,017)
Decrease/(Increase) in debtors	107	(194)
(Decrease)/Increase in creditors	(1,017)	1,028
Decrease in grants approved but not made	(16)	(24)
(Decrease)/Increase in provisions	(31)	500
Net cash used in operating activities	(5,412)	(3,211)

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

Notes to the Financial Statements

1 Accounting Policies

The financial statements have been prepared under the historical cost accounting rules modified to include the revaluation of investments, and in accordance with SORP 2019, the FRS102 accounting standard and the Companies Act 2006. The DBF is a Public Benefit Entity as defined by FRS102.

- i. Investment properties are externally revalued every five years. Any permanent diminution is taken to the income and expenditure account for the year; and
- ii. No depreciation or amortisation is provided in respect of freehold investment properties.

This treatment, as regards the DBF's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the trustees consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any principal uncertainties, related events or conditions that may cast significant doubt on the ability of the DBF to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the DBF has adequate resources to continue in operational existence for the foreseeable future. The financial statements are prepared on a going concern basis.

The principal accounting policies and estimation techniques are as follows.

(a) Income

All income is included in the SOFA when the DBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i. **Parish Share** is recognised as income of the year in respect of which it is receivable. Amounts undertaken to be paid by the parishes are only accrued if either payment is received by 28 February in the following year or there has been a definite commitment to pay.
- ii. **Rent receivable and parochial fees** are recognised as income of the year to which they relate.
- iii. **Interest and dividends** are recognised as income when receivable, in the case of dividends that is when the DBF's right to receive the dividends has been established (i.e. when the distribution has been declared).
- iv. **Donations, grants and legacies** are recognised when receivable (except in the case of any grants with pre-conditions of entitlement specified by the donor which have not been

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

met at the year end. These are included as creditors to be carried forward to the following year).

- v. **Gains on disposal of fixed assets** for the DBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- vi. **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 related expenditure are both included in the unrestricted column of the SOFA 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 that category.

- i. **Costs of raising funds** are costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii. **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii. **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF, such grants being recognised as expenditure when the related conditions 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 primarily on the basis of head count.
- v. **Pension contributions.** The DBF's staff are members of the Church Workers' Pension Fund (CWPF) and Clergy are members of the Church of England Funded Pensions Scheme (CEFPS). The pension costs charged as resources expended represent the DBF's contributions payable in respect of the year, in accordance with FRS102. Deficit funding for the pension schemes to which the DBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year. Further details are given in note 28.

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

(c) Intangible fixed assets

Computer software which is separable from the operation of computer hardware is classified as intangible assets in accordance with FRS102 and is amortised to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other software over their expected useful economic lives on a straight-line basis at a rate of 25% per annum.

(d) Tangible fixed assets and depreciation

i. Investment properties

Any properties which are held for investment purposes and rented out have been included at their fair value. A desktop valuation is carried out annually by Greenslade Taylor Hunt, with a full valuation carried out every five years.

ii. Parsonage houses

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

Depreciation is not provided on the foregoing properties listed in (i) and (ii) above for the following reasons:

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.

Buildings are maintained in a sound condition by a continual repairs and improvements programme, the cost of which is charged to the income and expenditure account. 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 and any movements on the impairment are reflected in the SOFA.

iii. Houses financed by Value Linked Loans

The DBF holds an equity interest in a number of houses provided for separated clergy spouses financed by value linked loans from the Church Commissioners. FRS 102 requires the revaluation of loans annually to reflect the current market value of the equity interest. Accordingly, these houses are included at estimated market value matched by the loan value (included in long term liabilities).

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

iv. **Other tangible fixed assets**

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 expected useful economic lives on a straight-line basis at the following rates:

Leasehold Office buildings	1% per annum
Solar PV Panels	4% and 5% per annum
Fixtures and Fittings	10% per annum
Office Equipment	20% per annum
Computer Equipment	25% per annum

(e) Fixed Asset Investments

Fixed Asset Investments have been included on the following bases:

- i. Listed investments at their quoted bid price at the balance sheet date.
- ii. Unlisted investments at their market value at the balance sheet date, as provided by the CCLA Investment Management Limited.
- iii. Investment land and property is included at market value based on its existing use.

It is the policy of the DBF to carry out a valuation of the investment properties every five years to establish market value. In the intervening period the DBF adjusts the market value in the light of information available if this is material. The DBF's professional agents valued 100% of the DBF's Glebe investment land assets at 31 December 2021.

Gains and losses on disposal and revaluation of investments are credited or charged to the appropriate fund in the SOFA.

The Diocesan Stipends Fund (DSF) and Stipends Capital Fund permanent endowments comprise assets including Glebe land, listed financial investments and unlisted financial investments which must be held as capital. The Stipends Capital Fund incorporates the Stipends Augmentation Trusts (SAT) fund. From 31 December 2019 the charity has operated a total return approach to the management of the Glebe land and listed and unlisted financial investments representing the DSF and SAT permanent endowment funds. Using this approach, the charity is required to analyse the funds between the amount held for investment and the unapplied total return. The charity is permitted to allocate, from the unapplied total return element to income funds, such sums as the Directors see appropriate provided the Directors exercise their statutory duty to be even handed between present and future beneficiaries and that they maintain the unapplied total return at such a level as to ensure it remains positive after having due consideration to the volatility of the investment markets.

Investments held by the DBF as Custodian Trustee are not included in these financial statements as assets of the DBF but are listed in note 30.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

(g) Financial Instruments

All loans and borrowings which are basic financial instruments and; i) which are due for repayment in more than one year, and ii) bear interest at a rate lower than equivalent market rate, are recognised at the present value of cash receivable / payable (including interest). The DBF discount rate of 4% is used which is the rate of return which can reasonably be expected from DBF long term investments, and the effective interest rate amortisation is included in finance revenue / expenditure in the SOFA.

Equity Loans are included at market value.

(h) Funds

The DBF's funds have been grouped under the following headings:

i. Unrestricted Funds

Unrestricted funds are available for any charitable purpose of the DBF. Designated funds are a type of unrestricted fund which the DBF has earmarked for a particular purpose. There are no legally binding restrictions and the DBF is free to re-designate should this be appropriate.

ii. Restricted Funds

Restricted funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the DBF.

iii. Endowment Funds

Permanent endowment funds are a particular type of Restricted Fund which must be held on trust to be retained for the benefit of the DBF as a capital fund. Where the DBF must permanently maintain the whole of the fund it is known as a permanent endowment. Where there is discretion to convert endowed capital into income it is known as expendable endowment.

(i) Key areas of estimates and judgements

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

i. Useful economic lives of fixed assets

Other than investment properties and houses provided for clergy, fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed depending on a number of factors including product life cycles and maintenance programmes. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

ii. Basis of non-depreciation of fixed assets

Depreciation is not provided on Investment properties and houses held for clergy use for the reasons stated above (note 1d).

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

- iii. **Revaluation of agricultural (glebe) and other land**

The DBF carries its agricultural (glebe) and other land at valuation with changes in value being recognised in the SOFA. A full revaluation of agricultural land is completed every five years. In intervening years approximately 30% of the land is valued annually and the average adjustment percentage is then applied to the full land portfolio, excluding land under offer which is valued at the offered sales value.
- iv. **Assumptions underlying the pension liabilities**

The DBF has recognised liabilities in respect of deficit contributions to the two Church of England pension schemes in which it participates. The measurement of both liabilities is affected by a number of assumptions which are set out in detail in note 28, including discount rates, future contribution rates and the duration of the deficit recovery period.
- v. **Discount rates used in NPV calculations**

The Board considers an appropriate discount rate to be used in NPV calculations is based on the opportunity cost of income foregone from investments.
- vi. **Recoverability of parish loans**

The Board has considered an appropriate level of provision for non-recoverability of loans given to parishes, estimating the potential shortfall in loan receipts or on-going Common Fund payments.

