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 2014

Company No. 17442

Registered Charity No. 240833

Registered and Principal Office:

Church House
Crane Street
Salisbury
SP1 2QB

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COMPANIES HOUSE

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:	Batt Broadbent Minster Chambers 42/44 Castle Street Salisbury SP1 3TX
Bankers:	Lloyds 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 St James's Place Wealth Management 1 Tetbury Road Cirencester GL7 1FP
Property & Land Agents:	Messrs Smiths Gore 3 Woodstock Court Blenheim Road Marlborough SN8 4AN

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS AND TRUSTEES DURING 2014

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 N Holtam	Ex officio, President of Synod, Bishop of Salisbury
Mr G D Williams	Ex officio, Chairman
Mr M P Armstrong (to 12 January 2015)	Elected lay member, Vice-Chairman
The Rt Rev G Kings	Ex officio, Bishop of Sherborne
The Rt Rev E Condry	Ex officio, Bishop of Ramsbury
The Ven A P Jeans	Ex officio, Archdeacon of Sarum
The Ven S Waine	Ex officio, Archdeacon of Dorset
The Very Rev J Osborne	Ex officio, Dean of Salisbury
The Ven P S Taylor	Ex officio, Archdeacon of Sherborne
The Ven R Worsley	Ex officio, Archdeacon of Wilts
Mr S R Key	Ex officio, Chairman House of Laity
The Rev A C Macrow-Wood	Ex officio, Chairman House of Clergy
The Rev Canon H Stephens	Ex officio, Chairman Diocesan Board of Education
The Rev M A Allchin	Elected clerical member
The Rev T M B Woodhouse	Elected clerical member (to 25 February 2014, thereafter co-opted clerical member)
The Rev D Baldwin	Elected clerical member
The Rev A Perry (from 10 June 2014)	Co-opted clerical member
Mrs C Corteen	Elected lay member
Mr A R Ely	Elected lay member
Mrs G Clarke	Elected lay member
Mr D Jones	Elected lay member
Dr J Matthews	Elected lay member
Mrs D McIsaac	Elected lay member
Mr D W G Harris	Elected lay member
Mrs R Cook	Elected lay member
Mrs K Rizzello	Elected lay member

Principal Officers of the Board

Mrs L J D Herklots	Secretary and Treasurer
Mr S Dawson	Deputy Secretary
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 15 of this report.

STRATEGIC REPORT

The Diocese is committed to the three quinquennial goals of the Church of England. These are:

i) To take forward the spiritual and numerical growth of the Church of England including the growth of its capacity to serve the whole community of this country;
ii) To re-shape or re-imagine the Church's ministry for the century coming, so as to make sure that there is a growing and sustainable Christian witness in every local community; and
iii) To focus our resources where there is both greatest need and greatest opportunity.

Two additional aims concerning work with Children and Young People are:

iv) Support Deaneries to develop and deliver effective ways of working with Children and Young People in church, schools and the wider community to provide a range of opportunities for CYP to explore and develop their faith and to enable them to actively participate in influencing decisions that affect them

v) Support the development of outstanding schools and academies through support for RE, Collective Worship and Spirituality and by enabling a culture of school to school partnership and joint practice development between church schools and academies

The Diocese, through its structure of departments and offices, works to serve the parishes in the Diocese to achieve these goals. A description follows of what has been achieved during 2014.

DIOCESAN ACHIEVEMENTS AND PLANS

(i) SPIRITUAL AND NUMERICAL GROWTH AND CAPACITY TO SERVE THE WHOLE COMMUNITY

Continue to three year Social Justice Action Plan.
At Diocesan synod in February the Social Justice Working Group presented the new priorities for the group's programme. The programme now concentrates on work on food banks, food security, school meals, credit unions, reasonable incomes, fuel poverty, and preparation for the General Election in 2015. Events planned for the year went very well. The Breadline Britain event at Gillingham was inspirational and had national impact with the model of listening respectfully to people who have turned to Food banks proving its worth. In Lent the Carbon Fast initiative with an inspirational example set by the Bishop of Ramsbury in giving up his car and the effect of drawing congregations into the discussion on environment gained a lot of involvement. The All Party Parliamentary Inquiry into Food poverty visited Salisbury when the Bishop of Salisbury was able to contribute to the evidence being gathered. The Salisbury Diocesan Social Welfare Fund (an independent charity that supports social action across the diocese) entered into a new partnership with the two Community Foundations. This will provide small

grants for church-related social action into the future. The network of Social Justice Champions work developed with a new newsletter, Facebook group, and a successful first event at Hilfield.

Progress and expand the ELM (Energised Local Ministry) Project to encourage the development of new patterns of local ministry.
Progress was slower than hoped due to the long-term illness of the volunteer co-ordinator however a new volunteer was recruited mid year and by the end of 2014 the number of groups engaged in re-thinking how Clergy and laity, working within a framework of a life together, community and shared leadership had doubled from 5 - 10. Examples of the work being done include the structural changes that are being developed in Melbury with 16 parishes planning to work as 3 clusters and handling Finance and DAC centrally so releasing the majority of people for Mission work.

Expand the volunteer network to provide support to parishes.
The group is currently engaged with 13 parishes or benefices, working in pairs to support parishes as 'Christians walking alongside Christians' helping to find a way through some of the issues preventing growth. A further eight parishes have been identified for future work. Efforts to increase the membership resulted in two new members.

(ii) RE-SHAPE THE CHURCH'S MINISTRY SO THERE IS A GROWING AND SUSTAINABLE CHRISTIAN WITNESS IN EVERY LOCAL COMMUNITY

Ministry for Mission.
Ministry for Mission has achieved its objective to map all the 'new forms of church' being run across the diocese and has created 8 hubs through which practitioners can contact and support each other, covering areas such as Messy Church , new housing, café church hub and others.
The objective of setting up 13 CMD courses to enable, empower and equip these initiatives was achieved. They have been exceptionally well attended with over 750 attendees both lay and clergy.
The support group has begun to look at what the future requirements might be beyond the 2 year posts and what the legacy is of this project and reported to Diocesan Synod in November.

Develop and integrate plans for growing and resourcing lay and ordained ministry
During the year work was done to develop plans for growing and resourcing lay and ordained ministers as part of a wider Diocesan Strategy for Growth and Mission. This included responding in detail to the requests for information from the National Task Group 'Resourcing the Future' to indentify ministerial requirements, both lay and ordained, for the next 10 years. There were over 10 main recommendations in the Diocesan Report which formed much of the work on the revised strategic aims for 2015.
Work on revising the Ministerial Development Review was slightly delayed: the pilot and new scheme will happen in 2015.

Three external Quality Assurance exercises took considerable time this year firstly for Common Awards validation and also for the review of the Oxford Brookes Scheme and the follow up of the Ministry Division inspection recommendations. The new Common Awards scheme to train our Licenced Lay Ministers (LLM) was validated and students started in Autumn 2014.

The Aldhelm Certificate continues to grow since it was launched in September 2012. In 2014 there were 21 groups in 18 locations and an estimated 200 students.
The Lay Worship Leader (LWL) course was completed and two taster sessions run in December. The material was well received and will be rolled out in 2015
A day event was held to explore issues around formation for ministry in rural contexts, particularly pertinent to this diocese, and this has generated quite a bit of interest regionally and nationally

The Retirement Officers hosted a day for those with similar responsibilities in other Dioceses and a conference for retired clergy at which over 100 attended.

