

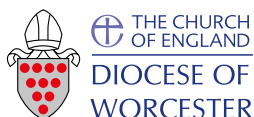
THE CHURCH
OF ENGLAND
DIOCESE OF
WORCESTER



Report of the Directors and Financial Statements
for the year ended 31 December 2022 for
Worcester Diocesan Board of Finance Limited
Registered Charity Limited by Guarantee
Company Registration Number 00271752 Registered Charity Number 247778



2022 REPORT



Company Registration Number 00271752

Registered Charity Number 247778

Published June 2023

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2022



Ministry Share was implemented from January 2022, and contributions were largely sustained despite the cost-of-living crisis.



A team of Mission Accompaniers was set up, offering free support to churches as they work towards being healthier and more sustainable.



15 Candidates began training for ordination through a new 'Auxiliary Pathway' to become locally-based self-supporting clergy.

Company Information for the year ended 31 December 2022

The full name of the charitable company is Worcester Diocesan Board of Finance Limited. The directors, who are also the trustees and members of the Bishop's Council of the Diocese, during the year and up to the date the report was approved are:

Directors

The Reverend A Todd (Chair)
 The Right Reverend J G Inge
 The Right Reverend M Gorick
 The Venerable N J Groarke
 The Venerable R G Jones
 The Very Reverend P G Atkinson
 E A Wiles (Vice Chair)
 B W Allbut (resigned 31.12.22)
 The Reverend M Badger (resigned 10.01.22)
 The Reverend R M Clark (resigned 10.01.22)
 The Reverend A C Davies
 M D Hunter (appointed 20.03.23)
 The Reverend R Johnson (appointed 9.03.22)
 P V Kear (appointed 25.01.22)
 J K Layton
 J A Lovesy (resigned 10.01.22)
 R C Lunn (resigned 10.01.22)

The Reverend Canon C A Lording
 R J Pearce (appointed 6.12.22)
 D I A R Phillips
 The Reverend A M Potter (resigned 10.01.22)
 H A Richards
 The Reverend B E Rienstra (resigned 10.01.22)
 D J Sparkes (resigned 10.01.22)
 T H Terera (appointed 13.01.23)
 D M Wightman (14.07.22)
 The Reverend Cannon T J Williams (appointed 17.02.22)

Company Secretary

J P H Preston

Registered Office

16 Lowesmoor Wharf
 Worcester WR1 2RS

Registered Number

Company: 00271752
 Charity: 247778

Auditors

Crowe U.K. LLP
 Black Country House, Rounds Green Road,
 Oldbury, West Midlands B69 2DG

Bankers

Lloyds Bank Plc, 4 The Cross,
 Worcester WR1 3PY

Solicitors

Anthony Collins Solicitors LLP,
 134 Edmund Street,
 Birmingham B3 2ES

Investment Advisors

CCLA Investment Management Ltd,
 Senator House, 85 Queen Victoria
 Street, London EC4V 4ET

Insurance Agents

PIB Insurance Brokers Ltd,
 Poppleton Grange, Low Poppleton Lane
 York, Yorkshire YO26 6GZ

Property Investment Adviser

Chartered Surveyors, Global House
 Hindlip Lane, Worcester WR3 8SB

Parishes worshipped God, transformed communities, shared hope and made disciples through different types of service and community initiatives, particularly after the death of HM The Queen.



Report of the directors for the year ended 31 December 2022

The directors, who are also trustees for the purposes of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022. The directors/trustees are one and the same and in signing as directors they are also signing in their capacity as trustees. This combined report satisfies the legal requirements for:

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

Chair's Report

Date: 10 May 2023

"May the God of hope fill you with all joy and peace in believing, so that by the power of the Holy Spirit you may abound in hope." (Romans 15:13)

I recently overheard a comment in a radio interview which has stuck with me: "Hope is a collective activity." The phrase expressed two profound truths: that hope is not simply a disposition, something we either have or do not have, but something to be worked at; and that it is something best worked at together. If that is true of society at large, how much more in the context of the Church, part of whose vocation is to make tangible the God of Hope in a needy world?

