



**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 2010**

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
Clifton Down House
Beaufort Buildings
Bristol
BS8 4AN

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 2010

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 (to July 17 2010)	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 (to 6 December 2010)	Ex officio, Bishop of Ramsbury
The Ven A P Jeans	Ex officio, Archdeacon of Sarum
The Ven S Waine (from 18 April 2010)	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 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
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	Elected lay member
Mr D W G Harris	Elected lay member
Mrs M V K Chinchin	Elected lay member
Mrs B Trump	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 10 to 12 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 2010 is given below.

LEARNING FOR DISCIPLESHIP AND MINISTRY

LDMT exists to promote and resource the lifelong learning and spiritual growth of the whole people of God, the discernment and nurture of all vocation, the provision of training and formation for all authorised ministries and the professional development of all who are in public ministry.

Learning for Discipleship

There were 232 students on the Learning for Discipleship programme during 2010. 10 full modules were offered plus a number of independent study units. 30 students were studying for the Foundation Degree and we also trained several cohorts of new Lay Pastoral Assistants. The programme currently relies on government funding which may be withdrawn in future. A survey of lay learning needs was undertaken around the Deaneries.

Vocations

The Vocations team worked intensively with a large number of individuals and parishes this year, exploring all aspects of vocation and collaborative ministry. Provision for spiritual direction was built up with new opportunities for both training and supervision. 14 candidates were prepared for a Bishop's Advisory Panel. 11 people began training for ordained ministry. 6 potential LLMs attended a discernment day and 6 were recommended for training. A day consultation for those involved in training Pioneer Ministers in the Region resulted in a new co-ordinating post to be based at CMS.

Initial Ministerial Education (IME)

During 2010 we looked after a main IME 4 – 7 cohort of 79 curates plus 12 Licenced Lay Minister students. A full review of IME 4 – 7 was conducted resulting in 9 action points of which 7 have been fully implemented and 2 are in progress. This year we have been piloting the new Assessment in Curacy arrangements. After some initial difficulties the process is now bedding in well with many examples of good practice.

Continuing Ministerial Development (CMD)

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

This year we have been developing our CMD provision to ensure it is compliant with the requirements of Clergy Terms of Service, including a tighter focus on individual needs. 5 Archdeaconry Days were attended by 350 ordained and lay ministers, 78 Diocesan Days were attended by 1201 ordained and lay ministers. An external audit of the Ministry Review scheme was carried out in May and the Scheme received a good report and some useful amendments were incorporated.

The Team has taken part in a number of important conversations this year as we look for ways to grow working synergies with other key players in the life of the Diocese such as Sarum College, STETS, the Cathedral and the Board of Education. We are committed to working collaboratively with others and look forward to new opportunities to do this in 2011.

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 2010. Discussions were started on how these posts will be funded once Diocesan funding ceases.

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 was completed and a report and recommendations for extending the project was presented in February. Follow up work continues.

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. Three new 'Work-based Learning Groups' were started and provide 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 2010.

Visits to all 19 Deanery chapters to explore how they provide mutual support for clergy was completed and a report produced. Work was done with clergy in multi-parish benefices on wellbeing issues as this had been identified as particular area of concern and 24 hour Think Tank was held in May with Diocese of Bristol to look at various aspects of well-being which were to be followed up.

Fully Alive

The two year project reached its culmination with the completion of The 'Fully Alive' course material and all three 'seasons' are now available. Take up of these study courses was extremely strong with over 1,000 copies of series one study materials being purchased. Series two and three will be offered for Lent 2011. We have continued with the Fully Alive: What makes you Happy? Initiative, in which Bishop's, archdeacons and the dean visited secondary schools to meet young people from 16-18, and ask questions about faith, relationships, and the pressures of achieving. In 2010 eleven secondary schools were visited. This was complemented by the 'Grill a Bishop' initiative in which the Bishop of Sherborne held on-line question and answer sessions with secondary schools.

Diocesan Environment Group

This group offers a forum to exchange plans and ideas through the South West dioceses' network and with local environment/climate change groups. Presentations were made to Deanery Synods and there was an audit of actions carried out. The viability of both photovoltaic cells on church roofs and bulk energy buying scheme was investigated.

Clergy Terms of Service

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The implementation of the Clergy Terms of Service Measure involved work between many areas of the diocese. Several workshops were held with clergy and churchwardens to determine what the role of the clergy should be. This work will inform parishes in the future on how to develop role descriptions on new appointments.

The most significant task was to identify all the different posts that clergy hold within the diocese, both stipended and self-supporting, and develop statements of particulars for every post that would transfer to Common Tenure on 31st January 2011. By the end of the year the templates had been produced, the personal data checked with all the individuals concerned and the contracts were ready to be issued at the beginning of 2011.

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 Corfe Mullen) as well as from the Diocesan Office. A key feature of these activities is listening and understanding the challenges and priorities of developing flourishing people.

The Ramsbury Area Team:

Supporting local ministry and mission:

The team carried out two and three days visits to eight parishes to listen and challenge as this pattern gives a good flavour of common life. The focused week of mission was within the Deanery of Pewsey, with a wide range of activities, events, and services engaging with the wider communities, and resourcing local church initiatives. A day conference that focused on looking out in mission, called "Inspired to Go" was well supported and has encouraged many initiatives for exploring alternative worship, social action projects, and community engagement.

We have continued to work alongside parish clergy and foundation governors with visit schools for special occasions, as well as more routine visits to understand the needs of governing bodies and to support head teachers.

The Ramsbury Area managed ten vacancies for stipendiary clergy posts in 2010. Our Transitional Ministry Advisor worked alongside parish representative and others from the local community, to ensure that there were clear expectations for candidates exploring the future ministry in a particular context.

Our focus groups which draw together the expertise and ambitions across the Area include Prayer and Spirituality; Lay Learning and Training; Schools; Public Life; and Buildings and Resources continue to develop. Our support for Church wardens continues with our Church Wardens' Conferences, and we cooperated in a Faith in Maintenance day with the Society for the Protection of Ancient Buildings.

The Sherborne Area Team: The Area Core Team welcomed and inducted the new Archdeacon of Dorset and also moved offices. The Team also participated in the appointment of various roles, most significantly the appointment of an Olympics Co-ordinator for Weymouth and Portland in anticipation of the Olympic sailing events being held there in 2012.