During 2014, there were 122 CMD courses run with a total attendance of 2,076 (average attendance was 17). This includes all clergy, LLMs, LWLs, LPAs (Lay Pastoral Assistants) and lay people. Additionally, there were 255 attendees at the Archdeaconry Days and 258 attendees at the clergy conference. Opening training out to lay people has been well-received.

Visits to clergy new in post continue and feedback from these is positive. Six Reflective Practice Groups (RPGs) have met regularly and, after an RPG Taster Session, a new group was set up in the autumn.

Continue to stimulate and encourage vocations
The Bishop has appointed three young vocations champions for the Diocese of Salisbury who respond to enquiries from young people exploring vocation and are available to speak at youth events and schools. Material was provided for clergy for Vocations Sunday 11th May 2014 . A Vocations Day was held on Saturday 10th May. There have been 31 contacts with people wishing to explore vocations since September 2013, four of which have now been passed to the Diocesan Director of Ordinands for discernment for ordination.

(iii) FOCUS OUR RESOURCES WHERE THERE IS MOST NEED AND MOST OPPORTUNITY

Re-shape the Learning for Discipleship and Ministry Team
Towards the end of the year there was much work on reshaping the Learning for Discipleship and Ministry team to respond to the extra emphasis being placed on Discipleship and Vocations.

Develop and Deliver new Safeguarding Requirements
The new Diocesan Safeguarding Adviser (DSA) started in post in February and the Diocesan Safeguarding Management Group met for the first time in March. They met a three further times during the year and highlighted five priority areas to be addressed: Training, Audit, Processes and Communication, Support (for victims, clergy and the DSA), Record Keeping and Accountability.

Training was identified as the highest priority. The DSA reviewed the training provision in place, identified a number of areas which required improvement and made recommendations for improvement. Work to remedy the areas requiring improvement has already commenced but needs to be aligned with new initiatives from the national safeguarding team.

Two audits were initiated during the year – one to find out how many parishes do not have Parish Safeguarding Representatives (PSR) and a second to ascertain which parishes have, and which do not have, safeguarding policies and procedures in place. The first audit identified a handful (14) without PSRs and this information was passed onto the Archdeacons. The audit on policy was less successful in that the response rate was very low and follow up has been delayed due to pressure of other work.

Implement the revised communications strategy and resource plan.
Grapevine, the fortnightly bulletin, focusing on stories of people whose lives have been transformed through faith in Christ, is now sent electronically to 5,000 people a month. Unsubscribe rates are relatively low, showing that this is being read. However, problems with the distribution and exposure of the printed version of Grapevine remain. 32 parish magazine editors/Grapevine distributors responded to our online survey, and between them reported printing 2,829 copies of Grapevine

The e-Bulletin was revamped and given a new look in February. This has been almost universally well received. The mailing list is now 1,925 addresses.
A major user survey ran on the website in March and April 2014, with more than 1,000 responses received. The survey indicated that the website is broadly on the right lines. It does not need a significant revamp in terms of appearance or restructuring. However, it is a very large website and at times difficult to navigate. It needs some pruning, and some work needs to be done with the Internet Service Provider to improve the search engine. Work on these improvements continues in 2015.
New training in media for parishes was developed and piloted. This will be expanded in 2015.

The team spent considerable time towards the end of the year developing a communications plan for the evolving vision for the diocese, primarily to support the Bishop of Salisbury in his planned visits to Deaneries in early 2015.

Mission and Stewardship.
In 2014 the stewardship team maintained the focus on building relationship with parishes through visiting, supporting and working with them on mission and stewardship initiatives. 60 parishes and deaneries were visited and 23 stewardship programmes developed/supported, results will be available later in 2015. Also, three parish visioning days were facilitated.
'*Gifts in Wills*' was a new area of focus during the last year. A one-day workshop was developed by the team and subsequently two workshops were held with a total of just over 30 churches represented. Furthermore, preparation was undertaken for a '*Gifts in Wills*' pilot study to be undertaken during the first half of 2015, with the aim of identifying effective ways of encouraging such gifts.
Over recent years, the stewardship materials have been updated, with a greater focus on mission as the starting point.

FINANCIAL REVIEW OF 2014
Overall the Board had a surplus of £9.8m. Funds on investment saw an increase in value of £3.2m, and assets in use (mainly clergy housing) saw an increase of £7.6m. These are not cash movements, and relate to assets that are needed to be retained for the Board's continuing activities; see notes 24 and 26 to the accounts. On the General Fund's recurring activities, the Board had a small surplus of £82,000.

Total incoming resources showed a small increase to £13.02m (2013: £12.63m). The Share outcome for the year was again encouraging with, at the cut-off date of 31 January 2015, 98% of the 2014 allocation having been paid (2013: 97%). The Board is grateful to all parishes for the encouraging response.

Excluding exceptional items (revaluations of buildings and investments), the majority of expenditure remained at very similar levels to 2013. The most significant items were again those on clergy stipends, national insurance and pension contributions, amounting to £6.70m (2013 - £6.52m); clergy housing £2.44m (2013 - £2.02m) and all other costs in support of ministry and mission £3.05m (2013 - £3.17m). These costs accounted for 90% (2013 – 87%) of expenditure, excluding the exceptional items.

The annual investment review concluded that a further investment of £1.5m should be made in order to continue to minimise increases in Share, as per note 26 to the accounts.

PLANS FOR FUTURE PERIODS, RISKS AND UNCERTAINTIES
During 2014 the Directors began to develop new strategic aims and mission priorities in response to the Bishop of Salisbury vision of Renewing Hope through Time to Pray, Service in Gods World and Growth in Discipleship (Shortened to 'Renewing Hope: pray, serve, grow).

The Directors will continue to develop and monitor budgets that reflect these 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. As the economic recovery now prevailing remains fragile considerable caution will need to be exercised before embarking on new initiatives requiring funding.
The other main risk to the continued success of delivery of the diocesan plans is resourcing the roles and activities – the aim is to plan carefully in order to ensure that the right people are in place.

DIOCESAN ACTIVITIES

The Diocesan Advisory Committee for the care of Churches (The DAC)
The DAC met ten times during the year, covering 357 items requesting formal advice (first stage of faculty) and those recommended when first considered increased to 86. The agendas included 107 items relating to requests for the committee's informal advice and specialist 'out of committee' advice was offered to a further 31 parishes. 31 DAC site visits took place, in most cases to look at re-ordering schemes planned by parishes wishing to widen the use of their churches for community activities. The DAC office processed 75 Extended Minor Works and 45 Minor Works applications during the year.

New guidance on the *Installation of Broadband* was issued, Diocesan guidance on *Church Organs* was reviewed and updated, and a review of guidance on environmental issues is underway in association with the Diocesan Environment Group.
DAC 2013 Awards presented at Diocesan Synod in February 2014 were given to Hawkchurch St the Baptist for their bells project, to Royal Wootton Bassett St Bartholomew and All Saints for the re-ordering, lighting and redecoration scheme and to Woodford All Saints for the memorial window to David and Anne Rasch.
Three more architects were appointed to the Diocesan List of Inspecting Architects and Surveyors.
There was a high attendance at the DAC annual conference for inspecting architects and surveyors and presentations included identification, conservation and protection of historic glass, treatment of structural woodwork and identification and conservation of historic furnishings and woodwork.

