

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 2022

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GUILDFORD DIOCESAN BOARD OF FINANCE

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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 2022.

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 GDBF 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 and the Church Property Measure 2018;
- 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 2021; and
- 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 GDBF 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).

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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 was clear, though, is that we needed 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.

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ACTIVITIES AND ACHIEVEMENTS

The following went well:

- **Strategic:** we completed and promulgated the refresh of TCTL including eight areas of strategic intent; we established implementation plans for six of those areas with two to be completed in 2023; the new Diocesan Board of Education (DBE) measure scheme was adopted and submitted with a new DBE established.
- **Parish facing:** our revitalisation work with our most challenged parishes continued to make progress; the implementation of plans to revitalise central Godalming is particularly noteworthy; the Parish Needs Process (PNP - a framework process to help parishes together plan how to grow disciples, diversity and community within their deaneries) was successfully completed in four deaneries and in progress across another four at the end of the year in line with plans; we successfully gathered data, reported and tracked all PNP engagements and consultancy delivered using a new Customer-Relationship database.
- **Safeguarding:** the independent past cases review (PCR2) of our safeguarding was completed and the report was widely communicated, providing affirmation to our current safeguarding and an action plan was developed and is now in implementation to take forward the recommendations for further improvement.
- **Net Zero:** a diocesan net zero carbon plan was developed and approved.
- **Staff:** considerable progress was made in addressing issues identified in the 2021 staff survey; new core values and behaviours were developed and launched in June with groups established to continue to develop spirituality, communications and social engagement.
- **Finance:** parish share recoveries continued to improve and Synod agreed a 2023 budget with only a 1.5% nominal increase despite the high rate of inflation thanks to the elimination of the clergy pension deficit, the improved share recovery position and the Church House savings made in 2020/21.
- **Property:** we completed 60 quinquennial surveys and continued to make progress on addressing maintenance backlogs and development projects.

However, the following could have gone better:

- **Staffing:** it was a challenging recruitment environment and we had some long vacancies in key posts which delayed a number of initiatives. On the positive side, many staff did step-up to fill the gaps caused by the vacancies and most of those key vacancies have now been filled.
- **Digital:** the planned transition to sharepoint has proved challenging – key staff vacancies (IT Director, Diocesan Secretary) delayed its delivery.

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FUTURE PLANS

Mission:

- **Parish Needs Process:** by end of 2023, 90% of parishes to discern and create a Church Development Plan that advances the priorities of TCTL and 50% assessed as successfully implementing their plans.
- **Revitalisation:** by end of 2023, 11 further parishes to be successfully implementing their revitalisation plans.
- **Training & Lay leadership:** increase the number of parishes engaged in a lay training pathway by 30% by end of 2023; at least 17 Parishes engaged in lay leadership training pathways for the first time; plans for growing our Local Ministry Programme developed and implementation started.

Education:

- **Academies and School Organisation:** increase capacity in academy sector to ensure that at least 20 Church Schools convert to academy status in the next three years (by 2026); to support governing bodies join Church Multi-Academy Trusts (MATs) through brokering solutions as necessary.
- **School Effectiveness:** ensure that vulnerable schools are pro-actively monitored and supported so they maintain their Good and Outstanding grades at their next inspection (currently 93%).
- **Christian Distinctiveness:** provide training and support for all Church schools and MATs on the new 2023 SIAMS framework so they are adequately prepared and maintain or improve the SIAMS inspection grade.
- **School Buildings:** realise the sale or long term lease of sites including Dunsfold, Abinger, Leatherhead, Ripley, Ockley and Send.
- **Decarbonisation:** secure Public Sector Decarbonisation Scheme (PSDS) funds to replace boilers, lighting, windows and improve insulation to our Church school buildings.

Operations:

- **Safeguarding:** 80%+ of actions from PCR2 recommendations on track at end of 2023; 70%+ of parishes keeping their entry on the Parish Safeguarding Dashboard up to date; 70%+ of parishes promptly refer safeguarding issues to the diocesan safeguarding team.
- **Finance:** £300K of income allocated to fund mission initiatives.
- **Property:** Ten sites with firm development potential identified; development plans with timelines approved; by year end, the implementation of at least eight of these are on track; c.20 surplus residential properties identified for sale, disposal plans with timelines approved; by year end, implementation plans at least 90% on track.
- **IT:** Sharepoint/Microsoft 365 fully implemented and legacy systems closed; property management solution selected and implemented.
- **Communications:** new website launched in May 23; online ministry toolkit and resources rolled out in December 2023; Rebranding to accommodate TCTL work and TCTL stories of transformation shared.
- **Office Move:** Plans and consents in place to enable necessary building works to be completed ready for move into Stag Hill in January 2025

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FINANCIAL REVIEW

Financial Performance

Total income for the year was £16,149,000 (2021: £15,010,000). Parish share contributions were £11,802,000 (2021: £11,530,000). There was a continuing recovery in the collection rate to 97.3% (2021: 95.5%; 2020: 91.8%) against the amount requested approaching pre-pandemic levels (2019: 98.7%). Income from statutory fees (weddings & funerals) was £373,000 (2021: £407,000).

The 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. Parish share receipts recovered better than budgeted, resulting in a net surplus on general funds of £186,000 (2021: £317,000 surplus). The Trustees have allocated £150,000 of this surplus to provide grant support to parishes in 2023.

There was an overall net increase in funds of £12,285,000 (2021: £49,284,000). Property values of tangible fixed assets continued to increase gaining by £11,240,000 (2021: £44,344,000). Investment values however fell overall during the year resulting in a net deficit of £346,000 (2021: £4,284,000 surplus). There was a net actuarial gain on pension funds of £113,000 (2021: £34,000 loss).

The financial stability of the GDBF depends on the financial strength of its parishes. This applies particularly to Guildford DBF 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 2021 and work on that continues implementing a significant programme of re-organisations including new plants and growth initiatives to address the long-term sustainability of our parishes and therefore of the GDBF.

Balance sheet position

The balance sheet position remains strong. However, while net assets at the balance sheet date totalled £227m (2021: £215m), most of that represents properties in use for ministry whose value amounted to £197m (2021: £186m). 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.

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 2022 was £1.4m. The balance of reserves excluding fixed assets on the general fund at 31 December was £2.1m (2021: £2.0m).

The GDBF 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 2022 the GDBF had available cash balances less short-term borrowings of £2.0m (2021: £2.3m) excluding funds restricted to schools and other specific purposes.

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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 are set out in notes 21 and 22. At 31 December 2022 total designated reserves were £2.4m (2021: £2.5m).

