



**THE CHURCH
OF ENGLAND**

DIOCESE OF SALISBURY

SALISBURY DIOCESAN BOARD OF FINANCE

**Directors' and Trustees' Report and Financial Statements
for the year ended 31 December 2009**

Company No. 17442

Registered Charity No. 240833

Registered and Principal Office:

**Church House
Crane Street
Salisbury
SP1 2QB**

SALISBURY DIOCESAN BOARD OF FINANCE

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Key to abbreviations

CBF	Central Board of Finance
CHARM	Churches Housing Assistance for the Retired Ministry
CMD	Continuing Ministerial Development
DAC	Diocesan Advisory Committee
DBE	Diocesan Board of Education
DBF	Diocesan Board of Finance
DBS	Defined Benefit Scheme
DCS	Defined Contribution Scheme
DFS	Diocesan Financial Statements
DPA	Diocesan Pastoral Account
DSF	Diocesan Stipends Fund
ECS	Episcopal Church of the Sudan
FRS	Financial Reporting Standard
IME	Initial Ministerial Education
LCVAP	Locally Co-ordinated Voluntary Aided Programme
LDM	Learning for Discipleship and Ministry
LLM	Licensed Lay Minister
LPA	Lay Pastoral Assistant
OLM	Ordained Local Minister
PCC	Parochial Church Council
PDF	Pastoral and Development Fund
SDBEL	Salisbury Diocesan Board of Education Ltd
SDBF	Salisbury Diocesan Board of Finance
SOFA	Statement of Financial Activities
SORP	Statement of Recommended Practice
SSAP	Statement of Standard Accounting Practice
STETS	Southern Theological Education and Training Scheme

SALISBURY DIOCESAN BOARD OF FINANCE

COMPANY INFORMATION

Registered Office: Church House
Crane Street
Salisbury
SP1 2QB

Website: www.salisbury.anglican.org

Company Registration Number: 17442 (in England and Wales)

Charity Registration Number: 240833

Auditors: Mazars LLP
Regency House
3 Grosvenor Square
Southampton
SO15 2BE

Solicitors: Wilsons LLP
Steynings House
Summerlock Approach
Salisbury
SP2 7RJ

Diocesan Registrar: Mr A Johnson
Batt Broadbent
Minster Chambers
42/44 Castle Street
Salisbury
SP1 3TX

Bankers: Lloyds TSB plc
38 Blue Boar Row
Salisbury SP1 1DB

Insurers: Ecclesiastical Insurance Office plc
Beaufort House
Brunswick Road
Gloucester
GL1 1JZ

Investment Managers: CCLA Investment Management Ltd
80 Cheapside
London
EC2V 6DZ

M&G Investment Management Ltd
M&G House
Victoria Road
Chelmsford
CM1 1FB

Property & Land Agents: Messrs Smiths Gore
3 Woodstock Court
Blenheim Road
Marlborough
SN8 4AN

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS AND TRUSTEES DURING 2009

The members of Bishop's Council are the Executive Committee of the Board of Finance and its Directors and Trustees. The members of Salisbury Diocesan Synod are the members of the Board of Finance.

The following are the Directors and Trustees who served during the year and to the date of this report:

The Rt Rev D S Stancliffe	Ex officio, President of Synod, Bishop of Salisbury
Mr G D Williams	Ex officio, Chairman
Mr M P Armstrong	Elected lay member, Vice-Chairman
The Rt Rev G Kings	Ex officio, Bishop of Sherborne
The Rt Rev S D Conway	Ex officio, Bishop of Ramsbury
The Ven A P Jeans	Ex officio, Archdeacon of Sarum
The Ven A J Magowan	Ex officio, Archdeacon of Dorset
The Very Rev J Osborne	Ex officio, Dean of Salisbury
The Rev Canon P Richardson	Ex officio, Chairman of the House of Clergy
The Ven P S Taylor	Ex officio, Archdeacon of Sherborne
The Ven J M Wraw	Ex officio, Archdeacon of Wilts
The Rev M A Allchin	Elected clerical member
Mrs A E Buchan (to 11 August 2009)	Elected lay member
Mr T B Buckby (to 11 August 2009)	Elected lay member
Mrs C Corteen	Elected lay member
Mr A R Ely	Elected lay member
Mr P M G Hime	Elected lay member
The Rev Canon J E Holbrook	Elected clerical member
Mrs Y S Kirton (to 11 August 2009)	Elected lay member
The Rev N A Leigh-Hunt	Elected clerical member
The Rev A C Macrow-Wood	Elected clerical member
Mr T R Price	Elected lay member
Mr R C Southwell QC	Elected lay member, Chairman of the House of Laity
Mr J G Walmsley	Elected lay member
Mr W H G Wilks	Elected lay member
The Rev Canon I Woodward	Co-opted member
Mrs S Chandler (from 11 August 2009)	Elected lay member
Mr D W G Harris (from 11 August 2009)	Elected lay member
Mrs M V K Chinchin (from 11 August 2009)	Elected lay member
Mrs B Trump (from 11 August 2009)	Elected lay member

Principal Officers of the Board

Mrs L J D Herklots	Secretary and Treasurer
Mr R D Trahair	Deputy Secretary (Property)
Mr P Musselwhite	Diocesan Accountant

THE DIOCESE OF SALISBURY

The Diocese of Salisbury is an administrative and pastoral area of the Church of England. It covers most of Dorset, three-quarters of Wiltshire, the unitary authority of Poole and small parts of Hampshire and Devon. The Diocese is mainly rural in character with many small villages, but also a few areas of urban development, including the Poole conurbation, one of the fastest growing areas of the country. There are over 570 places of worship of which nearly 90% are listed grade I or II*.

Salisbury Diocesan Board of Finance (The Board or SDBF) is responsible for the majority of the activities and financial transactions carried out at diocesan level.

Information on the structure of the Church of England and the principal diocesan organisations can be found on pages 9 to 11 of this report.

OBJECTIVES, ACTIVITIES AND ACHIEVEMENTS

The diocesan purpose is to develop mature Christian discipleship in our communities by:

- Leaving our places of safety
- Discerning what God is doing
- Making Church where God chooses

The Diocese, through its structure of departments and offices work to serve this purpose and a description of what has been achieved during 2009 is given below.

LEARNING FOR DISCIPLESHIP AND MINISTRY

At the forefront of the diocesan purpose are the licensed (authorised) ministers who, in a variety of roles, provide leadership in communities throughout the whole diocese in proclaiming the Gospel of Jesus Christ in words and action. The individuals in these ministerial roles need training and support, and it is the Learning for Discipleship and Ministry (LDM) Council and the LDM Team that has responsibility for delivering it. The Team is also responsible for identifying and supporting those who feel God's call to exercise ministry.

2009 has been another exciting year for the Learning for Discipleship and Ministry Team, with rapid development in certain areas of work and a number of new initiatives.

Vocations: 2009 was the first full year for the new fulltime Co-ordinator for Vocations and Spirituality. The co-ordinator has oversight of around 60 people exploring a vocation and continues the work of the spiritual director network.

Ordinand selection: The discernment team worked with a number of potential ordinands, supported by volunteer advisers and visitors. A series of seminars and workshops were held to explore aspects of the discernment criteria. A total of 10 candidates were prepared for Bishops' Advisory Panels of whom 7 were recommended for training. At the year end there were 60 candidates in training. In July 21 candidates were ordained priest and in September 19 candidates were ordained deacon.

Learning for Discipleship (LfD): Through the LfD work parishes benefit from having a confident theologically trained number of lay people who are ready for true collaborative ministry. The LfD programme also provides training for Licensed Lay Ministry. New developments this year include work-based learning courses and piloting a mission audit course which will link into Rediscovering your Parish Church. LfD continues to play a valuable role in the discernment process for ordained and licensed lay ministry. Increasing numbers of students have attended courses, including the foundation degree.

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

IME 1 – 7: The End of Curacy Assessment requirements of Ministry Division have driven a re-shaping of the entire IME process. The provision of supervision for Training Ministers remains a priority. Those receiving supervision at present hope to be able to offer supervision to others in the future.

Continuing Ministerial Development (CMD): The CMD programme provides events and opportunities for CMD for ordained ministers, lay ministers, lay pastoral assistants and active retired clergy. The Director of LDMT chairs the regional CMD Project Group.

DIOCESAN PROJECTS AND MISSION INITIATIVES

At the end of 2007 the Board approved a number of new projects and initiatives to be funded from available reserves identified at the end of 2006. These projects are intended for the spiritual development and wellbeing of the whole community.

Pioneer Posts: In 2008 the following posts were created, and each worked throughout 2009.

1. A minister to work within the Poole Regeneration Area
2. A Children and Families Worker to foster and develop links between church, schools and community groups in the Devizes Area
3. A minister for the Weymouth Town Centre Mission Project

Rediscovering our Parish Churches: The pilot project “Rediscovering our Parish Churches” in Heytesbury and Sherborne deaneries is nearing its close. The project resources have provoked lively discussion in parishes and over 120 people attended seminars led by the Bishop and Canon Mark Bonney in the spring and a further 30 attended a planning evening in Mere. A report and recommendations for extending the project will be presented in 2010.

Wellbeing: The wellbeing of our ministers is of vital importance to their effective ministry throughout the Diocese. The arrangements for formal counselling to be provided when necessary have continued but one of the roles of ‘Wellbeing’ is to encourage good practice among ministers to try and prevent personal crisis points developing.

‘Work-based Learning Groups’ have continued across the Diocese and provided opportunities for reflecting on personal issues arising out of ministry and for learning through small groups led by a trained facilitator; six such groups are in place as at the end of 2009.

THE AREA OFFICES AND DIOCESAN RESOURCES

Diocesan support and resources for the parishes to grow the church and advance The Kingdom are provided through the two episcopal Area Teams (based in Devizes and Sturminster Marshall) as well as from the Diocesan Office. A key feature of these activities is the identification and sharing of expertise and good practice.

The Ramsbury Area Team: the new Ecumenical Mission Enabler joined the Area team in 2009. This role leads mission and evangelism throughout the whole diocese.

The Team’s work was focused around a number of working groups.

- Learning and Training Group: provided learning resources in the Area, to enable lay people to have confidence in sharing faith and leading worship.
- Schools Group: provided support for those in posts with a school responsibility and acted as an information exchange for good practice; offered a support network to those from schools seeking to work more closely with local parishes or vice versa.
- Public Life and Social Responsibility Group: facilitated a County Area Partnership event, and a Fair Trade Carnival in Devizes.