The Environment Group
The Group has continued to support parishes and individuals in developing environmental awareness and action across the diocese. Activities in 2014 included facilitating and encouraging engagement in the SW Region Lent Carbon Fast and developing proposals. This will result in PV panels being fitted to 15 parsonage houses

FINANCE AND BUILDINGS

Stipends
The most significant financial activity continued to be the provision of stipends and housing for the clergy in the Diocese. There were some 208 paid clergy posts in the Diocese in 2014, 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 2014 the Board spent over £6.7m on this, making it by far the largest item of expenditure.

Housing and Property
The Department has continued to be heavily involved in the refurbishment of Church House. The re-roofing of the south wing was successfully completed along with external decoration. All works were carried out with minimal disruption. Throughout 2014 there have been some 17 changes of occupancy and consequential works. Further to this in addition to the scheduled quinquennial inspections major refurbishment works were carried out at Dorchester, Woodford, Broadchalke and Devizes St Peter.

A programme of house sales was successfully completed which included properties in Gomeldon, Dinton, Salisbury, Lyneham, Shaftesbury, Verwood, Bearwood and Steeple Ashton. Parsonages were sold at Allington and Wareham and replacements purchased; a team vicarage was purchased in Melksham and an assistant staff house in Mosterton (other assistant staff houses were rented).

In addition to its statutory function the Property Department has continued to carry out over 90 building projects for more than 40 Voluntary Aided Schools, Academies and other Church and Educational properties. In addition to the School work the department has successfully overseen the construction of the new Worship Centre at Sandford and is currently project-managing the construction of the new Community Hall at Crossways.

Grant Making Activities
In its eigth year, the Aldhelm Mission Fund Group awarded £60,000 as grants to mission projects. Some £159,000 was granted to individuals in training for ministry roles and £102,000 to clergy taking up new appointments. The Sudan Committee awarded £198,000 to individuals and organisations in the Episcopal Church of the Sudan.

An analysis of grants paid is shown at note 20.

DBF Trusteeship
The Finance Committee considered 41 requests for Board approval during 2014.

Over a quarter of these requests were from parishes to release capital for major projects to be applied to church repairs or re-ordering. There was one request to apply for Charity Commission consent to wind up a small charity vested in the Board and another to amend a charity's objects.

There were two requests to purchase and vest houses – one was purchased for a youth worker and the other to become a Church Centre. A further request to purchase and vest land adjacent to this Church Centre was approved and this will be used as a car park for the centre.

There were four requests to sell property – two church hall sites (which were no longer being used by the parish), an Ecumenical Centre (which was not being fully used and was in a very poor state of repair) and half the garden of a parish house. There were 5 requests for new lease arrangements and these included a Church Field leased to a Sports Club and a Church Hall leased to a Management Committee. There were two requests for leases to be terminated and in one case the lease was terminated and assigned.

There was one request to vest a legacy in the Board and there were two applications to vest small portions of land and register them with the Land Registry to ensure the sites were under one ownership.

The Retired Clergy Housing Fund supported an application for a short term loan and for one parish the Board supported the Registrar's arrangements for Chancel Repair Liability.

Finally, approval was given to the Environment Agency's request to install a webcam on a parish building to monitor river levels in the centre of Salisbury.

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.

Support Deaneries to develop effective ways of working with Children and Young People
Further extensive work was carried out through the Deanery Strategy for Children and Young People, with 14 deaneries supported so far. Opportunities for training and sharing good practice have been provided with more parishes across the diocese. This methodology has also enabled conversations across the diocese, and lessons from those conversations were presented to Synod in the Spring of 2014. This will set the work of the Children and Youth advisers for the next 3 years.

Develop 'Transforming Lives'
The new strategy for DBE work with schools and academies for RE, Collective Worship and spiritual development sets out a vision for outstanding DBE work which empowers, enables and encourages transformational work in schools which in turn transforms the lives of children and young people.

Supporting the development of outstanding school and academy leadership
The DBE work with schools has been re-focused to ensure it supports the development of highly effective church schools, including development of direct support for schools causing concern.
The re-launched Partnership Service Agreement (the key vehicle for the DBE relationship with schools and academies) has been warmly welcomed by school leaders.

Supporting old academies and growing new academies structures
The educational landscape continues to shift. We have worked to support head teachers and governors considering academy conversion and have developed a set of criteria to ensure that any conversions protect and preserve the heritage of the Anglican Trust Deed. Safeguarding the church school estate and integrity of Christian distinctiveness is a core priority of the DBE. The DBE has also seen the development of its own multi-academy trust, now serving 7 schools and planning to expand to 20 schools over the next 3 years.

Developing the Diocesan Education Centre
The centre continues to flourish as a conference facility and as the home of DBE staff. The Diocesan Education Centre aims to form part of the living Christian community within the Diocese of Salisbury, serving leaders, children and young people in schools and parishes.

Shaping leadership and governance for the future
The Director of Education retired in June and a new Director was appointed in September. A new constitution of the Board of Education was approved by Diocesan Synod in November 2014. The new Board of Education will be formed in the autumn term of 2015. A new strategic plan is now under development: Transforming Leadership, Transforming Lives. Renewing Hope through the DBE vision of God working through us inspiring transformational leadership in schools and parishes which transform the lives of children and young people.

Post Balance Sheet Event – Staffing
As at 31 December 2014, the DBF employed eight members of staff who were managed via the DBE. Some of the costs of these staff have been met by various grants from the DBE and other trusts, whilst other costs have been met by the DBF as part of its work as required by statute and by Diocesan Synod. At 1 April 2015, these staff members were transferred to the DBE. The related grant income for the DBF will therefore cease, and the DBF will look to support the DBE in its work as required by statute and Diocesan Synod by paying a grant in future periods. The net financial effect to the DBF is anticipated to be nil.

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 the Diocese of Evreux (France).

Sudan
The Link continues to play a major role in the life of our parishes and deaneries with many visits to and from both Sudan and South Sudan. Over £40,000 was raised to provide emergency support, through Christian Aid. The work of the Diocesan Link continues to concentrate on Education (in theology and in schools), Health Care, and Advocacy.

Evreux
A group from the Diocese travelled to Bernay in the Diocese of Évreux in January 2014 to look at rural parishes' strategic planning and leadership as well as more general aspects of diocesan life. A small number of inter-parish links continue, notably Queen Thorne, Whitton Team and Golden Cap. These links work in different ways and reflect the context and interests of the respective communities.

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 of Finance. 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 through grant funding to the Diocesan Bishop.

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 919,300. There are two Episcopal Areas, four Archdeaconries, 19 Deaneries, 144 Benefices and 451 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 2014 in February, May and November. As well as fulfilling its function as the Diocesan Board of Finance, the main areas of business included:

- Feedback from the Energising Local Ministry pilot projects.
- Update and discussion on Social Justice progress in the diocese.
- An introduction to the House of Bishops' Working Group Report on Human Sexuality (the Pilling Report).
- Debate and approval of the draft legislation relating to the ordination of women as bishops.
- Update on the work of the Diocesan Environment Group.
- Update and discussion around the Ministry for Mission project.
- Discussions about and approval of proposals to amend the size and composition of the Board of Education.
- An introduction to the subject of gender justice.
- Approval of numbers of representatives and voting method for the Diocesan Synod elections in 2015.
- The presentation of Diocesan Advisory Committee awards and the first Social Justice awards.