Restricted and endowment funds

As at 31 December 2022 restricted funds were £2.6m (2021: £2.5m) and endowment funds £220.2m (2021: £208.2m). The balances and purposes of these are set out in notes 21 and 22.

Grant making policy

The GDBF 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 GDBF has power to invest funds not immediately required for operational purposes in such concerns, securities or properties as it thinks fit. The GDBF follows the ethical investment policies and guidelines of the Church of England Ethical Investment Advisory Group. Non-property financial investments at 31 December 2022 had a market value of £8.6m (2021: £9.9m) of which £7.9m (2021: £9.0m) were invested within the CBF Church of England investment funds managed by CCLA Investment Management Limited. Total return performance for the CBF investment fund for 2022 was -9.2% (2021: +17.5%). This was in line with general market performance during 2022 which was a very disappointing year for sustainability-focused, multi-asset investment strategies and an exceptionally punishing year for holders of both bonds and equities. Apart from 2008 and the onset of that global financial crisis, we have to go back to 1990 to find similarly correlated sell-offs across the major asset classes. CCLA's comparator weighted index had a return of -10.1% for 2022. The five year fund total return is +7.9% p.a..

Property investments are primarily in residential property with some glebe land within the Diocese of Guildford. It also includes £2.9m (2021 £2.5m) of disused school sites. The total market value at 31 December 2022 was £18.9m (2021: £17.5m). The Trustees have maintained 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 more funds from residential property to financial funds over a number of years. The Board of Education, with the DBF as Trustees, reviews how best to realise value on the disused school sites to support Diocesan schools and education activities.

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PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the 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 GDBF 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, clear appointment process and increased focus on vocations. The GDBF has adopted a strategic goal of increasing vocations and new clergy.
- **Safeguarding:** Safeguarding remains a high priority for the GDBF. Mitigating measures in place include an increase in resources for the safeguarding team, a 3 year training strategy and electronic Disclosure and Barring Service check process.

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

The national church has a general synod comprised of ex-officio and elected representatives 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 act in partnership with neighbouring Dioceses.

Organisational structure

The GDBF is a company limited by guarantee (No. 225289) and a registered charity (No. 248245) governed by its memorandum and articles of association.

The GDBF'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 GDBF is the responsibility of the Directors, who are also members of the GDBF 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 of the Trustees of the GDBF. Whilst the GDBF 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 1998, 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 GDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary and Bishop's staff team. The GDBF meets once a year in general meeting to receive and approve the annual report and financial

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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 GDBF;
- 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 of the establishment of ad hoc review groups, their terms of reference and membership;
- Carrying out such other functions as the Synod delegates to it; and
- 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 GDBF 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-committees which assists them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day to day activities of the GDBF. 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 GDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £7.1m (2021: £8.1m) 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.

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Funds held on behalf of schools

The Board of Education (as incorporated within the GDBF) 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 £4.0m (2021: £3.5m). The income and expenditure relating to school projects not reflected in the Statement of Financial Activities amounted to £2.1m and £2.1m respectively (2021: £2.1m and £2.1m).

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 GDBF and of the surplus or deficit of the GDBF 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 GDBF 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 GDBF'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.

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ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the GDBF during 2022. The following Trustees served from 1 January 2022 up to the date of this report:

| | | |
|---------------------------|---|--|
| Ex-officio members | The Bishop of Guildford The Archdeacon of Surrey The Archdeacon of Dorking Chair | The Right Reverend A J Watson The Venerable R P Davies The Venerable M C Breadmore Mr S P Roberts |
| Bishop nominees | The Bishop of Dorking The Dean of Guildford | The Right Reverend J Wells (to Jan 2023) The Very Reverend D Gwilliams The Revd B Hunt (from Feb 2023) The Revd E Prior (from Feb 2023) |
| Co-opted members | | The Revd P Heidari (from May 2022) |

Elected by Synod House of Clergy

The Revd M Babatunde (from Jan 2023)
The Revd B Beecroft
The Revd C Bessant
The Revd R A Donovan
The Revd J O Morris (to May 2022)
The Revd S Taylor (from Jan 2023)
The Revd R Woodhams (to Jan 2023)

Elected by Synod House of Laity

Canon P N E Bruinvels
Mr G Everness
Mr G Hampshire
Mrs M Hill
Canon K R Malcouronne (Vice Chair)
Mr G McFarland
Mr N Stuart

Key Management Personnel

| | |
|-------------------------------|---|
| Diocesan Secretary | Peter Coles (to June 2022) Geraldine Newbold (from January 2023) |
| Deputy Diocesan Secretary | Steve Collins (Acting Diocesan Secretary July 2022 to January 2023) |
| Director of Mission Team | The Revd Peter Harwood |
| Director of Education | Canon Alex Tear |
| Director of Finance | Malcolm Twigger-Ross |
| Director of HR & Safeguarding | Lynda Donaldson (to August 2022) |

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, 1 Angel Lane, London, EC4R 3AB |
| Insurers | EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ |
| Registered Office: | Church House Guildford, 20 Alan Turing Road, Guildford, Surrey GU2 7YF |

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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
Chairperson

13 May 2023

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2022

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 2022 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 2022 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.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2022

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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. 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 sector, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Charities Act 2011, tax legislation, safeguarding, pensions legislation, employment regulation, health and safety regulation, anti-bribery, corruption and fraud and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as The Charities Statement of Recommended Practice and the Companies Act 2006.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

GUILDFORD DIOCESAN BOARD OF FINANCE

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GUILDFORD DIOCESAN BOARD OF FINANCE For the year ended 31 December 2022

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.

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. 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.