These financial statements are more than simply a collection of words and numbers. They tell a story of hope as a collective activity. I would like to highlight here just three aspects of that story.

Firstly, our financial position. Despite the continuing difficult economic environment, the overall result for the year was a small surplus of £360k (see under Financial Review below), which has been added to the fund available to support benefices in the transition to the new Ministry Share system. For some benefices, this transition is proving understandably challenging, but there is clear evidence that it is being addressed with both realism and hope. As we look to 2023 and beyond, the economic headwinds from energy costs in particular, and inflationary pressures more generally, are if anything even stronger than previously. However, the resilience demonstrated by congregations so far, and the fact that they are already engaged in the difficult conversations which are so necessary, are surely grounds for hope.

Secondly, progress in our Transformation journey. Much has already been achieved by churches seeking to work towards greater health and sustainability, with the support of Diocesan personnel and funds (in the form of the Healthier Churches Fund, made available by the application of a Total Return basis of accounting to the Stipends Capital Fund from 1st January 2021).

I am delighted to be able to report that we have now received in-principle confirmation that these funds are to be supplemented by a very substantial multi-year grant from the National Church, to be applied especially to support our "renewals" programme. But the key message to churches in the Diocese must be: the Transformation Programme is not an initiative 'from above', but is fundamentally about supporting you as you grapple with what a hope-filled, healthy and sustainable future might look like in your context.

Thirdly, the many stories, only hinted at in these pages, of groups making a difference in so many contexts. Churches have worshipped God, encouraged Christian discipleship, shared hope, and transformed communities in a huge variety of innovative ways: Walking Church, Taizé/Benediction services, Community Link, a Community Fridge, and Town Centre chaplaincy are just a few mentioned here. A team of 45 Mission Accompaniers has worked with congregations to explore options for future development. 15 participants have offered themselves for the new "Auxiliary Pathway" to locally-focused ordained ministry. The Diocesan Education Team has become the first Diocese in the country to offer NPOs (National Professional Qualifications) for teachers. And continuing support has been provided to churches seeking greater environmental sustainability.

If you read these accounts in that spirit - as a testimony to the joint activity of hope-making in which the people of this Diocese are engaged (albeit expressed in the conventionally staid language of accounting standards) - who knows? You might even enjoy them!

The Reverend Andy Todd, Chair



Public Benefit

The directors of the Worcester Diocesan Board of Finance Limited (WDBF) 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.

By promoting, facilitating, and enabling the work and purposes of the Church of England in the Diocese of Worcester, the Board believes 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 resources for public worship, 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 Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

Structure, Governance and Management

The company is governed by its memorandum and articles of association. The company is controlled by the Bishop's Council, the members of which are Directors and Trustees. Bishop's Council has two principal committees for finance and governance – the Finance and Resources Committee and the Audit, Risk and Challenge Committee. The statutory responsibilities of the Diocesan Mission, Pastoral and Resources Committee are fulfilled by the Bishop's Council of Trustees, and those of the Parsonages Board and the Glebe Committee are fulfilled by the Finance and Resources Committee. The Diocesan Board of Education is also a Committee of the WDBF, with statutory responsibilities.

The clergy and lay directors are elected by the respective houses of clergy and lay members of the Diocesan Synod and further directors are co-opted by the Bishop's Council so as to seek that among its elected and co-opted members that all the deaneries in the Diocese are represented, subject always to there being a majority of lay elected and co-opted directors. At the start of each triennium, the members of the Bishop's Council are given a full and substantive overview of their duties and responsibilities as directors of the company and trustees of the charity. Training is updated within the triennium as and when required. The company is limited by guarantee and therefore the directors have no beneficial interest to disclose.

The Diocesan Secretary is responsible for the day-to-day management of the charity as delegated by the charity trustees. The senior management team is made up of the Diocesan Secretary, the Director of Finance, the Director of Education, the Director of Communications, the Director of Ministry and Discipleship and the Deputy Diocesan Secretary - Transformation. The administration of the charity is undertaken by the employed staff, who are based at 16 Lowesmoor, Worcester.

The Board is associated with a number of other charities and funds, full details are included with the connected party transactions within note number 32 to these financial statements.