The Area Resource Group continued to run a number of events including: "Inspire to go!" event; churchwardens and archdeaconry training days. The Group also organised a week-long pilgrimage to Rossmore, Poole and ran further schemes for "Back to Church Sunday", a Faith in maintenance course and an ALPHA Course at Wimborne Minster. Work was done in Developing Social justice and Community Mission in the context of Fully Alive.

Stewardship and Resources

Stewardship and Thanksgiving resources were distributed to PCCs in April. Feedback from 12 parish campaigns in which the Stewardship & Resources Officer was directly involved in the planning and organization indicates an average increase of 36% in regular planned giving and 27% in planned

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DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

givers. Two fundraising seminars were planned in co-operation with the Cathedral Development Team. One was postponed due to bad weather.

Eight Back to Church Sunday briefings and workshops were run with 63 parishes participating in this national initiative. Attendance at the annual training sessions for PCC secretaries and treasurers increased to 93 due to targeted publicity.

Over 40 Dorset churches benefited from grants from the Erskine Muton Trust Fund awarded during 2010. Over £280,000 has been awarded and a further £170,000 will be paid subject to Faculty. The trustees of the charity are HSBC Trust Managers but grant recommendations are made by a diocesan review group.

As part of the 5 year Voluntary Land Registration project 514 land units have now been registered under the Service Level Agreement with the Land Registry for Benefice Property. 131 Glebe properties have been registered out of an estimated total of around 150. Registration of Trust and Corporate property is progressing.

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 2010 £193,000 was granted for support for ECS and Sudanese Christians. This grant aid includes support of £78,000 for the building of the new university at Juba as a result of the appeal from the Diocesan Bishop that he made in lieu of a leaving present.

Evreux: There was a visit to Evreux to coincide with the Week of Prayer for Christian Unity, also a group spend a week in Evreux exploring patterns of ministry to see whether lessons can be applied to this diocese. A youth pilgrimage to Taize was organised.

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. By year end all of our church schools were judged satisfactory or better by Ofsted and we are proud and delighted that none are currently in special measures. 27 schools were judged outstanding at both SIAS and Ofsted which shows recognisable achievements. Extensive training was carried out both in parishes and schools to provide continuing development of leadership, RE and collective worship and childrens' work.

The Director's workload was dominated by the challenges of trying to get initially three and then finally two Academies opened by September 2010 with fresh leadership, new uniforms, a plethora of new policies and, in both cases, a significant facelift.

For both Academies the legal processes and the documentation required by the Department for Education and Skills were significant. The outcome of the Autumn Spending Review meant a reduction in funding to rebuild both schools, with St Aldhelm's allocated £11.1M (down from £20M)

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and Sarum £15.5M (down from £24.5M). The year ended in serious design planning work to move both projects forward.

Over the summer the director worked with the bishops, the Diocesan Directors of Education Association and the National Society to help to shape the new Academies Bill as it passed through into law. This legislation is likely to significantly change the role of the Board of Education with our schools if they choose to take the Academy status offered initially to outstanding schools.

Various materials and events were produced through the year such as "Let the Children Come", leading the cross diocesan team which in collaboration published the "Love and Sex Matters" KS 2 & KS 3 support materials. In addition to these 'Diaries of Reflection', a resource for tutor group and classroom worship available free to download from the diocesan website. The initial reaction from schools both in the Diocese and nationally has been very positive.

OTHER DIOCESAN ACTIVITIES

Safeguarding: The Safeguarding Advisers for both children and adults continued to provide training events throughout the Diocese as well as for individual Benefices, schools and other organizations. These were well attended with 618 attendees attending 45 training events. There was a Conference in the autumn to enable people to understand what happens after they receive a disclosure of alleged abuse, some of the speakers/workshop leaders were from the statutory authorities whilst others offered a more personal insight. Both advisers appreciate the commitment of all who support them in their roles.

Communications: A new diocesan website was launched, combining the Board of Education website with the previous diocesan site, adding new features and a considerably expanded Mission section. A new diocesan database was also launched which provides much greater access to information across both parishes and schools.

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. 328 applications for advice from parishes were considered during the year, comprising 259 Form 1 Certificate proposals, 40 requests for informal advice and 29 site visits. An average 81% of Form 1 certificate applications were agreed when first considered. In addition, DAC 'out of committee' advice was sought about 24 Minor Works applications and specialist advice was offered to 44 parishes.

The DAC produced new guidance on *Seating and Flooring* and *Parish Church Organs in the Diocese of Salisbury*. It also held the annual conference for inspecting architects and surveyors, which focussed on the use and care of churches, and churchwarden training workshops in the Diocese.

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 2010, though at any one time a 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 2010 the Board spent over £6.9m on this, making it by far the largest item of expenditure.

Housing and Property: Conditions have continued to deteriorate for finding suitable accommodation for new posts, such as assistant curacies, and replacing unsuitable clergy houses, in view of the depressed market. Nonetheless, 8 successful house sales were achieved in Symondsburry, Studland, Sturminster Marshall, Blandford, Amesbury, Poole, Salisbury and Bradford-on-Avon.

SALISBURY DIOCESAN BOARD OF FINANCE

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Replacement parsonages were provided in Lyme Regis and Swanage, and a house purchased in Broadstone to serve the Archdeacon of Dorset. Houses for new assistant curate posts were bought in Charminster and the Bourne Valley, with two being rented from private landlords in Swanage and Wilton.

The Diocesan Stipends Fund benefitted from the sales of 7 areas of glebe land of varying acreages, at Owermoigne, East Knoyle, Sutton Veny, Corscombe, Winterbourne Monkton, Maiden Bradley and Chardstock.

Negotiations were successfully concluded for the transfer into the care of Friends of Friendless Churches of the two closed churches at Long Crichel St Mary and Allington St John the Baptist. The closed church of Burcombe St John the Baptist was sold to the adjoining householder for studio and office use and for community purposes.

Grant Making Activities:

In its fifth year, the Aldhelm Mission Fund Group awarded £60,000 to 9 mission projects.

Some £137,000 was granted to individuals in training for ministry roles and £94,000 to clergy taking up new appointments. The Sudan Committee awarded £193,000 to individuals and organisations in the Episcopal Church of the Sudan.