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

- On-going scrutiny of finance, mission and pastoral matters.
- On-going discussions in the areas of renewing hope and growth in the diocese including discussions around developing a new deployment strategy and consideration of discipleship and lay ministry.
- Consideration and approval of proposed changes to the size and composition of the Board of Education.
- Approval of the appointment of a Diocesan Youth Discipleship Advisor.
- Work towards a strategic development funding bid with the hope of accessing funds from the Archbishops' Council for new Church and for outreach.
- Consideration of safeguarding and approval of the diocesan Safeguarding Policy.
- Approval for the placement of PV panels on 15 clergy houses.
- Amendments to the constitutions of the Bishop's Council, DAC, Deanery Synods and to the Diocesan Synod standing orders.
- Discussions around succession planning.

The June meeting was a joint meeting with the Board of Education to consider matters of shared interest.

The Council also continued to fulfill 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 of Finance. 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 has 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 of Finance held its annual general meeting in June as part of the Diocesan Synod, at which they:

- Approved the Annual Report and Accounts 2013.
- Appointed auditors for the Board.
- Considered and approved the budget for Share assessment 2015.

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.

Diocesan Mission and Pastoral Committee: Under the provisions of the Mission and Pastoral Measure 2007 each diocese is required to form a diocesan mission and pastoral committee (DMPC) 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 DMPC, 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.

Six Pastoral Schemes or Orders came into effect during 2014. One objection was made on the draft Order to transfer the Bridge Parishes benefice to Milton and Blandford Deanery, but subsequently withdrawn, and thus the Church Commissioners' Pastoral Committee agreed the draft Order which was made by the Bishop. The Order came into effect on 1st November 2014.

Representatives of the DMPC attended a meeting with the Parochial Church Councils (PCCs) of parishes affected by the "Weymouth Ridgeway" proposals to unite benefices on 17th July 2014. This was circulated for consultation which closed on 18th November 2014. There were no representations and the Scheme was made. Representatives of the DMPC also attended a meeting with PCCs to discuss a proposal to close the church of All Saints, Stour Row. This has been approved for public consultation and the consultation closed on February 16th 2015.

Canon David Linaker represented the Sarum Archdeaconry DMPC and attended a meeting of the Church Commissioners' Closed Churches Committee to consider representations received in response to the draft Scheme to close the church of Bemerton St John the Evangelist and lease the major part of it to the Bemerton Community Group. There were no representations and the Scheme was made by the Church Commissioners and came into effect in April 2015.

As at the end of December 2014/beginning of January 2015 presentation to 27 benefices was suspended. During 2014 there were 6 renewals of suspension. Presentation to 7 benefices was suspended for the first time. Suspension of presentation to 8 benefices was lifted or lapsed (in one case when a pastoral scheme came into effect).

Diocesan Board of Patronage

The Board of Patronage met once during the year, which was for the Annual Meeting at the beginning of the year on 21 January 2014. There were a number of interviews for vacancies in benefices where the Board holds patronage rights and appointments were made to Cley Hill Villages, Ludgershall and Faberstown, Melksham, Royal Wootton Bassett and Savernake. Other items of the Board's business were conducted by correspondence or by e-mail.

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 in March 2014. It concluded that no changes in policy should be made, and that a further £1.5m be invested in existing holdings and in new holdings with St James's Place Wealth Management.

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 and property based common investment funds. The investments in this Fund gave a total return over the year of 7.1% (2013: 21.3%); capital 2.2% and income 4.9%.
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 6.9% (2013: 21.0%); capital 2.4% and income 4.5%.
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 9.7% (2013: 16.9%); capital 4.2% and income 5.5%.

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 9.3% (2013: 16.1%); capital 5.3% and income 4.0%.

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

Reserves policies: The Board has reserve policies for three of its Funds:
Pastoral and Development Fund: As this Fund is often 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 2014 is considered in the light of the likely budget for 2015. At 31 December 2014 the General Fund reserve as defined, was some £2.3m below the top of the range defined under the policy. This is a broadly similar to the deficit reserve reported a year ago.
The reserve is about £0.8m below the bottom of the range, based on residual risks as identified in the risks register. This too is broadly similar to recent years.
The Board will be monitoring the position carefully over the coming year. However, the Board does not feel that the situation needs urgent remedial action, as Share collection remains good and so obligations are met as they fall due. In budgeting to meet costs, and not accumulate reserves from surpluses on activities, the Board also acknowledges that reducing this nominal shortfall is not feasible in the short term.

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 £21.0m at 31 December 2014 (2013- £20.6m). 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 2014 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 Reverend A Perry was co-opted to the Board in the year, as was the Reverend T Woodhouse (the latter continuing to serve as a Trustee from his previous position as an elected member).
Mr Michael Armstrong ceased to be a trustee from January 2015. The Board wishes to express its thanks for his long and valued service.

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

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

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

SALISBURY DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Diocesan Education Centre, The Avenue, Wilton, Wiltshire SP2 0FG.

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. 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.

The board of trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein.

Signed on behalf of the Board: ..... Approved by the Board on: 17/07/15

MR G. WILLIAMS
DBF CHAIRMAN

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

We have audited the financial statements of Salisbury Diocesan Board of Finance for the year ended 31 December 2014 which comprise specify the titles of the primary statements such as the Statement of Financial Activities, the Summary Income and Expenditure Account, 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 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 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 Strategic Report and 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;

Alistair Fraser (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Address

Date 5 August 2015

SALISBURY DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total funds 2014	Total funds 2013
Incoming resources		£'000	£'000	£'000	£'000	£'000	£'000
Incoming resources from generated funds:							
Voluntary Income							
Parish Share	2	9,599	-	-	-	9,599	9,326
Archbishops' Council & Church Commissioners	3	58	40	-	-	98	96
Other voluntary income	4	486	3	391	-	880	843
Activities for generating funds	5	246	-	13	-	259	282
Investment income	6	173	14	722	-	909	868
Incoming resources from charitable activities							
Fees and provision of resources & services	7	315	-	690	-	1,005	1,119
Other incoming resources	8	-	-	164	109	273	92
Total incoming resources		10,877	57	1,980	109	13,023	12,626
Resources expended							
Cost of generating funds:							
Cost of generating voluntary income	9	-	-	-	-	-	1
Investment management costs	10	71	-	29	-	100	154
Charitable activities							
Contributions to the national church	11	918	-	-	-	918	870
Resourcing ministry and mission	12	9,697	270	2,536	-	12,503	11,684
Diocesan links overseas	13	-	-	229	-	229	466
Milton Abbey	14	-	-	45	-	45	78
Governance costs	15	23	-	-	-	23	27
Other resources expended	16	86	-	-	-	86	144
Total resources expended	17	10,795	270	2,839	-	13,904	13,424
Net (outgoing) / incoming resources before transfers		82	(213)	(859)	109	(881)	(798)
Gross transfers between funds	40	(176)	165	14	(3)	-	-
Net outgoing resources before other recognised gains/losses		(94)	(48)	(845)	106	(881)	(798)
Other recognised gains / (losses)							
Gains on revaluation of fixed assets for charity's own use	24	-	-	1,548	6,014	7,562	-
Gains/(Losses) on investment assets	26	49	17	94	2,999	3,159	1,669
Net movement in funds	35	(45)	(31)	797	9,119	9,840	871
Reconciliation of funds							
Fund balances at 1 January		2,357	497	27,926	92,120	122,900	122,029
Fund balances at 31 December	36	**2,312**	**466**	**28,723**	**101,239**	**132,740**	**122,900**