Objectives and Activities

The principal object of The Worcester Diocesan Board of Finance (WDBF) is to advance the Christian faith by promoting, assisting and advancing the work of the Church of England in the Diocese of Worcester by acting as the financial executive of the Worcester Diocesan Synod. This includes the enabling of public worship, pastoral care and the promotion of Christian values by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

A major part of the Board's responsibilities results from legislation with regard to funding the costs of the clergy in the diocese of Worcester including stipends, pension contributions, maintaining clergy houses and paying council tax and water rates. The Board also supports clergy and lay people with training for Christian mission and ministry including children's and youth work.

The WDBF also has the following statutory responsibilities:

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

The Board's main sources of income are contributions of Ministry Share (Parish Share prior to 1st January 2022) from Parochial Church Councils and income from grants and from investments. The Board is responsible for the custody and management of the Diocesan Synod's financial affairs as well as those of the Diocesan Board of Education which works with church schools and academies.

In addition to their important role in the governance of the company, and as well as contributing to the work of the Church at a parish level, volunteers make a significant contribution to the delivery of the following activities:

- The work of the Diocese's committees and working groups
- The development of vocations and the provision of training for lay and ordained ministry
- Help and advice given to parishes by the Diocesan Advisory Committee for the care of churches
- Mission and social responsibility work under the umbrella of several groups including the Commission for Social Responsibility and the Climate Crisis Task Group.

The Diocese has a long-established Kingdom People vision, which is underpinned by four values: love, compassion, justice, freedom. Our vision is that as we grow as Kingdom People, we will see more people come to worship God, that we will engage in transformative ministry within our communities, bringing hope and supporting those who consider themselves to be Christians develop their faith throughout a lifelong journey of discipleship.

Overview

During 2022 we made good progress as a diocese on our approach to Diocesan Transformation, but against a challenging background as the Country emerged from the Coronavirus pandemic and as there were steep increases in the cost of living:

- Ministry Share was implemented from January 2022, and was broadly successful at sustaining contributions despite the cost of living crisis.
- Our Calling Young Disciples project finished its main programme, achieving goals for take up by parishes and for the number of new volunteers. A nine month extension was put in place to seek to help parishes focus on increasing the number of young disciples, the project area where lower progress had been made.
- The pilot of a new "Auxiliary Pathway" was begun with 15 candidates. This seeks to provide a new pathway of discernment and formation for locally focused ordained ministry. This would typically be a self-supporting assistant role, perhaps with day-to-day ministerial responsibility for one or more smaller churches in a larger benefice or team.

2022 Priorities

In last year's report we set out our priorities for 2021:

- **PRIORITY 1:**

To continue our transformation programme, helping churches to think through how they might grow as Kingdom People through healthier and more sustainable churches.

Following development work with a number of groups over the summer and early Autumn, in November, Diocesan Synod enthusiastically adopted a set of four strategic priorities that will shape our Transformation Strategy. These are:

- To seek to double the number of Children and Young People attending our churches each week, largely through enabling at least one paid Childrens, Families and Youth Worker in each major centre of population, and at least two in each deanery.
- To invest in the renewal of a number of churches to ensure that each major area of population has at least one larger (150 Average Weekly Attendance (AWA)) healthy and sustainable church by 2030.
- To encourage every benefice to launch a new worshipping community to enable a wider choice of ways to access church. Examples might include Forest Church, Café Church.
- Underpinned by, amongst other things to enable our clergy and key lay leaders to be equipped with the range of skills necessary to enable the transformation – 'Equipping Ministers for Mission'.

During the year we held a further series of Open Conversations to share with parishes good news stories of how others are making good progress on our priorities. These conversations featured videos of new worshipping communities (Walking Church and a Taize/Benediction service), work to transform communities (Community Link, a Community Fridge and Town Centre chaplaincy), work to share hope with children and young people and ways we're worshipping God across the diocese.

- **PRIORITY 2:**

Supporting and enabling churches to become healthier and more sustainable by an effective Mission Accompanier programme, and providing grant funding through the Healthier Churches Fund.