The Bath and Wells Diocesan Board of Finance
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	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds	Total Funds
	General	Designated			2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
2a Parish Contributions						
Parish Share						
Current year's allocation	10,203	-	-	-	10,203	10,586
Additional Payments	17	-	-	-	17	20
Arrears for previous years	103	-	-	-	103	-
Discretionary Parish Share relief	(152)	-	-	-	(152)	(689)
Shortfall in contributions	(1,305)	-	-	-	(1,305)	(709)
	8,866	-	-	-	8,866	9,208
Total Parish Share receipts represent 86.9% of the allocation (2020 – 87.0%)						
2b Other Donations						
Allchurches Trust	126	-	-	-	126	130
Foundation of St Matthias	-	-	56	-	56	57
RME Ordinands Grant	-	-	522	-	522	511
SMF grant funding	-	-	105	-	105	-
Donations, Grants, Sponsorships & Legacies	66	-	492	-	558	504
	192	-	1,175	-	1,367	1,202
3 Charitable Activities						
Statutory fees and chaplaincy income	596	-	-	-	596	369
Course fees and other	49	-	1	-	50	63
	645	-	1	-	646	432
4 Other Activities						
Rental income from clergy houses, schools and the Old Deanery	369	-	5	-	374	412
Support services	67	-	17	-	84	35
	436	-	22	-	458	447
5 Investment Income						
Dividends receivable	224	5	67	216	512	672
Interest receivable	26	-	9	-	35	14
Revaluation of Equity Loans	-	-	-	-	-	-
Notional Interest re net present value	(43)	-	-	-	(43)	39
Rents receivable	10	-	-	398	408	384
	217	5	76	614	912	1,109
6 Other Income						
Gain on disposal of properties	283	-	-	195	478	1,201
Solar PV Panel FIT Income	209	-	-	-	209	110
Other	3	-	2	-	5	3
	495	-	2	195	692	1,314

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

	Unrestricted General £'000	Funds Desig- nated £'000	Restr- icted Funds £'000	Endow- ment Funds £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
7 Costs of raising funds						
Stockbroker's fees	23	-	-	43	66	44
Value Linked loans interest	11	-	-	-	11	12
Interest cost & expenses: pension schemes	10	-	-	-	10	21
Glebe Land & Clergy Houses letting costs	175	-	-	-	175	171
	219	-	-	43	262	248
8 Charitable activities						
Contribution to Archbishops' Council						
Training for Ministry	393	-	-	-	393	393
National Church Responsibilities	274	-	-	-	274	271
Grants and provisions	34	-	-	-	34	58
Mission Agency pension contributions	18	-	-	-	18	15
Retired Clergy Housing (CHARM) & Grants	144	-	-	-	144	141
Pooling of ordinand candidates' costs	31	-	-	-	31	4
	894	-	-	-	894	882
Resourcing Ministry and Mission						
Parish Ministry:						
Stipends and Social Security	5,467	-	114	-	5,581	5,286
Pension contributions	1,540	-	-	-	1,540	1,246
Housing costs	1,469	-	195	-	1,664	1,941
Removal, resettlement and other grants	268	-	5	-	273	237
Other expenses	111	-	38	-	149	96
	8,855	-	352	-	9,207	8,806
Support for ministry	3,451	248	1,151	-	4,850	5,497
Fund for Church Growth	-	(2)	-	-	(2)	10
	12,306	246	1,503	-	14,055	14,313
Expenditure on Education						
Church Schools: Administration	350	-	58	-	408	466
	13,550	246	1,561	-	15,357	15,661

The Bath and Wells Diocesan Board of Finance
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For the year ended 31 December 2021

	Unrestricted Funds		Restr-	Endow-	Total	Total
	General	Desig-	icted	ment	Funds	Funds
	£'000	nated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
9 Gains/(losses) on Investment Assets						
Unrealised gains/(losses) after revaluation (*)	585	26	178	2,534	3,323	604
Realised gains/(losses) on disposal	133	-	-	3,086	3,219	(811)
	718	26	178	5,620	6,542	(207)

(*) includes £0.9m gain in relation to the revaluation of Glebe Agricultural Land (2020 - £0.1m).

10 Analysis Of Resources Expended Including Allocation Of Support Costs

	Grant			Total	Total
	Activities undertaken	funding of	Support	2021	2020
	Directly	activities	Costs	£'000	£'000
	£'000	£'000	£'000	£'000	£'000
Raising Funds	262	-	-	262	248
Charitable Activities:					
Contributions to Archbishops' Council	393	501	-	894	881
Resourcing ministry and mission	12,233	717	1,105	14,055	14,314
Education	360	-	48	408	466
Fixed Asset Impairment	-	-	-	-	-
	13,248	1,218	1,153	15,619	15,909

	Unrestricted	Funds	Restr-	Endow-	Total	Total
	General	Desig-	icted	ment	Funds	Funds
	£'000	nated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
11 Analysis Of Support Costs						
Central Administration	1,076	-	-	-	1,076	1,135
Support for Schools	-	-	48	-	48	51
Governance:						
External Audit	15	-	2	-	17	17
Professional Fees	5	-	-	-	5	6
Diocesan and General Synod Expenses	7	-	-	-	7	6
	1,103	-	50	-	1,153	1,215

The Bath and Wells Diocesan Board of Finance
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12 Analysis of Grants Made		Total Grants		2021	2020
		to Total Inst- individuals	itutional Grants		
a) National Church Responsibilities	No. of Grants	£'000	£'000	£'000	£'000
From Unrestricted General funds to:-					
Archbishops' Council, General Synod, etc.	1	-	275	275	271
Training Ordinands	1	-	393	393	393
Grants and Provisions	1	-	34	34	58
Inter-diocesan support of Mission Agency clergy pension contributions	1	-	18	18	15
CHARM	1	-	145	145	141
National Pooling adjustment	-	-	31	31	4
	5	-	894	894	882
b) General Grants					
From Unrestricted General Funds to:-					
Ordinands in training	23	284	-	284	269
Somerset Churches Together	1	-	4	4	8
Bath and West Show Tent	1	-	2	2	-
Other Miscellaneous Grants	-	-	-	-	2
Less grants no longer required	-	-	-	-	-
	25	284	6	290	279
From Restricted Funds to:					
Zambian Dioceses	5	22	-	22	-
Clergy (including retired and clergy widows)	7	11	-	11	11
	12	33	-	33	11
Total Grants Payable					
	42	317	900	1,218	1,172

The Bath and Wells Diocesan Board of Finance

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For the year ended 31 December 2021

13 Trustees and Related Parties

In 2021 the trusts which are administered from the DBF's registered office paid management charges of £4,496 to the DBF (2020 - £4,496).

The Rib Trust made a grant of £37,500 to the Board (2020 - £37,500) towards the Archdeacons' working costs. The Foundation of St Matthias made a grant to the Diocesan Board of Education of £56,000 (2020 - £56,000) towards the work of School RE Advisers, Resource Centre and Further Education development. There were no amounts outstanding at the current or prior year end.

Trustees' Emoluments

No trustee received any remuneration for services as trustee, 7 (2020 -9) were reimbursed with a total of £8,254 (2020 - £6,968) for the cost of travel and subsistence incurred in the course of services performed as a trustee in respect of General Synod duties, duties as archdeacon or area dean, and other duties as trustees.

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For the year ended 31 December 2021

13 Trustees and Related Parties (continued)

Stipends and other benefits received by trustees in respect of their capacities other than trusteeship, serving as ecclesiastical office holders through the Church Commissioners (at the expense of the DBF unless indicated) were:

Office Holder	Individual	Stipendiary package
The Bishop of Bath And Wells	The Rt Revd P Hancock	Funded by the Church Commissioners: £46,180 stipend & defined benefit pension scheme Living accommodation & car for official use
The Bishop of Taunton	The Rt Revd R Worsley	Funded by the Church Commissioners: £37,670 stipend, car for official use Defined benefit pension scheme Funded by the DBF: Living accommodation
Archdeacons	The Ven S Hill The Ven A Gell The Ven Dr A Youings) £36,830 stipend) Defined benefit pension scheme) Living accommodation
	Revd M Andrews Revd C Shaw Notice Revd D Keen Fr J Laurence Revd J Haslam Revd R Miles Revd R Driver))) £27,220 stipend) Defined benefit pension scheme) Living accommodation))

In total 11 (2020 - 10) trustees received stipends and pension contributions as follows:

	2021	2020
	£	£
Stipends	301,030	299,548
Pension Contributions	107,837	105,719
	<u>408,867</u>	<u>405,267</u>

The value of church provided housing in 2021 to the clergy and bishops cannot be estimated.

The Bath and Wells Diocesan Board of Finance
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For the year ended 31 December 2021

14 Staff And Office holders

	2021	2020
14a Staff Costs	£'000	£'000
Staff costs during the year were as follows:		
Wages and salaries	2,453	2,336
Stipends of ordained staff members	0	0
National insurance contributions	216	210
Pension costs	245	250
	2,914	2,796

During the year, the DBF made termination payments in respect of nine members of staff (2020 - 1) totalling £63,408 (2020 - £3,186). This amount is included in staff costs above.

	No.	No.
The average number of employees during the year was:		
Lay Workers	4.6	5.0
Mission Support and Ministry Development	37.3	36.3
Other support services	32.2	35.8
Education	13.5	15.7
	87.6	92.9

	No.	No.
The average number of employees during the year, based upon full-time equivalents, was: (*)		
Lay Workers	3.1	3.3
Mission Support and Ministry Development	28.5	27.5
Other support services	26.2	27.6
Education	12.1	13.8
	69.9	72.2

(*) Including 1.7 (2020 - 1.7) staff whose time was recharged or funded by external organisations

Of the average number of employees, 59 were based in the Diocesan office (2020 - 69), 13 were based in other locations (2020 - 11) and 16 were based in Parishes and Deaneries (2020 - 13).