NJ 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: 31 October 2023

GUILDFORD DIOCESAN BOARD OF FINANCE

CONSOLIDATED STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2022

| | Note | Unrestricted funds | | Restricted | Endowment | Total | Total |
|---|------|--------------------|--------------|--------------|----------------|----------------|----------------|
| | | General | Designated | Funds | Funds | 2022 | 2021 |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income and endowments from | | | | | | | |
| Donations | | | | | | | |
| Parishes | 2 | 11,802 | - | - | - | 11,802 | 11,530 |
| Archbishops' Council | 2 | 223 | - | 699 | - | 922 | 665 |
| Other | 2 | 204 | 110 | - | 600 | 914 | 408 |
| | 2 | 12,229 | 110 | 699 | 600 | 13,638 | 12,603 |
| Charitable activities | 3 | 505 | - | 226 | 450 | 1,181 | 761 |
| Other trading activities | 4 | 625 | 26 | - | - | 651 | 699 |
| Investments | 5 | 280 | - | 235 | 164 | 679 | 562 |
| Other | 6 | - | - | - | - | - | 385 |
| | | 13,639 | 136 | 1,160 | 1,214 | 16,149 | 15,010 |
| Expenditure on: | | | | | | | |
| Raising funds | 7 | (539) | (20) | (21) | (14) | (594) | (643) |
| Charitable activities | 8 | (12,798) | (200) | (1,127) | (152) | (14,277) | (13,677) |
| | 9 | (13,337) | (220) | (1,148) | (166) | (14,871) | (14,320) |
| Net income/(expenditure) before investment gains | | 302 | (84) | 12 | 1,048 | 1,278 | 690 |
| Net (losses)/gains on investments | | (12) | - | 39 | (373) | (346) | 4,284 |
| Net income/(expenditure) | | 290 | (84) | 51 | 675 | 932 | 4,974 |
| Transfers between funds | 11 | (104) | 42 | 52 | 10 | - | - |
| Net income/(expenditure) after transfers | | 186 | (42) | 103 | 685 | 932 | 4,974 |
| Other recognised gains/(losses) | | | | | | | |
| Gains on revaluation of fixed assets | | - | - | - | 11,240 | 11,240 | 44,344 |
| Actuarial gains/(losses) on pension schemes | | - | - | - | 113 | 113 | (34) |
| Net movement in funds | | 186 | (42) | 103 | 12,038 | 12,285 | 49,284 |
| Total funds brought forward | | 1,974 | 2,470 | 2,466 | 208,169 | 215,079 | 165,795 |
| Total funds carried forward | 20 | 2,160 | 2,428 | 2,569 | 220,207 | 227,364 | 215,079 |

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 £12.3m (2021: £49.3m).

All activities derive from continuing activities. The comparative fund analysis for 2021 is given in note 25.

The Notes form part of the financial statements.

Company Number – 225289

GUILDFORD DIOCESAN BOARD OF FINANCE

BALANCE SHEETS

As at 31 December 2022

| | Note | Group | | GDBF | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Fixed assets | | | | | |
| Tangible assets | 12 | 197,726 | 186,555 | 197,726 | 186,555 |
| Investments | 13 | 27,533 | 27,429 | 27,533 | 27,429 |
| | | <u>225,259</u> | <u>213,984</u> | <u>225,259</u> | <u>213,984</u> |
| Current assets | | | | | |
| Debtors | 14 | 3,834 | 3,079 | 3,790 | 3,049 |
| Cash on deposit | | 4,254 | 3,730 | 4,254 | 3,730 |
| Cash at bank and in hand | | 2,880 | 2,760 | 2,773 | 2,658 |
| | | <u>10,968</u> | <u>9,569</u> | <u>10,817</u> | <u>9,437</u> |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 15 | (5,762) | (4,365) | (5,687) | (4,277) |
| <i>Net current assets</i> | | <u>5,206</u> | <u>5,204</u> | <u>5,130</u> | <u>5,160</u> |
| <i>Total assets less current liabilities</i> | | 230,465 | 219,188 | 230,389 | 219,144 |
| Creditors: Amounts falling due after more than one year | 16 | (2,883) | (3,604) | (2,883) | (3,604) |
| Provisions for Liabilities | 17 | (218) | (218) | (218) | (218) |
| <i>Net assets excluding pension scheme liabilities</i> | | <u>227,364</u> | <u>215,366</u> | <u>227,288</u> | <u>215,322</u> |
| Pension scheme liabilities | 19 | - | (287) | - | (287) |
| Total net assets | | <u>227,364</u> | <u>215,079</u> | <u>227,288</u> | <u>215,035</u> |
| The funds of the charity | | | | | |
| Unrestricted income funds: | | | | | |
| General funds | | 2,160 | 1,974 | 2,084 | 1,930 |
| Designated funds | | 2,428 | 2,470 | 2,428 | 2,470 |
| | | <u>4,588</u> | <u>4,444</u> | <u>4,512</u> | <u>4,400</u> |
| Restricted funds | | 2,569 | 2,466 | 2,569 | 2,466 |
| Endowment funds | | 220,207 | 208,169 | 220,207 | 208,169 |
| Total funds | 21 | <u>227,364</u> | <u>215,079</u> | <u>227,288</u> | <u>215,035</u> |

The endowment fund balance above includes revaluation reserves of £123m (2021: £114m).

The Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 13 May 2023 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 2022

| | 2022 | 2021 |
|--|-------|---------|
| | £'000 | £'000 |
| Cash flows from operating activities | | |
| Net cash generated in operating activities | 626 | 1,447 |
| Cash flows from investing activities | | |
| Dividends, interest and rents from investments | 679 | 562 |
| Purchase of property and equipment | (55) | (4) |
| Purchase of investments | (450) | (4,400) |
| Sale of investments | - | 269 |
| Sales of property and equipment | - | 3,940 |
| Net cash generated by investing activities | 174 | 367 |
| Cash flows from financing activities: | | |
| Repayments of borrowing | (156) | (119) |
| Net cash (used in) financing activities | (156) | (119) |
| Change in cash and cash equivalents | 644 | 1,695 |
| Cash and cash equivalents at 1 January | 6,490 | 4,795 |
| Cash and cash equivalents at 31 December | 7,134 | 6,490 |
| Reconciliation of net income to net cash flow from operating activities | | |
| Net income | 932 | 4,974 |
| Adjustments for: | | |
| Depreciation charges | 124 | 113 |
| Gains on property and equipment | - | 31 |
| Losses/(gains) on investments | 346 | (4,284) |
| Dividends, interest and rents from investments | (679) | (562) |
| (Increase)/decrease in debtors | (755) | 581 |
| Increase in creditors | 658 | 594 |
| Net cash generated by operating activities | 626 | 1,447 |
| Analysis of cash and cash equivalents | | |
| Cash on deposit | 4,254 | 3,730 |
| Cash at bank and in hand | 2,880 | 2,760 |
| | 7,134 | 6,490 |

Cash on deposit includes £4,005,000 (2021: £3,483,000) held for the benefit of schools' buildings.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES

The Trustees have 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 2019), 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 2023 budget and cash-flow forecasts to 30 June 2024 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 GDBF 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 in 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 GDBF'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 GDBF, 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 GDBF'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 GDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which GDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 GDBF 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 GDBF 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 GDBF 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 included at fair value.