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

SALISBURY DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	£'000	£'000
Gross income from continuing activities	12,750	12,534
Total expenditure of continuing activities	(13,818)	(13,280)
	(1,068)	(746)
Realised net gains/(losses) on disposals of tangible fixed assets	253	76
Impairment in the value of functional property in continuing use	(86)	(114)
Realised net gains on disposals of investment assets	20	-
Write down in the value of property held for disposal at the year end	-	-
Deficit on lay staff pension scheme	-	(12)
Net income/(expenditure) for the year	(881)	(798)

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

Net surplus/(deficit) for the year	(881)	(798)
Unrealised net gains on revaluation of tangible fixed assets	7,562	-
Revaluation of a loan liability linked to a property asset	-	-
Unrealised net gains/(losses) on revaluation of fixed asset investments	3,159	1,669
Total recognised gains for the year	9,840	871
Total funds brought forward at 1 January	122,900	122,029
Total funds carried forward at 31 December	132,740	122,900

SALISBURY DIOCESAN BOARD OF FINANCE

BALANCE SHEET AT 31 DECEMBER 2014

	Notes	Total funds 2014	Total funds 2013
		£'000	£'000
FIXED ASSETS			
Tangible assets	24	98,587	94,943
Investments			
Investments	26	28,697	23,015
Programme related investments	27	89	89
		127,373	118,047
CURRENT ASSETS			
Stock	28	1	1
Clergy houses for sale	29	2,616	375
Debtors due within one year	30	723	1,387
Debtors due after one year	30	150	208
Deposit accounts	31	1,215	1,678
Cash at bank and in hand		1,448	1,744
		6,153	5,393
CREDITORS: due within one year	32	(519)	(273)
NET CURRENT ASSETS		5,634	5,120
TOTAL ASSETS LESS CURRENT LIABILITIES		133,007	123,167
CREDITORS:			
Due after more than one year	33	267	267
NET ASSETS	36	132,740	122,900
representing:			
General Fund	37	2,312	2,357
Designated funds	37	466	497
Restricted funds	38	28,723	27,926
Endowment funds	39	101,239	92,120
	36	132,740	122,900

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 .....17/07/15.....

..... Member of the Board
(signed by Mr G. Williams - Chairman)

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 2014

	2014 £'000		2013 £'000	
Net cash outflow from operating activities		(1,014)		(2,340)
Returns on investment and servicing of finance				
Investment income	909		868	
Interest paid	(2)		(3)	
Net cash inflow from investment and servicing of finance		907		865
Capital expenditure and financial investment				
Sales proceeds:				
Tangible assets held as endowments	464		1,546	
All other tangible assets	2,082		1,154	
Investment assets	255		-	
Loans:				
Advanced	(52)		(123)	
Repaid	75		45	
Purchases:				
Tangible assets	(1,976)		(503)	
Investment assets	(1,500)		(25)	
Net cash (outflow) / inflow from capital expenditure and financial investment		(652)		2,094
Net (decrease) / increase in cash		(759)		619

Net cash outflow from operating activities	2014 £'000	2013 £'000
Net incoming /(outgoing) resources	(881)	(798)
(Gain)/Loss on sale of functional assets	(253)	(76)
(Gain)/Loss on sale of investment assets	(20)	-
Impairment review - fixed assets	86	116
Depreciation charge	16	18
Investment income	(909)	(868)
Interest payable	2	3
Change in debtors	699	(588)
Change in creditors	246	(147)
Net cash outflow from operating activities	(1,014)	(2,340)

Analysis of change in net funds	1 Jan 2014	Cash flows	Other changes	31 Dec 2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,744	(296)	-	1,448
Deposit accounts	1,678	(463)	-	1,215
Loan creditors	(267)	-	-	(267)
Totals	3,155	(759)	-	2,396

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

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.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure where the conditions attaching are fulfilled.

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.

1. ACCOUNTING POLICIES (continued)

d] Funds (continued)
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.

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 2014

	Unrestricted Funds General	Unrestricted Funds Designated	Restricted funds	Endowment funds	Total funds 2014	Total funds 2013
	£'000	£'000	£'000	£'000	£'000	£'000
2. PARISH SHARE						
Share for the year per the Budget	9,730	-	-	-	9,730	9,633
Less: credit adjustments allowed	(14)	-	-	-	(14)	(40)
Request for the year	9,716	-	-	-	9,716	9,593
Less: discounts for early / Direct Debit payment	(72)	-	-	-	(72)	(58)
Less: provision for shortfall in contributions	(178)	-	-	-	(178)	(294)
	9,466	-	-	-	9,466	9,241
Plus: arrears for previous years	133	-	-	-	133	85
	9,599	-	-	-	9,599	9,326
Plus: other contributions	-	-	-	-	-	-
	9,599	-	-	-	9,599	9,326
3. THE NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Parish Mission Funding grant	-	40	-	-	40	40
The Church Commissioners						
Area Bishops' secretaries	58	-	-	-	58	56
	58	40	-	-	98	96
4. OTHER VOLUNTARY INCOME						
Ecclesiastical Insurance Group	147	-	-	-	147	140
Salisbury DBE Uniform Statutory Trusts	246	-	-	-	246	248
Sarum St Michael Educational Charity	40	-	-	-	40	40
Other donations and grants	53	3	391	-	447	415
	486	3	391	-	880	843
5. INCOME FROM ACTIVITIES FOR GENERATING FUNDS						
Rental income from let clergy houses	246	-	-	-	246	266
Rents and sales at Milton Abbey	-	-	5	-	5	8
Fundraising events	-	-	8	-	8	8
	246	-	13	-	259	282
6. INVESTMENT INCOME						
Dividends receivable	136	13	454	-	603	625
Interest receivable	5	1	120	-	126	83
Rents from investment properties	-	-	148	-	148	131
Rents from other properties	32	-	-	-	32	29
	173	14	722	-	909	868
7. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES						
Statutory fees and chaplaincy income	2	-	690	-	692	747
Provision of services in accordance with the Board's charitable objectives	313	-	-	-	313	372
Church Commissioners-Guaranteed Annuities	-	-	-	-	-	-
	315	-	690	-	1,005	1,119