By the end of the year 18 Mission Accompaniers were actively engaged, covering 45 churches through 26 pairings. Some group and team ministries have chosen to work with each church separately, some are working together, but with breakouts as appropriate for individual churches.

The programme aims to see at least 100 churches thriving as a result of having been supported in creating and delivering a good health and sustainability plan. The first few plans have been developed, and six grants to parishes have been made on the basis of their health and sustainability plans. Three of these have involved supporting the employment of childrens, families or youth workers. The Mission Accompaniers meet in four bi-monthly huddle groups with a Co-Ordinator, where good practice is shared and input on keeping the work on track is given.

- **PRIORITY 3:**

Enabling our Calling Young Disciples (CYD) to move towards a conclusion effectively, seeking to maximise its achievement of desired outcomes. Supporting the Resourcing Church projects to emerge from the pandemic and regain momentum against desired project outcomes.

Calling Young Disciples The first and main phase of the Calling Young Disciples project concluded in November 2022 with a Celebration Event to thank all those involved and to mark all that had been achieved.

During the principal phase of the project 50 churches engaged with CYD and the Mission Enablers (target 50), and over 285 volunteers have been trained and supported (target 250) – of which 68 are 'Lead Volunteers' (target 40). Whilst these engagement and activity levels are at, or ahead of, the hoped-for targets, the number of new worshippers has remained below the target of 600 and is currently around 400. Consequently, and using funds underspent during the pandemic, the project has now entered an 'expansion phase' which will continue up to July 2023, and which has a focus on working with a small number of specific churches in the existing portfolio where it is felt extra focused support and leadership might generate an additional growth of 200 worshippers. Initial signs suggest there appears to be good energy and momentum building in these extension placements, with lots of new contacts already being established - leading to cautious optimism for delivery of the hoped-for outcomes.

Discussions are progressing with the National Church on the form and timing of the evaluation of both the overall and extension phases, that both they and the Diocese are desiring.

Resourcing Churches Both Resourcing Churches continue to recover well following the aftermath of the Covid Pandemic.

Top Church is in use 6 days a week, and now has two in-person services taking place each Sunday - at 11:00am and 4:00pm. Average Weekly Attendance is currently approximately 135, of which around 45 are under 16s. In the last 12 months there have been 4 baptisms and 7 confirmations within the congregation. There is a large and growing portfolio of support and outreach programmes taking place each week which are increasingly growing the church as the central hub for community activity. The resourcing of other churches in the local area is occurring regularly, through the leading of services, and by providing worship and/or children's activities. New staff positions of a Community Hub Leader and an Assistant Operations Manager have been recruited to assist in delivering the vision to renew St Johns & St Francis as Community Hub churches. Regular congregation giving has remained static and ultimately behind where it needs to be, with the impact of the cost-of-living crisis been felt across the local community and within the congregation. Consequently, the Parish Giving Scheme (PGS) is to be built into the welcome provided to new joiners, who may not be aware of how to give on a regular basis.

All Saints Worcester (ASW) is thriving, with a steady flow of new people joining the church over the last 6 months, resulting in the church being full or nearly full every Sunday morning in the early part of 2023. Average Weekly Attendance is now approximately 460 – with the numbers of children and young people steadily growing, and currently standing at around 120. The first church renewal supported by ASW at St Peter's Bengeworth is now in its second year, and under the leadership of the Planting Vicar, Andy Smith, is progressing well – with a congregation growth so far of around 60.

ASW continues to resource the development of informal worship gatherings at both St Peter's Inkberrow and Severnside Parishes and have delivered bespoke training to teams from both of these churches. The reordering project at St Helen's is now underway and good progress is being made.

Both Resourcing Churches have concerns regarding their ongoing financial sustainability at the end of the SDF funded project in 2025, and are working with the Diocesan Team on options and possible actions to manage/mitigate these risks.

- **PRIORITY 4:**

To enable the launch of a Church Buildings Management Partnership which will provide support to our smallest churches in managing their building.