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 GDBF 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 2022

1. ACCOUNTING POLICIES (continued)

f) Fund balances

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

- **Unrestricted funds** are the GDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the GDBF. There are two types of unrestricted funds:
 - **General funds** which the GDBF intends to use for the general purposes of the GDBF and
 - **Designated funds** set aside out of unrestricted funds by the GDBF 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 GDBF (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 GDBF 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.** Fair market value is based on a 5-year cycle of valuations, the movement of relevant property indices and the provision for any impairments. No depreciation is charged on freehold properties.
- **Pension and other post-employment benefits.** Pension provisions relating to lay staff 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 2022

2. DONATIONS

| 2022 | Unrestricted funds | | Restricted Funds £'000 | Endowment Funds £'000 | Total 2022 £'000 |
|------------------------------------|----------------------|---------------------|---------------------------|--------------------------|------------------------|
| | General £'000 | Designated £'000 | | | |
| Parish Contributions | | | | | |
| Current Year Request | 11,975 | - | - | - | 11,975 |
| Shortfall | (321) | - | - | - | (321) |
| | <u>11,654</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,654</u> |
| Received in respect of prior years | 148 | | | | 148 |
| Archbishops' Council | 223 | - | 699 | - | 922 |
| Benefact Trust | - | 110 | - | - | 110 |
| City Church Fund | 132 | - | - | - | 132 |
| Marshall's Charity | 54 | - | - | - | 54 |
| Legacies | 2 | - | - | 600 | 602 |
| Other | 16 | - | - | - | 16 |
| Total | <u><u>12,229</u></u> | <u><u>110</u></u> | <u><u>699</u></u> | <u><u>600</u></u> | <u><u>13,638</u></u> |

| 2021 | Unrestricted funds | | Restricted Funds £'000 | Endowment Funds £'000 | Total 2021 £'000 |
|----------------------|----------------------|---------------------|---------------------------|--------------------------|------------------------|
| | General £'000 | Designated £'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 |
| Benefact Trust | - | 107 | - | - | 107 |
| City Church Fund | 134 | 102 | - | - | 236 |
| Legacies | 1 | - | - | - | 1 |
| Other | 52 | 8 | 4 | - | 64 |
| Total | <u><u>11,809</u></u> | <u><u>217</u></u> | <u><u>577</u></u> | <u><u>-</u></u> | <u><u>12,603</u></u> |

The majority of the Diocese's mission is funded through the contributions of parishes. In 2022, the Diocese received 97.3% (2021: 95.5%) of the total requested.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. CHARITABLE ACTIVITIES

| 2022 | Unrestricted funds | | Restricted Funds | Endowment Funds | Total 2022 |
|--|--------------------|------------|------------------|-----------------|------------|
| | General | Designated | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Statutory fees | 373 | - | - | - | 373 |
| Social Responsibility projects grant income | - | - | 137 | - | 137 |
| Other grants receivable and miscellaneous income | 132 | - | 89 | - | 221 |
| Closed School | - | - | - | 450 | 450 |
| | 505 | - | 226 | 450 | 1,181 |

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

4. OTHER TRADING ACTIVITIES

| 2022 | Unrestricted funds | | Restricted Funds | Endowment Funds | Total 2022 |
|--------------------------------------|--------------------|------------|------------------|-----------------|------------|
| | General | Designated | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| School Buildings Project Management | 52 | - | - | - | 52 |
| Training Services to Schools | 176 | - | - | - | 176 |
| Rental income on functional property | 397 | 26 | - | - | 423 |
| | 625 | 26 | - | - | 651 |

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

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. INVESTMENT INCOME

| 2022 | Unrestricted funds | | Restricted Funds | Endowment Funds | Total 2022 |
|----------------------|--------------------|---------------------|---------------------|--------------------|---------------|
| | General £'000 | Designated £'000 | | | |
| Dividends receivable | 122 | - | 73 | 49 | 244 |
| Interest receivable | - | - | 2 | 2 | 4 |
| Rents receivable | 158 | - | 160 | 113 | 431 |
| | <u>280</u> | <u>-</u> | <u>235</u> | <u>164</u> | <u>679</u> |

| 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> |

6. OTHER INCOME

| 2022 | Unrestricted funds | | Restricted Funds | Endowment Funds | Total 2022 |
|--------------|--------------------|---------------------|---------------------|--------------------|---------------|
| | General £'000 | Designated £'000 | | | |
| 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> |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. EXPENDITURE ON RAISING FUNDS

| 2022 | Unrestricted funds | | Restricted | Endowment | Total |
|-------------------------------------|--------------------|------------|------------|-----------|------------|
| | General | Designated | Funds | Funds | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Schools Building Project Management | 54 | - | - | - | 54 |
| Training Services to Schools | 92 | - | - | - | 92 |
| Rental Management Fees | 70 | 4 | 7 | 14 | 95 |
| Investment Property Costs | 91 | - | 14 | - | 105 |
| Support Costs | 232 | 16 | - | - | 248 |
| | 539 | 20 | 21 | 14 | 594 |

| 2021 | Unrestricted funds | | Restricted | Endowment | Total |
|-------------------------------------|--------------------|------------|------------|-----------|------------|
| | General | Designated | Funds | Funds | 2021 |
| | £'000 | £'000 | £'000 | £'000 | £'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 |
| | 521 | 30 | 47 | 45 | 643 |

8. CHARITABLE ACTIVITIES

| 2022 | Unrestricted funds | | Restricted | Endowment | Total |
|--------------------------------|--------------------|------------|--------------|------------|---------------|
| | General | Designated | Funds | Funds | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| National Church | | | | | |
| Training for ministry | 764 | - | - | - | 764 |
| National Church Establishment | 313 | - | - | - | 313 |
| Retired clergy housing costs | 193 | - | - | - | 193 |
| Other | 66 | - | - | - | 66 |
| Indirect Support Costs | 29 | - | - | - | 29 |
| | 1,365 | - | - | - | 1,365 |
| Ministry & Mission | | | | | |
| Parish Ministry | | | | | |
| Stipends & pension | 5,972 | - | - | - | 5,972 |
| Housing costs | 2,203 | 1 | 2 | 75 | 2,281 |
| Removal & resettlement grants | 163 | - | - | - | 163 |
| Other expenses | 427 | 92 | 61 | - | 580 |
| | 8,765 | 93 | 63 | 75 | 8,996 |
| Ministry Support & Training | 810 | 25 | 985 | - | 1,820 |
| Indirect Support Costs | 1,304 | 68 | - | - | 1,372 |
| | 10,879 | 186 | 1,048 | 75 | 12,188 |
| Education & Mission | | | | | |
| Schools & Education | 349 | - | 79 | 77 | 505 |
| Indirect Support Costs | 205 | 14 | - | - | 219 |
| | 554 | 14 | 79 | 77 | 724 |
| Total | 12,798 | 200 | 1,127 | 152 | 14,277 |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES (continued)