	Unrestricted General	Unrestricted Designated	Restricted funds	Endowment funds	Total funds 2014	Total funds 2013
	£'000	£'000	£'000	£'000	£'000	£'000
8. OTHER INCOMING RESOURCES						
Gain on disposal of equipment and properties	-	-	164	89	253	92
Gain on disposal of investment properties	-	-	-	20	20	-
	-	-	164	109	273	92
9. COST OF GENERATING VOLUNTARY INCOME						
Support costs	-	-	-	-	-	1
	-	-	-	-	-	1
10. INVESTMENT MANAGEMENT COSTS						
Glebe agent's fees	-	-	17	-	17	16
Other glebe expenses	10	-	12	-	22	24
Agents' fees on other let property	27	-	-	-	27	27
Other expenses on other let property	34	-	-	-	34	87
Share of support costs	-	-	-	-	-	-
	71	-	29	-	100	154
11. CONTRIBUTIONS TO NATIONAL CHURCH INSTITUTIONS						
The Archbishops' Council						
Training for ministry	420	-	-	-	420	369
National Church responsibilities	345	-	-	-	345	348
Grants and provisions	38		-	-	38	38
Mission agency pension contributions	16	-	-	-	16	16
Retired clergy housing costs (CHARM)	123	-	-	-	123	123
Pooling of ordinand candidates' costs	(24)	-	-	-	(24)	(24)
	918	-	-	-	918	870
12. EXPENDITURE ON RESOURCING MINISTRY AND MISSION						
Parish ministry:						
Stipends and national insurance	3,872	-	1,229	-	5,101	4,924
Pension contributions	1,546	-	48	-	1,594	1,568
Less recharge to other departments	(57)	-	-	-	(57)	(60)
Housing costs	1,518	-	926	-	2,444	2,021
Removal, resettlement and other grants	168	-	-	-	168	171
Other expenses	201	-	-	-	201	192
Pioneer ministry posts	-	-	-	-	-	22
Sub total for parish ministry	7,248	-	2,203	-	9,451	8,838
Support for ministry and mission:						
Ministry and learning development	501	210	-	-	711	647
Area Offices and diocesan resources	301	-	-	-	301	298
Board of Education	601	-	-	-	601	675
Other support for ministry and mission	614	60	333	-	1,007	731
Support costs	432	-	-	-	432	495
Sub total for support for ministry and mission	2,449	270	333	-	3,052	2,846
Grand total for resourcing ministry and mission	9,697	270	2,536	-	12,503	11,684
13. DIOCESAN LINKS OVERSEAS						
Episcopal Church of the Sudan						
Grants	-	-	199	-	199	391
Support activities	-	-	25	-	25	70
The Church in Latvia and Evreux	-	-	1	-	1	1
Support costs	-	-	4	-	4	4
	-	-	229	-	229	466

	Unrestricted General	Unrestricted Designated	Restricted funds	Endowment funds	Total funds 2014	Total funds 2013
	£'000	£'000	£'000	£'000	£'000	£'000
14. MILTON ABBEY CHURCH						
Insurance	-	-	16	-	16	16
Repairs and other costs	-	-	29	-	29	62
	-	-	45	-	45	78
15. GOVERNANCE COSTS						
Audit fees	16	-	-	-	16	18
Diocesan Synod expenses	-	-	-	-	-	2
Support costs	7	-	-	-	7	7
	23	-	-	-	23	27
16. OTHER RESOURCES EXPENDED						
Loss on sale of fixed assets	-	-	-	-	-	16
Deficit/(surplus) on lay staff pension scheme	-	-	-	-	-	12
Impairment (reversal) in the value of functional property in continuing use	86	-	-	-	86	116
	86	-	-	-	86	144

17. ANALYSIS OF RESOURCES EXPENDED INCLUDING ALLOCATION OF SUPPORT COSTS	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2014 £'000	Total 2013 £'000
Cost of generating voluntary income	-	-	-	-	1
Investment management costs	100	-	-	100	154
Contributions to national church institutions	-	918	-	918	870
Resourcing ministry and mission	11,731	340	432	12,503	11,684
Diocesan overseas links	30	199	-	229	466
Milton Abbey	45	-	-	45	78
Governance costs	16	-	7	23	27
Other resources expended	86	-	-	86	144
	12,008	1,457	439	13,904	13,424

18. ALLOCATION OF SUPPORT COSTS	Activities undertaken directly £'000	Grant funding of activities £'000	Governance costs £'000	Total 2014 £'000	Total 2013 £'000
Staff costs	356	-	-	356	356
Office administrative costs	50	-	4	54	174
Office premises costs	58	-	1	59	71
Finance costs	5	-	-	5	5
Depreciation	16	-	-	16	20
less already recharged to departments	(42)	-	-	(42)	(123)
	443	-	5	448	503

19. NET INCOMING RESOURCES FOR THE YEAR		Total 2014 £'000	Total 2013 £'000
These are after charging:	Depreciation	16	18
	Auditors' remuneration as auditors	16	16
	Interest payable	2	3

20. ANALYSIS OF GRANTS PAYABLE

	Number of grants 2014	Number of grants 2013	2014 £'000	2013 £'000
To Institutions				
National Church Responsibilities				
The Archbishops' Council (see note 11)	1	1	918	870
	1	1	918	870
Diocesan Links Overseas				
ECS Provincial Office / agencies	15	19	96	31
Sudanese dioceses / schools / colleges	22	52	102	334
	37	71	198	365
Within the Diocese				
PCCs	9	13	41	55
Other mission bodies	3	3	19	17
County ecumenical bodies	1	1	7	14
	13	17	67	86
To Individuals				
Diocesan Links Overseas				
Sudanese clergy & laity	1	10	1	26
Within the Diocese				
Individual training for ministry	70	59	159	176
Clergy taking up appointments	45	60	102	100
	115	119	261	276
Totals for all grants	167	218	1,445	1,623

21. STAFF COSTS

	2014 £'000	2013 £'000
Salaries & stipends	1,488	1,530
Social security costs	128	124
Pension costs	326	314
	1,942	1,968

No employee received remuneration of between £60,000 and £70,000 during 2014 (2013 - one).
One employee received remuneration of between £70,000 and £80,000 during 2014 (2013 - one).
The average numbers of employees, based on full time equivalents, were as follows:

	2014	2013
Resourcing parish ministry	5	4
Support for ministry and mission		
Ministry and learning development	8	9
Area offices and diocesan resources	6	5
Board of Education	9	11
Other support for ministry and mission	19	21
	47	50

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 (2013 - nil). However, 8 (2013 - 8) trustees who held ecclesiastical office during the year were paid stipends through the Board of £260,000 (2013 - £144,000) and expenses as trustees of £1,000 (2013 - £1,000). Pension contributions on those stipends amounted to £57,000 (2013 - £46,000). 3 (2013 - 3) other trustees were reimbursed for travel and other incidental costs as trustees amounting to £3,000 (2013 - £3,000).

Eleven trustees were provided with housing by the Board during 2014 on account of their ecclesiastical office.

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	2014	2013
Charged by SDBF:	£'000	£'000
to SDBEL for services in accordance with the Board's charitable objectives	143	140
to SALED Ltd for office services	-	22
	143	162
Charged by SALED Ltd:		
to SDBF for conference facilities	4	10
Grants made by SDBEL to SDBF	246	248
Inter-company (debtor) balances at 31 December		
SDBEL	5	17
SALED LTD	-	-
	5	17

24. TANGIBLE ASSETS

	---- Unrestricted ----		- Restricted -	--- Endowment ---		Totals
	Property	Office equipment	Assistant staff houses and other property	Team Vicarages	Benefice Houses	
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014 (note i below)	1,739	421	20,347	12,660	60,170	95,337
Additions	151	5	231	749	840	1,976
Disposals	-	-	(1,918)	-	-	(1,918)
Impairment	(86)	-	-	-	-	(86)
Revaluation	-	-	1,548	1,164	4,850	7,562
Transfer between funds	-	-	-	(842)	842	-
Transfer to investment properties	-	-	(772)	-	(486)	(1,258)
Transfer to current assets (see note 29)	-	-	(941)	(825)	(850)	(2,616)
At 31 December 2014	1,804	426	18,495	12,906	65,366	98,997
Accumulated depreciation						
At 1 January 2014	-	392	2	-	-	394
Charge for the year	-	18	(2)	-	-	16
At 31 December 2014	-	410	-	-	-	410
Net Book Value						
At 31 December 2014	1,804	16	18,495	12,906	65,366	98,587
At 31 December 2013	1,739	29	20,345	12,660	60,170	94,943

Note i - All freehold property, including both functional and investment properties, was revalued to market value at 31 December 2012. An interim valuation was carried out on 31 December 2014. These valuations were conducted internally by the Board's Property Secretary who is a Chartered Surveyor. The historical cost for most properties is not known.