As a diocese, we are continuing to take a lead regionally and nationally, on the development of the 'Church Buildings Management Partnership' concept, to make it implementable. We have registered a Charitable Incorporated Organisation (CIO), which will be able to take a minor legal interest in each building in the scheme in order to be in a position to buy insurance and commission maintenance work. Work with a small number of parishes on a pilot basis is beginning. This will work out the details that will make this scheme practical and attractive, before rolling it out more widely. We await input from the national church on negotiation with the major insurance companies which will be an important part of the funding of the project. The national church have committed to £10k of funding per diocese to help establish this scheme and we are hopeful that we will find ways of working with neighbouring diocese to realise benefits of scale.

- **PRIORITY 5:**

To ensure that the new Ministry Share system is operating well, and that transition is happening effectively.

The Ministry Share system was introduced from January 2022. Whilst a full review of the implementation and the first year will take place during 2023, initial perspectives are that the system has worked well in its first year.

It has clearly provided greater transparency on the costs of ministry, and that has been welcomed. This has enabled conversations to take place to highlight the degree of subsidy of ministry in some benefices.

The process of requesting grants from the Ministry Support Fund and making allocation decisions generally worked well in the first year of the system. Half of our benefices (37 out of 73) needed some form of support from the Ministry Support Fund in the first year. The intention is that this reduces over time, although the currently high level of energy costs will make this challenging. 23 of the 37 were Lowest Income Communities, where we expect that ongoing support will be required to enable ministry in our poorest communities.

27 benefices made a contribution in excess of their Ministry Share allocation into the Ministry Support Fund to enable other benefices to receive transitional support. These totalled £209k, a lower total than originally hoped due to the surge in energy costs. Total contributions to Ministry Share totalled £3,968k, which represented 95.5% of Ministry Share requests, once Ministry Support Fund grants were taken into account.

Ministry Development

4 out of 5 candidates were recommended for ordination training in 2022. There are 10 ordinands training, down from 16 last year and 21 the previous year. There were 6 participants in the Growing Leaders Course in 2022. Only 1 new person has begun training for Reader Ministry, with 5 in their second year, and 4 newly licensed. With Authorised Lay Ministers (ALM) training, a pilot project saw two small deanery groups complete Worship Leader training. A cohort of 29 are currently training (across 3 ALM strands). In addition to the ongoing training of new ministers (as described above), the Ministry and Discipleship Team organised over 40 training and support events, with a total attendance of over 570. The Training and Events Administrator has supported the DBF team as a whole (excluding the Education Team) in a total of 66 events, with over 830 attendees.

One significant new development is a new 'Auxiliary Pathway of Discernment and Formation'. As from September 2022, there are 15 participants on this exciting and demanding journey. Training is being carried out within the Diocese, including regular input from each bishop. Selection will happen through the existing (new) national system. The scheme is oriented towards locally-focused ordained ministry – typically a self-supporting assistant role, perhaps with day-to-day ministerial responsibility for one or more smaller churches in a larger benefice or team. The pathway holds considerable promise, and is receiving considerable investment of time, care and energy.

One other significant new development: Autumn 2022 saw the inauguration of 'FCiLL': Foundation Courses in Local Leadership. This is not a new course, but a new way of organising training already on offer and shaping new material. Its focus is very much on the practical and pragmatic, supporting and equipping lay people to lead in parish life and mission. That said, several of the sessions are also proving very helpful for clergy.

Education

This year the Education Team has been successful in becoming the first Diocese in the country to be able to offer National Professional Qualifications for teachers (NPOs). Over the course of 2023, the team will deliver both the National Professional Qualification for Senior Leaders (NPQSL) and the National Professional Qualification for Leading Teaching (NPQLT). As well as providing much needed qualifications for the teachers in our schools it will also generate a modest amount of additional income.

The work carried out by the Education Team has continued to focus on providing a range of core services to schools in line with the Diocesan Board of Education (DBE) measure. In response to this we also offer three Service Level agreements (SLA). The Training and Support SLA provides training for schools for them to become effective church Schools, with a theologically rooted Christian vision, whilst preparing them for Statutory Inspection of Anglican and Methodist Schools (SIAMS) inspection, the School Effectiveness SLA provides bespoke packages of support to improve the quality of leadership, teaching and learning, and the third SLA improves governance by delivering training to governors.

