

# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**GUILDFORD DIOCESAN BOARD OF FINANCE**

Company number - 225289

Registered charity number – 248245

# GUILDFORD DIOCESAN BOARD OF FINANCE

## ANNUAL REPORT

For the year ended 31 December 2021

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<b>TABLE OF CONTENTS</b>	<b>Page Number</b>
Annual Report	2
Legal Objects	2
Strategic Report:	
Strategic Aims	3
Activities and Achievements in the year	4
Future plans	5
Financial review	6
Principal risks and uncertainties	8
Structure and Governance	9
Trustees' Responsibilities	11
Administrative details	12
Independent Auditor's Report	14
Consolidated Statement of Financial Activities	17
Consolidated & GDBF Balance Sheets	18
Consolidated Cash Flow Statement	19
Notes to the Financial Statements	20

# GUILDFORD DIOCESAN BOARD OF FINANCE

## ANNUAL REPORT

For the year ended 31 December 2021

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

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

This combined report satisfies the legal requirements for:

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

## LEGAL OBJECTS

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

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

The DBF has the following statutory responsibilities:

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the management of investments and the custodianship of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv. the custodianship of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

For the year ended 31 December 2021

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#### STRATEGIC AIMS

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

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

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

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



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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

For the year ended 31 December 2021

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### ACTIVITIES AND ACHIEVEMENTS

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

The following went well:

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

However, the following could have gone better:

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

#### For the year ended 31 December 2021

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

### FUTURE PLANS

The major opportunities for 2022 will be:

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

The major challenges include:

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

Team Objectives for Church House Guildford for 2022 are:

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

#### For the year ended 31 December 2021

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

## FINANCIAL REVIEW

### Financial Performance

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

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

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

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

### Balance sheet position

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

# GUILDFORD DIOCESAN BOARD OF FINANCE

## ANNUAL REPORT

For the year ended 31 December 2021

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### Reserves policy

#### *Free reserves*

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

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

#### *Designated funds*

The Trustees may designate unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. The balances and the intended use of each reserve is set out in notes 21 and 22. At 31 December 2021 total designated reserves were £2.5m (2020: £2.3m).

#### *Restricted and endowment funds*

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

### Grant making policy

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

### Investment policy and performance

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

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



## GUILDFORD DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

For the year ended 31 December 2021

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### PRINCIPAL RISKS AND UNCERTAINTIES

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

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

# GUILDFORD DIOCESAN BOARD OF FINANCE

## ANNUAL REPORT

For the year ended 31 December 2021

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## STRUCTURE AND GOVERNANCE

### Summary Information about the structure of the Church of England

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

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

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

### Organisational structure

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

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

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

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

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

### Decision making structure

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

#### For the year ended 31 December 2021

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

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

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

#### **Trustee recruitment, selection and induction**

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

#### **Remuneration of key management personnel**

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

#### **Delegation of day to day delivery**

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

#### **Funds held as Custodian Trustee**

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

For the year ended 31 December 2021

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#### Funds held on behalf of schools

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

#### TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

#### STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

# GUILDFORD DIOCESAN BOARD OF FINANCE

## ANNUAL REPORT

For the year ended 31 December 2021

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### ADMINISTRATIVE DETAILS

#### Trustees

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

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

#### Co-opted members

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

#### Elected by Synod House of Clergy

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

#### Elected by Synod House of Laity

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

#### Key Management Personnel

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

#### Advisors

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

**For the year ended 31 December 2021**

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

ON BEHALF OF THE TRUSTEES

*S.P.Roberts*

Steve Roberts  
Chairman

6 June 2022

# GUILDFORD DIOCESAN BOARD OF FINANCE

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

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### Opinion

We have audited the financial statements of the Guildford Diocesan Board of Finance (the 'parent charity') and its subsidiary ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Annual Report.

## GUILDFORD DIOCESAN BOARD OF FINANCE

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

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

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

#### Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the parent charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and the Charities Statement of Recommended Practice.

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

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

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

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

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



## GUILDFORD DIOCESAN BOARD OF FINANCE

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

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

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

#### Use of the audit report

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

Signed: *N.J. Wakefield*

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

Date: 28 September 2022

## GUILDFORD DIOCESAN BOARD OF FINANCE

### CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2021

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

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

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

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

The Notes form part of the financial statements.

Company Number – 225289

## GUILDFORD DIOCESAN BOARD OF FINANCE

### BALANCE SHEETS

For the year ended 31 December 2021

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

The endowment fund balance above includes revaluation reserves of £114m (2020: £70m).

The Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 6 June 2022 and signed on behalf of the Board by:

S.P. Roberts

**STEVE ROBERTS**  
GDBF Chair

K.R. Malcouronne

**KEITH MALCOURONNE** FCA  
GDBF Vice-Chair

## GUILDFORD DIOCESAN BOARD OF FINANCE

### CONSOLIDATED CASH FLOW

For the year ended 31 December 2021

	2021	2020
	£'000	£'000
<b>Cash flows from operating activities</b>		
Net cash generated in operating activities	1,447	693
<b>Cash flows from investing activities</b>		
Dividends, interest and rents from investments	562	521
Purchase of property and equipment	(4)	-
Purchase of investments	(4,400)	-
Sale of investments	269	449
Sales of property and equipment	3,940	786
Net cash generated by investing activities	367	1,756
<b>Cash flows from financing activities:</b>		
Repayments of lending	-	66
Cash inflows from new borrowing	-	200
Repayments of borrowing	(119)	(35)
Net cash (used in)/generated by financing activities	(119)	231
Change in cash and cash equivalents	1,695	2,680
Cash and cash equivalents at 1 January	4,795	2,115
Cash and cash equivalents at 31 December	6,490	4,795
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income	4,974	2,018
Adjustments for:		
Depreciation charges	113	113
Gains on property and equipment	31	77
Gains on investments	(4,284)	(1,240)
Dividends, interest and rents from investments	(562)	(521)
Decrease/(Increase) in debtors	581	(473)
Increase in creditors	594	719
Net cash used in operating activities	1,447	693
<b>Analysis of cash and cash equivalents</b>		
Cash on deposit	3,730	2,645
Cash at bank and in hand	2,760	2,150
	6,490	4,795

Cash on deposit includes £3,483,000 (2020: £2,343,000) held for the benefit of schools' buildings.

# GUILDFORD DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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### 1. ACCOUNTING POLICIES

The trustees have considered the potential impacts of Covid-19 on the charity's activities and income streams. The Trustees have also reviewed working capital and capital expenditure requirements and as a result, are satisfied that it is appropriate to prepare these financial statements under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2020), the Companies Act 2006 and applicable accounting standards (FRS102). The charitable company's own Statement of Financial activities has not been presented as permitted by s.408 of the Companies Act 2006.

The trustees have reviewed the 2022 budget and cash-flow forecasts to 30 June 2023 and believe that it is appropriate for these financial statements to be prepared on a going concern basis.

#### a) Income

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

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

#### b) Expenditure

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

- i) **Costs of raising funds** consist of costs relating to the renting out of property and to trading services.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure on education and Church of England schools in the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient, except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the DBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The DBF's staff are members of the Church Workers Pension Fund and clergy are members of the Church of England Funded Pensions Scheme (see note 19). The pension costs charged as expenditure represent the DBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which DBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

# GUILDFORD DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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### 1. ACCOUNTING POLICIES (continued)

#### c) Tangible fixed assets and depreciation

##### *Freehold properties*

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

##### *Properties subject to value linked loans*

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

##### *Investment properties*

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

##### *Parsonage houses*

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

##### *Assets under construction*

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

##### *Cost values*

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

#### d) Other tangible fixed assets

All capital expenditure over £5,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Fixtures and fittings	15-30% per annum	straight line basis
Leasehold Property	1% - 10% per annum	straight line over the life of the lease

#### e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The DBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is reflected in the Statement of Financial Activities over the life of the lease.
- iii) **Properties held for resale:** when properties are put on the market for sale they are transferred from fixed assets to current assets.

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 1. ACCOUNTING POLICIES (continued)

##### f) Fund balances

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

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

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

##### g) Judgements and key sources or estimation uncertainty

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

- **Fair value of freehold and investment properties** are included at fair market value, revalued on a 5 year cycle. No depreciation is charged on freehold properties.
- **Pension and other post-employment benefits.** Pension provisions relating to lay and clergy are valued every three years on an actuarial basis. Any shortfall in funding pensions and post-retirement benefits is recognised as a liability in the accounts. Further details can be found in note 19.

##### h) Financial Instruments

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 2. DONATIONS

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

2020	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Parish Contributions					
Current Year Request	12,075	-	-	-	12,075
Shortfall	(988)	-	-	-	(988)
	<u>11,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,087</u>
Archbishops' Council	28	363	615	-	1,006
All Churches Trust	-	105	-	-	105
City Church Fund	107	-	-	-	107
Legacies	-	-	-	-	-
Other	11	-	43	-	54
Total	<u>11,233</u>	<u>468</u>	<u>658</u>	<u>-</u>	<u>12,359</u>

The majority of the Diocese's mission is funded through the contributions of parishes. In 2021, the Diocese received 95.5% (2020: 91.8%) of the total requested.



## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 3. CHARITABLE ACTIVITIES

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

2020	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020
	General £'000	Designated £'000			
Statutory fees	342	-	-	-	342
Social Responsibility projects grant income	-	-	90	-	90
Other grants receivable and miscellaneous income	146	-	85	-	231
	<b>488</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>663</b>

#### 4. OTHER TRADING ACTIVITIES

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

2020	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020
	General £'000	Designated £'000			
School Buildings Project Management	80	-	-	-	80
Training Services to Schools	119	-	-	-	119
Rental income on functional property	313	-	60	-	373
	<b>512</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>572</b>

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 5. INVESTMENT INCOME

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

2020	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020
	General £'000	Designated £'000			
Dividends receivable	72	-	35	13	120
Interest receivable	2	-	2	2	6
Rents receivable	97	-	119	179	395
	<u>171</u>	<u>-</u>	<u>156</u>	<u>194</u>	<u>521</u>

#### 6. OTHER INCOME

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

2020	Unrestricted funds		Restricted Funds	Endowment Funds	Total 2020
	General £'000	Designated £'000			
Gains on fixed asset disposals	1	-	16	60	77
Coronavirus Job Retention Scheme	137	-	-	-	137
	<u>138</u>	<u>-</u>	<u>16</u>	<u>60</u>	<u>214</u>

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 7. EXPENDITURE ON RAISING FUNDS

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

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000
	General £'000	Designated £'000			
Schools Building Project Management	79	-	-	-	79
Training Services to Schools	61	-	-	-	61
Rental Management Fees	42	-	3	25	70
Investment Property Costs	79	2	19	6	106
Support Costs	154	10	-	-	164
	<b>415</b>	<b>12</b>	<b>22</b>	<b>31</b>	<b>480</b>

#### 8. CHARITABLE ACTIVITIES

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 8. CHARITABLE ACTIVITIES (continued)

2020	Unrestricted funds		Restricted	Endowment	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	2020 £'000
<b>National Church</b>					
Training for ministry	743	-	-	-	743
National Church Establishment	384	-	-	-	384
Retired clergy housing costs	183	-	-	-	183
Other	65	-	-	-	65
Indirect Support Costs	18	-	-	-	18
	<u>1,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,393</u>
<b>Ministry &amp; Mission</b>					
Parish Ministry					
Stipends & pension	5,980	-	-	-	5,980
Housing costs	1,577	-	-	38	1,615
Removal & resettlement grants	107	-	-	-	107
Other expenses	211	4	-	23	238
	<u>7,875</u>	<u>4</u>	<u>-</u>	<u>61</u>	<u>7,940</u>
Ministry Support & Training	829	-	1,016	-	1,845
Indirect Support Costs	1,097	61	-	-	1,158
	<u>9,801</u>	<u>65</u>	<u>1,016</u>	<u>61</u>	<u>10,943</u>
<b>Education &amp; Mission</b>					
Schools & Education	353	-	61	81	495
Indirect Support Costs	225	15	-	-	240
	<u>578</u>	<u>15</u>	<u>61</u>	<u>81</u>	<u>735</u>
Total	<u>11,772</u>	<u>80</u>	<u>1,077</u>	<u>142</u>	<u>13,071</u>

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2021	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2021 £'000
Raising funds	396	-	247	643
Charitable activities				
National Church	453	947	29	1,429
Ministry & Mission	10,059	116	1,347	11,522
Education & Mission	508	-	218	726
Total Expenditure	11,416	1,063	1,841	14,320

#### Grant Funding of Activities

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

2020	£'000	£'000	£'000	Total 2020 £'000
Raising funds	316	-	164	480
Charitable activities				
National Church	409	965	19	1,393
Ministry & Mission	9,714	71	1,158	10,943
Education & Mission	495	-	240	735
Total Expenditure	10,934	1,036	1,581	13,551

#### Grant Funding of activities

2020	Number	Individuals £'000	Institutions £'000	Total 2020 £'000
<u>From unrestricted funds</u>				
Archbishops' Council	1	-	965	965
<u>From restricted funds</u>				
Mission & development fund grants	6	-	71	71
		-	1,036	1,036

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

Included within support costs are fees payable to the auditors of £16,000 (2020: £13,000) in respect of audit services.

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

Support Costs	2021	2020
	£'000	£'000
Diocesan Secretary's Office	107	152
Administration Team	108	-
Communications	137	111
Finance	200	196
Safeguarding	254	124
Human resources	147	194
Diocesan Advisory Committee	76	71
Office Costs	502	419
IT	234	226
Other corporate costs	68	80
Closed Pension Schemes	8	8
	<u>1,841</u>	<u>1,581</u>

Support costs increased because of the centralisation of administrative support functions across the organisation into one central team, additional safeguarding costs because of the past cases review activity (including re-allocation of costs that had previously been allocated to Human resources) and the increase in provision for future potential office dilapidations costs.