Mission Support and Ministry Development is made up of three teams: Deanery and Parish Support, Mission Development and Ministry Training and Formation. Other support services is made up of seven teams: Communications, Facilities, Finance, HR, Property, Safeguarding and Secretariat. Education is made up of three teams: Schools Organisation, Schools Effectiveness and Growing Faith and Everyday Faith.

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

	2021	2020
£60,001 - £70,000	2	1
£70,001 - £80,000	0	1

Pension contributions of £13,056 (2020: £14,856) were made for these employees.

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

14a Staff Costs (continued)

Remuneration Of Key Management Personnel

Key management personnel are those 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:

Role	Office Holder
CEO, Diocesan Secretary and Company Secretary	Sharon Kindleysides (to 30/06/21)
Interim Diocesan Secretary and Company Secretary	Rosemary Pearce (from 16/11/21)
Head of Finance and Operations	Matthew Pinnock
Head of Strategic Programme	Revd Charlie Peer (to 31/08/21)
Director of Education	Edward Gregory
Head of Ministry for Mission (0.2FTE)	Revd Jane Chamberlain (to 31/07/21)
Head of Mission Support and Ministry Development	Revd Charlie Peer (from 01/09/21)

Remuneration, pension contributions and expenses for 5 (3.7 FTE) (2020 - 5 (4.2 FTE)) key management personnel were as follows:

	2021	2020
	£'000	£'000
Salaries/ Stipends	235	274
National Insurance contributions	28	33
Pension Contributions	24	27
	286	333
Expenses	4	6

The Bath and Wells Diocesan Board of Finance
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14b Office holders	2021	2020
	FTE	FTE
	No.	No.
Office holders not employees		
The average number of stipendiary clergy holding parochial, deanery or archidiaconal posts in the diocese was:	189	189
At a cost of:	£'000	£'000
Stipends & Housing Allowances	5,200	4,922
National Insurance Contributions	417	394
Apprenticeship Levy	24	22
Pensions contributions	1,532	1,236
	7,173	6,574

The number of FTE stipendiary clergy in 2021 and 2020 has remained static despite an average decrease in vacant posts, as it's been offset by commenced reductions in stipendiary posts. The average level of vacancies in 2021 was estimated at 26 (2020 - 29.1), being 12.5% of all posts (2020 - 13.3% of all posts).

15 Analysis Of Transfers Between Funds	Unrestricted Funds		Restr- icted Funds	Endow- ment Funds
	General	Desig- nated		
	£'000	£'000	£'000	£'000
Transfer between unrestricted and designated funds:				
Transfer from Tangible Fixed Assets fund	331	(331)	-	-
Transfer of houses to parsonage status	-	-	-	-
Unapplied total return drawdown	1,402	-	-	(1,402)
	1,733	(331)	-	(1,402)

During the past two years, Pastoral reorganisations and changes in incumbents, has resulted in some properties being reallocated to be parsonage properties, this has resulted in a transfer being made in this year's accounts from the permanent endowment fund to the expendable endowment fund of £926K.

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16 Intangible Fixed Assets	Computer Software £'000
Cost	
At 1 January 2021	166
Additions	-
At 31 December 2021	166
Amortisation	
At 1 January 2021	165
Charge for the year	-
At 31 December 2021	165
Net book value	
At 31 December 2021	-
At 31 December 2020	1

17 Tangible Fixed Assets	Freehold/ Leasehold Land and Buildings	Solar PV Panels	Office Equip't	Total
Cost	£'000	£'000	£'000	£'000
At 1 January 2021	66,469	739	1,262	68,470
Additions	2,022	-	1	2,023
Disposals	(1,532)	-	-	(1,532)
At 31 December 2021	66,959	739	1,263	68,961
Depreciation and Impairment				
Depreciation at 1 January 2021	27	240	288	555
Impairment at 1 January 2021	714	-	-	714
Depreciation charge for year	27	32	180	239
Disposals	-	-	-	-
At 31 December 2021	768	272	468	1,508
Net book value				
At 31 December 2021	66,191	467	795	67,453
At 31 December 2020	65,728	499	974	67,201

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	2021	2021	2020
	No.	£'000	£'000
Freehold / Leasehold Land and Buildings			
Freehold			
Benefice property: Parsonage houses	169	41,527	41,008
Glebe property: Curates' houses	28	8,164	7,352
Other houses	28	7,178	7,755
	56	15,342	15,107
Corporate property: Curates' houses	2	563	563
Other houses	21	5,291	5,555
Houses bought with val. linked loans (at valuation)	3	523	523
Edginton house	1	281	281
	27	6,658	6,922
Leasehold			
Long leasehold	2	2,664	2,691
Total Freehold / Leasehold Land and Buildings	254	66,191	65,728
School Land & Buildings			
School Land & Buildings	121	-	-

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

Some properties have been purchased with the help of a value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. These are stated at valuation, as is the related loan liability (note 22).

Of the total land and buildings at 31 December 2021, 251 properties (£65,668k) are valued at cost or deemed cost (2020 - 252), and three properties (£523k) at valuation (2020 - three).

Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

During the year no buildings were impaired, where their market value was estimated to be below their cost.

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	Agricultural Land	Other Land & Property	Unlisted Invest- ments	Listed Invest- ments	Total 2021
	£'000	£'000	£'000	£'000	£'000
18a Fixed Assets Investments					
At 1 January 2021	19,730	639	7,150	14,422	41,941
Additions	-	-	4,272	2,897	7,169
Disposals	(322)	-	(4,207)	(3,469)	(7,999)
Transfers / Reclassifications	-	-	-	-	-
Revaluation	879	-	418	1,796	3,093
At 31 December 2021	20,288	639	7,632	15,646	44,204
Cost at 31 December 2021	Not known	Not known	4,146	13,918	
Cost at 31 December 2020	Not known	Not known	4,146	13,729	
Investments comprise:-				2021	2020
Listed Investments (Equities)				£'000	£'000
UK Investments				4,027	4,022
Non-UK Investments				8,517	7,536
				12,543	11,558
Listed Investments (Unit Trusts)					
UK Investments				363	182
Listed Investments (Fixed Interest)					
UK Investments				2,141	2,276
Non-Uk Investments				598	405
				2,740	2,682
Listed Investments Total				15,646	14,422
(iii) Unlisted Investments				£'000	£'000
2,452,867 Central Board of Finance of the Church of England Property Fund Shares (2020 - 3,251,223)				-	4,207
331,974 Central Board of Finance of the Church of England Investment Fund Share (2020 - 149,567)				7,549	2,868
3,139 COIF Charity Investment Fund Income Shares (2020 - 3,139)				65	57
2,000 Central Board of Finance of the Church of England Fixed Interest Fund Shares (2020 - 2,000)				3	3
Somerset Savings and Loans Ltd				15	15
				7,632	7,150
(iv) Other Land and Property				2021	2020
				£'000	£'000
Glebe Property				610	610
Other Land				29	29
				639	639

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

18b Application of the Power of Total Return on Investments

As disclosed in the Investment policy of the Trustees report from 31 December 2019 the DBF adopted a total return approach to investments with regard to the Glebe land, listed financial investments and unlisted financial investments portfolios of the DSF and SAT permanent endowments. The investment power of total return permits the DBF to invest the permanent endowment of the Diocesan Stipends Fund (DSF) and Stipends Augmentation Trusts (SAT) element of the Stipends Capital Fund in order to maximise total return and apply an appropriate portion of the unapplied total return (UTR) each year. Until the power is exercised to transfer a portion of the UTR to income funds, the UTR remains part of the permanent endowment.

The initial value for implementing total return for investments was determined at 31 December 1995 and valued at £8.571m and £0.688m for the DSF and SAT funds, respectively. This was the amount held in Glebe property and listed and unlisted financial investments at this date. The UTR was calculated as at 31 December 2019 and valued at £19.457m and £0.331m for the DSF and SAT funds, respectively. This represents the increase above inflation of the value of these investments since the initial valuation, adjusted for the introduction of any new investment in the portfolios since initial valuation.

	Trust for investment £'000	UTR £'000	Total Endowment £'000
(i) Diocesan Stipends Fund (DSF)			
At 1st January 2021			
Base value of permanent endowment	13,758	-	13,758
Unapplied Total Return	-	19,141	19,141
Total	13,758	19,141	32,899
Movements in the reporting period			
Indexation of base level of endowment	660	(660)	-
Unapplied total return allocated to income in the year	-	(1,310)	(1,310)
Additional UTR allocated for purchase of property	-	-	-
Investment return: dividends and interest	-	189	189
Investment return: Glebe rents	-	398	398
Investment returns: Realised and unrealised gains and (losses)	-	5,177	5,177
Less investment management costs	-	(37)	(37)
Total	660	3,756	4,417
At 31st December 2021			
Base of the permanent endowment	14,418	-	14,418
Unapplied Total Return	-	22,897	22,897
Total	14,418	22,897	37,316

During the year, there was a transfer of £1,310K from UTR to income funds for expenditure in relation to the Diocesan Vision, in line with the Diocese Total return policy of 4% of average endowed investment value plus Glebe rents.