| 2021 | Unrestricted funds | | Restricted | Endowment | Total |
|--------------------------------|--------------------|---------------------|----------------|----------------|---------------|
| | General £'000 | Designated £'000 | Funds £'000 | Funds £'000 | 2021 £'000 |
| National Church | | | | | |
| 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 |
| | <u>1,426</u> | <u>3</u> | <u>-</u> | <u>-</u> | <u>1,429</u> |
| Ministry & Mission | | | | | |
| 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 |
| | <u>8,255</u> | <u>24</u> | <u>5</u> | <u>345</u> | <u>8,629</u> |
| Ministry Support & Training | 750 | 18 | 778 | - | 1,546 |
| Indirect Support Costs | 1,221 | 126 | - | - | 1,347 |
| | <u>10,226</u> | <u>168</u> | <u>783</u> | <u>345</u> | <u>11,522</u> |
| Education & Mission | | | | | |
| Schools & Education | 308 | - | 120 | 80 | 508 |
| Indirect Support Costs | 191 | 27 | - | - | 218 |
| | <u>499</u> | <u>27</u> | <u>120</u> | <u>80</u> | <u>726</u> |
| Total | <u>12,151</u> | <u>198</u> | <u>903</u> | <u>425</u> | <u>13,677</u> |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

| 2022 | Activities undertaken directly £'000 | Grant funding of activities £'000 | Support costs £'000 | Total 2022 £'000 |
|--------------------------|---|--|---------------------------|------------------------|
| Raising funds | 346 | - | 248 | 594 |
| Charitable activities | | | | |
| National Church | 130 | 1,206 | 29 | 1,365 |
| Ministry & Mission | 10,168 | 648 | 1,372 | 12,188 |
| Education & Mission | 505 | - | 219 | 724 |
| Total Expenditure | 11,149 | 1,854 | 1,868 | 14,871 |

Grant Funding of Activities

| 2022 | Number | Individuals £'000 | Institutions £'000 | Total 2022 £'000 |
|-------------------------------------|--------|----------------------|-----------------------|------------------------|
| <u>From unrestricted funds</u> | | | | |
| Archbishops' Council | 1 | - | 1,061 | 1,061 |
| Clergy appointment and resettlement | 31 | 163 | - | 163 |
| Ordinand Maintenance | 13 | 145 | - | 145 |
| Parish Support | 125 | | 125 | 125 |
| <u>From restricted funds</u> | | | | |
| Parish Mission & development | 150 | - | 360 | 360 |
| | | 308 | 1,546 | 1,854 |

| 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 | 9,694 | 481 | 1,347 | 11,522 |
| Education & Mission | 508 | - | 218 | 726 |
| Total Expenditure | 11,051 | 1,428 | 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 |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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 £18,750 (2021: £14,650) in respect of audit services.

| Support Costs | 2022 | 2021 |
|-----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Diocesan Secretary's Office | 85 | 107 |
| Administration Team | 133 | 108 |
| Communications | 200 | 137 |
| Finance | 187 | 200 |
| Safeguarding | 253 | 254 |
| Human resources | 169 | 147 |
| Diocesan Advisory Committee | 99 | 76 |
| Office Costs | 444 | 502 |
| IT | 239 | 234 |
| Other corporate costs | 51 | 68 |
| Closed Pension Schemes | 8 | 8 |
| | <u>1,868</u> | <u>1,841</u> |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. STAFF & TRUSTEES

| | | |
|----------------------------------|--------------|--------------|
| Staff Costs | 2022 | 2021 |
| | £'000 | £'000 |
| Wages and salaries | 1,984 | 1,883 |
| National insurance contributions | 212 | 188 |
| Pension costs | 249 | 237 |
| Total | <u>2,445</u> | <u>2,308</u> |

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

| | | |
|----------------------------------|-----------|-----------|
| | 2022 | 2021 |
| | No. | No. |
| Support for parish ministry | 24 | 23 |
| Mission Team | 14 | 14 |
| Schools, Colleges & Universities | 6 | 6 |
| Other diocesan departments | 4 | 4 |
| Total | <u>48</u> | <u>47</u> |

By Main Funding Source

| | | |
|-------------------------|-----------|-----------|
| Parish Share | 44 | 43 |
| Grants & Trading Income | 4 | 4 |
| Total | <u>48</u> | <u>47</u> |

The average number of individual persons employed by the group:

| | | |
|----------------------------------|-----------|-----------|
| | 2022 | 2021 |
| | No. | No. |
| Support for parish ministry | 30 | 30 |
| Mission team | 16 | 18 |
| Schools, Colleges & Universities | 7 | 8 |
| Other diocesan departments | 4 | 4 |
| Total | <u>57</u> | <u>60</u> |

The number of employees whose total employee benefits (all remuneration, salary, benefits and any termination payments) excluding employer pension costs fell within each band of £10,000 from £60,000 upwards as follows:

| | | |
|------------------------------------|------|------|
| Employee benefits falling between: | 2022 | 2021 |
| | No. | No. |
| £110,001 to £120,000 | 1 | - |
| £80,001 to £90,000 | - | 1 |
| £70,001 to £80,000 | 2 | 1 |
| £60,000 to £70,000 | 2 | 3 |

Pension contributions of £42,000 (2021: £32,000) were paid in respect of these people.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. STAFF & TRUSTEES (continued)

The GDBF paid an average of 155 (2021: 167) stipendiary clergy and licensed lay workers as office-holders holding parochial or Diocesan appointments in the Diocese.

| | 2022 | 2021 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Stipends | 4,477 | 4,457 |
| National Insurance | 370 | 362 |
| Apprenticeship Levy | 20 | 20 |
| Pension Contributions | | |
| Current year | 1,440 | 1,642 |
| Deficit reduction | 174 | 311 |
| | <u>6,481</u> | <u>6,792</u> |

Included within staff and stipend costs is £145,000 (2021: £32,000) 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. The emoluments, including all benefits in kind including pensions, for these employees amounted to £443,000 (2021: £423,000)

Trustees

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £7,500 (2021: £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 GDBF during the year:

| | Stipend | Housing |
|---------------------------|---------|---------|
| The Bishop of Dorking | - | P |
| The Archdeacon of Dorking | P | P |
| The Archdeacon of Surrey | P | P |
| The Revd B Beecroft | P | P |
| The Revd C Bessant | P | P |
| The Revd R A Donovan | P | P |
| The Revd P Heidari | P | P |
| The Revd J O Morris | P | P |
| The Revd R Woodhams | P | P |