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 10. STAFF & TRUSTEES

Staff Costs	2021	2020
	£'000	£'000
Wages and salaries	1,883	1,943
National insurance contributions	188	214
Pension costs	237	186
Total	<u>2,308</u>	<u>2,343</u>

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

	2021	2020
	No.	No.
Support for parish ministry	23	18
Mission Team	14	20
Schools, Colleges & Universities	6	8
Other diocesan departments	4	4
Total	<u>47</u>	<u>50</u>

By Main Funding Source

Parish Share	43	46
Grants & Trading Income	4	4
Total	<u>47</u>	<u>50</u>

The average number of individual persons employed by the group:

	2021	2020
	No.	No.
Support for parish ministry	30	23
Mission team	18	27
Schools, Colleges & Universities	8	9
Other diocesan departments	4	5
Total	<u>60</u>	<u>64</u>

The number of employees whose emoluments (including benefits in kind but excluding pension contributions) amounted to over £60,000 in the year was as follows:

Emoluments falling between:	2021	2020
	No.	No.
£90,001 to £100,000	-	1
£80,001 to £90,000	1	-
£70,001 to £80,000	1	2
£60,001 to £70,000	3	1

Pension contributions of £32,000 (2020: £22,000) were paid in respect of these people.

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 10. STAFF & TRUSTEES (continued)

The DBF paid an average of 167 (2020: 167) stipendiary clergy and licensed lay workers as office-holders holding parochial or Diocesan appointments in the Diocese.

	2021	2020
	£'000	£'000
Stipends	4,457	4,642
National Insurance	362	366
Apprenticeship Levy	20	19
Pension Contributions		
Current year	1,642	1,119
Deficit reduction	311	519
	<u>6,792</u>	<u>6,665</u>

Included within staff and stipend costs is £32,000 (2020: £30,000) in respect of redundancy payments.

#### Key Management Personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the Trustees for planning, directing and controlling the activities of the Diocese. Key management personnel are set out on page 12. Remuneration, pensions and expenses for these employees amounted to £423,000 (2020: £441,000)

#### Trustees

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £15,000 (2020: £15,000) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees. The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the DBF during the year:

	Stipend	Housing
The Bishop of Dorking	-	✓
The Archdeacon of Dorking	✓	✓
The Archdeacon of Surrey	✓	✓
The Revd R A Donovan	✓	✓
The Revd P Heidari	✓	✓
The Revd B Hunt	✓	✓
The Revd N P Hutchinson	✓	✓
The Revd J O Morris	✓	✓
The Revd D C Williamson	✓	✓

The DBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. It is also responsible for the provision of housing for stipendiary clergy in the Diocese including the suffragan bishop but excluding Diocesan bishop and cathedral staff. The amount of stipend, funded by the DBF, for clergy who are trustees was £35,920 (2020: £35,920) for Archdeacons and £28,300 (2020: £28,300) for other clergy.



## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 11. TRANSFERS BETWEEN FUNDS

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

2020	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Glebe Capital being the difference between contributions paid less interest on Clergy Pension Scheme	(519)	-	-	519
To fund triennial clergy conference	(15)	15	-	-
From General Fund to Growth Fund	(85)	85	-	-
From Growth Fund to Strategic Development Fund		(114)	114	
From Board Endowment to Diocesan house fund	-	88	-	(88)
From Schools Fund to General Fund to support education activities	149	-	(149)	-
Reclassification of certain Education restricted funds from endowment			201	(201)
From retirement fund to general fund for clergy retirement costs	50	-	-	(50)
	(420)	74	166	180

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 12. TANGIBLE FIXED ASSETS

All of the properties in the balance sheet are freehold and are vested in the DBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of value-linked loans mainly from the Church Commissioners; when disposed of the appropriate share of the net sale proceeds will be remitted to the lender, and the related loan liability extinguished. The value of such properties included above amounts to £641,000 (2020: £518,000).

	Group and GDBF			Total £'000
	Freehold Land and Buildings £'000	Leasehold Buildings £'000	Office Equipment £'000	
<u>Cost or valuation</u>				
Balance at 1 January 2021	145,654	923	435	147,012
Additions	4			4
Disposals	(3,971)	-	-	(3,971)
Revaluation/impairment	44,373	-	-	44,373
Balance at 31 December 2021	<u>186,060</u>	<u>923</u>	<u>435</u>	<u>187,418</u>
<u>Accumulated depreciation</u>				
Balance at 1 January 2021	-	358	392	750
Depreciation charge for year	-	91	22	113
Balance at 31 December 2021	<u>-</u>	<u>449</u>	<u>414</u>	<u>863</u>
<u>Net book value</u>				
At 31 December 2021	<u>186,060</u>	<u>474</u>	<u>21</u>	<u>186,555</u>
At 31 December 2020	<u>145,654</u>	<u>565</u>	<u>43</u>	<u>146,262</u>
Revaluation as above				44,373
Revaluation of value linked loan finance				(29)
Amount disclosed in SOFA				<u>44,344</u>