In response to a growing need for Mental Health and Wellbeing support, the DBE, through its SLAs, has developed a suite of services, training and counselling to help schools deal with the increasing rates of stress and anxiety in the

Support for Church Buildings

The team and the Diocesan Advisory Committee (DAC) continue to offer support to parishes as they care for their buildings and churchyards, and develop proposals for restoring or developing their buildings. Visits to churches by the DAC are recommended at the early stages of proposals – 12 were held in 2022 – though the availability of volunteer DAC members and advisers places a strain on how many full visits can be made as opposed to visits that were just from staff members (sometimes with the Archdeacon) – 95 of these in 2022. In 2022, 54 applications for Faculty were considered by the DAC (2021 – 45, 2020 – 44, 2019 – 97), and 148 for Archdeacon's List B consent (2021 – 104, 2020 – 93, 2019 – 108).

NB. 2020 saw major rule changes come into law that brought more matters out of requiring a Faculty, in addition to the drop in cases due to the pandemic.

The team also supported those parishes who were considering the future and potential closure of their church, a workstream that has increased since the pandemic. The former church of St George, Redditch, was sold in 2022, having closed in 2012. The closure of the church of St Peter, Upper Gornal, was finally confirmed by the Church Commissioners toward the end of the year, with the transfer to the DBF set for January 2023. Support has also been provided to the Dean of Smaller Churches as she undertakes her work, including in the formation of the Church Buildings Management Partnership.

workplace. In some cases, this leads to extensive absence, resignation or early retirement. The support has been well received with many schools accessing the suite of support and senior leaders more readily returning to post.

During the year the Education Team supported the facilitation of building projects in Voluntary Aided schools valued at over £450,000.

The Education Team has successfully set up the second Diocesan Multi Academy Trust for Church of England Schools in Dudley. The Elements Diocesan Learning Trust converted two Primary schools in November 2022 with a further two Primary schools joining in February 2023.

Net Zero Carbon

Energy Audits were undertaken on 45 churches in the Greater Dudley, Kidderminster & Stourport and Redditch & Bromsgrove Deaneries. These assess the current energy use and propose lower carbon solutions, highlighting the potential savings in carbon and cost to a building owner. Those in Dudley were funded by the DBF's Total Return budget, those in Worcestershire through funding from Worcestershire County Council's 'Zero Carbon Ready Worcestershire' scheme. Although the results have been limited by lack of comparative use over recent years and difficulty in predicting future financial savings due to the rising cost of energy, they will support these churches as they consider how to decarbonise and contribute to the Church of England meeting its Net Zero target in 2030. Further audits are planned for 2023 in high use/emitting churches in the county as we seek to work closely with the (circa) top 20% of carbon use/emitting churches to put in place Net Zero Action Plans – as required by the Church's Routemap to Net Zero.

New Faculty Rules came into law on 1 July with a view to making permissions more straightforward for works to improve the environmental sustainability of a church and, consequently, more difficult to obtain permission for works that would negatively contribute. For many, this has meant that improvements to lighting, insulation etc., has been a simpler step but the main issue has been the need for a full faculty for the replacement of a gas or oil boiler like-for-like and therefore periods of time without heating – and not without at least first considering lower carbon alternatives.

There has been a clear increase in the demand for DAC advice on matters of heating and decarbonising in the past year, more than can currently be serviced by the volunteer advisers, so support to parishes has not been as available as we would hope it to be. Whilst the appointment of more volunteer DAC advisers may be possible, we will be investigating the options available in the Net Zero package from the Archbishops' Council's triennium funding for professional expertise to build capacity, possibly in tandem with other regional dioceses.

2023 Priorities

Our priorities for 2023 are:

- To fully develop and communicate our transformation programme, and a viable funding plan.;
- Continuing our Mission Accompanier Programme, which seeks to support and enable churches to develop health and sustainability plans, and where appropriate, to provide grant funding through the Healthier Churches Fund;
- Increase the number of Children, Families and Youth workers around the diocese, with a target of having a total of ten in place by the year end.
- To make initial progress with our priorities for "Renewals" – a programme to create churches with an Average Weekly Attendance of at least 150, and for New Worshipping Communities through the appointment of a parish based enabler.
- To fully develop the support plan needed to "Equip Ministers for Mission" – through Mission Accompaniment, Coaching and Training, together with the support resources required.
- To recruit well to fill a number of senior vacancies.