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 five former church buildings are vested in the Board following redundancy; of these, four are let on long leases at nominal rents, and one is let on a commercial basis. Following the property revaluation in 2012, a total valuation of £85,000 has been attributed to these properties, of which one, with a valuation of £55,000 has been included within investment properties.

26. INVESTMENT FIXED ASSETS

	2014	2013
a. Unlisted Investments	£'000	£'000
Market value at 1 January	14,981	13,312
Additions at cost	1,500	-
Net investment gains / (losses)	598	1,669
Market value at 31 December	17,079	14,981
b. Investment Properties		
Carrying value at 1 January	8,034	8,034
Revaluation at 31 December 2014	2,561	-
Additions at cost	-	-
Transfer from functional properties	1,258	-
Disposals at carrying value	(235)	-
Carrying value at 31 December	11,618	8,034
Total Investment Fixed Assets at 31 December	28,697	23,015

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

Unlisted Investments comprise:-		
CBF Church of England		
505,075 Investment Fund shares (2013 - 505,075)	6,744	6,403
1,792,094 Property Fund shares (2013 - 1,379,246)	2,233	1,529
440,284 M&G "Charifund" units (2013 - 440,284 units)	6,332	6,336
581,300 M&G "Charibond" units (2013 - 581,300 units)	749	713
Grove Wealth Management Unit Trust		
421,743 International Corporate Bond units (2013 nil)	433	-
233,281 Global Equity units (2013 nil)	316	-
196,078 Worlwide Opportunities units (2013 nil)	272	-
	17,079	14,981

Investment Properties comprise:-		
Glebe Agricultural land	8,793	6,232
Other property	1,512	1,512
Former clergy houses	1,258	235
A former church	55	55
	11,618	8,034

27. PROGRAMME RELATED INVESTMENTS

Programme related investments comprise equity share loans in three 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

	2014 £'000	2013 £'000
Publications, Churchwarden's and Sidesmen's badges	1	1

29. CLERGY HOUSES FOR SALE

Carrying value as fixed assets	2,616	375
Write down to net realisable value	-	-
Held as current asset	2,616	375

30. DEBTORS

	2014 £'000		2013 £'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
Loans to parishes	15	150	26	208
Other loans	54	-	8	-
Parish Share	242	-	245	-
Church Commissioners Diocesan Stipends Account (note 32)	-	-	164	-
Accrued income	185	-	306	-
Sundry debtors	227	-	638	-
Totals	723	150	1,387	208
Total Debtors	873		1,595	

31. DEPOSIT ACCOUNTS

	2014 £'000	2013 £'000
CBF Church of England Deposit Fund	1,165	1,628
Triodos Bank deposit	50	50
	1,215	1,678

32. CREDITORS

	2014 £'000		2013 £'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	-	267	-	267

32. CREDITORS continued

	2014 £'000		2013 £'000	
	Due within one year	Due in more than one year	Due within one year	Due in more than one year
b. Other Creditors				
HM Revenue & Customs	53	-	30	-
Liability for lay staff pension deficit	-	-	-	-
Grants received in advance	-		-	
Accruals	27	-	30	-
Commitments for grants given	-	-	-	-
Church Commissioners	89	-	-	-
Other creditors	350	-	213	-
Totals	519	-	273	-
Totals	519	267	273	267
Total Creditors	786		540	

33. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

Loans due after more than one year fall due as follows:	2014 £'000	2013 £'000
1 - 2 years	-	-
2 - 5 years	-	-
after 5 years	267	267
	267	267

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

34. FINANCIAL COMMITMENTS

	2014 £'000	2013 £'000
Capital expenditure authorised by the Board and contracted for but not provided for in the accounts	-	-
Capital expenditure authorised by the Board but not yet contracted for	-	-
Loans to parishes and Salisbury DBE Ltd authorised by the Board but not yet taken up	362	127
Estimate of grants to parishes, approved in principle by the Board subject to conditions	31	47

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 2014 (2013 - nil). There are no obligations under leases.

35. FUND MOVEMENTS IN THE YEAR

	Note	At 1 January 2014	Incoming resources	Resources expended	Transfers (Note 40)	Gains & losses	At 31 December 2014
		£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	37						
General Fund		2,357	10,877	(10,795)	(176)	49	2,312
Designated funds							
Clergy Conference Fund		49	2	(56)	15	-	10
Aldhelm Mission Fund		254	48	(60)	-	8	250
Ordinands Support Fund		3	1	(154)	150	-	-
Crompton Fund		191	6	-	-	9	206
Pastoral & Development Designated Fund		-	-	-	-	-	-
Totals for designated funds		497	57	(270)	165	17	466
Totals for unrestricted funds		2,854	10,934	(11,065)	(11)	66	2,778
Restricted funds	38						
Pastoral & Development Fund [DPA]		26,397	269	(1,249)	3	1,581	27,001
Diocesan Stipends Fund Income Account		-	1,305	(1,305)	-	-	-
The Sudan Funds						-	
Sudan General Fund		131	251	(139)	-	-	243
Sudan Relief & Development Fund		8	50	(54)	-	-	4
Sudan Medical Link Fund		24	54	(36)	-	-	42
Sudan Bilal Fund		5	1	-	-	-	6
Sudan Grace Secondary School Fund		-	1	-	-	-	1
Milton Abbey Fund		(10)	49	(45)	-	-	(6)
Latvia Fund		(1)	-	-	-	-	(1)
Diocesan Choral Fund		7	-	-	-	-	7
Bishops' Office Equipment Fund		-	-	(11)	11	-	-
Restricted funds for ministry in parishes		674	-	-	-	25	699
Restricted funds for support of ministry in parishes		236	-	-	-	12	248
Restricted funds for general purposes		455	-	-	-	24	479
Totals for restricted funds		27,926	1,980	(2,839)	14	1,642	28,723
Expendable endowment	39a						
Diocesan Stipends Fund Capital Account		29,829	109	-	(843)	4,051	33,146
Benefice Houses		60,170	-	-	840	4,849	65,859
		89,999	109	-	(3)	8,900	99,005
Permanent endowment	39b						
Endowments for ministry in parishes		1,781	-	-	-	95	1,876
Endowments for support of ministry in parishes		75	-	-	-	4	79
Endowments for general purposes		265	-	-	-	14	279
		2,121	-	-	-	113	2,234
Total endowment funds		92,120	109	-	(3)	9,013	101,239
Grand totals for all funds		**122,900**	**13,023**	**(13,904)**	**-**	**10,721**	**132,740**