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	Trust for investment £'000	UTR £'000	Total Endowment £'000
(ii) Stipends Augmentation Trusts (SAT)			
At 1st January 2021			
Base value of permanent endowment	1,104	-	1,104
Unapplied Total Return	-	256	256
Total	1,104	256	1,360
Movements in the reporting period			
Indexation of base level of endowment	53	(53)	-
Unapplied total return allocated to income in the year	-	(58)	(58)
Investment return: dividends and interest	-	27	27
Investment returns: Realised and unrealised gains and (losses)	-	162	162
Less investment management costs	-	(6)	(6)
Total	53	71	124
At 31st December 2021			
Base of the permanent endowment	1,157	-	1,157
Unapplied Total Return	-	327	327
Total	1,157	327	1,484

During the year, there was a transfer of £58K from UTR to income funds for expenditure in relation to the Diocesan Vision, in line with the Diocese Total return policy of 4% of average endowed investment value.

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	2021	2020
	£'000	£'000
19 Debtors		
Due within one year		
a) Parish Share	324	221
b) Central Board of Finance Deposit Fund Loans	99	99
c) Loans to PCCs from Designated Fund or FCG	15	15
d) School Loans	68	70
e) Other Loans	4	9
d) Closed School Expenses and other School debtors	41	39
f) Other Debtors and Prepayments	788	868
g) Equity Loans	485	485
	1,824	1,806
Due after one year		
b) Central Board of Finance Deposit Fund Loans (*)	137	137
c) Loans to PCCs from Designated Fund or FCG (*)	362	382
e) Other Loans	1	-
	500	519
Total debtors	2,324	2,325

(*) these amounts are stated at net present value using a discount rate of 4%

Debtors Notes:

(a) Parish Share

Parish Share debtors comprise balances of requested contributions outstanding which have been paid in full after the year end or where an arrangement to pay has been agreed.

(b) Central Board of Finance Deposit Fund loans

These are loans made by the DBF from the CBF Deposit Fund under the Church Funds Investment Measure 1958 for forward lending to parishes and are therefore shown both in Debtors and Creditors. Loans are normally provided for a period of five or ten years and are repayable by equal annual instalments. The rate of interest is equivalent to the monthly average rate declared by the CCLA CBF Deposit Fund plus 0.55%.

(c) Loans to PCCs from Diocesan Loan Fund

These are loans advanced from the £1m designated Diocesan Loan Fund repayable over various terms up to 20 years and at various interest rates.

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At 31 December 2021, the significant balances were:

- i. A £400,000 loan was provided to Nailsea Holy Trinity PCC on 28 October 2010 for the purchase of the former rectory at 2 Church Lane Nailsea upon its sale by the DBF. The rate of interest on the loan is 1% above the Bank of England base rate, payable annually in arrears. The term of the loan was extended in 2015 to October 2024. The loan is repayable in variable annual instalments and the present value of the balance at 31 December 2021 was £68,038. The DBF holds a legal charge on the property, discharged upon repayment of the loan capital and accrued interest by the PCC.
- ii. A £225,000 loan was provided to Keynsham PCC on 23 November 2010 for the purchase of the former rectory at 1 The Park, Keynsham upon its sale by the DBF. The term of the loan was extended in 2017 to the end of 2034. The rate of interest on the loan is 2% above the Bank of England base rate, payable annually in arrears and the present value of the balance outstanding at 31 December 2021 was £57,614. The DBF holds a legal charge on the property, discharged upon repayment of the loan capital and accrued interest by the PCC.

A loan of £290,000 to the PCC of Heathfield with Cotford St Luke, provided through a back-to-back arrangement with NatWest bank, and as such there is a corresponding creditor (see note 22). The rate of interest is 1% above base rate and the term of the loan is five years. The loan is secured using a second charge on land at Cotford St Luke and its associated assets. This loan had an outstanding balance of £279,342 at the year end.

(d) School Loans

The DBF acts as 'banker' to school governors for capital and repair works at voluntary aided schools. The accounts are paid by the DBF and the costs are recovered from the Department for Education, the Local Education Authority and the governors themselves for their respective liabilities.

(e) Other Loans

This amount includes loans to individuals from restricted charitable funds and staff car loans.

(f) Other Debtors and Prepayments

This figure is made up of sundry debtors, prepayments, accrued interest and dividends, rents recoverable and expenses on closed schools to be recovered upon sale, and accrued bond interest.

(g) Equity Loans

Equity loans are made to retired clergy and clergy spouses to enable them to purchase property on a shared equity basis. At 31 December 2021 the value of loans advanced amounted to £485,007 in respect of three properties.

	2021	2020
	£'000	£'000
20 Assets held for resale		
Closed churches awaiting disposal	150	150

The value represents an estimate of expected sales proceeds receivable.

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21 Cash at bank and on deposit	Unrestricted	Restricted	Endowment	2021	2020
	Funds	Funds	Funds	Total	Total
	£'000	£'000	£'000	£'000	£'000
Cash on deposit	603	660	11	1,274	678
Cash at bank and in hand	524	363	-	887	1,279
Cash held by broker for investment	148	388	52	588	328
Cash held in solicitors' client account	-	-	-	-	-
	1,275	1,411	63	2,749	2,285

22 Creditors	2021	2020
	£'000	£'000
Due within one year		
a) Bank loans	170	170
Fund for Church Growth grants approved not yet paid	35	51
Closed Church Schools	492	500
Bank revolving credit facility	2,750	2,000
Provisions	21	27
Other Creditors and Accruals	1,224	2,282
	4,692	5,030
Due after one year		
a) Bank loans	5,295	5,464
b) Central Board of Finance Deposit Fund Loans (*)	875	821
c) Value Linked Loans	523	523
	6,693	6,808

(*) these amounts are stated at net present value using a discount rate of 4%

Creditors Notes

(a) Bank Loans

The DBF took a loan with NatWest to fund the investments in PV panels in April and June 2013. Interest currently charged at 1.5% above base rate.

A £200,000 loan was taken out with NatWest bank in 2016 to finance a house purchase. The term of the loan is 10 years, at a fixed interest rate of 2.67%. A further £170,000 loan was taken out with NatWest bank in 2016 to finance a house purchase. The term of the loan is 10 years, at a fixed interest rate of 3.73%.

During the year, there were a number of loan agreements with NatWest bank;

- **Pioneer House mortgages.** Four loan agreements are entered into in order to finance the purchase of houses for Pioneer Ministers. The terms of these agreements are each either

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five or six years . These loans are secured on the pioneer houses. The balance outstanding at the year end was £768,330.

- **Flourish House purchase.** A loan of £2,575,000 was agreed to fund the purchase of Flourish House, the new Diocesan office building. The terms of this agreement is seven years and the interest rate is 1.53% above base rate. This loan is secured on the Old Deanery and Flourish House. The balance outstanding at the year end was £2,541,819.
- **Flourish House development.** A further loan facility of £1,400,000 was agreed to fund the internal fit-out of Flourish House, with a term of two years, which has been extended 12 months and an interest rate of 1.8% above base rate. At the year end £1,400,000 of this facility had been drawn down. This loan facility is partly secured on the Old Deanery and partly unsecured.
- **Parish loans.** A loan of £290,000 was agreed in order to provide an onward loan to the PCC of Heathfield with Cotford St Luke (see debtors note 19). The term of this loan is five years and the interest rate is 1.65% above base rate. During the prior year, this loan has had a capital repayment holiday applied to it, extending the loan period for a further nine months. This loan is secured by way of a third party charge on St Luke’s Centre on land at Cotford St Luke. The balance outstanding at the year end was £264,313.

(b) Central Board of Finance Deposit Fund Loan

This loan was made to the DBF from the Deposit Fund under the Church Funds Investment Measure 1958 for forward lending to parishes. In 2016 £1m was loaned to the DBF for 10 years on an interest only basis to allow loan funds to be committed and available to be drawn by parishes when required. The present value of this loan was £875,282 at 31 December 2021. The rate of interest is equivalent to the monthly average rate declared by the CCLA CBF Deposit Fund plus 0.55%.

(c) Church Commissioners’ Value Linked Loans

The loans are repayable either when the houses concerned are sold or cease to be occupied by a licensed lay worker or clergy spouse whose marriage has broken down. Interest is charged by the Commissioners on the amount loaned initially and borne by the DBF, rising annually by the increase in the Retail Price Index. In 2021 the interest rates charged on the loans ranged between 2% and 6.9% (2020 - 6.9% and 8.4%) The loans are represented by Freehold land and buildings (note 17).

The Diocesan Annual Report and Financial Statements Guide recommends that the loans should be revalued annually in line with the basis adopted by the Church Commissioners. The recommendation has now been adopted by the DBF and the corresponding fixed assets (see note 17) have been revalued as a separate identifiable asset class.