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 13. INVESTMENTS

	Group and GDBF					31 December 2021 £'000
	1 January 2021 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in market value £'000	
Investment property	14,030	-	-	-	3,481	17,511
CBF Investment Fund	3,937	4,400	-	-	659	8,996
Other listed investments	718	-	-	-	144	862
Program related	329	-	(269)	-	-	60
	<u>19,014</u>	<u>4,400</u>	<u>(269)</u>	<u>-</u>	<u>4,284</u>	<u>27,429</u>

The CBF Investment Fund is managed by CCLA. Program related investments are equity share loans on 2 properties for clergy housing in partnership with the Methodist church. Such investments are made directly in pursuit of the Board's charitable purposes rather than for financial investment purposes. The amounts shown represent the sums originally advanced as required under FRS102. The loans are not expected to be repaid in the short term.

#### Investment in Subsidiary

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

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

  

2020	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Other trading activities	200	-	-	-	200
Fundraising costs	(142)	-	-	-	(142)
Gift to GDBF	(56)	-	-	-	(56)
Net expenditure and net movement in funds	2	-	-	-	2
Funds at 1 January	56	-	-	-	56
Funds at 31 December	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 14. DEBTORS

	Group		GDBF	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<u>Due within one year</u>				
Parish Share	55	87	55	87
Fees	97	73	97	73
Prepayments and accrued income	295	416	279	376
Other debtors	65	515	51	482
	<u>512</u>	<u>1,092</u>	<u>481</u>	<u>1,019</u>
<u>Due after more than one year</u>				
Loans to parishes	-	-	-	-
Loans to parishes - housing	2,218	1,850	2,218	1,850
Loans to retired clergy	325	325	325	325
Other loans	25	25	25	25
	<u>2,568</u>	<u>2,200</u>	<u>2,568</u>	<u>2,200</u>
Total	<u>3,079</u>	<u>3,292</u>	<u>3,049</u>	<u>3,219</u>

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		GDBF	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts held on behalf of school governors	(3,494)	(2,542)	(3,494)	(2,542)
Other creditors and accruals	(715)	(792)	(628)	(729)
Loan repayments due in one year	(156)	(240)	(155)	(240)
	<u>(4,365)</u>	<u>(3,574)</u>	<u>(4,277)</u>	<u>(3,511)</u>

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

	Group		GDBF	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<u>Loans in respect of house purchases</u>				
Church Commissioners value-linked loans	(2,398)	(2,002)	(2,398)	(2,002)
Church Commissioners other loans	(206)	(240)	(206)	(240)
Other bank loans	(1,000)	(1,000)	(1,000)	(1,000)
	<u>(3,604)</u>	<u>(3,242)</u>	<u>(3,604)</u>	<u>(3,242)</u>
The above loans fall due for repayment:				
Between one and two years	(36)	(39)	(36)	(39)
Between two and five years	(1,108)	(117)	(1,108)	(117)
In five years and more	(2,460)	(3,086)	(2,460)	(3,086)
	<u>(3,604)</u>	<u>(3,242)</u>	<u>(3,604)</u>	<u>(3,242)</u>

The loans from the Church Commissioners include £1.9m (2020: £1.6m) used to purchase houses for parishes and are matched by loans from parishes included in debtors.

#### 17. PROVISIONS FOR LIABILITIES

	Group and GDBF	
	2021	2020
	£'000	£'000
-		
Diocesan Office Dilapidations	<u>218</u>	<u>120</u>

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

# GUILDFORD DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 18. FINANCIAL INSTRUMENTS

	2021	2020
	£'000	£'000
Financial assets measured at fair value	12,643	9,404
Financial assets measured at amortised cost	2,336	2,788
Financial liabilities measured at amortised cost	(7,678)	(7,096)

### 19. PENSIONS

#### Defined Benefit Pension Liability

	Group		GDBF	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Church of England Funded Pension Scheme (Clergy)	287	621	287	621
Church Workers Pension Fund (lay Staff)	-	11	-	11
	<u>287</u>	<u>632</u>	<u>287</u>	<u>632</u>

#### Church of England Funded Pension Scheme (Clergy)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021:£1,642,000; 2020: £1,119,000), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,620,000 for 2021 (2020: £1,131,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2019. The 2019 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.
- RPI inflation of 3.4% p.a. (and pension increases consistent with this)
- Increase in pensionable stipends of 3.4% p.a.
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2019 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a.

Following the 31 December 2019 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below. .