An analysis of grants paid is shown at note 20.

DBF Trusteeship: 38 Trusts cases were considered in 2010 and advice was given to a number of other parishes. The Committee agreed to accept five new trusts to be vested in the Board, including the sale proceeds of an important painting discovered at Bradford on Avon Holy Trinity, which is to be sold. Seven parishes withdrew funds from trusts towards church repairs or re-ordering.

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

Financial Review of 2010: Overall the Board had a surplus of £3.2m. This was largely driven by the slightly improved economic conditions in the UK as a whole. The previous write down in the value of our properties of £11.7m was partially offset by this year's reversal of £2.3m. Additionally there was a £715,000 recovery in the value of investments (2009: £641,000 recovery, 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 deficit of £900,000. This is principally attributable to:

- £337,000 revaluation of the Church House offices.
- £411,000 net shortfall in collection of Share.

Total net incoming resources for the year were £2.1m (2009: £3.5m).

Total incoming resources showed a marginal increase to £12.60m (2009: £12.09m). The Share outcome for the year was again encouraging with, at the cut off date of 31 January 2010, 95.4% of the 2010 allocation having been paid (2009: 96.4%). 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 2009. The most significant items were again those on clergy stipends, national insurance and pension contributions, amounting to £6.98m (2009 - £6.48m); clergy housing £1.65m (2009 - £1.85m) and all other costs in support of ministry and mission £2.83m (2009 - £2.82m). 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 £715,000 has continued the trend experienced in 2009, and partially offset the reduction experienced in 2008. 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 2010

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 Diocesan Synod met three times in 2010 with February representing the 100th session of the Synod. In addition to fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- Discussions on social justice and the common good (at the February and June Synods) resulting in the establishment of a Diocesan Mission Council.
- Following a commitment first made by Synod in 2003, and on-going hard work by many individuals, confirmation of Salisbury as an official Fair Trade Diocese – one of the largest denominational areas to achieve this.
- Preliminary discussion and debate on the legislation and mechanisms for admitting women to the episcopate.
- A presentation on the work of the Mothers' Union in the diocese.
- A presentation on the proposals for a new diocesan office and training centre

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

- Reflection on the qualities desired of a new bishop in order to help inform the Vacancy in See Committee in its deliberations.
- Issues relating to clergy terms of service and the move to Common Tenure.
- The development of proposals for a project to develop and support lay-energised local ministries.
- Consideration of the strategic direction desired for work with young people in the diocese.
- Consideration of the implications of the presence of the Olympics in the diocese in 2012.
- Approval for the development of a single diocesan web site to combine the two separate DBF and DBE sites.
- Practical support for the Opening Doors project, a partnership between the probation service and others to try to address the high re-offending rate in Wiltshire.
- Development of a policy on lay appointments that are funded as part of the diocesan diverse ministry strategy.
- Investigation into the feasibility of co-locating the staff of the DBF and DBE in a single location.
- Reviewing the work of the Finance Committee.

The Council also continued to fulfil its statutory roles as DBF Executive and Diocesan Mission and Pastoral Committee.

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 2009.
- Appointed auditors for the Board.
- Considered and approved the budget for Share assessment for 2011.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

Diocesan Pastoral Committee: Under the provisions of the Mission and Pastoral Measure 2007 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 Mission and Pastoral Committee, but deals only with policy matters. It is assisted by four Archidiaconal Mission and 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. Eleven Pastoral Schemes or Orders were made, and ten came into effect, during the year. Two further consultations on proposals for pastoral re-organisation were completed and the Church Commissioners' approval of draft Schemes for circulation is awaited.

As at 31 December presentation to 46 benefices was suspended; during the year there were 7 renewals of suspension and presentation to 3 benefices was suspended for the first time. Suspension of presentation to 7 benefices was lifted when the Pastoral Schemes creating the new benefices of Askerswell Lodors Powerstock and Symondsburry, The Lytchetts and Upton team ministry, Vale of Pewsey team ministry and the Marden Vale team ministry came into effect. Suspension of presentation to the benefice of Wootton Bassett lapsed and suspension of presentation to the benefice of Woodhill was lifted.

The Archdeaconry sub-committees have reviewed suspensions of presentation, taking account of the guidance on the use of suspension of presentation after the forthcoming introduction of Common Tenure in 2011.

The Board of Patronage met once during the year. There were three appointments to benefices where the Board holds patronage rights. Other items of the Board's business were conducted by correspondence or e-mail. The Board accepted transfers of patronage rights to the benefices of Horton Chalbury, Hinton Martell and Holt St James, Shaftesbury [Team Ministry] and Sixpenny Handley with Gussage St Andrew and Pentridge.

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 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 shortly after the end of 2010 and concluded that no changes in policy 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 11.4% (2009: 8.6%); capital 5.8% and income 5.6%.

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 12.0% (2009: 12.2%); capital 7.0% and income 5.0%.

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 11.2% (2009: 12.3%); capital 5.6% and income 5.6%.

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 11.8% (2009: 11.7%); capital +7.2% and income +4.6%.

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.

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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 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 2010 is considered in the light of the likely budget for 2011. At 31 December 2010 the General Fund reserve as defined, was some £1.0m below the top of the range defined under the policy. This is a reduction of £0.2m 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 £18.1m at 31 December 2010 (2009- £17.8m). 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 2010 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 bid a very fond farewell to Bishop David as he left the Diocese of Salisbury, his final official act in the Diocese being the ordination of priests in July.

In December, Bishop Stephen left the Diocese to take up the position of Bishop of Ely. The Diocese congratulates him on this appointment and wishes him well.

The Diocese welcomed the Venerable Stephen Waine, who has taken up the position as Archdeacon of Dorset.