The GDBF 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 GDBF, for each clergy person who are trustees was £36,920 (2021: £35,920) for Archdeacons and £28,870 (2021: £28,300) for other clergy.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11. TRANSFERS BETWEEN FUNDS

| 2022 | 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 | (174) | - | - | 174 |
| To fund triennial clergy conference | (15) | 15 | - | - |
| From General Fund to Growth Fund | (85) | 85 | - | - |
| From clergy retirement fund to general fund for clergy housing retirement costs (CHARM) | 77 | - | - | (77) |
| Saving on CHARM allocated to Mission Fund | (37) | 37 | - | - |
| From Growth Fund to Strategic Development Fund | - | (182) | 182 | - |
| From Board Endowment to Diocesan House fund | - | 87 | - | (87) |
| From School Funds to General Fund to support education activities | 130 | - | (130) | - |
| | (104) | 42 | 52 | 10 |

| 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 |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

12. TANGIBLE FIXED ASSETS

All of the properties in the balance sheet are freehold and are vested in the GDBF, except for benefice houses which are vested in the incumbent. One property, valued at £690,000 (2021: £641,000), was purchased with the help of a value-linked loan from the Church Commissioners; when disposed of 28% of the net sale proceeds will be remitted to the lender, and the related loan liability extinguished.

| | Group and GDBF | | | Total |
|---------------------------------|-----------------------------------|------------------------|---------------------|----------------|
| | Freehold Land and Buildings | Leasehold Buildings | Office Equipment | |
| | £'000 | £'000 | £'000 | |
| <u>Cost or valuation</u> | | | | |
| Balance at 1 January 2022 | 186,060 | 923 | 435 | 187,418 |
| Additions | - | - | 55 | 55 |
| Revaluation/impairment | 11,240 | - | - | 11,240 |
| Balance at 31 December 2022 | <u>197,300</u> | <u>923</u> | <u>490</u> | <u>198,713</u> |
| <u>Accumulated depreciation</u> | | | | |
| Balance at 1 January 2022 | - | 449 | 414 | 863 |
| Depreciation charge for year | - | 91 | 33 | 124 |
| Balance at 31 December 2022 | <u>-</u> | <u>540</u> | <u>447</u> | <u>987</u> |
| <u>Net book value</u> | | | | |
| At 31 December 2022 | <u>197,300</u> | <u>383</u> | <u>43</u> | <u>197,726</u> |
| At 31 December 2021 | <u>186,060</u> | <u>474</u> | <u>21</u> | <u>186,555</u> |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

13. INVESTMENTS

| | Group and GDBF | | | | | 31 December 2022 £'000 |
|--------------------------|----------------------------|--------------------|--------------------|--------------------|------------------------------------|------------------------------|
| | 1 January 2022 £'000 | Additions £'000 | Disposals £'000 | Transfers £'000 | Change in market value £'000 | |
| Investment property | 17,511 | 450 | - | - | 911 | 18,872 |
| CBF Investment Fund | 8,996 | - | - | - | (1,054) | 7,942 |
| Electric & General Fund | 362 | - | - | - | (57) | 305 |
| Other listed investments | 500 | - | - | - | (146) | 354 |
| Program related | 60 | - | - | - | - | 60 |
| | <u>27,429</u> | <u>450</u> | <u>-</u> | <u>-</u> | <u>(346)</u> | <u>27,533</u> |

The CBF Investment Fund is managed by CCLA. Program related investment is an equity share loan on a property 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 amount shown represents the sum originally advanced as required under FRS102. The loan is 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 (GDSDL) which has a share capital of £1. The trading activities of GDSDL primarily consist of the supply of building project management and training services to church schools in the Diocese. The profits of GDSDL are normally wholly gift aided to the GDBF. 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 GDSDL which are consolidated in these financial statements is as follows:

| 2022 | Unrestricted funds | | Restricted Funds £'000 | Endowment Funds £'000 | Total 2022 £'000 |
|--------------------------------------|--------------------|---------------------|------------------------------|-----------------------------|------------------------|
| | General £'000 | Designated £'000 | | | |
| Other trading activities | 228 | - | - | - | 228 |
| Fundraising costs | (152) | - | - | - | (152) |
| Gift to GDBF | (44) | - | - | - | (44) |
| Net income and net movement in funds | <u>32</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>32</u> |
| Funds at 1 January | <u>44</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>44</u> |
| Funds at 31 December | <u>76</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>76</u> |

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

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

14. DEBTORS

| | Group | | GDBF | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| <u>Due within one year</u> | | | | |
| Parish Share | 127 | 55 | 127 | 55 |
| Fees | 88 | 97 | 88 | 97 |
| Prepayments and accrued income | 272 | 295 | 260 | 279 |
| Legacy | 600 | - | 600 | - |
| Other debtors | 179 | 65 | 147 | 51 |
| | <u>1,266</u> | <u>512</u> | <u>1,222</u> | <u>481</u> |
| <u>Due after more than one year</u> | | | | |
| Loans to parishes - housing | 2,218 | 2,218 | 2,218 | 2,218 |
| Loans to retired clergy | 325 | 325 | 325 | 325 |
| Other loans | 25 | 25 | 25 | 25 |
| | <u>2,568</u> | <u>2,568</u> | <u>2,568</u> | <u>2,568</u> |
| Total | <u>3,834</u> | <u>3,079</u> | <u>3,790</u> | <u>3,049</u> |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | GDBF | |
|--|----------------|----------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts held on behalf of school governors | (4,030) | (3,494) | (4,030) | (3,494) |
| Other creditors and accruals | (1,011) | (715) | (936) | (628) |
| Loan repayments due in one year | (721) | (156) | (721) | (155) |
| | <u>(5,762)</u> | <u>(4,365)</u> | <u>(5,687)</u> | <u>(4,277)</u> |

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

| | Group | | GDBF | |
|--|----------------|----------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| <u>Loans in respect of house purchases</u> | | | | |
| Church Commissioners value-linked loans | (2,397) | (2,398) | (2,397) | (2,398) |
| Church Commissioners other loans | (171) | (206) | (171) | (206) |
| Other bank loans | (315) | (1,000) | (315) | (1,000) |
| | <u>(2,883)</u> | <u>(3,604)</u> | <u>(2,883)</u> | <u>(3,604)</u> |
| The above loans fall due for repayment: | | | | |
| Between one and two years | (351) | (36) | (351) | (36) |
| Between two and five years | (108) | (1,108) | (108) | (1,108) |
| In five years and more | (2,424) | (2,460) | (2,424) | (2,460) |
| | <u>(2,883)</u> | <u>(3,604)</u> | <u>(2,883)</u> | <u>(3,604)</u> |

The loans from the Church Commissioners include £1.9m (2021: £1.9m) used to purchase houses for parishes matched by loans from parishes included in debtors.