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

As at 31 December 2020 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025. As at 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 19. PENSIONS (Continued)

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

	2021	2020
	£'000	£'000
Balance sheet liability as at 1 January	621	1,138
Contributions paid	(312)	(529)
Interest cost *	1	10
Remaining change to the balance sheet liability*	(23)	2
Balance sheet liability as at 31 December	<u>287</u>	<u>621</u>

\* Recognised in SOFA

Liability < 1 Year	287	62
Liability > 1 Year	-	559

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

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

	December 2021	December 2020	December 2019
Discount rate	0.2% pa	0.2% pa	1.1% pa
Price inflation	3.1% pa	3.1% pa	2.8% pa
Increase to total pensionable payroll	1.6% pa	1.6% pa	1.3% pa

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

#### Church Workers Pension Fund: Defined Benefits Scheme

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

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

#### Defined Benefits Scheme

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £Nil, 2020: £Nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £58,000 for 2021 (2020: £Nil).

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 19. PENSIONS (Continued)

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

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2021. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,100 per year to March 2020 and £6,700 per year thereafter. In addition, deficit payments of £92,600 per year have been agreed until 1 October 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2021	2020
	£'000	£'000
Balance sheet liability as at 1 January	11	104
Contributions paid	(68)	(93)
Interest cost*	-	-
Remaining change to the balance sheet liability*	57	-
Balance sheet liability as at 31 December	-	11

\* Recognised in SOFA

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

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

	December 2021	December 2020	December 2019
Discount Rate	0.0%	0.0%	1.5%

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

The next valuation of the scheme is being carried out as at December 2022.

#### Pension Builder Scheme

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

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

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

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

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



## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 19. PENSIONS (Continued)

The scheme is a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2021: £188,000, 2020: £186,000)

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

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

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

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

# GUILDFORD DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 20. SUMMARY OF FUND MOVEMENTS

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 20. SUMMARY OF FUND MOVEMENTS (continued)

2020	1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	31 December 2020 £'000
<u>Unrestricted funds</u>						
General	1,722	12,542	(12,187)	(420)	-	1,657
<u>Designated</u>						
TCTL growth fund	876	105	-	(29)	-	952
Strategic change fund	150	363	-	-	-	513
Development fund	812	-	-	-	-	812
Diocesan Premises reserve	-	-	(88)	88	-	-
Clergy conference fund	15	-	(4)	15	-	26
Church fabric repair fund	11	-	-	-	-	11
	1,864	468	(92)	74	-	2,314
<u>Restricted income funds</u>						
Pastoral fund	698	17	(3)	-	27	739
Strategic Development Fund	-	189	(303)	114	-	-
Glebe income	297	19	(18)	-	-	298
E M Woods trust income	111	10	-	-	-	121
Moor Park Trust	73	3	-	-	5	81
Regional Training	23	85	(78)	-	1	31
Community Engagement	111	90	(171)	-	-	30
Church Schools income	211	128	(23)	(195)	-	121
Church Schools Building Projects	-	-	-	-	-	-
All Saints Fleet	-	-	-	16	-	16
Moss Lane Fund	-	50	(40)	13	-	23
Partridge Fund	-	5	-	218	11	234
Ministerial Education	17	469	(463)	-	-	23
	1,541	1,065	(1,099)	166	44	1,717
<u>Endowment funds</u>						
<i>Expendable endowment</i>						
Board endowment	11,097	7	(10)	(88)	824	11,830
Onslow bequest	466	-	-	-	14	480
E M Woods trust capital	288	-	-	-	20	308
Church schools capital	4,135	-	(80)	(201)	326	4,180
Retired clergy housing	7,703	142	(62)	(50)	187	7,920
Benefice houses fund	103,265	15	(6)	-	8,113	111,387
Nugent fund	3,154	3	(12)	-	166	3,311
<i>Permanent endowment</i>						
Glebe capital fund	16,959	87	(3)	519	1,521	19,083
E Newill trust	235	-	-	-	16	251
Budgen legacy	561	-	-	-	38	599
G Nash will	328	-	-	-	22	350
Power legacy	208	-	-	-	14	222
Toulmin will	81	-	-	-	6	87
St Agnes Lodge fund	92	-	-	-	7	99
	148,572	254	(173)	180	11,274	160,107
Total funds	153,699	14,329	(13,551)	-	11,318	165,795