The Sherborne Area Team: The principal activities in the year were the continuation of the Area Core Team planning, and welcoming the new Bishop of Sherborne. The Team also participated in “Fully Alive”, the diocesan wide Lent course for 2009 and engaged in other Mission activities.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The Area Resource Group continued to run a number of events: "Inspire to go!" a mission workshop event; planning for the Society for the Preservation of Ancient Building; and churchwardens and archdeaconry training days. The Group also organised a week-long pilgrimage to Portland and ran further schemes for "Back to Church Sunday".

Stewardship and Resources

Eight training sessions for PCC officers with supporting resources on the diocesan website were supplemented by briefings and follow-up support for parishes to meet the increased requirements for registration with the Charity Commission. A day of training was also provided for clergy to give an overview of parish finance and PCC governance.

DIOCESAN LINKS OVERSEAS

The diocese's principal overseas link is with the Episcopal Church of the Sudan (ECS), though there are others with the Church in Latvia and in Evreux (France).

Sudan: The link with Sudan has been established for over 35 years and its main focus is on support for education generally and more specific theological education for Sudanese Christians.

During 2009 £198,000 was granted for support for ECS and Sudanese Christians, which is an increase of 29%. This grant aid includes support for the building of the new Grace model secondary school in the Nuba mountains.

Evreux: There was a visit from our partners in Evreux in January. There was a reciprocal visit to Evreux in December to coincide with the Week of Prayer for Christian Unity.

THE DIOCESAN BOARD OF EDUCATION

The Diocesan Board of Education (DBE) is a separate charity for accounting purposes, with its own management structure. This information is included here in order to give a full picture of activity around the diocese.

The DBE continued its work of developing our family of distinctively Christian school communities. This progressed through school visits to monitor and support distinctiveness, support during headship appointments, headteacher commissioning services, conferences for new heads and for those already in post as heads and governor training. All these activities are to support and encourage the Christian formation of our young people.

The Children and Youth Advisers work collaboratively with The RE/Worship Advisers. We are making steady progress in ensuring the secondary schools recognise the importance of those next stages of formation with a range of exciting chaplaincy team approaches beginning to develop across the diocese.

The school's adviser team has grown and is now very well regarded by the colleagues within Dorset, Wiltshire and Poole Local Authorities. We work across the South West to look for opportunities to share the work across the six dioceses. We now have a strong presence on the National Church bodies where the advisers now ensure Salisbury's voice is heard.

The Building services team has grown and now deals routinely with twice as many church school building projects than 2 years ago. We are accepted as strong partners for shared projects with Dorset, Wiltshire and Poole. Alongside our routine work of an annual 75 LCVAP (Locally Controlled Voluntary Aided Programme) projects, we are engaged in two new schools, and also co-ordinate a number of SALED development projects.

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The quality of our LCVAP projects is now measured by questionnaire, which means we can respond with more certainty when challenged about costs, build quality, or surveyor support. We have taken on the management of 98 VA (Voluntary Aided) school DFC (Devolved Formula Capital) funds, and have responded to several requests to ensure Wiltshire can offer support for our VA schools with their routine maintenance, or to enable early access to funds for a special project.

Two school academy projects sponsored by the Diocese have progressed during the year.

The DBE's own web site www.saled.org continues to provide a useful access to resources, publications, information and advice for Headteachers, Governors and Worship Coordinators.

OTHER DIOCESAN ACTIVITIES

Safeguarding: There has been a continuation of the increase in training events held through the year. The Diocesan Safeguarding Adviser held a total of 22 Child Protection training events with 350 attendees both diocesan wide and for individual parishes/benefices, schools and other organisations. A further 17 Promoting a Safe Church events have been run by the Vulnerable Adult Advisor.

Communications: Website development continued with improved news content, further simplification of the structure and a new site map. The weekly e-Bulletin to all clergy and parish contacts continued to develop as an effective means of communicating information within the Diocese. There was regular local and national coverage of events and stories.

The diocesan newspaper, Sarum Link, continued to be the main source of news on diocesan life for many in our parishes. A new editor has joined, and we attracted a wide range of contributors.

Various other activities were held covering stewardship, training and mission activities in support of PCCs and parishes. Thanksgiving Sunday resource packs were distributed to all PCCs in June supported by resources on the diocesan website. Use of the materials remains positive despite the economic downturn.

The Diocesan Advisory Committee for the care of Churches (The DAC): The DAC provides advice over proposed repairs and alterations to church buildings and proposals for their re-ordering and new facilities. There was a significant increase in casework over the course of the year. Whilst the number applications of Form 1 Certificates (formal advice) remained the same, the size and complexity of proposals and the number of items considered per application was greater. Requests for informal advice and site visits increased by 41%, and the number of items per request rose by 48%. 82% of applications were agreed when first considered.

The DAC carried out 38 parish site visits and individual consultants visited 29 parishes to offer specialist advice. DAC advice was also sought by the Archdeacons and the Diocesan Chancellor about 15 applications for Minor Works (including Extended Minor Works).

Workshops for churchwardens on church building matters were held across the Diocese in the autumn and in October the DAC's Annual Conference for Inspecting Architects and Surveyors, focusing on conservation, building issues and working with parishes to develop schemes, was well attended. The committee also continued its involvement with the Rediscovering our Parish Churches Project throughout the year.

A new six year term of office began for the committee in November.

FINANCE AND BUILDINGS

The most significant financial activity continued to be the provision of stipends and housing for the clergy in the Diocese.

Stipends: There were some 228 paid clergy posts in the Diocese in 2009, though at any one time a

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DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

number of these are vacant. The clergy are not employees, but are paid stipends to enable them to undertake their ministry. The Board continued to provide stipends to clergy in the diocese, together with meeting their employer's national insurance and pension contributions. In 2009 the Board spent over £6.4m on this, making it by far the largest item of expenditure.

Housing and Property: Although not all owned by the Board, the Board has responsibility for maintaining and insuring all the houses in which the clergy live (usually called the Rectory or Vicarage). This involves dealing with planned maintenance works, numerous day to day minor repairs as well as more major renovation works during vacancies.

Conditions have continued to be difficult both for locating and for funding suitable accommodation for new posts, such as assistant curacies, and for replacing unsuitable clergy houses. Nonetheless, nine successful house sales and five purchases were achieved. The Diocesan Stipends Fund benefited from a substantial and unexpected sale of the freehold interest in a large site on the Dorset coast for static and touring caravans, which had been held on a long lease by a local family.

Greater focus is now placed on Energy Performance Assessment in the routine quinquennial inspection reports on all clergy houses. The Assessment covers walls, roofs, floors, windows, heating, hot water and lighting. Recommendations, such as cavity wall insulation, are implemented in a defined policy and funded from the existing clergy housing budget.

Grant Making Activities: The Board's policy of providing "loss of amenity" grants to parishes losing former parsonage houses enabled several imaginative projects to be undertaken such as the provision of lighting and heating at Melcombe Horsey and a new ringing floor and a WC at Broad Hinton.

In its fourth year, the Aldhelm Mission Fund Group awarded £26,000 to seven mission projects around the diocese. It also undertook a progress review of the three diocesan pioneer ministry posts.

Some £108,000 was granted to individuals in training for ministry roles and £78,000 to clergy taking up new appointments. The Sudan Committee awarded £198,000 to individuals and organisations in the Episcopal Church of the Sudan.

An analysis of grants paid is shown at note 20.

DBF Trusteeship: There were six requests to vest property in the Board, mostly related to parish property identified as part of the on-going project to carry out voluntary first registration of all church land with the Land Registry by 2013. This project has made excellent progress. 119 parishes have been contacted. The first registration of glebe and benefice property, and over 200 churches have been achieved. 13 trusts obtained Board consent to make applications to the Charity Commission, mostly to wind up small trusts which released £23,000.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Financial Review of 2009: Overall the Board had a surplus of £4.5m. This was largely driven by the slightly improved economic conditions in the UK as a whole. Last year's write down in the value of our properties of £11.7m was partially offset by this year's reversal of £4.1m. Additionally there was a £641,000 recovery in the value of investments (2008: £3.65m reduction). These items are detailed in note 16 and note 26 to the accounts.

On the General Fund's recurring budgeted activities, the Board had surplus of £133,000. This surplus is attributable to:

- £50,000 increase due to revaluation of investment assets.
- £42,000 reduction in the amount required to pay off the lay staff pension deficit identified last year, due to early payment.
- £44,000 reversal of impairment of fixed asset properties (included in the £4.1m above)

Total net incoming resources for the year were £3.5m (2008: net outgoing of £13.5m).

Total incoming resources showed a marginal increase to £12.09m (2008: £12.08m). The Share outcome for the year was again encouraging with, at the cut off date of 31 January 2010, 96.4% of the 2009 allocation having been paid. The Board is grateful to all the parishes in the diocese for this encouraging response.

Excluding the exceptional items referred to above, the majority of expenditure remained at very similar levels to 2008. The most significant items were again those on clergy stipends, national insurance and pension contributions, amounting to £6.48m (2008 - £6.32m); clergy housing £1.85m (2008 - £1.99m) and all other costs in support of ministry and mission £2.82m (2008- £2.71m). These costs accounted for 90% of expenditure, excluding the exceptional items.

The annual investment review concluded that no significant changes should be made. The increase in the unlisted investment funds of 6.3% has partially offset the reduction experienced last year. Low interest rates have meant that generating returns on our investment assets remains challenging.

Plans for future periods: The Directors will continue to develop and monitor budgets that reflect strategic objectives, mission priorities and new income sources, whilst making every effort to limit future increases in the total Parish Share to not more than the projected increase in the RPI. In the difficult economic condition now prevailing considerable caution will need to be exercised before embarking on new initiatives requiring funding.

BACKGROUND INFORMATION

The Church of England: The smallest pastoral area in the Church of England is the parish. Each parish usually has one parish church (although it may have more) and may also have one or more chapels of ease (often called daughter churches). A benefice is a parish or group of parishes served by an incumbent, and by carrying out spiritual duties in the parishes of a benefice the incumbent is entitled to a stipend and parsonage house. A deanery is a group of benefices over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. A diocese is the main administrative and pastoral area of the Church of England and may contain several archdeaconries under the leadership of a diocesan bishop assisted by suffragan bishops.