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23 Summary Of Fund Movements	At 01/01/21 £'000	Income £'000	Expend- iture £'000	Transfers £'000	Reval- uation £'000	At 31/12/21 £'000
Unrestricted Funds						
(a) General	4,141	10,727	(13,815)	1,733	717	3,503
(b) Diocesan Stipends Fund Income	147	124	(91)	-	-	180
	4,288	10,851	(13,906)	1,733	717	3,683
Designated Funds						
(c) Tangible Fixed Assets Fund	5,077	-	(27)	(331)	-	4,719
(d) Loan Fund	1,000	-	-	-	-	1,000
(e) Fund for Church Growth	45	-	2	-	-	47
(f) Pastoral Care & Counselling Scheme	187	5	(28)	-	26	190
(g) Mission Development Fund	849	-	(193)	-	-	656
(h) Other Designated	8	-	-	-	-	8
	7,166	5	(246)	(331)	26	6,620
Total Unrestricted Funds	11,454	10,856	(14,152)	1,402	743	10,303

Notes on Unrestricted funds

(a) General Fund

The General Fund reserve represents those assets held by the DBF for carrying out its general activities. It provides the assets and liquidity for the DBF to carry out its objectives, including statutory compliance, administration of funds and some housing.

(b) Diocesan Stipends Fund (DSF) Income Account is governed by the Diocesan Stipends Fund Measure 1953. Income is derived from cash and investments (including glebe) representing the Diocesan Stipends Fund Capital Account. It is used to augment the stipends of incumbents.

(c) Tangible Fixed Assets Fund represents the value in the Balance Sheet of: Board houses kept for the purpose of housing current and future clergy; solar PV panels on clergy houses and office equipment; less creditors held for the specific purposes of financing these assets.

(d) Diocesan Loan Fund £1m was transferred to this fund in 2014 to allow parishes the possibility of applying for loans to assist with their capital projects and other initiatives.

(e) The Fund for Church Growth (FCG) exists to support local mission and outreach in the diocese.

(f) The Pastoral Care and Counselling Scheme was set up in 1993 to provide trained therapists and counsellors to support clergy and their family in the diocese.

(g) The Mission Development Fund exists to resource the developing strategy into the future and to enable applications to the National Church's Strategic Development Fund.

(h) Other designated funds consisting of amounts designated from the General Fund to be spent on specific projects by departments.

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	At 01/01/21	Income	Expend- iture	Transfers	Reval- uation	At 31/12/21
	£'000	£'000	£'000	£'000	£'000	£'000
23 Summary Of Fund Movements						
(continued)						
Restricted Funds						
(a) Schools Income Fund	297	52	(142)	-	107	314
(b) Diocesan Pastoral Account	304	-	(179)	-	-	126
(c) Support of clergy and dependants	217	9	(2)	-	21	245
(d) Retired clergy funds	53	5	(9)	-	-	49
(e) Porlock Wyld Trust	68	5	-	-	5	78
(f) Edginton Trust	167	7	(1)	-	-	173
(g) Zambia Link	257	3	(33)	-	-	227
(h) Modern Slavery link	-	21	(11)	-	-	10
(i) Smith Bequest	372	9	(13)	-	46	414
(j) DBE Restricted Grants	32	6	(9)	-	-	29
(k) Abbey House Fund	63	0	-	-	-	63
(l) Strategic Development Fund	0	402	(402)	-	-	0
(m) Benefice Houses	-	-	-	-	-	-
(n) Other Restricted	42	757	(759)	-	-	39
Total Restricted Funds	1,871	1,276	(1,559)	-	179	1,767

Notes on Restricted Funds:

The income funds of the DBF include restricted funds comprising the above unexpended balances of donations, grants and investment income held on trusts to be applied for specific purposes.

(a) Schools Income Fund which may be used for the same purposes as the Schools Capital Fund (see Expendable Endowments) and may also be used for any of the following:

- The provision of advice, guidance and resources for the management of or education in any relevant school in the diocese.
- The provision of services for the carrying out of any inspection of a school in the diocese required by Part 1 of the School Inspection Act 1996
- To defray the cost of employing staff in connection with
 - the application of income of the relevant trust assets for the above purposes
 - The application of capital or income of the relevant trust assets for any purpose referred to in paragraph 1 of Schedule 36.

By virtue of section 557(10) of the Education Act 1996 a relevant school includes an Academy

(b) Diocesan Pastoral Account (DPA) made up from the sales or transfers of churches and parsonage houses which have become redundant under pastoral re-organisation. The purposes of the fund are laid down in Sections 93 and 94 of the Mission and Pastoral Measures 2011; the main ones being

- Costs incurred for the purpose of the Measure except for salaries of regular diocesan employees.

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- Costs of disposing or maintaining houses or churches vested in the DBF or Commissioners.
 - For the benefit of another diocese or transfer to the DSF Capital or Income Fund.
- (c) Support of Clergy and Dependants Funds** are revenue funds made up of trust income and donations specifically given for the relief of clergy, their widows and dependants.
- (d) Retired Clergy Funds** to be used to provide assistance generally to retired clergy.
- (e) Porlock Wyld Trust** being accumulated income to be used for the same purposes as the trust capital — see Endowment Funds
- (f) Edginton Trust** being accumulated income to be used in the maintenance of a residence for retired clergy.
- (g) Zambia Link** including the Coppen bequest, which was given to strengthen the link between the diocese and the five dioceses in Zambia.
- (h) Modern Slavery Link**, which was given to put towards projects which focuses on dealing with issues of modern slavery across the diocese.
- (i) Smith Bequest** to be used for lay ministry (excluding training for the Ministry) and in-service clergy training.
- (j) DBE Restricted Grants** consisting of the balance of restricted grants and donations to the DBE.
- (k) The Abbey House Fund** to be used to give support to both laity and clergy to enable them to attend retreats and quiet days.
- (l) Strategic Development Funding** being funding received from the national church.
- (m) Other Restricted** consisting of the balance of restricted legacies, grants and donations to the DBF.

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23 Summary Of Fund Movements (continued)	At 01/01/21 £'000	Income £'000	Expend- iture £'000	Transfers £'000	Reval- uations £'000	At 31/12/21 £'000
Endowment Funds						
Expendable Endowment						
(a) Parsonage Houses Fund	40,613	-	-	927	-	41,540
(b) Schools Capital Fund	661	-	-	-	-	661
(c) Porlock Wyld Trust	130	-	-	-	19	149
(d) Retired Clergy Funds	316	-	-	-	45	361
	41,720	-	-	927	64	42,711
Permanent Endowment						
(e) Diocesan Stipends Fund Capital	43,297	855	(31)	(2,237)	5,139	47,023
(f) Stipends Capital	1,402	(46)	(5)	(92)	232	1,492
(f) General Capital	781	-	-	-	111	892
(f) Support of Ordinands	42	-	-	-	6	48
(g) Crokatt and Cowley Trusts	162	-	-	-	24	186
(h) Edginton Trust	370	-	-	-	35	405
(i) Other Permanent Endowment	61	-	-	-	8	69
	46,115	809	(36)	(2,329)	5,555	50,115
Total Endowment Funds	87,835	809	(36)	(1,402)	5,619	92,826
All Funds	101,163	12,941	(15,747)	-	6,541	104,896

Notes on Endowment Funds:

Endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

Expendable Endowments

(a) Parsonage Houses Fund represents the value of benefice houses at the Balance Sheet date, together with the Parsonages Building funds held by the Church Commissioners. The houses are used to provide accommodation for the parochial clergy. The diocese is not free to dispose of the houses except in accordance with the appropriate measures. There is provision for the net proceeds of sale to be applied to either the DPA or DSF capital once a disposal has been effected.

(b) Schools Capital Fund comprises redundant Church of England school premises, teachers' houses and associated endowments which have been vested in the DBF by Orders under the Education Acts 1944 and 1973. The use of the fund is restricted under Section 17 of the Education Act 1993. The uses include the purchase, erection, maintenance and improvement of any school or teacher's house in the relevant area.

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(c) **Porlock Wyld Trust** relates to the Parsons Hill Estate (since sold) was left to the DBF, as sole trustee, “upon trust for such charitable purposes connected with the ecclesiastical parish of Porlock as the Lord Bishop of Bath and Wells in his absolute discretion thinks fit”. There is no restriction on expenditure of capital.

(d) Retired Clergy Funds:

- **Thatcher Trust** is to be used for purchase (or repair/ maintenance) of accommodation for retired clergy or the widows or augmentation of income for such persons. Balance £43,253 as at 31 December 2021 (2020 - £37,840).
- **Elwell Trust** is to be used for the grant or augmentation of pensions to retired clergy at any time benefited in the diocese. Balance £11,133 as at 31 December 2021 (2020 - £11,133).
- **Edwards Trust** relates to a property which was given to the DBF in 1977, as sole trustee, to be used for the accommodation of retired clergy in the diocese. The property was sold in 2002. A resolution was made by the DBF in April 2000 to modify the purpose of the Trust to provide for clergy housing generally. Balance £306,279 as at 31 December 2021 (2020 - £267,095).