# GUILDFORD DIOCESAN BOARD OF FINANCE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 21. SUMMARY OF ASSETS BY FUND

As at 31 December 2021	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Unrestricted funds</u>					
General	24	104	2,963	(1,117)	1,974
<u>Designated</u>					
TCTL growth fund	-	-	1,146	(14)	1,132
Strategic change fund	-	-	474	-	474
Development fund	-	-	812	-	812
Diocesan Premises reserve	87	-	131	(218)	-
Clergy conference fund	-	-	41	-	41
Church fabric repair fund	-	-	11	-	11
	87	-	2,615	(232)	2,470
<u>Restricted income funds</u>					
Pastoral fund	-	1,188	233	-	1,421
Strategic Development Fund	-	-	-	-	-
Glebe income	-	-	292	-	292
E M Woods trust income	-	-	130	-	130
Moor Park Trust	-	105	(8)	-	97
Regional Training	-	-	29	-	29
Community Engagement	-	-	54	-	54
Church schools income	386	-	(292)	(19)	75
Church Schools Building Projects	-	-	3,520	(3,520)	-
All Saints Fleet	-	-	16	-	16
Moss Lane Fund	-	-	29	-	29
Partridge Fund	-	205	10	-	215
Nugent Income	-	-	19	-	19
Ministerial Education	-	-	89	-	89
	386	1,498	4,121	(3,539)	2,466
<u>Endowment funds</u>					
<i>Expendable endowment</i>					
Board endowment	12,079	4,187	(1,475)	(2,002)	12,789
Onslow bequest	-	498	23	-	521
E M Woods trust capital	-	358	(5)	-	353
Church schools capital	104	4,872	(321)	-	4,655
Retired clergy housing	2,548	5,414	1,290	-	9,252
Benefice houses fund	152,396	-	(1,811)	(1,297)	149,288
Nugent fund	-	3,501	283	-	3,784
<i>Permanent endowment</i>					
Glebe capital fund	18,931	5,160	1,884	(287)	25,688
E Newill trust	-	287	-	-	287
Budgen legacy	-	686	-	-	686
G Nash will	-	398	2	-	400
Power legacy	-	254	-	-	254
Toulmin will	-	99	-	-	99
St Agnes Lodge fund	-	113	-	-	113
	186,058	25,827	(130)	(3,586)	208,169
<b>Total funds</b>	<b>186,555</b>	<b>27,429</b>	<b>9,569.0</b>	<b>(8,474.0)</b>	<b>215,079</b>

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 21. SUMMARY OF ASSETS BY FUND (continued)

As at 31 December 2020	Tangible fixed assets £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<u>Unrestricted funds</u>					
General	41	269	2,243	(896)	1,657
<u>Designated</u>					
TCTL growth fund	-	-	966	(14)	952
Strategic change fund	-	-	513	-	513
Development fund	-	-	812	-	812
Diocesan Premises reserve	173	-	(53)	(120)	-
Clergy conference fund	-	-	26	-	26
Church fabric repair fund	-	-	11	-	11
	173	-	2,275	(134)	2,314
<u>Restricted income funds</u>					
Pastoral fund	-	785	(46)	-	739
Strategic Development Fund	-	-	-	-	-
Glebe income	-	-	298	-	298
E M Woods trust income	-	-	121	-	121
Moor Park Trust	-	92	(11)	-	81
Regional Training	-	-	31	-	31
Community Engagement	-	-	30	-	30
Church Schools income	391	-	(257)	(13)	121
Church Schools Building Projects	-	-	2,549	(2,549)	-
All Saints Fleet	-	-	16	-	16
Moss Lane Fund	-	-	23	-	23
Partridge Fund	-	180	54	-	234
Ministerial Education	-	-	23	-	23
	391	1,057	2,831	(2,562)	1,717
<u>Endowment funds</u>					
<i>Expendable endowment</i>					
Board endowment	12,601	2,751	(1,520)	(2,002)	11,830
Onslow bequest	-	213	267	-	480
E M Woods trust capital	-	313	(5)	-	308
Church schools capital	104	4,318	(194)	(48)	4,180
Retired clergy housing	2,796	3,691	1,433	-	7,920
Benefice houses fund	114,826	-	(2,134)	(1,305)	111,387
Nugent fund	-	1,981	1,330	-	3,311
<i>Permanent endowment</i>					
Glebe capital fund	15,330	2,815	1,559	(621)	19,083
E Newill trust	-	251	-	-	251
Budgen legacy	-	599	-	-	599
G Nash will	-	348	2	-	350
Power legacy	-	222	-	-	222
Toulmin will	-	87	-	-	87
St Agnes Lodge fund	-	99	-	-	99
	145,657	17,688	738	(3,976)	160,107
Total funds	146,262	19,014	8,087.0	(7,568.0)	165,795