17. PROVISIONS FOR LIABILITIES

| | Group and GDBF | |
|-------------------------------|----------------|------------|
| | 2022 | 2021 |
| | £'000 | £'000 |
| Diocesan Office Dilapidations | <u>218</u> | <u>218</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 2022

18. FINANCIAL INSTRUMENTS

| | 2022 | 2021 |
|--|---------|---------|
| | £'000 | £'000 |
| Financial assets measured at fair value | 11,386 | 12,643 |
| Financial assets measured at amortised cost | 2,834 | 2,336 |
| Financial liabilities measured at amortised cost | (8,206) | (7,678) |

19. PENSIONS

Church of England Funded Pension Scheme (Clergy)

The GDBF 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 (2022: £1,440,000; 2021: £1,642,000), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge of £1,614,000 for 2022 (2021: £1,620,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.
- RPI inflation of 3.6% p.a. (and pension increases consistent with this)
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards
- Increase in pensionable stipends in line with CPIH
- Mortality in accordance with 90% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a. and an allowance for 2020 data of 0%

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023 since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. PENSIONS (Continued)

The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

| | 2022 | 2021 |
|---|-------|-------|
| | £'000 | £'000 |
| Balance sheet liability as at 1 January | 287 | 621 |
| Contributions paid | (174) | (312) |
| Interest cost * | - | 1 |
| Remaining change to the balance sheet liability* ¹ | (113) | (23) |
| Balance sheet liability as at 31 December | - | 287 |

*Recognised in SOFA

Liability < 1 Year - 287

¹The 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. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

| | December 2022 | December 2021 | December 2020 |
|---------------------------------------|---------------|---------------|---------------|
| Discount rate | n/a | 0.0% pa | 0.2% pa |
| Price inflation | n/a | n/a | 3.1% pa |
| Increase to total pensionable payroll | n/a | -1.5% pa | 1.6% pa |

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

Church Workers Pension Fund: Defined Benefits Scheme

The GDBF (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 (2022: £Nil, 2021: £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 £Nil for 2022 (2021: £57,000).

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. PENSIONS (Continued)

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

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

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,700 per year. In addition deficit payments of £92,600 per year were agreed for 0.50 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

| | 2022 | 2021 |
|--|-------|-------|
| | £'000 | £'000 |
| Balance sheet liability as at 1 January | - | 11 |
| Contributions paid | - | (68) |
| Interest cost* | - | - |
| Remaining change to the balance sheet liability* | - | 57 |
| Balance sheet liability as at 31 December | - | - |

* 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 2022 | December 2021 | December 2020 |
|---------------|---------------|---------------|---------------|
| Discount Rate | 0.0% | 0.0% | 0.0% |

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

Pension Builder Scheme

The GDBF 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.

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. PENSIONS (Continued)

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

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

The scheme is 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 (2022: £212,000, 2021: £188,000)

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 actuarial 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 10.1% following improvements in the funding position over 2022. 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, the GDBF 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 2022

20. SUMMARY OF FUND MOVEMENTS

| 2022 | 1 January 2022 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Gains and losses £'000 | 31 December 2022 £'000 |
|--------------------------------|----------------------------|-----------------|----------------------|--------------------|------------------------------|------------------------------|
| <u>Unrestricted funds</u> | | | | | | |
| General | 1,974 | 13,639 | (13,337) | (104) | (12) | 2,160 |
| <u>Designated</u> | | | | | | |
| TCTL growth fund | 1,132 | 110 | (23) | (97) | - | 1,122 |
| Mission Fund | - | 26 | (5) | 37 | - | 58 |
| Strategic change fund | 474 | - | (96) | - | - | 378 |
| Development fund | 812 | - | - | - | - | 812 |
| Diocesan Premises reserve | - | - | (87) | 87 | - | - |
| Clergy conference fund | 41 | - | (9) | 15 | - | 47 |
| Church fabric repair fund | 11 | - | - | - | - | 11 |
| | 2,470 | 136 | (220) | 42 | - | 2,428 |
| <u>Restricted income funds</u> | | | | | | |
| Pastoral fund | 1,421 | 1 | - | - | 74 | 1,496 |
| Strategic Development Fund | - | 277 | (459) | 182 | - | - |
| Glebe income | 292 | 24 | (2) | - | (1) | 313 |
| Clergy Welfare | 130 | 84 | (61) | - | - | 153 |
| Moor Park Trust | 97 | 3 | - | - | (12) | 88 |
| Regional Training | 29 | 89 | (83) | - | - | 35 |
| Community Engagement | 54 | 138 | (115) | - | - | 77 |
| Church Schools income | 75 | 61 | (19) | (100) | 1 | 18 |
| All Saints Fleet | 16 | - | - | - | - | 16 |
| Moss Lane Fund | 29 | 58 | (64) | - | 1 | 24 |
| Partridge Fund | 215 | 6 | - | (30) | (25) | 166 |
| Nugent Income | 19 | 70 | (17) | - | 1 | 73 |
| Ministerial Education | 89 | 349 | (328) | - | - | 110 |
| | 2,466 | 1,160 | (1,148) | 52 | 39 | 2,569 |
| <u>Endowment funds</u> | | | | | | |
| <i>Expendable endowment</i> | | | | | | |
| Board endowment | 12,789 | - | - | (87) | 176 | 12,878 |
| Onslow bequest | 521 | 13 | - | - | (58) | 476 |
| E M Woods trust capital | 353 | - | - | - | (42) | 311 |
| Church schools capital | 4,655 | 450 | (78) | - | (166) | 4,861 |
| Retired clergy housing | 9,252 | 151 | (74) | (77) | 348 | 9,600 |
| Benefice houses fund | 149,288 | 600 | - | - | 8,811 | 158,699 |
| Nugent fund | 3,784 | - | - | - | (286) | 3,498 |
| <i>Permanent endowment</i> | | | | | | |
| Glebe capital fund | 25,688 | - | (14) | 174 | 2,411 | 28,259 |
| E Newill trust | 287 | - | - | - | (33) | 254 |
| Budgen legacy | 686 | - | - | - | (81) | 605 |
| G Nash will | 400 | - | - | - | (46) | 354 |
| Power legacy | 254 | - | - | - | (30) | 224 |
| Toulmin will | 99 | - | - | - | (11) | 88 |
| St Agnes Lodge fund | 113 | - | - | - | (13) | 100 |
| | 208,169 | 1,214 | (166) | 10 | 10,980 | 220,207 |
| Total funds | 215,079 | 16,149 | (14,871) | - | 11,007 | 227,364 |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