During March 2023 the National Church announced in-principle support for the renewals element of the transformation programme of £6.8 million, and unconditional grant of nearly £1 million for capacity building. This, combined with decisions by Bishop's Council to allocate a significant proportion of the Healthier Churches Fund to our priorities means that the core of our transformation programme is funded for the next five years.

Financial Review

Total incoming resources for the year was £10,040k (2021 - £9,740k). The principal funding source was from Ministry Share which represents 42.1% (2021 - 43.6%) of total incoming resources. This was a new system for 2022, which meant that Benefices applied for grants to help fund any gaps between the costs of ministry in their Benefice and what they could afford to pay. This resulted in grants being awarded totaling £1,160k as split between £656k from the Ministry Support Fund and a further £504k from the Lowest Income Communities Grants. These grants means that the Net Ministry Share Requested (after grants) should have been received in full from the Benefices. However, due to the high cost of inflation and the raising costs of energy meant that instead of 100% received only 95.5% was received. Total Ministry Share received during the year was £4,227k (2021 - £4,244k) representing 95.5% (2021 - 73% - significantly lower due to the old Parish Share system) of the total requested.

Endowments decreased by £2,028k (2021 - £5,975k increase) this is because of a decrease in investment valuations. From the endowment £963k was transferred to general funds under Total Return Accounting (2021 - £3,400k), see below and note 29. Total resources expended were £8,824k (2021 - £8,812k).

The Statement of Financial Activities on page 20 shows an overall decrease in funds of £2,257k (2021 - £5,698k increase), of which £3,473k related to unrealised investment losses, and £856k (2021 - £1,127k) from surpluses on property sales.

The underlying result for the year was an operational surplus of £360k plus an investment of £153k in our strategic projects (2021 - £269k surplus plus an investment into strategic projects of £200k). The reported results included the cash impact of the final clergy pension deficit repayments of £191k.

Despite this, a surplus was achieved due to continued cost savings and additional income from grants and the proceeds from the sale of donated books, which was £103k. Some of these savings were planned as part of the overall cost reduction plan, and others were due to decrease in number of clergy recruited. The cost savings outweighed the fall in the Ministry Share and therefore led to the surplus.

Investment Policy

The Board's investment policy is reviewed regularly by the Finance and Resources Committee, although the ultimate responsibility remains that of the Worcester Diocesan Board of Finance. The Committee seeks to maximise long-term income without exposing capital to undue risk or compromising the Board's ethical investment policy, which essentially follows the national guidance established by the Church of England's Ethical Investment Advisory Group. In the current investment climate, we have maintained regular contact with and received advice from CCLA, our investment advisors. We have sought to maintain and grow the overall income yield, whatever movements in capital values.

Reserves *Restricted and endowment funds*

As set out in note 25 the WDBF holds and administers several restricted and endowment funds. As at 31 December 2022 restricted funds totaled £2,833k (2021 - £2,815k) and endowment funds totaled £66,309k (2021 - £68,337k). This includes the Diocesan Unapplied Total Return funds which totaled £17,945k (2021 - £22,319k) – see below.

Total Return Accounting

The law governing the use of Diocesan Endowment funds changed in 2016. Traditionally, permanent endowment funds draw income only, maintaining capital in perpetuity for the benefit of future generations.

A Total Return investment approach allows the release of both income and capital gains for use. The Directors adopted Total Return accounting for the Diocesan Stipends Capital Fund (DSCF) with effect from 1st January 2021 by reference to the following:

- The date used for the initial value, or base year, of the trust for investment was 31st December 1995. At this point the DSCF balance was £15,598k. This is taken as the original value of the endowment.
- CPIH was used to uplift the trust for investment giving rise to a valuation as at 31st December 2022 of £28,991k (2021 - £26,538k). The Unapplied Total Return fund as at 31st December 2022 amounted to £17,945k (2021 - £22,319k).