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 FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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 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

We have audited the financial statements of The Salisbury Diocesan Board of Finance for the year ended The Salisbury Diocesan Board of Finance which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page A5, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at The Salisbury Diocesan Board of Finance and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Michael Stewart (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Clifton Down House

Beaufort Buildings

Clifton Down

Clifton

BS8 4AN

Date

SALISBURY DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
		General	Designated			<u>2010</u>	<u>2009</u>
		£'000	£'000	£'000	£'000	£'000	£'000
Incoming resources							
Incoming resources from generated funds:							
Voluntary Income							
Parish Share	2	8,880	-	-	-	8,880	8,927
Archbishops' Council & Church Commissioners	3	52	35	141	-	228	278
Other voluntary income	4	362	58	804	-	1,224	657
Activities for generating funds	5	221	-	10	-	231	252
Investment income	6	180	13	645	-	838	876
Incoming resources from charitable activities							
Fees and provision of resources & services	7	287	-	591	-	878	1,102
Other incoming resources	8	-	-	300	22	322	-
Total incoming resources		9,982	106	2,491	22	12,601	12,092
Resources expended							
Cost of generating funds:							
Cost of generating voluntary income	9	5	-	-	-	5	25
Investment management costs	10	40	-	35	-	75	109
Charitable activities							
Contributions to the national church	11	912	-	-	-	912	900
Resourcing ministry and mission	12	9,565	197	1,697	-	11,459	11,148
Diocesan links overseas	13	-	-	272	-	272	320
Milton Abbey	14	-	-	25	-	25	33
Governance costs	15	29	-	-	-	29	20
Other resources expended	16	337	-	(411)	(2,189)	(2,263)	(4,019)
Total resources expended	17	10,887	197	1,618	(2,189)	10,513	8,536
Net incoming / (outgoing) resources before transfers		(905)	(91)	873	2,211	2,088	3,556
Gross transfers between funds	40	(841)	103	6,656	(5,918)	-	-
Net incoming resources before other recognised gains/losses		(1,746)	12	7,529	(3,707)	2,088	3,556
Other recognised gains / (losses)							
Gains/(Losses) on investment assets	26	100	18	107	907	1,132	941
Net movement in funds	35	(1,646)	30	7,636	(2,800)	3,220	4,497
Reconciliation of funds							
Fund balances at 1 January		4,286	705	18,986	91,830	115,807	111,310
Fund balances at 31 December	36	2,640	735	26,622	89,030	119,027	115,807

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 2010

	<u>2010</u>	<u>2009</u>
	£'000	£'000
Gross income from continuing activities	12,279	12,092
Total expenditure of continuing activities	<u>(12,776)</u>	<u>(12,554)</u>
	(498)	(462)
Realised net gains/(losses) on disposals of tangible fixed assets	322	(137)
Impairment in the value of functional property in continuing use	2,263	4,123
Realised net gains on disposals of investment assets	420	269
Write down in the value of property held for disposal at the year end	-	(9)
Deficit on lay staff pension scheme	<u>-</u>	<u>42</u>
Net income/(expenditure) for the year	<u><u>2,508</u></u>	<u><u>3,826</u></u>

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

Net surplus/(deficit) for the year	2,508	3,826
Unrealised net gains/(losses) on revaluation of fixed asset investments	<u>715</u>	<u>671</u>
Total recognised gains for the year	3,223	4,497
Total funds brought forward at 1 January	<u>115,807</u>	<u>111,310</u>
Total funds carried forward at 31 December	<u><u>119,029</u></u>	<u><u>115,807</u></u>

SALISBURY DIOCESAN BOARD OF FINANCE

BALANCE SHEET AT 31 DECEMBER 2010

	Notes	Total funds <u>2010</u> £'000	Total funds <u>2009</u> £'000
FIXED ASSETS			
Tangible assets	24	99,286	97,094
Investments			
Investments	26	16,692	15,905
Programme related investments	27	64	64
		<u>116,042</u>	<u>113,063</u>
CURRENT ASSETS			
Stock	28	1	1
Clergy houses for sale	29	750	451
Debtors due within one year	30	857	781
Debtors due after one year	30	-	-
Deposit accounts	31	1,256	2,060
Cash at bank and in hand		1,196	130
		<u>4,060</u>	<u>3,423</u>
CREDITORS: due within one year	32	809	412
NET CURRENT ASSETS		<u>3,252</u>	<u>3,011</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		119,294	116,074
CREDITORS:			
Due after more than one year	33	267	267
NET ASSETS	36	<u>119,027</u>	<u>115,807</u>
representing:			
General Fund	37	2,640	4,286
Designated funds	37	735	705
Restricted funds	38	26,622	18,986
Endowment funds	39	89,030	91,830
	36	<u>119,027</u>	<u>115,807</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 22 to 37 form an integral part of these accounts

SALISBURY DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>2010</u> £'000	<u>2009</u> £'000
Net cash outflow from operating activities	(1,051)	(2,797)
Returns on investment and servicing of finance		
Investment income	838	876
Interest paid	(2)	(1)
	836	875
Net cash inflow from investment and servicing of finance		
Capital expenditure and financial investment		
Sales proceeds:		
Tangible assets held as endowments	420	716
All other tangible assets	2,040	1,546
Investment assets	742	725
Loans:		
Advanced	(16)	(163)
Repaid	78	4
Purchases:		
Tangible assets	(2,421)	(2,005)
Investment assets	(366)	(223)
	477	600
Net increase / (decrease) in cash	262	(1,322)

	<u>2010</u> £'000	<u>2009</u> £'000
Net cash outflow from operating activities	2,088	3,556
Net incoming /(outgoing) resources	(322)	137
(Gain)/Loss on sale of functional assets	-	9
Write down in the value of property held for disposal	(2,235)	(4,123)
Impairment review - fixed assets	(28)	(4)
Impairment review - fixed asset investments	27	25
Depreciation charge	(838)	(876)
Investment income	2	1
Interest payable	(142)	(148)
Change in debtors	397	(1,374)
Change in creditors	(1,051)	(2,797)
Net cash outflow from operating activities	(1,051)	(2,797)

	1 Jan 2010	Cash flows	Other changes	31 Dec 2010
	£'000	£'000	£'000	£'000
Cash at bank and in hand	130	1,066	-	1,196
Deposit accounts	2,060	(804)	-	1,256
Loan creditors	(267)	-	-	(267)
Totals	1,923	262	-	2,185

The notes on pages 22 to 37 form an integral part of these accounts

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010

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 a rate of 33.3% 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 2010