20. SUMMARY OF FUND MOVEMENTS (continued)

| 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 |
| Clergy Welfare | 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 |
| 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 2022

21. SUMMARY OF ASSETS BY FUND

| As at 31 December 2022 | Tangible fixed assets £'000 | Investments £'000 | Current assets £'000 | Creditors £'000 | Net assets £'000 |
|----------------------------------|-----------------------------------|----------------------|----------------------------|--------------------|---------------------|
| <u>Unrestricted funds</u> | | | | | |
| General | 45 | 93 | 3,274 | (1,252) | 2,160 |
| <u>Designated</u> | | | | | |
| TCTL growth fund | - | - | 1,137 | (14) | 1,123 |
| Mission Fund | - | - | 58 | - | 58 |
| Strategic change fund | - | - | 377 | - | 377 |
| Development fund | - | - | 812 | - | 812 |
| Diocesan Premises reserve | - | - | 218 | (218) | - |
| Clergy conference fund | - | - | 47 | - | 47 |
| Church fabric repair fund | - | - | 11 | - | 11 |
| | - | - | 2,660 | (232) | 2,428 |
| <u>Restricted income funds</u> | | | | | |
| Pastoral fund | - | 1,263 | 233 | - | 1,496 |
| Strategic Development Fund | - | - | 4 | (4) | - |
| Glebe income | - | - | 313 | - | 313 |
| Clergy Welfare | - | - | 153 | - | 153 |
| Moor Park Trust | - | 93 | (5) | - | 88 |
| Regional Training | - | - | 36 | (1) | 35 |
| Community Engagement | - | - | 78 | (1) | 77 |
| Church schools income | 382 | - | (345) | (19) | 18 |
| Church Schools Building Projects | - | - | 4,056 | (4,056) | - |
| All Saints Fleet | - | - | 14 | 2 | 16 |
| Moss Lane Fund | - | - | 24 | - | 24 |
| Partridge Fund | - | 181 | (15) | - | 166 |
| Nugent Income | - | - | 73 | - | 73 |
| Ministerial Education | - | - | 110 | - | 110 |
| | 382 | 1,537 | 4,729 | (4,079) | 2,569 |
| <u>Endowment funds</u> | | | | | |
| <i>Expendable endowment</i> | | | | | |
| Board endowment | 12,229 | 4,213 | (1,561) | (2,003) | 12,878 |
| Onslow bequest | - | 440 | 36 | - | 476 |
| E M Woods trust capital | - | 316 | (5) | - | 311 |
| Church schools capital | 104 | 5,156 | (399) | - | 4,861 |
| Retired clergy housing | 2,743 | 5,567 | 1,290 | - | 9,600 |
| Benefice houses fund | 161,206 | - | (1,210) | (1,297) | 158,699 |
| Nugent fund | - | 3,216 | 282 | - | 3,498 |
| <i>Permanent endowment</i> | | | | | |
| Glebe capital fund | 21,017 | 5,373 | 1,869 | - | 28,259 |
| E Newill trust | - | 254 | - | - | 254 |
| Budgen legacy | - | 605 | - | - | 605 |
| G Nash will | - | 351 | 3 | - | 354 |
| Power legacy | - | 224 | - | - | 224 |
| Toulmin will | - | 88 | - | - | 88 |
| St Agnes Lodge fund | - | 100 | - | - | 100 |
| | 197,299 | 25,903 | 305 | (3,300) | 220,207 |
| Total funds | 197,726 | 27,533 | 10,968 | (8,863) | 227,364 |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21. SUMMARY OF ASSETS BY FUND (continued)

| 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 |
| Clergy Welfare | - | - | 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 |
| Total funds | 186,555 | 27,429 | 9,569 | (8,474) | 215,079 |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. DESCRIPTION OF FUNDS

| | |
|----------------------------------|--|
| General fund | The general reserve is the GDBF's unrestricted undesignated fund available for any of the GDBF's purposes without restriction. |
| Mission fund | Designated fund to help with diocesan and parish growth initiatives. |
| TCTL Growth fund | Designated fund for <i>Transforming Church, Transforming Lives</i> initiatives. The majority of this is allocated as joint funding for projects within the Strategic Development Fund below. £625,000 is funding the purchase of a house capitalised in the Benefice Houses Fund. |
| Strategic change fund | Designated fund to implement change processes deriving from transforming church, transforming lives initiatives. This was set up from grants received in 2020 from the Church Commissioners and the Trust for London. |
| 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">• to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees• to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese• other purposes of the Diocese or any benefice or parish in the Diocese• to make grants or loans to any other Diocese• to transfer funds to other Diocesan funds |
| Strategic Development Fund | Funds received from the National Church for specific strategic development projects including church growth projects in new housing developments and other church growth projects. Joint funding is being provided from GDBF general funds through the TCTL growth fund. |
| Glebe income fund | Accumulated income from glebe capital used for clergy stipends and housing costs. |
| Clergy Welfare | 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. |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. DESCRIPTION OF FUNDS (continued)

| | |
|-----------------------------|--|
| 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 for the benefit of needy or retired clergy and their dependants. Income is credited to the Clergy Welfare fund. |
| 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 GDBF 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 GDBF 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 GDBF 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. |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. DESCRIPTION OF FUNDS (continued)

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.

23. CAPITAL AND OTHER COMMITMENTS

At 31 December, the Board had no capital commitments (2021: None).

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

| | 2022 | 2021 |
|---|------------|------------|
| | £'000 | £'000 |
| Payment due: | | |
| Not later than one year | 249 | 249 |
| Later than one year and not later than five years | 125 | 62 |
| | <u>374</u> | <u>311</u> |

The GDBF had no other off-balance sheet arrangements.

24. FUNDS HELD AS CUSTODIAN TRUSTEE

The GDBF 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 GDBF does not control them. The financial assets held in this way are as follows:

| | 2022 | 2021 |
|---|--------------|--------------|
| | £'000 | £'000 |
| CCLA Church of England Investment Fund (income) | 4,721 | 5,530 |
| CCLA Church of England Fixed Interest Securities Fund | 109 | 129 |
| CCLA Property Fund | 49 | 55 |
| Other common investment fund holdings | 1,681 | 1,815 |
| Direct holdings in UK equities | 36 | 51 |
| CCLA Church of England Deposit Fund | 476 | 486 |
| Cash at bank | 10 | 11 |
| Total financial assets held as custodian trustee | <u>7,082</u> | <u>8,077</u> |

GUILDFORD DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

25. PRIOR YEAR COMPARATIVE SOFA

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