Parochial Church Councils: The parochial church council (PCC) is the elected governing body of a parish. It is made up of the incumbent (who is the chairman), the churchwardens and a number of elected members. PCCs are independent charities. Their annual report and accounts may be obtained by contacting the relevant PCC secretary. PCC accounts do not form part of these accounts.

Deanery Synod: Deanery synods have two houses; laity, mainly people elected by their parishes, and clergy, mainly the beneficed and licensed clergy in the deanery. The role of deanery synod is to consider matters concerning the Church of England; to bring together the views of the parishes of the deanery; to effect decisions made by Diocesan Synod; to act as a channel of communication to express the views of deanery synod to Diocesan Synod and thence to General Synod; to respond to requests from General Synod; to raise with Diocesan Synod such matters as it considers appropriate; and to elect representatives of the deanery to the Diocesan Synod and of the diocese to General Synod. Deanery Synods do not generally have significant financial transactions.

Diocesan Synod: The Diocesan Synod is the statutory governing body of a diocese. Its members are also the members of the Board. It is elected with representation from all parts of the diocese and roughly equal numbers of clergy and lay people (laity), who meet together in Synod with the Bishop and other senior clergy. The role of Diocesan Synod is to consider matters concerning the Church of England and make provision for such matters in relation to its diocese; to act as a forum for discussion of Christian opinion on any matter (religious or public interest); to advise the Bishop on any matter on which he may consult it; to deal with matters referred by General Synod and to refer matters to the General Synod; and to make provision for the financing of the diocese as the Diocesan Board of Finance.

General Synod: The General Synod is the legislative and deliberative body of the Church of England at national level. It makes decisions on doctrinal matters, liturgical matters and relations with other Churches. It passes Measures which, if accepted by Parliament, have the force of Acts of Parliament. The General Synod contains three groups or houses of members with members from every diocese; the Houses of Bishops, of Clergy and of Laity. The Houses of Bishops and Clergy together form the two Convocations of the Province of Canterbury and the Province of York.

Reporting to General Synod, but not subordinate to it, is the Archbishops' Council. This is the Church of England's policy discussion forum.

Independent of the Archbishops' Council, but co-operating closely with it, the Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the parochial clergy.

The financial transactions of General Synod, the Church Commissioners and the Archbishops' Council do not form part of these accounts.

Salisbury Cathedral: Salisbury Cathedral is a separate charity. Its address is The Chapter Office, 6 The Close, Salisbury SP1 2EF.

Bishops: The costs of episcopal administration, other than office equipment and IT support, are met by the Church Commissioners.

The Diocese of Salisbury: The Diocese of Salisbury was founded in 1075 and covers an area of 2,046 square miles, with a population of some 881,000. There are two Episcopal Areas, four Archdeaconries, 19 Deaneries,

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

161 Benefices and 456 Parishes.

The financial affairs of Salisbury Diocese are undertaken through two registered charities:

- Salisbury Diocesan Board of Finance (registered charity number 240833)
- Salisbury Diocesan Board of Education (registered charity number 1059195)

Salisbury Diocesan Synod: The February meeting was cancelled due to adverse weather conditions. The Diocesan Synod therefore met twice in 2009, representing the last meeting of the old triennium and the first meeting of the new. The new Synod is carrying 34 vacancies which, coincidentally, is the same number as at the start of the 2006 triennium. In addition to fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- Environment issues; an identical environment Motion was passed here and in the five other South West Region dioceses – it is unusual and good for dioceses to work together in this way. Synod also adopted a Salisbury Diocesan Environmental Policy.
- Ongoing work towards a strategy for the deployment of ministers, with a call for the diocese to be more mission-focussed.
- In the context of Fresh Expressions, presentations from the three pioneer ministers appointed in 2008. Bishop Graham Cray, Archbishops' Missioner and Team Leader of Fresh Expressions, spoke enthusiastically of trying to reach out and connect with people in communities.
- Approval of the Diocese of Salisbury Episcopal Ministry Scheme to replace the out-dated Area Scheme 1981.

Bishop's Council: Council met eight times and the main areas of business included:

- A review of Learning for Discipleship from the Learning for Discipleship and Ministry Council.
- Issues relating to clergy wellbeing.
- The development of proposals to recognise Licensed Lay Ministry (Youth).
- A review of diocesan links with the Sudan, Latvia and Evreux.
- On-going development of the Fully Alive process.
- Undertaking consultations and developing a diocesan response to the national Consultation Paper issued by the Archbishops' Task Group on Clergy Pensions.
- Provision of a Conflict of Interest policy.
- Monitoring the progress of the new pioneer ministers.
- Considering and responding to the proposals in a national review of clergy ill-health benefits.
- Reviewing the work of the Finance Committee.

The September meeting was the start of the new triennium and Council was delighted to welcome several new lay members.

The members of Bishop's Council are the directors and trustees of the Board. Members may be ex officio, or co-opted, or elected by the members of Salisbury Diocesan Synod. Elected members must themselves first be members of the Diocesan Synod. All trustees are given induction training on the role and responsibilities of trustees when first appointed and receive ongoing training as appropriate.

Bishop's Council have delegated to the Diocesan Finance Committee responsibility for all the detailed financial management of the Board. Bishop's Council is represented on the Committee and receives the minutes of all its meetings.

Salisbury Diocesan Board of Finance: The Board held its annual general meeting in June as part of the Diocesan Synod. The Finance Committee met nine times. The Board of Finance Executive and the Finance Committee carried out regular analysis of income and expenditure, risks, reserves, loans and investments, trusts, property and staff. In addition the Board:

- Approved the Annual Report and Accounts for 2008.
- Appointed auditors for the Board.
- Considered and approved the budget for Share assessment for 2010.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Diocesan Pastoral Committee: Under the provisions of the Pastoral Measure 1983 each diocese is required to form a diocesan pastoral committee with the principal duty "to review the arrangements for pastoral provision in the diocese or any part thereof" and to make recommendations to the Bishop. In Salisbury Diocese, Bishop's Council is the Diocesan Pastoral Committee, but deals only with policy matters. It is assisted by four Archidiaconal Pastoral Committees, to which all routine responsibilities are delegated, including the authority to prepare proposals for pastoral reorganizations for submission direct to the Bishop.

The Archdeaconry Mission and Pastoral Committees continued their review of deanery strategic plans, taking account of deployment projections for 2016. Six Schemes or Orders came into effect during the year, two cases attracted representations and were considered by the Church Commissioners Pastoral Committee. In both cases the draft Schemes were approved and it is anticipated that they will come into effect in 2010. At 31 December presentation to 52 benefices was suspended. In a number of these cases suspensions are likely to be lifted as pastoral re-organisation is brought into effect.

A new "Vacancy Pack" guide for parishes, bringing together information previously sent from several sources, is being issued to churchwardens and has been well received. A similar pack to support parishes through the appointment process is being drafted by Christine Romano and Rachel Bussey, working with the Archdeacons.

The Board of Patronage met once and has been involved in three appointments. At 31 Dec. there are three vacancies in benefices where the Board has patronage rights, to be filled in 2010. Mrs Bridget Trump joined the Board following the retirement of Mrs Jean Naish.

LEGAL AND FINANCIAL INFORMATION

Salisbury Diocesan Board of Finance: The Salisbury Diocesan Board of Finance (The Board) was incorporated in 1882 and is constituted in accordance with the provisions of the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee and without a share capital. The guarantors are the members of the Board and the limit of their liability is £1. The governing instruments are the company's memorandum and articles of association. The Board is also a registered charity and is not liable to Corporation Tax on its charitable activities.

The Board's principal activity is to promote and assist the work and purposes of the Church of England in the diocese of Salisbury. This is achieved principally through the provision and support of ministry in the parishes of the diocese. The DBF Executive (which has the same membership as Bishop's Council) acts as the financial executive of Diocesan Synod and as custodian trustee for parochial trusts and other diocesan based charities. There have been no significant changes in these activities during the year.

Charitable contributions have been made as part of normal expenditure in the exercise of the Board's objectives. No political contributions have been made. The Directors are satisfied that the Board has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

The Board continues to have significant financial transactions with the Archbishops' Council of the Church of England, the Church Commissioners, the Church of England Pensions Board, the parochial church councils within the Diocese of Salisbury and other charitable organisations whose activities extend over the Diocese. None of these is a connected charity in the sense defined by charity law.

Salisbury Diocesan Board of Finance has no subsidiary companies.

Investment policies: The Board has the power to invest surplus funds in appropriate investments and for this purpose principally makes use of the unlisted common investments funds managed by CCLA Investment Management Ltd and M&G Investment Management Ltd so as to minimize investment risk. The Board undertook its annual investments review during 2008 and concluded that no changes should be made.

The Board holds unlisted investments in four of its funds: the General Fund, the Pastoral and Development Fund, the Stipends Fund Capital Account and Trusts. The investment policy for each Fund is as follows:

General Fund: To hold investments in a mix of equity, fixed interest and property based common investment funds. The investments held for this Fund gave a total return over the year of +8.6% (2008: -21.7%); capital +2.9% and income +5.7%.

Pastoral and Development Fund: To hold investments in a mix of equity and property based common investment funds. The investments held for this Fund gave a total return over the year of +12.2% (2008: -23.0%); capital +8.3% and income +4.9%.

Stipends Fund Capital Account: To hold investments in a mix of equity, fixed interest and property based common investment funds. The investments held for this Fund gave a total return over the year of +12.3% (2008: -20.2%); capital +6.6% and income +5.7%.

Trusts: To hold all investments in the CBF Church of England Investment Fund. The investments held for the Trusts gave a total return over the year of 11.7% (2008: -21.9%); capital +9.6% and income +2.1%.

The aim for each Fund's investment is long term capital and income growth, though with a greater emphasis on income for General Fund and Stipends Fund Capital Account investments so as to minimise the burden of Share on parishes. In addition the Board holds real property as an investment. Principally this is historic glebe property held for the Stipends Fund Capital Account, but clergy houses and former church buildings may also be classified as investment property when they are let commercially on a long term basis.