	Unrestricted Funds		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	2010					2009
	£'000	£'000	£'000	£'000	£'000	£'000
2. PARISH SHARE						
Share for the year per the Budget	9,292	-	-	-	9,292	9,128
Less: credit adjustments allowed	(13)	-	-	-	(13)	(12)
Request for the year	9,279	-	-	-	9,279	9,116
Less: discounts for early / Direct Debit payment	(45)	-	-	-	(45)	(37)
Less: provision for shortfall in contributions	(444)	-	-	-	(444)	(301)
	8,790	-	-	-	8,790	8,778
Plus: arrears for previous years	80	-	-	-	80	139
	8,870	-	-	-	8,870	8,917
Plus: other contributions	10	-	-	-	10	10
	8,880	-	-	-	8,880	8,927
3. THE NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Selective allocation	-	-	131	-	131	134
Parish Mission Funding grant	-	35	-	-	35	35
Ordained Local Ministry Scheme	-	-	-	-	-	-
The Church Commissioners						
Area Bishops' secretaries	52	-	-	-	52	99
Office equipment grant for bishops	-	-	10	-	10	10
	52	35	141	-	228	278
4. OTHER VOLUNTARY INCOME						
Ecclesiastical Insurance Group	140	-	-	-	140	63
Bequests	-	-	-	-	-	-
Salisbury DBE Uniform Statutory Trusts	124	-	-	-	124	133
Sarum St Michael Educational Charity	27	-	-	-	27	25
Other donations and grants	71	58	804	-	933	436
	362	58	804	-	1,224	657
5. INCOME FROM ACTIVITIES FOR GENERATING FUNDS						
Rental income from let clergy houses	221	-	-	-	221	237
Rents and sales at Milton Abbey	-	-	4	-	4	9
Fundraising events	-	-	6	-	6	6
	221	-	10	-	231	252
6. INVESTMENT INCOME						
Dividends receivable	152	12	376	-	540	522
Interest receivable	1	1	91	-	93	135
Rents from investment properties	-	-	178	-	178	192
Rents from other properties	27	-	-	-	27	27
	180	13	645	-	838	876
7. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES						
Statutory fees and chaplaincy income	3	-	560	-	563	605
Provision of services in accordance with the Board's charitable objectives	284	-	28	-	312	494
Church Commissioners-Guaranteed Annuities	-	-	3	-	3	3
	287	-	591	-	878	1,102

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	Unrestricted General	Designated	Restricted funds	Endowment funds	Total funds 2010	Total funds 2009
	£'000	£'000	£'000	£'000	£'000	£'000
8. OTHER INCOMING RESOURCES						
Gain on disposal of equipment and properties	-	-	300	22	322	-
	-	-	300	22	322	-
9. COST OF GENERATING VOLUNTARY INCOME						
Support costs	5	-	-	-	5	25
	5	-	-	-	5	25
10. INVESTMENT MANAGEMENT COSTS						
Glebe agent's fees	-	-	29	-	29	16
Other glebe expenses	13	-	6	-	19	22
Agents' fees on other let property	23	-	-	-	23	28
Other expenses on other let property	3	-	-	-	3	39
Non property investment management expenses	-	-	-	-	-	-
Share of support costs	1	-	-	-	1	4
	40	-	35	-	75	109
11. CONTRIBUTIONS TO NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Training for ministry	412	-	-	-	412	421
National Church responsibilities	336	-	-	-	336	318
Grants and provisions	49	-	-	-	49	51
Mission agency pension contributions	25	-	-	-	25	25
Retired clergy housing costs (CHARM)	100	-	-	-	100	95
Pooling of ordinand candidates' costs	(10)	-	-	-	(10)	(10)
	912	-	-	-	912	900
EXPENDITURE ON RESOURCING MINISTRY AND MISSION						
12. AND MISSION						
Parish ministry:						
Stipends and national insurance	4,150	-	915	-	5,065	4,873
Pension contributions	1,575	-	341	-	1,916	1,605
Less recharge to other departments	(177)	-	-	-	(177)	(178)
Housing costs	1,300	-	349	-	1,649	1,851
Removal, resettlement and other grants	148	-	-	-	148	130
Other expenses	141	-	-	-	141	103
Pioneer ministry posts	95	-	-	-	95	96
Sub total for parish ministry	7,232	-	1,605	-	8,837	8,480
Support for ministry and mission:						
Ministry and learning development	455	133	-	-	588	610
Area Offices and diocesan resources	293	-	-	-	293	290
Board of Education	545	-	-	-	545	565
Grants to all PCCs	-	-	-	-	-	-
Other support for ministry and mission	616	64	92	-	772	758
Support costs	424	-	-	-	424	445
Sub total for support for ministry and mission	2,333	197	92	-	2,622	2,668
Grand total for resourcing ministry and mission	9,565	197	1,697	-	11,459	11,148
DIOCESAN LINKS OVERSEAS						
13. Episcopal Church of the Sudan						
Grants	-	-	193	-	193	195
Support activities	-	-	73	-	73	119
The Church in Latvia and Evreux	-	-	2	-	2	1
Support costs	-	-	4	-	4	5
	-	-	272	-	272	320

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	Unrestricted		Restricted	Endowment	Total	Total
	General	Designated	funds	funds	funds	funds
	£'000	£'000	£'000	£'000	£'000	£'000
14. MILTON ABBEY CHURCH					2010	2009
Insurance	-	-	15	-	15	15
Repairs and other costs	-	-	10	-	10	13
Support costs	-	-	-	-	-	5
	-	-	25	-	25	33
15. GOVERNANCE COSTS						
Audit fees	18	-	-	-	18	14
Diocesan Synod expenses	-	-	-	-	-	1
Support costs	11	-	-	-	11	5
	29	-	-	-	29	20
16. OTHER RESOURCES EXPENDED						
Loss on sale of fixed assets	-	-	-	-	-	103
Loss on sale of current assets	-	-	-	-	-	34
Deficit/(surplus) on lay staff pension scheme	-	-	-	-	-	(42)
Impairment (reversal) in the value of functional property in continuing use	337	-	(411)	(2,189)	(2,263)	(4,123)
Write down in value of property held for disposal at the year end to estimate net realisable value	-	-	-	-	-	9
	337	-	(411)	(2,189)	(2,263)	(4,019)
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	-	-	5	5	25	
Investment management costs	74	-	1	75	109	
Contributions to national church institutions	-	912	-	912	900	
Resourcing ministry and mission	10,649	386	424	11,459	11,148	
Diocesan overseas links	79	193	-	272	320	
Milton Abbey	25	-	-	25	33	
Governance costs	18	-	11	29	20	
Other resources expended	(2,263)	-	-	(2,263)	(4,019)	
	8,582	1,491	441	10,513	8,536	
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	311	-	-	311	307	
Office administrative costs	128	-	9	137	132	
Office premises costs	79	-	1	80	134	
Finance costs	5	-	-	5	2	
Depreciation	27	-	-	27	13	
less already recharged to departments	(119)	-	-	(119)	(109)	
	431	-	10	441	479	
19. NET INCOMING RESOURCES FOR THE YEAR						
These are after charging:						
Depreciation				27	25	
Auditors' remuneration as auditors				18	14	
Interest payable				2	1	