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 22. DESCRIPTION OF FUNDS

General fund	The general reserve is the DBF's unrestricted undesignated fund available for any of the DBF's purposes without restriction.
Mission & EIG fund	Designated fund to help with parish growth initiatives.
TCTL Growth fund	Designated fund for <i>Transforming Church, Transforming Lives</i> initiatives.
Strategic change fund	Designated fund to implement change processes deriving from transforming church, transforming lives initiatives.
Development fund	Designated fund for development projects of the Diocese. The principal designation is to fund a move of Diocesan House up to the Cathedral site. This project is being held back by planning considerations.
Diocesan Premises reserve	Designated fund to spread the impact of rent-free periods and costs of refurbishment and dilapidations.
Clergy conference fund	Designated fund for the triennial Diocesan clergy conference.
Church fabric repair fund	Designated fund from which to make grants to parishes for fabric repair.
Pastoral fund	The Diocesan pastoral account is regulated by the provisions of the Pastoral Measure 2011. The restricted purposes for which the account may be used are: <ul style="list-style-type: none"><li>• to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees</li><li>• to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese</li><li>• other purposes of the Diocese or any benefice or parish in the Diocese</li><li>• to make grants or loans to any other Diocese</li><li>• to transfer funds to other Diocesan funds</li></ul>
Glebe income fund	Accumulated income from glebe capital used for clergy stipends and housing costs.
E M Woods trust income	Accumulated investment income for needy and retired clergy and their dependants.
Moor Park Trust	Expendable gift from Moor Park College for adult Christian education work.
Regional training	Restricted fund for the activity of the regional training Diocesan partnership.
Community Engagement	Grants and related activity for Community Engagement projects.
Church Schools income	Accumulated income from uniform statutory trusts (church schools fund capital) used for supporting church schools in the Diocese, both buildings and education.
Church Schools Building Projects	Funds for Church School Building Projects.
All Saints Fleet	Funds to support mission in All Saints Fleet.
Moss Lane Fund	Funds to support mission in Godalming.
Partridge Fund	Funds to support Church of England Schools.
Ministerial Education	Income and Expenditure on the ministerial education of ordinands.
Board endowment	Expendable endowment fund for capital growth. Income is credited to the general fund for the general purposes of the Diocese.
Onslow bequest	Expendable endowment for the support of clergy and building churches in Surrey.
E M Woods trust capital	Expendable endowment to produce income for the benefit of needy or retired clergy and their dependants.

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 22. DESCRIPTION OF FUNDS (continued)

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

## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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#### 23. CAPITAL AND OTHER COMMITMENTS

At 31 December, the board had no capital commitments (2020: None).

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

	2021	2020
	£'000	£'000
Payment due:		
Not later than one year	249	249
Later than one year and not later than five years	62	162
	<u>311</u>	<u>411</u>

The DBF had no other off-balance sheet arrangements.

#### 24. FUNDS HELD AS CUSTODIAN TRUSTEE

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

	2021	2020
	£'000	£'000
CCLA Church of England Investment Fund (income)	5,530	4,823
CCLA Church of England Fixed Interest Securities Fund	129	138
CCLA Property Fund	55	48
Other common investment fund holdings	1,815	1,637
Direct holdings in UK equities	51	53
CCLA Church of England Deposit Fund	486	488
Total assets held as custodian trustee	<u>8,077</u>	<u>7,198</u>



## GUILDFORD DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 25. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>					
Donations					
Parishes	11,087	-	-	-	11,087
Archbishops' Council	28	363	615	-	1,006
Other	118	105	43	-	266
	11,233	468	658	-	12,359
Charitable activities	488	-	175	-	663
Other trading activities	512	-	60	-	572
Investments	171	-	156	194	521
Other	138	-	16	60	214
	12,542	468	1,065	254	14,329
<b>Expenditure on:</b>					
Raising funds	(415)	(12)	(22)	(31)	(480)
Charitable activities	(11,772)	(80)	(1,077)	(142)	(13,071)
	(12,187)	(92)	(1,099)	(173)	(13,551)
<b>Net income before investment gains</b>	<b>355</b>	<b>376</b>	<b>(34)</b>	<b>81</b>	<b>778</b>
Net gains on investments	-	-	44	1,196	1,240
<b>Net income</b>	<b>355</b>	<b>376</b>	<b>10</b>	<b>1,277</b>	<b>2,018</b>
Transfers between funds	(420)	74	166	180	-
Net income after transfers	(65)	450	176	1,457	2,018
<b>Other recognised gains/(losses)</b>					
Gains on revaluation of fixed assets	-	-	-	10,080	10,080
Actuarial (losses)/gains on pension schemes	-	-	-	(2)	(2)
<b>Net movement in funds</b>	<b>(65)</b>	<b>450</b>	<b>176</b>	<b>11,535</b>	<b>12,096</b>
Total funds brought forward	1,722	1,864	1,541	148,572	153,699
<b>Total funds carried forward</b>	<b>1,657</b>	<b>2,314</b>	<b>1,717</b>	<b>160,107</b>	<b>165,795</b>