Reserves policies: The Board has reserve policies for three of its Funds:

Pastoral and Development Fund: As this Fund is used principally to buy clergy houses, the Board's policy is to

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

have a reserve expressed in terms of the cost of six clergy houses. Based on recent experience an average cost of £300,000, gives a reserve requirement of £1.8m. The reserve is defined as the Fund's net assets excluding the amounts held as tangible fixed assets, loans granted to parishes and commitments given for loans.

General Fund: The Board's policy is to have a reserve, defined as net assets excluding the amount held as tangible fixed assets, within a range of + / - 10% of the greater of 25% of the estimate for the year after next's net expenditure and the amount identified as the residual risk on the Diocesan Risk Register. The reference to net expenditure is to recognise the Board's extensive commitments in respect of stipendiary clergy and lay staff.

Accordingly the reserve position at 31 December 2009 is considered in the light of the likely budget for 2010. At 31 December 2009 the General Fund reserve as defined, was some £1.2m below the top of the range defined under the policy. This is a reduction of £1.2m from the deficit reserve reported a year ago and reflects the partial recovery of investment values. The Board will be monitoring the position carefully over the coming year.

Stipends Fund Capital Account: The purpose of this endowment account is tightly prescribed and is primarily to provide an income towards the cost of clergy stipends. The Board's policy is to retain the investments for capital growth and to generate income for this purpose.

Grant making policies: The Board makes a variety of grants to the clergy and parishes of the Diocese, the Archbishops' Council and the Episcopal Church of the Sudan, all in furtherance of its charitable objects.

Risk management: The Board reviews on a regular basis the major risks to which it is exposed. These are recorded in a risk register and the actions identified to mitigate them. The principal risk is that the parish Share in any given year will not be paid in full and fail to cover increasing stipend, housing, salary and pension costs. To the extent that it is not, and in the absence of any provision in the budget for a shortfall, the Board's General Fund reserve will be reduced. Other risks concern matters such as reputation and key staff.

Custodian trusteeship: The Board is custodian trustee for trust financial assets with a market value of approximately £17.8m at 31 December 2009 (2008- £17.3m). These assets are held for parishes in the diocese and other charities whose area of benefit is the Diocese of Salisbury. Certificates detailing all holdings and balances as at 31 December 2008 have been sent to parishes. The Board is also custodian trustee for all parish real property. As custodian the Board is responsible for the safe custody of all trust assets but does not control them. Trust assets are held separately from the assets of the Board.

Trustees: The Diocese welcomed Bishop Graham Kings as Bishop of Sherborne. The Diocese bid a fond farewell to the Venerable Alistair Magowan (Archdeacon of Dorset), who has taken up the position as Bishop of Ludlow.

There were three changes to the lay members in the year following elections. Mrs A E Buchan, Mr T B Buckby and Mrs YS Kirton all retired, and the Board welcomed Mrs S Chandler, Mr D W G Harris, Mrs M V K Chinchin and Mrs B Trump.

Relationships with other church bodies:

General Synod, Archbishops' Council and Church Commissioners

While the Board is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners whom the Board reimburses regularly for the costs of stipendiary clergy deployed in the diocese, The Church Commissioners also make grants to the Archbishops' Council of the Church of England for ministry in some dioceses. The Archbishops' Council, a charity and the executive body of the General Synod, funds the administration of the General Synod of the Church of England, its boards and committees, and work undertaken on behalf of the Church nationally, and the Board contributes to these costs annually according to a formula agreed by General Synod.

Parochial Church Councils (PCCs)

The main part of the Board's income is the contribution of parish Share from the parishes in the diocese, with each parish being governed by its PCC. The Board assesses the parish Share to PCCs under the "Fairer Share" method of apportionment introduced in 2005, but the payment of the parish Share is essentially a voluntary donation by PCCs to the Board. As referred to above, the Board also acts under Measure as custodian trustee in relation to PCC property and endowments.

Salisbury Diocesan Board of Education Ltd (SDBEL)

The trustees consider that SDBEL is a connected charity, having related objects and a shared management. SDBEL is a company limited by guarantee and a registered charity. Although the synodical work of the Board of

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Education is undertaken under the statutory umbrella of the Board of Finance, SDBEL retains its separate corporate identity for its role as trustee of the Uniform Statutory Trust funds (held for the improvement of the fabric of the church school buildings in the diocese) as well as a large number of church school and educational trusts. SDBEL has established a wholly owned trading subsidiary, SALED Ltd, to raise funds in support of its charitable purposes. Details of the financial transactions between the Board and SDBEL are reported in note 23 to the accounts. SDBEL's address is The Diocesan Education Centre, Devizes Road, Salisbury SP2 9LY

Public Benefit: The directors of the Board are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board.

The Board believes that, by promoting the work of the Church of England in the diocese of Salisbury, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so the Board provides a benefit to the public by:

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

Auditors: At the AGM Mazars LLP were re-appointed as the Board's auditors for a further year.

Statement of Trustees' Responsibilities: Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the net incoming resources or resources expended of the charity for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the charitable company's directors and trustees, we certify that:

- so far as we are aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- as the directors and trustees of the charitable company we have taken all the steps that we ought to have taken 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.

Signed on behalf of the Board:

Approved by the Board on:

.....

.....

Independent auditor's report to the members of The Salisbury Diocesan Board of Finance Limited

We have audited the financial statements of The Salisbury Diocesan Board of Finance Limited for the year ended 31 December 2009 which comprise Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' (who are also the trustees of the company for the purposes of company law) responsibilities for preparing the Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including our opinion, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.

Michael Stewart (Senior statutory auditor)

for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor)
Clifton Down House
Beaufort Buildings
Clifton
Bristol
BS8 4AN

Date:

SALISBURY DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
		General	Designated			2009	2008
		£'000	£'000	£'000	£'000	£'000	£'000
Incoming resources							
Incoming resources from generated funds:							
Voluntary Income							
Parish Share	2	8,927	-	-	-	8,927	8,698
Archbishops' Council & Church Commissioners	3	99	35	144	-	278	306
Other voluntary income	4	342	3	312	-	657	739
Activities for generating funds	5	237	-	15	-	252	217
Investment income	6	177	15	684	-	876	1,007
Incoming resources from charitable activities							
Fees and provision of resources & services	7	496	-	606	-	1,102	993
Other incoming resources	8	-	-	-	-	-	117
Total incoming resources		10,278	53	1,761	-	12,092	12,077
Resources expended							
Cost of generating funds:							
Cost of generating voluntary income	9	25	-	-	-	25	28
Investment management costs	10	83	-	26	-	109	138
Charitable activities							
Contributions to the national church	11	900	-	-	-	900	788
Resourcing ministry and mission	12	9,148	200	1,800	-	11,148	11,019
Diocesan links overseas	13	-	-	320	-	320	244
Milton Abbey	14	-	-	33	-	33	39
Governance costs	15	20	-	-	-	20	37
Other resources expended	16	(86)	-	(452)	(3,481)	(4,019)	13,286
Total resources expended	17	10,090	200	1,727	(3,481)	8,536	25,579
Net incoming / (outgoing) resources before transfers		188	(147)	34	3,481	3,556	(13,502)
Gross transfers between funds	40	235	(238)	360	(357)	-	-
Net incoming resources before other recognised gains/losses		423	(385)	394	3,124	3,556	(13,502)
Other recognised gains / (losses)							
Gains/(Losses) on investment assets	26	50	22	90	779	941	(3,650)
Net movement in funds	35	473	(363)	483	3,903	4,497	(17,152)
Reconciliation of funds							
Fund balances at 1 January		3,813	1,068	18,502	87,927	111,310	128,462
Fund balances at 31 December	36	4,286	705	18,985	91,830	115,807	111,310

The notes on pages 20 to 35 form an integral part of these accounts

SALISBURY DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>2009</u>	<u>2008</u>
	£'000	£'000
Gross income from continuing activities	12,092	11,960
Total expenditure of continuing activities	<u>(12,554)</u>	<u>(12,293)</u>
	(462)	(333)
Realised net losses on disposals of tangible fixed assets	(137)	(26)
Impairment in the value of functional property in continuing use	4,123	(11,748)
Realised net gains on disposals of investment assets	269	30
Write down in the value of property held for disposal at the year end	(9)	(66)
Deficit on lay staff pension scheme	<u>42</u>	<u>(1,330)</u>
Net income/(expenditure) for the year	<u><u>3,826</u></u>	<u><u>(13,473)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
AND RECONCILIATION OF MOVEMENT ON ALL FUNDS

Net surplus/(deficit) for the year	3,826	(13,473)
Unrealised net gains/(losses) on revaluation of fixed asset investments	<u>671</u>	<u>(3,679)</u>
Total recognised gains for the year	4,497	(17,152)
Total funds brought forward at 1 January	<u>111,310</u>	<u>128,462</u>
Total funds carried forward at 31 December	<u><u>115,807</u></u>	<u><u>111,310</u></u>

SALISBURY DIOCESAN BOARD OF FINANCE

BALANCE SHEET AT 31 DECEMBER 2009

	Notes	Total funds <u>2009</u> £'000	Total funds <u>2008</u> £'000
FIXED ASSETS			
Tangible assets	24	97,094	93,420
Investments			
Investments	26	15,905	15,463
Programme related investments	27	64	64
		<u>113,063</u>	<u>108,947</u>
CURRENT ASSETS			
Stock	28	1	1
Clergy houses for sale	29	451	429
Debtors due within one year	30	781	465
Debtors due after one year	30	-	9
Deposit accounts	31	2,060	2,988
Cash at bank and in hand		130	524
		<u>3,423</u>	<u>4,416</u>
CREDITORS: due within one year	32	412	1,786
NET CURRENT ASSETS		<u>3,011</u>	<u>2,630</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		116,074	111,577
CREDITORS:			
Due after more than one year	33	267	267
NET ASSETS	36	<u>115,807</u>	<u>111,310</u>
representing:			
General Fund	37	4,286	3,813
Designated funds	37	705	1,068
Restricted funds	38	18,986	18,502
Endowment funds	39	91,830	87,927
	36	<u>115,807</u>	<u>111,310</u>

The Board does not have a separate revaluation reserve as the historic cost of most of its unrestricted assets are not known. All revaluation gains or losses are added to or deducted from the appropriate fund.