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

20. ANALYSIS OF GRANTS PAYABLE	Number of grants		2010	2009
	2010	2009	£'000	£'000
To Institutions				
National Church Responsibilities				
The Archbishops' Council (see note 11)	1	1	912	900
	<u>1</u>	<u>1</u>	<u>912</u>	<u>900</u>
Diocesan Links Overseas				
ECS Provincial Office / agencies	2	4	22	20
Sudanese dioceses / schools / colleges	22	20	134	154
	<u>24</u>	<u>24</u>	<u>156</u>	<u>174</u>
Within the Diocese				
PCCs	10	8	56	56
Other mission bodies	1	11	6	25
County ecumenical bodies	2	2	11	10
SW Regional Affairs Adviser	-	-	-	-
	<u>13</u>	<u>21</u>	<u>73</u>	<u>91</u>
To Individuals				
Diocesan Links Overseas				
Sudanese clergy & laity	9	9	37	24
Within the Diocese				
Individual training for ministry	50	28	137	108
Clergy taking up appointments	47	40	94	78
	<u>97</u>	<u>68</u>	<u>231</u>	<u>186</u>
Totals for all grants	<u>144</u>	<u>123</u>	<u>1,408</u>	<u>1,375</u>

21. STAFF COSTS	2010	2009
	£'000	£'000
Salaries & stipends	1,283	1,302
Social security costs	98	96
Pension costs	292	309
	<u>1,673</u>	<u>1,707</u>

One employee received remuneration in excess of £60,000 during 2010 (2009 - one)
The average numbers of employees, based on full time equivalents, were as follows:

	2010	2009
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	10	11
Other support for ministry and mission	16	17
	<u>43</u>	<u>45</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 (2009 - nil). However, 10 (2009 - 11) trustees who held ecclesiastical office during the year were paid stipends through the Board of £254,000 (2009 - £230,000) and expenses as trustees of £1,000 (2009 - £2,000). Pension contributions on those stipends amounted to £96,000 (2009 - £80,000). Six (2009 - 7) other trustees were reimbursed for travel and other incidental costs as trustees amounting to £4,000 (2009 - £2,000).

Twelve trustees were provided with housing by the Board during 2010 on account of their ecclesiastical office.

The wife of one clerical trustee was employed up to 25 August 2010 part time by the Board for administrative support and received remuneration of £8,000 (2009 - £11,000).

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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>2010</u>	<u>2009</u>
Charged by SDBF:	£'000	£'000
to SDBEL for services in accordance with the Board's charitable objectives	145	324
to SALED Ltd for office services	<u>12</u>	<u>14</u>
	<u>157</u>	<u>338</u>
Charged by SALED Ltd:		
to SDBF for conference facilities	<u>16</u>	<u>7</u>
Grants made by SDBEL to SDBF	<u>132</u>	<u>132</u>
Inter-company (debtor) balances at 31 December		
SDBEL	40	111
SALED LTD	<u>13</u>	<u>3</u>
	<u>53</u>	<u>114</u>

24. TANGIBLE ASSETS

	---- Unrestricted ----	- Restricted -	--- Endowment ---			
	Property	Office equipment	Assistant staff houses and other property	Team Vicarages	Benefice Houses	Totals
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>						
At 1 January 2010 (note i below)	2,639	321	15,738	15,331	63,362	97,391
Additions	-	39	1,014	1,368	-	2,421
Disposals	-	-	(1,289)	-	(398)	(1,687)
Impairment (see note ii below)	(337)	-	411	457	1,704	2,235
Transfer between funds	(766)	-	6,257	(3,915)	(1,576)	-
Transfer to investment properties	-	-	-	-	-	-
Transfer from current assets	-	-	-	-	-	-
Transfer to current assets (see note 29)	(225)	-	(225)	-	(300)	(750)
At 31 December 2010	<u>1,311</u>	<u>360</u>	<u>21,906</u>	<u>13,241</u>	<u>62,792</u>	<u>99,610</u>
<u>Accumulated depreciation</u>						
At 1 January 2010	-	295	2	-	-	297
Charge for the year	-	27	-	-	-	27
At 31 December 2010	<u>-</u>	<u>322</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>324</u>
<u>Net Book Value</u>						
At 31 December 2010	<u>1,311</u>	<u>38</u>	<u>21,904</u>	<u>13,241</u>	<u>62,792</u>	<u>99,286</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>

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 each subsequent year. 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 2010

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>2010</u>	<u>2009</u>
a. Unlisted Investments	£'000	£'000
Market value at 1 January	11,366	10,695
Additions at cost	366	223
Disposals at carrying value	-	(223)
Net investment gains / (losses)	715	671
	<u>12,447</u>	<u>11,366</u>
b. Investment Properties		
Carrying value at 1 January	4,539	4,768
Revaluation at 1 January 2007	-	-
Additions at cost	-	-
Transfer from functional properties	-	-
Disposals at carrying value	(322)	(233)
Impairment (see note 24 i)	28	4
Net investment gains / (losses)	-	-
	<u>4,245</u>	<u>4,539</u>
Total Investment Fixed Assets at 31 December	<u><u>16,692</u></u>	<u><u>15,905</u></u>

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

Unlisted Investments comprise:-

499,800 CBF Church of England Investment Fund shares (2009 - 463,730 shares)	5,477	4,741
1,379,246 CBF Church of England Property Fund shares (2009 - 1,379,246 shares)	1,675	1,614
353,115 M&G "Charifund" units (2009 - 353,115 units)	4,063	3,786
1,002,405 M&G "Charibond" units (2009 - 1,002,405 units)	1,232	1,225
	<u>12,447</u>	<u>11,366</u>