36. SUMMARY OF ASSETS BY FUND

	Note	Fixed assets Tangible	Fixed assets Investments	Current assets	Creditors	Net assets
		£'000	£'000	£'000	£'000	£'000
Unrestricted funds	37					
General Fund		1,820	2,230	(1,025)	(713)	2,312
Designated funds						
Clergy Conference Fund		-	-	10	-	10
Aldhelm Mission Fund		-	167	83	-	250
Ordinands Support Fund		-	-	-	-	-
Crompton Fund		-	167	39	-	206
Pastoral & Development Designated Fund		-	-	-	-	-
Totals for designated funds		-	334	132	-	466
Totals for unrestricted funds		1,820	2,564	(893)	(713)	2,778
Restricted funds	38					
Pastoral & Development Fund [DPA]		18,495	2,253	6,326	(73)	27,001
Diocesan Stipends Fund Income Account		-	-	-	-	-
The Sudan Funds				-		
Sudan General Fund		-	-	243	-	243
Sudan Relief & Development Fund		-	-	4	-	4
Sudan Medical Link Fund		-	-	42	-	42
Sudan Bilal Fund		-	-	6	-	6
Sudan Grace Secondary School Fund		-	-	1	-	1
Milton Abbey Fund		-	-	(6)	-	(6)
Latvia Fund		-	-	(1)	-	(1)
Diocesan Choral Fund		-	2	5	-	7
Restricted funds for ministry in parishes		-	576	123	-	699
Restricted funds for support of ministry in parishes		-	232	16	-	248
Restricted funds for general purposes		-	479	-	-	479
Totals for restricted funds		18,495	3,542	6,759	(73)	28,723
Expendable endowment	39a					
Diocesan Stipends Fund Capital Account		13,748	19,957	(559)	-	33,146
Benefice Houses		64,524	486	849	-	65,859
		78,272	20,443	290	-	99,005
Permanent endowment	39b					
Endowments for ministry in parishes		-	1,879	(3)	-	1,876
Endowments for support of ministry in parishes		-	79	-	-	79
Endowments for general purposes		-	279	-	-	279
		-	2,237	(3)	-	2,234
Total endowment funds		78,272	22,680	287	-	101,239
Grand totals for all funds		**98,587**	**28,786**	**6,153**	**(786)**	**132,740**

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 2014. The diocesan budget includes a provision each year (£15,000 in 2014) for the Fund, which is then used to meet the conference costs.

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 £150,000 for transfer to the Fund was provided for in 2014.

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 2014, 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; and
- 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.

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.

Funds in deficit will be rectified in 2015 via additional incoming resources.

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. This 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.

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 General £'000	Unrestricted Funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2014 £'000
Ordinands' support	(150)	150	-	-	-
Expenditure on Bishop's Office Furniture	(11)	-	11	-	-
Clergy Conference Fund	(15)	15	-	-	-
Parsonage House Scheme surpluses net of loan repayment and house purchase	-	-	3	(3)	-
	(176)	**165**	**14**	**(3)**	**-**

41. PENSION COMMITMENTS

The Board contributes to the Church of England Funded Pension Scheme for clergy (details in note 41b) and the Defined Benefit section of the Church Workers Pension Fund for other staff (details in note 41a). The assets of each scheme are held separately from those of the Board of Finance. Both of these schemes are multi-employer pension schemes and, after consulting the schemes' actuaries, the Board of Finance has concluded that it is not possible to identify the underlying assets and liabilities of the schemes attributable to the Board on a consistent and reliable basis. Therefore, in accordance with FRS 17, payments to the schemes are accounted for as for defined contribution schemes and the Board accounts for pension costs on the basis of contributions payable to the schemes for the year, including obligations under specific deficit-reduction payment plans.

(a) Lay Staff

Defined Benefit Scheme

The Board participates in the Church of England Defined Benefits 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 out as at 31st December 2010 and the Board's contribution rate in respect of future accruing benefits was revised 29.7%. A further valuation of the Fund was carried out as at December 2013 but resulting contributions have yet to be formally agreed.

At 31st December 2014 the Board had 19 active members and 24 deferred members and 40 pensioner members in the Fund.

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

For eligible salaried employees who commenced employment after 2008, The Board participates in the Church of England Pension Builder Scheme (PBS), within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board. The PBS is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

41. PENSION COMMITMENTS continued

At 31 December 2014, the Board had 26 active members, 3 deferred members and 1 pensioners in the Pension Builder Classic section.
The assets of the PBS are held separately from those of the employer. As at the formal valuation as at December 2010, the PBS was in surplus on an ongoing funding basis. A formal valuation of the PBS is being carried out as at December 2013 but, as at February 2015, the final results have yet to be announced.

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 PBS. For schemes like this, paragraph 9(b) of financial Reporting Standard 17 (FRS17) required Salisbury DBF to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

The Board contributes 15% of basic salary, and the employees are not required to make a minimum contribution. However, where an employee opts to make a contribution, the Board will match such a contribution to a maximum of 3% of the employee's basic salary.

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

(b) Stipendiary Clergy

Salisbury DBF (The Board) participates in the Church of England Funded Pensions Scheme and employs 194 members of the Scheme out of a total membership of approximately 8,500 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 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 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 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and 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 2012 valuation, The Board contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

	Budget for the Year	Actual for the Year	Variance
Stipends	5,794,690	5,716,638	78,052
Diocesan HR	35,000	23,122	11,878
Property Department	1,222,964	1,218,122	4,842
National & Regional Church Resps.	498,769	497,874	895
National Training	429,801	419,963	9,838
Fees	78,200	73,165	5,035
General Income	(290,050)	(231,220)	(58,830)
Property			
DAC, Pastoral & Trusts	150,029	147,583	2,446
Church Buildings	66,000	76,531	(10,531)
General			
General Administration	464,829	425,070	39,759
Communications	77,820	74,866	2,954
Synods	18,050	20,835	(2,785)
Safeguarding	51,462	60,698	(9,236)
Diocesan Projects & Resources	101,747	96,303	5,444
Mission Initiatives	130,260	71,927	58,333
Sundries	3,500	6,629	(3,129)
Ramsbury Office	38,865	28,954	9,911
Sherborne Office	58,634	56,484	2,150
Board of Education	278,307	278,307	(0)
L D M T	435,987	438,465	(2,478)
NET CHARGE on budgeted expenditure	9,644,864	9,500,316	144,548
Expenditure approved outside of budget	-	2,600	(2,600)
			-
NET CHARGE	**9,644,864**	**9,502,916**	141,948
SHARE			
Requested	9,720,867	9,493,498	(227,369)
Adjustments subsequently agreed	-	14,029	14,029
Arrears received	-	132,704	132,704
Non parochial	-	-	-
SHARE Total	9,720,867	**9,640,231**	**(80,636)**
(DEFICIT) / SURPLUS			**61,312**

RECONCILIATION TO STATUTORY ACCOUNTS

Surplus/Deficit as above	61
Fixed Asset revaluation	(86)
2013 Share receipts January 2014	189
Share Provision movement net	(178)
Cost/Income via restricted/endowment funds	96
Net Outgoing Resources Before Transfers	**82**
Investment Gains	49
Transfers to other funds	(176)
Adjusted total for General Fund	(45)
General Fund Surplus/Deficit reported in Statutory Accounts	(45)