These accounts were approved by the Board on

..... Member of the Board
(signed by)

The notes on pages 20 to 35 form an integral part of these accounts

SALISBURY DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	<u>2009</u>	<u>2008</u>
	£'000	£'000
Net cash outflow from operating activities	(2,797)	(934)
Returns on investment and servicing of finance		
Investment income	876	1,007
Interest paid	(1)	(3)
	<hr/>	<hr/>
Net cash inflow from investment and servicing of finance	875	1,004
Capital expenditure and financial investment		
Sales proceeds:		
Tangible assets held as endowments	716	1,739
All other tangible assets	1,546	1,227
Investment assets	725	38
Loans:		
Advanced	(163)	(7)
Repaid	4	310
Purchases:		
Tangible assets	(2,005)	(1,724)
Investment assets	(223)	(25)
	<hr/>	<hr/>
Net cash inflow / (outflow) from capital expenditure and financial investment	600	1,558
Net increase / (decrease) in cash	<u>(1,322)</u>	<u>1,628</u>

	<u>2009</u>	<u>2008</u>
	£'000	£'000
Net cash outflow from operating activities		
Net incoming /(outgoing) resources	3,556	(13,502)
Loss on sale of functional assets	137	25
Write down in the value of property held for disposal	9	66
Impairment review - fixed assets	(4,123)	11,748
Impairment review - fixed asset investments	(4)	-
Depreciation charge	25	27
Investment income	(876)	(1,007)
Interest payable	1	3
Change in debtors	(148)	465
Change in creditors	(1,374)	1,241
	<hr/>	<hr/>
Net cash outflow from operating activities	<u>(2,797)</u>	<u>(934)</u>

Analysis of change in net funds	1 Jan	Cash	Other	31 Dec
	2009	flows	changes	2009
	£'000	£'000	£'000	£'000
Cash at bank and in hand	524	(394)	-	130
Deposit accounts	2,988	(928)	-	2,060
Loan creditors	(267)	-	-	(267)
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	3,245	(1,322)	-	1,923

The notes on pages 20 to 35 form an integral part of these accounts

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

a] Basis of preparation

The accounts have been prepared under the historical cost convention, modified by the revaluation of freehold properties and investments and in accordance with the Statement of Recommended Practice 2005 for charity accounts (the SORP) and the Diocesan Financial Statements Guide 4th edition 2009 (the DFS guide).

The income and expenditure account does not conform with the standard Companies Act format as this would not give a proper view of the Board's activities

The accounts do not include revaluation reserves as required by the Companies Act 2006 because the directors believe that their inclusion would add nothing to the understanding of the accounts and is unnecessary because the funds of the charity are not distributable.

In accordance with the SORP the accounts include certain trusts which the Board controls and from which it also benefits.

b] Incoming resources

Incoming resources, including legacies, are generally included in the Statement of Financial Activities (SOFA) when the Board is entitled to the income and the amount can be quantified with reasonable accuracy. The categories of incoming resources in the SOFA are those set down in the DFS guide.

The Share paid by parishes is treated as income of the year in which it is received except that amounts received up to the end of January of the following year in respect of the previous year are included as income of the year.

c] Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The categories of resources expended in the SOFA are those set down in the DFS guide augmented to reflect the Diocese's Sudan and Latvia links and Milton Abbey Church.

Costs of generating funds are the costs attributable to generating incoming resources from all sources other than undertaking charitable activities.

Resources expended on charitable activities comprise all the resources applied by the Board in undertaking its work to meet its charitable objectives.

Governance costs are the costs which relate to the strategic planning and the public accountability of the Board and its compliance with legislation and regulations.

Support costs are those costs incurred in the administration of the Board which whilst not themselves delivering a charitable activity are necessary to its proper administration, and are apportioned on an estimated basis of staff time engaged in such support activities.

d] Funds

The Board's funds have been grouped under the following headings

Unrestricted Funds are available for use at the discretion of the trustees. The General Fund is the principal fund for use in furtherance of the general objectives of the Board. There are also a number of other designated funds established by the Board for particular purposes.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by donors or restricted by Measure. The cost of raising and administering such funds are charged against the specific fund.

Endowment Funds are a category of restricted funds the capital of which may be either expendable or permanent.

The purpose of every Fund under each heading is set out in notes 37-39 to the financial statements. All income, expenditure and gains and losses are allocated to the appropriate fund.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES (continued)

e] Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition. All freehold property is included in the balance sheet either at its open market value at 1 January 2007 or at cost if acquired subsequently. All freehold properties are revalued at regular four yearly intervals.

The Board has decided no depreciation is required on the freehold properties as:-

- Estimated economic life far exceeds 50 years,
- Any depreciation charges and accumulated depreciation would not be material,
- Buildings are maintained in a sound condition by a continual repairs and improvements programme, the cost of which is charged to the income and expenditure account.

As a result of the policy of non depreciation, the Board performs annual impairment reviews in accordance with the requirements of FRS 15 and FRS 11 to ensure that the carrying value of the properties is not more than the recoverable amount.

Depreciation on furniture, fittings and office equipment is charged on a straight line basis at rates between 10% and 50% in order to write off assets over their useful lives. A full year's charge is made in the year of acquisition.

f] Fixed Asset Investments

Unlisted investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals during the year.

Investment properties are included on the same basis as functional properties included under tangible fixed assets - see note 1e. Depreciation on freehold investment properties is not provided in accordance with SSAP19.

Programme related investments are included at the sum originally invested, less any impairments and, in the case of loans, repayments.

g] Stocks

Stocks are included at the lower of cost or net realisable value.

h] Pension Costs

The Board participates in a pension scheme for employees to provide benefits based on final pensionable salaries. The assets of the scheme are held separately from those of the company. Contributions are assessed by a qualified actuary so as to spread the cost over employees working lives. Further details are given in note 41a. Details of clergy pensions are given in note 41b.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

	Unrestricted		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	<u>2009</u>					<u>2008</u>
	£'000	£'000	£'000	£'000	£'000	£'000
2. PARISH SHARE						
Share for the year per the Budget	9,128	-	-	-	9,128	8,949
Less: credit adjustments allowed	(12)	-	-	-	(12)	(21)
Request for the year	9,116	-	-	-	9,116	8,928
Less: discounts for early / Direct Debit payment	(37)	-	-	-	(37)	(35)
Less: shortfall in contributions	(301)	-	-	-	(301)	(299)
	8,778	-	-	-	8,778	8,594
Plus: arrears for previous years	139	-	-	-	139	94
	8,917	-	-	-	8,917	8,688
Plus: other contributions	10	-	-	-	10	10
	<u>8,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,927</u>	<u>8,698</u>
3. THE NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Selective allocation	-	-	134	-	134	193
Parish Mission Funding grant	-	35	-	-	35	33
Ordained Local Ministry Scheme	-	-	-	-	-	17
The Church Commissioners						
Area Bishops' secretaries	99	-	-	-	99	53
Office equipment grant for bishops	-	-	10	-	10	10
	<u>99</u>	<u>35</u>	<u>144</u>	<u>-</u>	<u>278</u>	<u>306</u>
4. OTHER VOLUNTARY INCOME						
Ecclesiastical Insurance Group	63	-	-	-	63	137
Bequests	-	-	-	-	-	86
Salisbury DBE Uniform Statutory Trusts	133	-	-	-	133	132
Sarum St Michael Educational Charity	25	-	-	-	25	38
Other donations and grants	121	3	312	-	436	346
	<u>342</u>	<u>3</u>	<u>312</u>	<u>-</u>	<u>657</u>	<u>739</u>
5. INCOME FROM ACTIVITIES FOR GENERATING FUNDS						
Rental income from let clergy houses	237	-	-	-	237	199
Rents and sales at Milton Abbey	-	-	9	-	9	13
Fundraising events	-	-	6	-	6	5
	<u>237</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>252</u>	<u>217</u>
6. INVESTMENT INCOME						
Dividends receivable	144	13	365	-	522	668
Interest receivable	6	2	127	-	135	135
Rents from investment properties	-	-	192	-	192	178
Rents from other properties	27	-	-	-	27	26
	<u>177</u>	<u>15</u>	<u>684</u>	<u>-</u>	<u>876</u>	<u>1,007</u>
7. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES						
Statutory fees and chaplaincy income	2	-	603	-	605	547
Provision of services in accordance with the Board's charitable objectives	494	-	-	-	494	443
Church Commissioners-Guaranteed Annuities	-	-	3	-	3	3
	<u>496</u>	<u>-</u>	<u>606</u>	<u>-</u>	<u>1,102</u>	<u>993</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

	Unrestricted General	Designated	Restricted funds	Endowment funds	Total funds 2009	Total funds 2008
	£'000	£'000	£'000	£'000	£'000	£'000
8. OTHER INCOMING RESOURCES						
Gain on disposal of equipment and properties	-	-	-	-	-	117
	-	-	-	-	-	117
9. COST OF GENERATING VOLUNTARY INCOME						
Support costs	25	-	-	-	25	28
	25	-	-	-	25	28
10. INVESTMENT MANAGEMENT COSTS						
Glebe agent's fees	-	-	16	-	16	14
Other glebe expenses	12	-	10	-	22	47
Agents' fees on other let property	28	-	-	-	28	32
Other expenses on other let property	39	-	-	-	39	40
Non property investment management expenses	0	-	-	-	0	1
Share of support costs	4	-	-	-	4	4
	83	-	26	-	109	138
11. CONTRIBUTIONS TO NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Training for ministry	421	-	-	-	421	328
National Church responsibilities	318	-	-	-	318	310
Grants and provisions	51	-	-	-	51	49
Mission agency pension contributions	25	-	-	-	25	24
Retired clergy housing costs (CHARM)	95	-	-	-	95	87
Pooling of ordinand candidates' costs	(10)	-	-	-	(10)	(10)
	900	-	-	-	900	788
EXPENDITURE ON RESOURCING MINISTRY AND MISSION						
12. AND MISSION						
Parish ministry:						
Stipends and national insurance	3,862	-	1,011	-	4,873	4,766
Pension contributions	1,272	-	333	-	1,605	1,555
Less recharge to other departments	(178)	-	-	-	(178)	(140)
Housing costs	1,456	-	395	-	1,851	1,987
Removal, resettlement and other grants	130	-	-	-	130	153
Other expenses	103	-	-	-	103	115
Pioneer ministry posts	96	-	-	-	96	37
Sub total for parish ministry	6,741	-	1,739	-	8,480	8,473
Support for ministry and mission:						
Ministry and learning development	446	164	-	-	610	484
Area Offices and diocesan resources	290	-	-	-	290	267
Board of Education	565	-	-	-	565	496
Grants to all PCCs	-	-	-	-	-	-
Other support for ministry and mission	661	36	61	-	758	945
Support costs	445	-	-	-	445	354
Sub total for support for ministry and mission	2,407	200	61	-	2,668	2,546
Grand total for resourcing ministry and mission	9,148	200	1,800	-	11,148	11,019
DIOCESAN LINKS OVERSEAS						
13. Episcopal Church of the Sudan						
Grants	-	-	195	-	195	166
Support activities	-	-	119	-	119	71
The Church in Latvia and Evreux	-	-	1	-	1	-
Support costs	-	-	5	-	5	7
	-	-	320	-	320	244