Permanent Endowments

(e) **Diocesan Stipends Fund (DSF) Capital Account** represents the value of glebe property and investments at the balance sheet date, less any inter-fund debtor or creditor. The account is governed by the Diocesan Stipends Fund Measure 1953 as amended by the Endowments and Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure 1992. Income arises from the sale of glebe assets, the transfer of parsonage sale money, transfers from the DSF Income Account, as well as gifts, bequests and donations. The main function of the fund is to produce income for the stipends, but it may also be used for other purposes including: acquiring glebe property; investing in a subsidiary; developing and protecting glebe amenities; investment; discharging loans and levies on glebe; improving parsonage houses and discharging any loans made by the Church Commissioners under the Endowments and Glebe Measure 1976.

(f) Stipends Capital, General Capital and Support of Ordinands

These funds are made up of the capital of a number of trusts which are represented by fixed asset investments.

- **Stipends Capital** income is restricted and can be used only to augment clergy stipends.
- **General Capital** income is unrestricted and is credited to the General Fund.
- **Support of Ordinands Fund** income is restricted and can be used only to train candidates for Church of England ministry.

(g) **Croat and Cowley Trusts** comprised two properties which were left to the DBF for the purposes of providing accommodation for retired clergy of the Church of England. One property was sold in 1997 and the other in 2001. A resolution was made by the DBF in 2001 to modify the purposes of the trusts so as to make provision instead for assistance generally to retired clergy.

(h) **Edginton Trust** comprised a property for use as a residence for retired clergy. This was sold in 2001 and a replacement house was purchased in 2004 at Friary Close, Clevedon.

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(i) **Other:**

- **Miss S M Osborne Trust** — £1,000 was left to the DBF, as sole trustee, to apply the income “by way of grant in or towards the repair of fabric of any ancient parish church of historic interest and beauty in the diocese”. Balance £1,584 as at 31 December 2021 (2020 - £1,696)
- **Dorothy Stuckey Trust** — £2,000 was left to the DBF, as sole trustee, to apply the income for upkeep of fabric of the parish church at Yatton or toward the maintenance of an assistant clergyman or both. Balance £23,629 as at 31 December 2021 (2020 - £20,672)
- **Miss M A Rees-Mogg Legacy** — The legacy dates from 1935 and the income only can be used for the assistance of necessitous clergy and their widows and orphans. Balance £46,977 as at 31 December 2021 (2020 - £41,097).

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	Tang. & Intang. Fixed Assets	Invest- ments	Other Assets	Credit-Interfund ors DR / (CR)	Net Assets	
24 Summary Of Assets By Fund	£'000	£'000	£'000	£'000	£'000	
Unrestricted General Funds	-	4,469	3,177	(2,527)	(1,436)	3,683
Designated						
Tangible Fixed Assets Fund	10,303	-	-	(5,581)	(3)	4,719
Loan Fund	-	754	-	-	246	1,000
Fund For Church Growth	-	-	83	(36)	-	47
Pastoral Care & Counselling Scheme	-	204	-	-	(14)	190
Mission Development Fund	-	1,460	-	-	(804)	656
Other Designated	-	-	-	-	8	8
Total Designated Funds	10,303	2,418	83	(5,617)	(567)	6,620
Restricted Funds						
Schools Income Fund	-	314	-	-	-	314
Diocesan Pastoral Account	-	-	243	-	(117)	126
Support Of Clergy And Dependants	-	173	49	-	23	245
Retired Clergy Funds	-	-	96	-	(47)	49
Porlock Wyld Trust	-	37	41	-	-	78
Edginton Trust	124	35	35	-	(21)	173
Zambia Link	-	-	227	-	-	227
Modern Slavery link	-	-	10	-	-	10
Abbey House	-	-	-	-	63	63
Smith Bequest	-	364	-	-	50	414
DBE Restricted Grants	-	-	-	-	29	29
Other Restricted	-	-	28	(24)	35	39
Total Restricted Funds	124	923	729	(24)	15	1,767
Endowment Funds						
Expendable Endowment						
Parsonage Houses Fund	41,527	-	13	-	-	41,540
Schools Capital Fund	-	-	661	-	-	661
Porlock Wyld Trust	-	149	-	-	-	149
Retired Clergy Funds	-	350	11	-	-	361
Permanent Endowment						
Diocesan Stipends Fund Capital	15,342	32,833	502	(3,554)	1,900	47,023
Stipends Capital	-	1,625	52	(267)	82	1,492
General Capital	-	892	-	-	-	892
Support Of Ordinands	-	48	-	-	-	48
Crokat And Cowley Trusts	-	180	-	-	6	186
Edginton Trust	157	248	-	-	-	405
Other Permanent Endowment	-	69	-	-	-	69
Total Endowment Funds	57,026	36,394	1,239	(3,821)	1,988	92,826
All Funds	67,453	44,204	5,228	(11,989)	-	104,896

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25 Commitments

(a) Capital Expenditure

	2021	2020
	£'000	£'000
Contracted for, not yet completed	-	-
Authorised, not yet contracted for	-	-
Total Capital Commitments	<u>-</u>	<u>-</u>

(b) Loans

At 31 December 2021 the DBF had commitments to zero parishes (2020 - zero) to provide loans totalling £nil (2020 - £Nil) in relation to the CCLA Diocesan Loan Scheme.

In March 2016 the DBF approved a loan of £340,000 to Bath Abbey PCC from the Diocesan Loan Fund. The loan is contingent upon the remaining loan funding required for the Abbey Footprint Project to be in place. This loan offer was extended until March 2019. In January 2019 the loan commitment was revised to a maximum of £100,000 with an extension to March 2022. The loan would be repayable over 20 years with an initial 5 year interest only period, funded from the CCLA Diocesan Loan Scheme at an annual interest rate of 1% above variable bank base rate. This loan was not taken out by Bath Abbey PCC.

During the prior year, Bath Abbey PCC entered into a loan agreement for £400,000, to be made available in tranches of £100k. At the year end £300k has been drawn down. The loan is repayable from the first anniversary of the drawdown and interest is being charged on the loan of 2% above variable bank base rate.

(c) Operating Leases

	2021	2020
	£'000	£'000
Payable not more than one year	3	3
Payable more than one but not more than five years	2	5
Total Operating Lease Commitments	<u>5</u>	<u>8</u>

26 Post Balance Sheet Events and Contingent Liabilities

There were no post balance sheet events or contingent liabilities at the balance sheet date.

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27 Pension Costs

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

(a) The Church Workers' Pension Fund (Lay Staff) – Pension Builder Scheme

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

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable (2021: £251,830, 2020: £248,989).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

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For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

(b) The Church Workers' Pension Fund (Lay Staff) - Defined Benefits Scheme

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

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SOFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £139,000, 2020: £7,000) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SOFA, giving a total charge of £139,000 for 2021 (2020: £7,000).

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

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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 £9,500 per year. In addition deficit payments of £102,259 per year have been agreed for 3.5 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2021 - £	2020 - £
Balance sheet liability at 1 January	229,000	325,000
Deficit contribution paid	(102,000)	(103,000)
Interest cost (recognised in SOFA)	1,000	3,000
Remaining change to the balance sheet liability*(recognised in SOFA)	138,000	4,000
Balance sheet liability at 31 December	266,000	229,000

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

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

	December 2021	December 2020	December 2019
Discount rate	1.30%	0.30%	1.20%

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.

(c) The Church of England Funded Pensions Scheme for Clergy

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

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

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

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The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,511k, 2020: £1,246k), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge of £1,505k for 2021 (2020: £1,320k).