Investment Properties comprise:-

Glebe Agricultural land	2,721	2,764
Other property	1,235	1,235
A former clergy house	234	485
A former church	55	55
	<u>4,245</u>	<u>4,539</u>

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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>2010</u>	<u>2009</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	750	460
Write down to net realisable value	-	(9)
	<u>750</u>	<u>451</u>

30. DEBTORS

	<u>2010</u>		<u>2009</u>	
	£'000		£'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
Loans to parishes	133	-	192	-
Other loans	1	-	4	0
Parish Share	241	-	263	-
Church Commissioners				
Diocesan Stipends Account (note 32)	-	-	-	-
Other	-	-	-	-
Accrued income	117	-	108	-
Sundry debtors	365	-	214	-
Totals	<u>857</u>	<u>-</u>	<u>781</u>	<u>0</u>
Total Debtors	<u>857</u>		<u>781</u>	

Included in sundry debtors are prepayments for council tax and water rates totalling £124,000 (2009 - nil).

31. DEPOSIT ACCOUNTS

	<u>2010</u>	<u>2009</u>
	£'000	£'000
CBF Church of England Deposit Fund	1,206	2,010
Triodos Bank deposit	<u>50</u>	<u>50</u>
	<u>1,256</u>	<u>2,060</u>

32. CREDITORS

	<u>2010</u>		<u>2009</u>	
	£'000		£'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
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 2010

32. CREDITORS continued	<u>2010</u> £'000		<u>2009</u> £'000	
	Due within <u>one year</u>	Due in more than <u>one year</u>	Due within <u>one year</u>	Due in more than <u>one year</u>
b. Other Creditors				
Parish Share received in advance	-	-	-	-
HM Revenue & Customs	42	-	65	-
Accruals	32	-	86	-
Commitments for grants given	10	-	10	-
Church Commissioners	222	-	8	-
Other creditors	503	-	243	-
Totals	<u>809</u>	<u>-</u>	<u>412</u>	<u>-</u>
Totals	<u>809</u>	<u>267</u>	<u>412</u>	<u>267</u>
Total Creditors	<u>1,076</u>		<u>679</u>	

33. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	<u>2010</u> £'000	<u>2009</u> £'000
Loans due after more than one year fall due as follows:		
1 - 2 years	-	-
3 - 5 years	-	-
after 5 years	<u>267</u>	<u>267</u>
	<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>2010</u> £'000	<u>2009</u> £'000
Capital expenditure authorised by the Board and contracted for but not provided for in the accounts	<u>-</u>	<u>32</u>
Capital expenditure authorised by the Board but not yet contracted for	<u>-</u>	<u>550</u>
Loans to parishes and Salisbury DBE Ltd authorised by the Board but not yet taken up	<u>499</u>	<u>674</u>
Estimate of grants to parishes, approved in principle by the Board subject to conditions	<u>34</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 2010 (2009 - nil). There are no obligations under leases.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

35. FUND MOVEMENTS IN THE YEAR

	<u>Note</u>	At 1				At 31	
		January 2010	Incoming resources	Resources expended	Transfers (Note 40)	Gains & losses	December 2010
		£'000	£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>	37						
General Fund		4,286	9,982	(10,888)	(841)	101	2,640
<hr/>							
<u>Designated funds</u>							
Clergy Conference Fund		-	-	-	18	-	18
Aldhelm Mission Fund		274	99	(60)	-	9	322
Ordinands Support Fund		28	-	(132)	85	-	(19)
Crompton Fund		215	6	(4)	-	9	226
Pastoral & Development Designated Fund		188	-	-	-	-	188
Totals for designated funds		705	105	(196)	103	18	735
Totals for unrestricted funds		4,991	10,087	(11,084)	(738)	119	3,375
<hr/>							
<u>Restricted funds</u>	38						
Pastoral & Development Fund [DPA]		18,021	371	(46)	6,684	43	25,073
Diocesan Stipends Fund Income Account		-	1,293	(1,265)	(28)	-	-
The Sudan Funds							
Sudan General Fund		129	137	(115)	-	-	151
Sudan Relief & Development Fund		5	81	(80)	-	-	6
Sudan Medical Link Fund		52	141	(60)	-	-	133
Sudan Bilal Fund		6	-	-	-	-	6
Sudan Grace Secondary School Fund		4	13	(14)	-	-	3
Milton Abbey Fund		44	36	(26)	-	-	54
Latvia Fund		1	-	(1)	-	-	-
Diocesan Choral Fund		7	-	-	-	-	7
Bishops' Office Equipment Fund		1	10	(9)	-	-	2
Restricted funds for ministry in parishes		312	271	-	-	26	609
Restricted funds for support of ministry in parishes		37	136	-	-	12	185
Restricted funds for general purposes		367	-	-	-	26	393
Totals for restricted funds		18,986	2,489	(1,616)	6,656	107	26,622
<hr/>							
<u>Expendable endowment</u>	39a						
Diocesan Stipends Fund Capital Account		26,757	420	478	(3,915)	364	24,104
Benefice Houses		63,362	22	1,711	(2,003)	-	63,092
		90,119	442	2,189	(5,918)	364	87,196
<hr/>							
<u>Permanent endowment</u>	39b						
Endowments for ministry in parishes		1,436	-	-	-	104	1,540
Endowments for support of ministry in parishes		61	-	-	-	4	65
Endowments for general purposes		214	-	-	-	15	229
		1,711	-	-	-	123	1,834
<hr/>							
<u>Total endowment funds</u>		91,830	442	2,189	(5,918)	487	89,030
<hr/>							
<u>Grand totals for all funds</u>		115,807	13,018	(10,511)	-	713	119,027
<hr/>							