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

	Unrestricted		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	£'000	£'000	£'000	£'000	£'000	£'000
14. MILTON ABBEY CHURCH					2009	2008
Insurance	-	-	15	-	15	15
Repairs and other costs	-	-	13	-	13	20
Support costs	-	-	5	-	5	4
	-	-	33	-	33	39
15. GOVERNANCE COSTS						
Audit fees	14	-	-	-	14	13
Diocesan Synod expenses	1	-	-	-	1	5
Support costs	5	-	-	-	5	19
	20	-	-	-	20	37
16. OTHER RESOURCES EXPENDED						
Loss on sale of fixed assets	-	-	99	4	103	142
Loss on sale of current assets	-	-	34	-	34	-
Deficit/(surplus) on lay staff pension scheme	(42)	-	-	-	(42)	1,330
Impairment (reversal) in the value of functional property in continuing use	(44)	-	(594)	(3,485)	(4,123)	11,748
Write down in value of property held for disposal at the year end to estimate net realisable value	-	-	9	-	9	66
	(86)	-	(452)	(3,481)	(4,019)	13,286
17. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS						
	Activities undertaken directly	Grant funding of activities	Support costs	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of generating voluntary income	-	-	25	25	28	
Investment management costs	105	-	4	109	138	
Contributions to national church institutions	-	900	-	900	788	
Resourcing ministry and mission	10,425	278	445	11,148	11,019	
Diocesan overseas links	123	197	-	320	244	
Milton Abbey	33	-	-	33	39	
Governance costs	15	-	5	20	37	
Other resources expended	(4,019)	-	-	(4,019)	13,286	
	6,682	1,375	479	8,536	25,579	
18. ALLOCATION OF SUPPORT COSTS						
	Activities undertaken directly	Grant funding of activities	Governance costs	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	307	-	-	307	306	
Office administrative costs	128	-	4	132	93	
Office premises costs	133	-	1	134	96	
Finance costs	2	-	-	2	5	
Depreciation	13	-	-	13	14	
less already recharged to departments	(109)	-	-	(109)	(98)	
	474	-	5	479	416	
19. NET INCOMING RESOURCES FOR THE YEAR						
These are after charging:						
Depreciation				25	27	
Auditors' remuneration as auditors				14	13	
Interest payable				1	3	

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

20. ANALYSIS OF GRANTS PAYABLE	Number of grants		2009	2008
	2009	2008	£'000	£'000
To Institutions				
National Church Responsibilities				
The Archbishops' Council (see note 11)	1	1	900	788
The Lambeth Conference Fund	-	-	-	-
	<u>1</u>	<u>1</u>	<u>900</u>	<u>788</u>
Diocesan Links Overseas				
ECS Provincial Office / agencies	4	6	20	32
Sudanese dioceses / schools	20	16	154	93
	<u>24</u>	<u>22</u>	<u>174</u>	<u>125</u>
Within the Diocese				
PCCs	8	18	56	126
Other mission bodies	11	6	25	5
County ecumenical bodies	2	2	10	10
SW Regional Affairs Adviser	-	1	-	2
	<u>21</u>	<u>27</u>	<u>91</u>	<u>143</u>
To Individuals				
Diocesan Links Overseas				
Sudanese clergy & laity	9	16	24	29
Within the Diocese				
Individual training for ministry	28	68	108	98
Clergy taking up appointments	40	48	78	92
	<u>68</u>	<u>116</u>	<u>186</u>	<u>190</u>
Totals for all grants	<u>123</u>	<u>182</u>	<u>1,375</u>	<u>1,275</u>

21. STAFF COSTS	2009	2008
	£'000	£'000
Salaries & stipends	1,302	1,178
Social security costs	96	84
Pension costs (including £1.33m for the lay staff pension deficit in 2008)	309	1,680
	<u>1,707</u>	<u>2,942</u>

One employee received remuneration in excess of £60,000 during 2009 (2008 - zero)

The average numbers of employees, based on full time equivalents, were as follows:

	2009	2008
Resourcing parish ministry	3	3
Support for ministry and mission		
Ministry and learning development	8	8
Area offices and diocesan resources	6	6
Board of Education	11	10
Other support for ministry and mission	17	16
	<u>45</u>	<u>43</u>

The parochial stipendiary clergy are not employees of the Board and therefore their stipends, pensions and social security costs are not included in this note

22. TRUSTEES REMUNERATION AND EXPENSES

No trustee has received from the Board any remuneration for services as a trustee (2008 - nil). However, 11 (2008 - 11) trustees who held ecclesiastical office during the year were paid stipends through the Board of £230,000 (2008 - £248,000) and expenses as trustees of £2,000 (2008 - £2,000). Pension contributions on those stipends amounted to £80,000 (2008 - £81,000). Seven (2008 - 7) other trustees were reimbursed for travel and other incidental costs as trustees amounting to £2,000 (2008 - £2,000).

Twelve trustees were provided with housing by the Board during 2009 on account of their ecclesiastical office.

The wife of one clerical trustee is employed part time by the Board for administrative support and received remuneration of £11,000 (2008 - £11,000).

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

23. CONNECTED CHARITIES

The trustees consider that Salisbury Diocesan Board of Education Ltd (SDBEL) is a connected charity. The work of education in the Diocese is undertaken by the Board through the Board of Education as a department. SDBEL employs no staff of its own, though its trading subsidiary, SALED Ltd, does. SDBEL grant aids the Board for its education work in the Diocese.

Transactions with SDBEL and SALED Ltd	<u>2009</u>	<u>2008</u>
Charged by SDBF:	£'000	£'000
to SDBEL for services in accordance with the Board's charitable objectives	324	288
to SALED Ltd for office services	<u>14</u>	<u>13</u>
	<u>338</u>	<u>301</u>
Charged by SALED Ltd:		
to SDBF for conference facilities	<u>7</u>	<u>8</u>
Grants made by SDBEL to SDBF	<u>132</u>	<u>120</u>
Inter-company (debtor) balances at 31 December		
SDBEL	111	9
SALED LTD	<u>3</u>	<u>1</u>
	<u>114</u>	<u>10</u>

24. TANGIBLE ASSETS

	---- Unrestricted ----	- Restricted -	--- Endowment ---			Totals
	Property	Office equipment	Assistant staff houses and other property	Team Vicarages	Benefice Houses	
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2009 (note i below)	3,234	295	15,691	13,596	60,876	93,692
Additions	2	26	519	1,099	359	2,005
Disposals	-	-	(1,481)	(1)	(721)	(2,203)
Impairment (see note ii below)	44	-	594	637	2,848	4,123
Transfer between funds	(641)	-	641	-	-	-
Transfer to current assets (see note 29)	-	-	(226)	-	-	(226)
At 31 December 2009	<u>2,639</u>	<u>321</u>	<u>15,738</u>	<u>15,331</u>	<u>63,362</u>	<u>97,391</u>
<u>Accumulated depreciation</u>						
At 1 January 2009	-	270	2	-	-	272
Charge for the year	-	25	-	-	-	25
At 31 December 2009	<u>-</u>	<u>295</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>297</u>
<u>Net Book Value</u>						
At 31 December 2009	<u>2,639</u>	<u>26</u>	<u>15,736</u>	<u>15,331</u>	<u>63,362</u>	<u>97,094</u>
At 31 December 2008	<u>3,234</u>	<u>25</u>	<u>15,689</u>	<u>13,596</u>	<u>60,876</u>	<u>93,420</u>

Note i - All freehold property, including both functional and investment properties, was revalued to market value at 1 January 2007, subject to an impairment review at the end of 2007, 2008 and 2009. This valuation and the subsequent impairment reviews were conducted internally by the Board's Property Secretary who is a Chartered Surveyor. Additions after this date are included at cost. The historical cost for most properties is not known.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

24. TANGIBLE ASSETS continued

Note ii - A revaluation at the year end was undertaken internally by the Board's Property Secretary to bring the carrying value of the Board's properties to what could prudently be considered the recoverable amount. Accordingly a partial reversal of a previous impairment charge as shown has been taken and charged against "Other resources expended" in the Statement of Financial Activities (see Note 16).

25. HERITAGE AND OTHER TANGIBLE ASSETS

The Board owns Milton Abbey Church which has a nil valuation attributed to it because of its restricted use, its restricted access and the long term maintenance liabilities which attach to it. A further eight former church buildings are vested in the Board following redundancy; of these, four are let on long leases at nominal rents, one is let on a commercial basis and the future of three remain under discussion. Following the property revaluation in 2007, a total valuation of £130,000 has been attributed to these properties, of which one, with a valuation of £55,000 has been included with investment properties.

26. INVESTMENT FIXED ASSETS	<u>2009</u>	<u>2008</u>
a. Unlisted Investments	£'000	£'000
Market value at 1 January	10,695	14,299
Additions at cost	223	(5)
Disposals at carrying value	(223)	-
Net investment gains / (losses)	671	(3,599)
	<u>11,366</u>	<u>10,695</u>
b. Investment Properties		
Carrying value at 1 January	4,768	4,296
Revaluation at 1 January 2007	-	-
Additions at cost	-	29
Transfer from functional properties	-	531
Disposals at carrying value	(233)	(8)
Impairment (see note 24 i)	4	(80)
Net investment gains / (losses)	-	-
	<u>4,539</u>	<u>4,768</u>
Total Investment Fixed Assets at 31 December	<u><u>15,905</u></u>	<u><u>15,463</u></u>

For both investments and investment properties the historical cost is not known.