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

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

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

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

The Bath and Wells Diocesan Board of Finance

Notes to the Financial Statements

For the year ended 31 December 2021

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
Balance sheet liability at 1 January	678	1,133
Deficit contribution paid	(334)	(529)
Interest cost (recognised in SOFA)	1	10
Remaining change to the balance sheet liability* (recognised in SOFA)	(7)	64
Balance sheet liability at 31 December	338	678

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payment are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

December	2021	2020	2019
Discount rate	0.0% pa	0.2% pa	1.1% pa
Price inflation	N/A	3.1% pa	2.8% pa
Increase to total pensionable payroll	(1.5%) pa	1.6% pa	1.3% pa

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

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

(d) Pension Liability Reconciliation - all schemes	CWPF		CEFPS		2021 Total £'000	2020 Total £'000
	Unrestricted General £'000	Funds Desig- nated £'000	Restr- icted Funds £'000	Endow- ment Funds £'000		
Liability at 1 January	229	-	-	678	907	1,458
Deficit Contributions paid	(102)	-	-	(334)	(436)	(631)
Interest cost	1	-	-	1	2	13
Remeasurement Gains	138	-	-	(7)	131	68
Liability at 31 December	266	-	-	338	604	908

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

28a Prior Year Comparative Notes – Statement of Financial Activities

	Note	Unrestricted Funds General	Restrict- ed Funds Desig- nated	Endow- ment Funds	Total Funds 2020	Total Funds 2019
		£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Parish Contributions	2a	9,208	-	-	9,208	10,359
Other donations	2b	252	8	942	1,202	893
Charitable activities	3	430	-	2	432	729
Other activities	4	427	-	20	447	338
Investments	5	420	6	89	1,109	1,415
Other Income	6	124	-	2	1,188	558
Total income and endowments		10,861	14	1,055	1,782	14,292
Expenditure on						
Raising funds	7	211	-	-	37	274
Charitable activities	8	13,832	141	1,688	-	15,661
Other Expenditure		-	-	-	-	41
Impairment of properties	17	-	-	-	-	-
Total expenditure		14,043	141	1,688	37	14,498
Net (expenditure) / income before investment gains / (losses)		(3,182)	(127)	(633)	1,745	(206)
Net gains / (losses) on investments	9	31	5	26	(269)	3,041
Net (expenditure) / income		(3,151)	(122)	(607)	1,476	2,835
Transfers between funds	15	1,528	(872)	(336)	(320)	-
Other recognised gains						
Remeasurement gains on defined benefit pension schemes	28	(4)	-	-	(64)	1,982
Net movement in funds		(1,627)	(994)	(943)	1,092	4,817
Total funds brought forward		5,915	8,160	2,817	86,743	103,635
Total funds carried forward	24	4,288	7,166	1,874	87,835	103,635

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
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28b Prior Year Comparative Notes – Notes 2 to 6

	Unrestricted Funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	Funds	Funds
	£'000	£'000	£'000	£'000	2020	2019
					£'000	£'000
2a Parish Contributions						
Parish Share						
Current year's allocation	10,586	-	-	-	10,586	10,539
Additional Payments	20	-	-	-	20	19
Arrears for previous years	-	-	-	-	-	-
Discretionary Parish Share relief	(689)	-	-	-	(689)	-
Shortfall in contributions	(709)	-	-	-	(709)	(199)
	9,208	-	-	-	9,208	10,359
Total Parish Share receipts represent 87.0% of the allocation (2019 – 98.3%)						
2b Other Donations						
Allchurches Trust	122	8	-	-	130	136
Foundation of St Matthias	-	-	57	-	57	63
RME Ordinands Grant	-	-	511	-	511	434
Donations, Grants, Sponsorships & Legacies	130	-	374	-	504	260
	252	8	942	-	1,202	893
3 Charitable Activities						
Statutory fees and chaplaincy income	369	-	-	-	369	589
Course fees and other	61	-	2	-	63	140
	430	-	2	-	432	729
4 Other Activities						
Rental income from clergy houses, schools and the Old Deanery	407	-	5	-	412	304
Support services	20	-	15	-	35	34
	427	-	20	-	447	338
5 Investment Income						
Dividends receivable	372	6	78	216	672	906
Interest receivable	3	-	11	-	14	107
Revaluation of Equity Loans	-	-	-	-	-	-
Notional Interest re net present value	39	-	-	-	39	(7)
Rents receivable	6	-	-	378	384	409
	420	6	89	594	1,109	1,415
6 Other Income						
Gain on disposal of properties	13	-	-	1,188	1,201	427
Solar PV Panel FIT Income	110	-	-	-	110	121
Other	1	-	2	-	3	10
	124	-	2	1,188	1,314	558

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

28c Prior Year Comparative Notes – Notes 7 to 8

	Unrestricted General £'000	Funds Desig- nated £'000	Restr- icted Funds £'000	Endow- ment Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
7 Costs of raising funds						
Stockbroker's fees	16	-	-	28	44	44
Value Linked loans interest	12	-	-	-	12	13
Interest cost & expenses: pension schemes	12	-	-	9	21	86
Glebe Land & Clergy Houses letting costs	171	-	-	-	171	131
	211	-	-	37	248	274
8 Charitable activities						
Contribution to Archbishops' Council						
Training for Ministry	393	-	-	-	393	393
National Church Responsibilities	271	-	-	-	271	312
Grants and provisions	58	-	-	-	58	33
Mission Agency pension contributions	15	-	-	-	15	4
Retired Clergy Housing (CHARM) & Grants	141	-	-	-	141	134
Pooling of ordinand candidates' costs	4	-	-	-	4	-
	882	-	-	-	882	876
Resourcing Ministry and Mission						
Parish Ministry:						
Stipends and Social Security	5,250	-	36	-	5,286	5,196
Pension contributions	1,246	-	-	-	1,246	1,218
Housing costs	1,337	-	604	-	1,941	1,982
Removal, resettlement and other grants	230	-	7	-	237	215
Other expenses	58	-	38	-	96	137
	8,121	-	685	-	8,806	8,748
Support for ministry	4,442	132	923	-	5,497	4,081
Fund for Church Growth	-	9	1	-	10	(10)
	12,563	141	1,609	-	14,313	12,819
Expenditure on Education						
Church Schools: Administration	387	-	79	-	466	488
	13,832	141	1,688	-	15,661	14,183

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

28d Prior Year Comparative Notes – Notes 9 to 11

	Unrestricted Funds		Restr-	Endow-	Total	Total
	General	Desig-	icted	ment	Funds	Funds
	£'000	nated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
9 Gains/(losses) on Investment Assets						
Unrealised gains/(losses) after revaluation (*)	21	5	26	552	604	2,902
Realised gains/(losses) on disposal	10	-	-	(821)	(811)	139
	31	5	26	(269)	(207)	3,041

(*) includes £0.1m gain in relation to the revaluation of Glebe Agricultural Land (2019 - £0.1m).

10 Analysis Of Resources Expended Including Allocation Of Support Costs

	Grant			Total	Total
	Activities undertaken	funding of	Support	2020	2019
	Directly	activities	Costs	£'000	£'000
	£'000	£'000	£'000	£'000	£'000
Raising Funds	248	-	-	248	274
Charitable Activities:					
Contributions to Archbishops' Council	393	488	-	881	876
Resourcing ministry and mission	12,465	685	1,164	14,314	12,819
Education	415	-	51	466	488
Fixed Asset Impairment	-	-	-	-	41
	13,521	1,173	1,215	15,909	14,498

	Unrestricted	Funds	Restr-	Endow-	Total	Total
	General	Desig-	icted	ment	Funds	Funds
	£'000	nated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
11 Analysis Of Support Costs						
Central Administration	1,135	-	-	-	1,135	984
Support for Schools	-	-	51	-	51	45
Governance:						
External Audit	15	-	2	-	17	20
Professional Fees	6	-	-	-	6	6
Diocesan and General Synod Expenses	6	-	-	-	6	18
	1,162	-	53	-	1,215	1,073

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
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28e Prior Year Comparative Notes – Note 24

	At 01/01/20 £'000	Income £'000	Expend- iture £'000	Transfers £'000	Reval- uation £'000	At 31/12/20 £'000
24 Summary Of Fund Movements						
Unrestricted Funds						
(a) General	5,915	10,673	(14,006)	1,528	31	4,141
(b) Diocesan Stipends Fund Income	-	188	(41)	-	-	147
	5,915	10,861	(14,047)	1,528	31	4,288
Designated Funds						
(c) Tangible Fixed Assets Fund	5,849	-	(27)	(745)	-	5,077
(d) Loan Fund	1,000	-	-	-	-	1,000
(e) Fund for Church Growth	54	-	(9)	-	-	45
(f) Pastoral Care & Counselling Scheme	176	6	-	-	5	187
(g) Mission Development Fund	960	8	-	(119)	-	849
(h) Other Designated	121	-	(105)	(8)	-	8
	8,160	14	(141)	(872)	5	7,166
Total Unrestricted Funds	14,075	10,875	(14,188)	656	36	11,454

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

28e Prior Year Comparative Notes – Note 24 (continued)

	At 01/01/20	Income	Expend- iture	Transfers	Reval- uation	At 31/12/20
	£'000	£'000	£'000	£'000	£'000	£'000
24 Summary Of Fund Movements (continued)						
Restricted Funds						
(a) Schools Income Fund	345	59	(111)	(11)	13	295
(b) Diocesan Pastoral Account	299	-	(568)	572	-	304
(c) Support of clergy and dependants	205	9	(5)	-	9	218
(d) Retired clergy funds	57	8	(7)	-	(6)	52
(e) Porlock Wyld Trust	61	5	-	-	2	68
(f) Edginton Trust	162	7	(1)	-	-	168
(g) Zambia Link	267	6	(3)	(12)	-	258
(h) Smith Bequest	370	9	-	(15)	8	372
(i) DBE Restricted Grants	38	6	(13)	-	-	32
(j) Abbey House Fund	66	-	-	-	-	66
(k) Strategic Development Fund	-	257	(290)	33	-	0
(l) Benefice Houses	901	-	-	(901)	-	-
(m) Other Restricted	46	689	(691)	(2)	-	42
Total Restricted Funds	2,817	1,055	(1,688)	(336)	26	1,874