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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		1,349	1,851	451	(1,011)	2,640
<u>Designated funds</u>						
Clergy Conference Fund		-	-	18	-	18
Aldhelm Mission Fund		-	137	185	-	322
Ordinands Support Fund		-	-	(19)	-	(19)
Crompton Fund		-	137	89	-	226
Pastoral & Development Designated Fund		-	-	188	-	188
Totals for designated funds		-	274	461	-	735
Totals for unrestricted funds		1,349	2,125	912	(1,011)	3,375
<u>Restricted funds</u>	38					
Pastoral & Development Fund [DPA]		21,904	719	2,514	(64)	25,073
Diocesan Stipends Fund Income Account		-	-	-	-	-
The Sudan Funds						
Sudan General Fund		-	-	151	-	151
Sudan Relief & Development Fund		-	-	6	-	6
Sudan Medical Link Fund		-	-	133	-	133
Sudan Bilal Fund		-	-	6	-	6
Sudan Grace Secondary School Fund		-	-	3	-	3
Milton Abbey Fund		-	-	54	-	54
Latvia Fund		-	-	-	-	-
Diocesan Choral Fund		-	2	5	-	7
Bishops' Office Equipment Fund		-	-	2	-	2
Restricted funds for ministry in parishes		-	425	184	-	609
Restricted funds for support of ministry in parishes		-	171	14	-	185
Restricted funds for general purposes		-	393	-	-	393
Totals for restricted funds		21,904	1,710	3,072	(64)	26,622
<u>Expendable endowment</u>	39a					
Diocesan Stipends Fund Capital Account		13,241	11,085	(222)	-	24,104
Benefice Houses		62,792	-	300	-	63,092
		76,033	11,085	78	-	87,196
<u>Permanent endowment</u>	39b					
Endowments for ministry in parishes		-	1,542	(2)	-	1,540
Endowments for support of ministry in parishes		-	65	-	-	65
Endowments for general purposes		-	229	-	-	229
		-	1,836	(2)	-	1,834
<u>Total endowment funds</u>		76,033	12,921	76	-	89,030
<u>Grand totals for all funds</u>		99,286	16,756	4,060	(1,076)	119,027

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 32.

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 or four years, with the most recent being held during 2009. The diocesan budget includes a provision each year (£18,000 in 2010) 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 2010 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.

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. No transfer has been made to this fund for 2010, as the PDF is deemed to have sufficient assets as a result of the capital review..

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 2010

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. 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 2010

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	Endowment Funds	Total 2010
	General £'000	Designated £'000	£'000	£'000	£'000
Parsonage House Scheme surpluses net of loan repayment and house purchase	(766)	-	6,684	(5,918)	-
Pastoral Development Fund Maintenance	-	-	-	-	-
Funding for Support and Training	(75)	103	(28)	-	-
	(841)	103	6,656	(5,918)	-

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

At 31 December 2010 the Board had 32 active members and 22 deferred pensioner members in the fund.

The Board's contribution rate to the lay staff DBS during 2010 was 23.5%.

The Board closed its DBS Scheme to new members in 2008.

New entrants to employment are eligible to join the Church of England Defined Contribution Scheme (DCS), part of the Church Workers Pension Fund. As at 31 December 2010 the Board had 10 members in the DCS.

Four 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.

SALISBURY DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

41. PENSION COMMITMENTS continued

(b) Stipendiary Clergy

The Board participates in the Church of England Funded Pensions Scheme and is responsible for 214 members of the Scheme out of a total membership of approximately 9,000 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 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions:

- *An investment strategy of: for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets;*
- *Investment returns of 4.4% p.a. on gilts and 5.9% p.a. on equities;*
- *RPI inflation of 3.8% p.a. (and pension increases consistent with this);*
- *Increase in pensionable stipends of 3.8% p.a.; and*
- *Post-retirement mortality in accordance with 80% of the S1NA, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1.5% for males and 1.0% 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 2006 valuation, the Board's contribution rate was set at 39.7% of pensionable stipends with effect from 1 April 2008. The contribution rate was subsequently increased to 45% of pensionable stipends with effect from 1 January 2010, reflecting unfavourable investment experience and changes in financial market conditions. Following the valuation of the Scheme as at 31 December 2009, and some agreed changes to benefits, the contribution rate has been set at 38.2% with effect from 1 January 2011.

The next valuation of the Scheme will be due as at 31 December 2012.

SALISBURY DBF - NET EXPENDITURE BY BUDGET HEAD

BUDGET HEAD	Budget for the Year	Actual for the Year	Variance
Board of Finance			
<i>Finance</i>			
Stipends	5,925,760	5,787,708	138,052
Clergy Terms of Service	41,200	43,503	(2,303)
Property Department	1,085,350	1,069,371	15,979
National & Regional Church Resps.	504,160	499,582	4,578
National Training	397,000	412,786	(15,786)
Fees	81,320	79,588	1,732
General Income	(313,000)	(254,765)	(58,235)
<i>Property</i>			
DAC, Pastoral & Trusts	151,030	143,573	7,457
RCUC	15,900	15,240	660
Church Buildings	60,000	56,782	3,218
<i>General</i>			
General Administration	394,860	418,598	(23,738)
Communications	59,220	64,650	(5,430)
Synods	16,750	24,061	(7,311)
"Safeguarding people"	51,800	48,003	3,797
Sundries	12,500	20,339	(7,839)
Ramsbury Area Office	98,820	65,243	33,577
Sherborne Area Office	98,660	108,949	(10,289)
Diocesan Projects & Resources	68,860	63,913	4,947
Board of Education	303,100	272,777	30,323
L D M T	440,140	406,111	34,029
NET CHARGE on budgeted expenditure	9,493,430	9,346,011	147,419
Expenditure approved outside of budget	129,141	129,141	-
	-	-	-
NET CHARGE	9,622,571	9,475,151	147,419
SHARE			
Requested	9,291,500	8,834,647	(456,853)
Adjustments subsequently agreed/Discount	(13,434)	(44,237)	(30,803)
Arrears received	-	79,610	79,610
Non parochial	-	10,000	10,000
SHARE Total	9,278,066	8,880,020	(398,046)
(DEFICIT) / SURPLUS	(344,505)	(595,131)	(250,627)
RECONCILIATION TO STATUTORY ACCOUNTS			
<i>Surplus/Deficit as above</i>		(595,131)	
<i>Cost met by PDF</i>		25,000	
<i>Losses on impairment review</i>		(337,125)	
<i>Adjusted total for General Fund</i>		(907,256)	
<i>Surplus/Deficit reported in Statutory Accounts</i>		(905,000)	