Unlisted Investments comprise:-

463,730 CBF Church of England Investment Fund shares (2008 - 441,919 shares)	4,741	4,132
0 CBF Church of England Fixed Interest Fund shares (2008 - 140,021 shares)	-	226
1,379,246 CBF Church of England Property Fund shares (2008 - 1,379,246 shares)	1,614	1,666
353,115 M&G "Charifund" units (2008 - 353,115 units)	3,786	3,477
1,002,405 M&G "Charibond" units (2008 - 1,002,405 units)	1,225	1,194
	<u>11,366</u>	<u>10,695</u>

Investment Properties comprise:-

Glebe Agricultural land	2,764	2,764
Other property	1,235	1,418
Two former clergy houses	485	531
A former church	55	55
	<u>4,539</u>	<u>4,768</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

27. PROGRAMME RELATED INVESTMENTS

Programme related investments comprise equity share loans in two properties for clergy at retirement. Such investments are made directly in pursuit of the Board's charitable purposes rather than for financial investment purposes. The amounts shown represent the sums originally advanced as required under SORP 2005.

28. STOCKS

	<u>2009</u>	<u>2008</u>
	£'000	£'000
Publications, Churchwarden's and Sidesmen's badges	<u>1</u>	<u>1</u>

29. CLERGY HOUSES FOR SALE

Carrying value as fixed assets	460	495
Write down to net realisable value	(9)	(66)
	<u>451</u>	<u>429</u>
Held as current asset	<u>451</u>	<u>429</u>

30. DEBTORS

	<u>2009</u>		<u>2008</u>	
	£'000		£'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loans to parishes	192	-	-	-
Other loans	4	-	28	9
Parish Share	263	-	266	-
Church Commissioners				
Diocesan Stipends Account (note 32)	-	-	8	-
Other	-	-	3	-
Accrued income	108	-	95	-
Sundry debtors	214	-	65	-
Totals	<u>781</u>	<u>-</u>	<u>465</u>	<u>9</u>
Total Debtors	<u>781</u>		<u>474</u>	

31. DEPOSIT ACCOUNTS

	<u>2009</u>	<u>2008</u>
	£'000	£'000
CBF Church of England Deposit Fund	2,010	2,988
Triodos Bank deposit	50	-
	<u>2,060</u>	<u>2,988</u>

32. CREDITORS

	<u>2009</u>		<u>2008</u>	
	£'000		£'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
a. Loans				
Talbot Village Trust	-	25	-	25
Church Commissioners	-	242	-	242
Totals	<u>-</u>	<u>267</u>	<u>-</u>	<u>267</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

32. CREDITORS continued	<u>2009</u>		<u>2008</u>	
	£'000		£'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
b. Other Creditors				
Parish Share received in advance	-	-	1	-
HM Revenue & Customs	65	-	57	-
Liability for lay staff pension deficit	-	-	1,330	-
Grants received in advance	-	-	25	-
Accruals	86	-	234	-
Commitments for grants given	10	-	32	-
Church Commissioners	8	-	-	-
Other creditors	243	-	107	-
Totals	<u>412</u>	<u>-</u>	<u>1,786</u>	<u>-</u>
Totals	<u>412</u>	<u>267</u>	<u>1,786</u>	<u>267</u>
Total Creditors	<u>679</u>		<u>2,053</u>	

33. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	<u>2009</u>	<u>2008</u>
	£'000	£'000
Loans due after more than one year fall due as follows:		
1 - 2 years	-	-
3 - 5 years	-	-
after 5 years	267	267
	<u>267</u>	<u>267</u>

The loan from the Church Commissioners is a value linked loan representing an amount advanced to the Board for the purchase of a property on a equity sharing basis and is repayable on the disposal of the property.

34. FINANCIAL COMMITMENTS

	<u>2009</u>	<u>2008</u>
	£'000	£'000
Capital expenditure authorised by the Board and contracted for but not provided for in the accounts	<u>32</u>	<u>52</u>
Capital expenditure authorised by the Board but not yet contracted for	<u>550</u>	<u>850</u>
Loans to parishes and Salisbury DBE Ltd authorised by the Board but not yet taken up	<u>674</u>	<u>592</u>
Estimate of grants to parishes, approved in principle by the Board subject to conditions	<u>40</u>	<u>40</u>

None of the above amounts has been charged in the accounts. No commitments approved by the Board but not paid during the year have been charged to expenditure in 2009 (2008 - nil). There are no obligations under leases.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

35. FUND MOVEMENTS IN THE YEAR

	At 1					At 31
<u>Note</u>	January	Incoming	Resources	Transfers	Gains	December
	<u>2009</u>	<u>resources</u>	<u>expended</u>	<u>(Note 40)</u>	<u>& losses</u>	<u>2009</u>
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>	37					
General Fund	3,813	10,278	(10,090)	235	50	4,286
<u>Designated funds</u>						
Clergy Conference Fund	38	1	(56)	17	-	-
Aldhelm Mission Fund	245	44	(26)	-	11	274
Ordinands Support Fund	49	-	(106)	85	-	28
Crompton Fund	208	8	(12)	-	11	215
Pastoral & Development Designated Fund	528	-	-	(340)	-	188
Totals for designated funds	1,068	53	(200)	(238)	22	705
Totals for unrestricted funds	4,881	10,331	(10,290)	(3)	72	4,991
<u>Restricted funds</u>	38					
Pastoral & Development Fund [DPA]	17,549	52	15	357	48	18,021
Diocesan Stipends Fund Income Account	-	1,370	(1,370)	-	-	-
The Sudan Funds						
Sudan General Fund	88	205	(164)	-	-	129
Sudan Relief & Development Fund	8	1	(4)	-	-	5
Sudan Medical Link Fund	103	58	(109)	-	-	52
Sudan Bilal Fund	7	-	(1)	-	-	6
Sudan Grace Secondary School Fund	4	40	(40)	-	-	4
Milton Abbey Fund	52	25	(33)	-	-	44
Latvia Fund	2	-	(1)	-	-	1
Diocesan Choral Fund	7	-	-	-	-	7
Bishops' Office Equipment Fund	8	10	(20)	3	-	1
Restricted funds for ministry in parishes	304	-	-	-	8	312
Restricted funds for support of ministry in parishes	34	-	-	-	3	37
Restricted funds for general purposes	336	-	-	-	31	367
Totals for restricted funds	18,502	1,761	(1,727)	360	90	18,986
<u>Expendable endowment</u>	39a					
Diocesan Stipends Fund Capital Account	25,487	-	638	-	632	26,757
Benefice Houses	60,876	-	2,843	(357)	-	63,362
	86,363	-	3,481	(357)	632	90,119
<u>Permanent endowment</u>	39b					
Endowments for ministry in parishes	1,313	-	-	-	123	1,436
Endowments for support of ministry in parishes	55	-	-	-	6	61
Endowments for general purposes	196	-	-	-	18	214
	1,564	-	-	-	147	1,711
<u>Total endowment funds</u>	87,927	-	3,481	(357)	779	91,830
<u>Grand totals for all funds</u>	111,310	12,092	(8,536)	-	941	115,807

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

36. SUMMARY OF ASSETS BY FUND

	<u>Note</u>	Fixed assets		Current assets	Creditors	Net assets
		Tangible	Investments			
		£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>	37					
General Fund		2,667	1,749	485	(615)	4,286
<u>Designated funds</u>						
Clergy Conference Fund		-	-	-	-	-
Aldhelm Mission Fund		-	128	146	-	274
Ordinands Support Fund		-	-	28	-	28
Crompton Fund		-	127	88	-	215
Pastoral & Development Designated Fund		-	-	188	-	188
Totals for designated funds		-	255	450	-	705
Totals for unrestricted funds		2,667	2,004	935	(615)	4,991
<u>Restricted funds</u>	38					
Pastoral & Development Fund [DPA]		15,735	740	1,610	(64)	18,021
Diocesan Stipends Fund Income Account		-	-	-	-	-
The Sudan Funds						
Sudan General Fund		-	-	129	-	129
Sudan Relief & Development Fund		-	-	5	-	5
Sudan Medical Link Fund		-	-	52	-	52
Sudan Bilal Fund		-	-	6	-	6
Sudan Grace Secondary School Fund		-	-	4	-	4
Milton Abbey Fund		-	-	44	-	44
Latvia Fund		-	-	1	-	1
Diocesan Choral Fund		-	1	6	-	7
Bishops' Office Equipment Fund		-	-	1	-	1
Restricted funds for ministry in parishes		-	92	220	-	312
Restricted funds for support of ministry in parishes		-	37	-	-	37
Restricted funds for general purposes		-	367	-	-	367
Totals for restricted funds		15,735	1,237	2,078	(64)	18,986
<u>Expendable endowment</u>	39a					
Diocesan Stipends Fund Capital Account		15,330	11,014	413	-	26,757
Benefice Houses		63,362	-	-	-	63,362
		78,692	11,014	413	-	90,119
<u>Permanent endowment</u>	39b					
Endowments for ministry in parishes		-	1,439	(3)	-	1,436
Endowments for support of ministry in parishes		-	61	-	-	61
Endowments for general purposes		-	214	-	-	214
		-	1,714	(3)	-	1,711
<u>Total endowment funds</u>		78,692	12,728	410	-	91,830
<u>Grand totals for all funds</u>		97,094	15,969	3,422	(679)	115,807

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

37. UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which are available for application for the general purposes of the Board as set out in its governing document. Movements on these funds, including those which are designated are set out on page 30.

The General Fund meets or receives the balance on activities funded by the Parish Share through the diocesan budget. These activities include principally the costs of stipendiary ministry in the parishes of the diocese, including clergy housing, as well as all diocesan activities in support of parish ministry. The General Fund also meets all governance costs.

The Clergy Conference Fund meets the costs of the clergy residential conference, which is held every three years, with the most recent being held during 2006. The diocesan budget includes a provision each year (£17,000 in 2009) for the Fund, which is then used to meet the conference costs (see note 40).

The Aldhelm Mission Fund was established in 2004, to commemorate, in 2005, the 1300th anniversary of the consecration of Aldhelm as first Bishop of Sherborne. The purpose of the Fund is to support new expressions of church in the diocese and to help fund mission posts. Applications are invited from within the diocese for projects that connect the church to the wider community for the purpose of proclaiming the gospel.

The Ordinands' Support Fund was established by the Board in 2005, to provide a fund out of which the unpredictable costs of supporting ordinands and their families being sponsored by the diocese can be met. A sum of £85,000 for transfer to the Fund was provided for in the 2009 diocesan budget (see note 40).