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

28e Prior Year Comparative Notes – Note 24 (continued)

24 Summary Of Fund Movements (continued)	At 01/01/20 £'000	Income £'000	Expend- iture £'000	Transfers £'000	Reval- uations £'000	At 31/12/20 £'000
Endowment Funds						
Expendable Endowment						
(a) Parsonage Houses Fund	39,249	559	-	805	-	40,613
(b) Schools Capital Fund	661	-	-	-	-	661
(c) Porlock Wyld Trust	122	-	-	-	8	130
(d) Retired Clergy Funds	307	-	-	-	9	316
	40,339	559	-	805	17	41,720
Permanent Endowment						
(e) Diocesan Stipends Fund Capital	43,496	82	(74)	(1,081)	874	43,297
(f) Stipends Capital	1,562	1,141	(27)	(44)	(1,230)	1,402
(f) General Capital	731	-	-	-	50	781
(f) Support of Ordinands	39	-	-	-	3	42
(g) Crokot and Cowley Trusts	164	-	-	-	(2)	162
(h) Edginton Trust	354	-	-	-	16	370
(i) Other Permanent Endowment	58	-	-	-	3	61
	46,404	1,223	(101)	(1,125)	(286)	46,115
Total Endowment Funds	86,743	1,782	(101)	(320)	(269)	87,835
All Funds	103,635	13,712	(15,977)	-	(207)	101,163

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

28f Prior Year Comparative Notes – Note 25

	Tang. & Intang. Fixed Assets	Invest- ments	Other Assets	Credit-Interfund ors DR / (CR)	Net Assets	
25 Summary Of Assets By Fund	£'000	£'000	£'000	£'000	£'000	
Unrestricted General Funds	-	3,370	2,474	(1,494)	(62)	4,288
Designated						
Tangible Fixed Assets Fund	10,804	-	-	(5,727)	-	5,077
Loan Fund	-	754	-	-	246	1,000
Fund For Church Growth	-	-	97	(52)	-	45
Pastoral Care & Counselling Scheme	-	178	-	-	9	187
Mission Development Fund	-	1,460	-	-	(611)	849
Other Designated	-	-	-	-	8	8
Total Designated Funds	10,804	2,392	97	(5,779)	(348)	7,166
Restricted Funds						
Schools Income Fund	-	716	447	(868)	-	295
Diocesan Pastoral Account	-	-	235	-	69	304
Support Of Clergy And Dependants	-	151	45	(1)	23	218
Retired Clergy Funds	-	-	94	-	(42)	52
Porlock Wyld Trust	-	32	36	-	-	68
Edginton Trust	124	36	28	-	(20)	168
Zambia Link	-	-	278	(18)	(2)	258
Abbey House	-	-	-	-	66	66
Smith Bequest	-	319	-	-	53	372
DBE Restricted Grants	-	-	-	-	32	32
Other Restricted	-	-	28	(12)	26	42
Total Restricted Funds	124	1,254	1,191	(899)	204	1,874
Endowment Funds						
Expendable Endowment						
Parsonage Houses Fund	41,009	-	24	(2)	(418)	40,613
Schools Capital Fund	-	-	661	-	-	661
Porlock Wyld Trust	-	130	-	-	-	130
Retired Clergy Funds	-	305	12	(1)	-	316
Permanent Endowment						
Diocesan Stipends Fund Capital	15,107	31,756	272	(4,333)	495	43,297
Stipends Capital	-	1,481	35	(237)	123	1,402
General Capital	-	781	-	-	-	781
Support Of Ordinands	-	42	-	-	-	42
Crokat And Cowley Trusts	-	156	-	-	6	162
Edginton Trust	157	213	-	-	-	370
Other Permanent Endowment	-	61	-	-	-	61
Total Endowment Funds	56,273	34,925	1,004	(4,573)	206	87,835
All Funds	67,201	41,941	4,766	(12,745)	-	101,163

The Bath and Wells Diocesan Board of Finance
Notes to the Financial Statements
For the year ended 31 December 2021

29 Funds held as Custodian Trustee

The DBF 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, which consist of both property and financial assets, are not aggregated in these financial statements as the DBF does not control them. The financial assets held in this way, which are shown at valuation, may be summarised as follows:

	2021	2020
	£'000	£'000
CBF Church of England Investment Fund income shares	10,169	8,960
CBF Church of England Fixed Interest Securities Fund shares	145	146
Charles Stanley - Equities	-	-
Unit Trust Shares	175	153
Direct holdings in UK equities	71	62
Direct holdings in UK gilts	2	2
Other fixed interest stocks	354	346
CBF Church of England Property Fund shares	-	9
Loan	149	157
Cash on Deposit	2,179	1,931
Cash at Bank	235	36
Total net assets held as custodian trustee	13,479	11,802

The Bath and Wells Diocesan Board of Finance
Appendices
For the year ended 31 December 2021

Appendices

The following accounts and reports do not form part of the audited statutory financial statements and are included for information only.

A Consolidated Financial Trusts

B Glossary of terms

The Bath and Wells Diocesan Board of Finance
 Appendices
 For the year ended 31 December 2021

Appendix A Consolidated Financial Trusts

	2021		2020	
	£'000	£'000	£'000	£'000
Fixed Assets				
Equities		10,241		9,023
Government Securities		2		2
Other Fixed Interest securities		499		492
Unit Trust shares		175		153
CBF Property Fund		0		9
		<u>10,917</u>		<u>9,679</u>
Current Assets				
Deposit Fund	2,179		1,930	
Bank Accounts	235		36	
Loan - Hensman	149		157	
	<u>2,563</u>		<u>2,123</u>	
Current Liabilities				
Creditors	-		-	
Net Current Assets		<u>2,563</u>		<u>2,123</u>
Net Assets		<u><u>13,480</u></u>		<u><u>11,802</u></u>
Total capital balances		13,095		11,609
Total accumulated income balances		384		193
Total Funds		<u><u>13,479</u></u>		<u><u>11,802</u></u>
Capital analysed as:		2021		2020
		£		£
Parishes		7,148		6,324
Closed Schools		1,155		1,063
Schools		499		454
Other		4,293		3,768
Total accumulated income balances		384		193
		<u>13,479</u>		<u>11,802</u>

Signed on behalf of the DBF on 14 June 2022 by

Rt Revd R Worsley
 Trustee

Mr I Theodoreson
 Trustee

The Bath and Wells Diocesan Board of Finance

Appendices

For the year ended 31 December 2021

Financial Trusts as at 31 December 2021

The Financial Trusts comprise 500 Trusts which are required to be held by the DBF as custodian trustee although they are administered by various parishes, schools or other bodies named as beneficiaries in the relevant trust deeds. The investments relating to the trusts are held by the DBF and the income derived is paid to the beneficiaries. In addition to the trusts listed, the DBF also acts as custodian trustee for land and buildings.

Report of the Accountants

We have examined the figures set out on page 85 comprising the Balance Sheet for the Financial Trusts held as custodian trustee by the Bath and Wells Diocesan Board of Finance as at 31 December 2021.

Basis of opinion

The scope of our work was limited to checking whether the figures have been correctly extracted from the amounts recorded in the accounting records.

Opinion

In our opinion the information detailed on the attached schedule has been accurately extracted from the accounting records of the Bath and Wells Diocesan Board of Finance as at 31 December 2021.

Signed: Haysmacintyre LLP

10 Queen Street Place
London
EC4R 1AG

The Bath and Wells Diocesan Board of Finance
 Appendices
 For the year ended 31 December 2021

Appendix B Glossary of terms

ALM	Authorised Lay Minister
BWMAT	Bath and Wells Multi Academy Trust
CBF	Central Board of Finance (of the Church of England)
CCLA	Providers of CBF Investment products
CEPB	Church of England Pensions Board
CHARM	Church Housing Assistance for Retired Ministry
CWPF	Church Workers' Pension Fund
DAC	Diocesan Advisory Committee
DBE	Diocesan Board of Education
DBF	Diocesan Board of Finance
DBS	Defined Benefits Scheme
DPA	Diocesan Pastoral Account
DSF	Diocesan Stipends Fund
FCG	Fund for Church Growth
FRS	Financial Reporting Standard
MAT	Multi Academy Trust
MDF	Mission Development Fund
NPV	Net Present Value
PB	Pension Builder
PCC	Parochial Church Council
PCR	Past Cases Review
RME	Resources Ministerial Education
SAT	Stipends Augmentation Trusts
SDF/SMF	Strategic Development Fund/Strategic Ministry Fund
SOFA	Statement of Financial Activities
SORP	Statement of Recommended Practice
UTR	Unapplied Total Return
VA/VC	Voluntary Aided/Voluntary Controlled