The Crompton Fund was established by the Board in 2005, from a generous bequest from Col John Crompton. The Fund is used for clergy work-based learning, ministry skills development and special situations (see note 40).

The Pastoral and Development Designated Fund was established in 2004, to act as a buffer between the General Fund and the restricted Pastoral and Development Fund. In accordance with the reserves policy (described in the Trustees Annual Report) the Fund is to allow for transfers to or from the Fund and the General Fund, thereby providing flexibility for both Pastoral and Development Funds, when considered together, against the Pastoral and Development Fund reserve requirement. A transfer of £340,000 has been made from this Fund in 2009 (see note 40).

38. RESTRICTED FUNDS

The income funds of the Board include restricted funds comprising the following unexpended balances of donations, grants and investment income to be applied for specific purposes:

Pastoral and Development Fund. This is also known as the Diocesan Pastoral Account (DPA). Its purposes are laid down in the Pastoral Measure 1983, the main ones being:

- to meet costs incurred for the purposes of the Measure or any scheme or order made by the Measure except for salaries of regular diocesan employees.
- to meet costs of disposing of or maintaining houses or churches vested in the DBF or Church Commissioners
- for the benefit of another diocese
- for transfer to the DSF Capital or Income Funds

The Board uses the Fund principally for capital housing costs, redundant churches and for grants and loans to parishes for capital projects.

Diocesan Stipends Fund Income Account (DSF Income). This Fund receives the income arising from the Stipends Fund Capital Account and other income restricted to provide for stipends of clergy in the diocese. As so far this has always been less than the cost of stipends, the income has always fully expended with no balance carried forward.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

38. RESTRICTED FUNDS (continued)

The Sudan Funds constitute the funds of the Board established to promote and manage the link between the Diocese of Salisbury and the Episcopal Church of the Sudan (ECS) which was established in 1973. The detailed management of the Sudan Funds is delegated to the Diocesan Sudan Committee which reports to the Board and is represented on it. The Committee's activities are channelled through five separate funds:

- Sudan General Fund - the primary purpose of this fund is the theological education and education more generally of Sudanese both through supporting individuals in their training for ministry and also the institutions and schools providing such training and education. The General Fund also receives and passes on donations from parishes in Salisbury Diocese which have established links with the Church in Sudan, mainly through visits from Sudanese bishops and other clergy.
- Sudan Relief and Development Fund - this Fund provides relief aid and grant aids development projects.
- Sudan Medical Link Fund - this Fund was established in 1986 through an initiative of Mrs Jill Baker. It funds and ships medical supplies into clinics in Sudan and supports training for health workers.
- Sudan Bilal Fund - this Fund was established to fund and support the training of Reverend Joseph Bilal during his theological training in the UK. The fund was also used to support his family during this period. The balance is retained to assist the Bilal family in their eventual return to Sudan.
- Sudan Grace Secondary School Fund – this Fund was established in 2008 through an initiative of Richard and Claire Budd during. The purpose of the fund is to provide a new secondary school in the Diocese of Kadugli.

Milton Abbey Fund holds the funds of the Milton Abbey Church Standing Committee whose purpose is to administer and maintain the Abbey Church of St Sampson and the chapel of St Catherine at Milton Abbas.

Latvia Fund holds the funds received to promote the diocesan link with the Evangelical Lutheran Church of Latvia.

Diocesan Choral Fund. This Fund dates from 1861 and holds the funds of the Group engaged with the running of choral festivals and the promotion of high standards of church music in the diocese. The detailed management of the Fund is delegated to the Diocesan Choral Group which reports to the Board.

Bishops' Office Equipment Fund. This Fund was established in 2007 following the Church Commissioners decision to devolve certain responsibilities for bishops' office equipment and IT support to dioceses. This responsibility was accompanied by funding which is restricted to this specific purpose and an annual grant in future years is anticipated to cover the Board's costs in this area.

Other Restricted Funds. The Board holds as restricted funds a number of trusts for or to support parochial ministry.

39. ENDOWMENT FUNDS

Endowment funds represent those assets which must be held either long term or permanently by the Board

a. EXPENDABLE ENDOWMENTS

Diocesan Stipends Fund Capital Account (DSF Capital). This account is governed by Measure and represents the value of glebe property and other investments held for the benefit of stipends as well as the value of team vicarages acquired with DSF Capital. Income from DSF Capital investments is applied to the DSF Income account.

Benefice Houses. Represents the value of the benefice houses in the diocese. When, following pastoral reorganisation, benefice houses are no longer required they are transferred either to the Pastoral and Development Fund (DPA) or to DSF Capital as glebe according to the terms of the Order in Council.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

b. PERMANENT ENDOWMENTS

The Board holds a number of permanent endowments for or to support parochial ministry.

40. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds £'000	Endowment Funds £'000	Total 2009 £'000
	General £'000	Designated £'000			
Parsonage House Scheme surpluses net of loan repayment and house purchase			357	(357)	0
Management Charges/Funding	(3)		3		0
Pastoral Development Fund Maintenance	340	(340)			0
Funding for Support and Training	(102)	102			0
	235	(238)	360	(357)	0

41. PENSION COMMITMENTS

The Board participates in two main pension schemes, both operated by the Church of England Pension Board. Although both schemes are defined benefit schemes, because the Board is only one of a number of participating diocesan boards, it is not possible to identify the Board's share of underlying assets and liabilities for either scheme. Accordingly for the purposes of these financial statements both schemes are treated as defined contribution schemes rather than defined benefit schemes.

The notes in italics on each scheme have been provided to the Board by the Church of England Pensions Board.

(a) Lay Staff

The Board *participates in the Church of England Defined Benefit Scheme (DBS), part of the Church Workers Pension Fund.*

The Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. In such cases, FRS17 requires the employer to account for its contributions to the DBS as if it were a defined contribution scheme, but to make certain additional disclosures based on available information. The required disclosures, together with a description of the operation of the DBS, are given below.

For funding purposes, the 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 Scheme 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 Scheme 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.

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

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

41. PENSION COMMITMENTS continued

A valuation of the DBS was carried as at 31 December 2007, and the Board's contribution rate was revised with effect from 1 January 2009.

At 31 December 2009 the Board had 35 active members and 22 deferred pensioner members in the fund.

The Board's contribution rate to the lay staff DBS during 2009 was 24.5%.

Last year the Board closed its DBS Scheme to new members who instead are eligible to join the Church of England Defined Contribution Scheme (DCS), part of the Church Workers Pension Fund. At 31 December 2009 the Board had six members in its DCS Scheme.

Five members of the Board's lay staff are members of the Teachers' Pension Scheme. This is a defined benefit scheme operated under the direction of the Department for Children, Schools and Families.

(b) Stipendiary Clergy

The Board participates in the Church of England Funded Pensions Scheme and is responsible for 205 members of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Board is unable to identify its share of the underlying assets and liabilities - each employer in that Scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2006. This revealed a shortfall of £141m, with assets of £468m and a funding target of £609m, assessed using the following assumptions:

- *An investment strategy of: a nil allocation to gilts for the next 10 years, increasing linearly to reach 30% after 20 years; and the balance of the assets in equities;*
- *Investment returns of 4.25% p.a. on gilts and 5.75% p.a. on equities;*
- *RPI inflation of 3.1% p.a. (and pension increases consistent with this);*
- *Increase in pensionable stipends of 4.6% p.a.; and*
- *Post-retirement mortality in accordance with the PA00 tables, adjusted so that members are assumed to be two years younger than they actually are, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1% for males and 0.5% for females.*

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the Board to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the valuation, and some agreed changes to benefits, the Board's contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008. The contribution rate was subsequently increased to 45% with effect from 1 January 2010, reflecting unfavourable investment experience and changes in financial market conditions. A new valuation of the Scheme is being carried out as at 31st December 2009.

SALISBURY DBF – EXPENDITURE BY BUDGET HEAD – YEAR TO 31 DECEMBER 2009

Board of Finance	Budget	Actual	Variance
<i>Finance</i>	for the Year	for the Year	
Stipends	5,665,910	5,183,438	482,472
Clergy Terms of Service	36,000	8,680	27,320
Property Department	1,156,870	1,119,480	37,390
National & Regional Church Resps.	489,620	478,848	10,772
National Training	356,000	421,344	(65,344)
Fees	81,250	74,022	7,228
General Income	(321,600)	(192,005)	(129,595)
<i>Property</i>			
DAC, Pastoral & Trusts	164,790	143,018	21,772
RCUC	17,030	15,301	1,729
Church Buildings	67,300	53,265	14,035
<i>General</i>			
General Administration	402,840	407,311	(4,471)
Communications	66,950	53,015	13,935
Synods	16,430	14,377	2,053
"Safeguarding people"	50,840	40,454	10,386
Sundries	11,000	13,309	(2,309)
Ramsbury Area Office	98,440	83,258	15,182
Sherborne Area Office	107,200	92,468	14,732
Diocesan Projects & Resources	72,650	61,756	10,894
Board of Education	290,910	263,140	27,770
L D M T	415,310	371,091	44,219
NET CHARGE on budgeted expenditure	9,245,740	8,705,571	540,169
Expenditure approved post budget	-	111,930	(111,930)
NET CHARGE		8,817,500	428,240
Provision for Share adjs	10,000		
Provision for Ordinands Support	85,000	85,000	-
Provision for Clergy Conference	17,000	17,000	-
Provision for Episcopal Offices exps	3,000	3,000	-
Provision for Sudan partners gathering	3,000	3,000	-
Met from Crompton Fund	(16,700)	(16,700)	-
Met from General Fund reserves	(219,140)	(219,140)	-
SHARE TOTAL PER BUDGET 2009	9,127,900		
Net total after transfers		8,689,660	
SHARE			
Requested	9,116,184	8,787,754	328,430
Arrears received	-	164,519	(164,519)
Non parochial	-	10,000	(10,000)
SHARE Total	9,116,184	8,962,273	153,911
(DEFICIT) / SURPLUS	(11,716)	144,773	
RECONCILIATION TO STATUTORY ACCOUNTS			
Surplus/Deficit as above		144,773	
Gains on impairment review		44,000	
Adjusted total for General Fund		188,773	
Surplus/Deficit reported in Statutory Accounts		188,000	