The Board can then release funds which are transferred to the income fund to fund stipends. This enables other funds which would have normally been used for the funding of stipends as the Board sees fit. In turn this has meant the Board has made further transfers into designated funds as follows:

- Transitional Support for Parishes - £109k in 2022, which is based on an inflation adjustment amount of £100k per annum for six years – this is help Parishes transition to the new ministry share system. This was further supported by an initial allocation of £600k of unrestricted reserves into the Ministry Support Fund in 2021, and

- Net Carbon Zero Fund – £27k in 2022, which is based on an inflation adjusted amount of £25k per annum for six years – this is to provide some expert resource to help the diocese achieve the 2030 Net Zero Carbon target.

Total Return Accounting had an impact on the allocation of income to the general and endowment funds. In years prior to 2021, all income arising on the DSCF was allocated to general fund on the understanding that the value of stipend payments

would far exceed the value of any income. On the introduction of Total Return Accounting, all such income is allocated to the UTR within the endowment fund with subsequent transfers to the general fund.

Designated funds

The Board may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of the designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 28. At 31 December 2022 total designated reserves were £3,495k (2021 - £3,701k). See note 28 for further details.

Reserves policy *Free reserves*

It is the Board's policy to maintain the year end general unrestricted reserves position, excluding tangible fixed assets, at a level of 4.5 months' expenditure. This should provide sufficient liquid funds to allow the Board to meet its commitments across the year.

As at 31 December 2022 the general unrestricted fund's net assets, excluding tangible fixed assets was £4,115k (2021 - £4,088k) and during 2022 total resources expended in unrestricted funds was £6,881k (2021 - £7,689k), providing for over 7 months of expenditure (2021 – 6 months). Our budget suggests that expenditure will grow – as commented previously, 2022 expenditure was lower than anticipated.

Fundraising

Funds were raised in 2022 for our partner dioceses of Peru and Morogoro: £7,081 was raised for the Diocese of Peru; £470 for the Diocese of Morogoro; £1,000 for Berega Hospital, Tanzania; £121 for Morogoro Sewing Academy.

As a result of the pandemic, we launched a Diocese of Worcester Ministry fund in 2020. The aim was to raise enough to cover the stipend of one vicar for one year to assist with the continued reduced income caused by Covid-19. We encouraged potential donors to support their local church as their first priority and if they were able to make an additional gift to this Ministry fund. Through donors' generosity £11k was received in 2022 (2021 - £16k).

Risk Policy

The Directors have continued the process of examining the major strategic and operational risks which the DBF faces. They hold and monitor a register of the significant risks, assessing the probability of occurrence and likely impact if they were to occur, divided into six operational areas.

The most significant risks in this analysis, and plans for mitigation, are:

- High inflation in both the cost of living for individuals, and in the cost of heating churches, lead to lower receipts of Ministry Share, which are insufficient to meet the financial commitments and the strategic plans of the Diocese:
 - The clarity given by the new Ministry Share system brings forward visibility on likely receipts;
 - Regular and active communication with parish treasurers to maintain two-way communication;
 - The launch of a Ministry Support Fund provides support to parishes, encourages medium term planning. The fund will be supplemented for 2023 to provide additional support;
 - Monthly monitoring of receipts and projection for the remainder of the year;
 - Proactive support by the Stewardship Officer with struggling parishes.

Risk Policy (continued)

- Falling numbers and ageing of attendance / membership within the Church in the diocese leading to churches becoming unsustainable:
 - Agree the detailed planning behind the Diocesan Transformation Strategy and move ahead into implementation;
 - Ensure the Resourcing Churches projects are effective, including the planting and renewing of a number of additional churches;
 - Development of a Healthier Churches Fund to resource parishes who have developed Health and Sustainability plans;
 - Continued provision of Mission Accompaniers to support parishes develop and implement such plans.
- Serious safeguarding case:
 - Ensure swift action taken if a situation does arise;
 - Ensure effective safeguarding provision is available, through the diocesan safeguarding team; training officers and caseworkers. This will include use of core groups to bring in a wider team where appropriate;
 - Ensure safer recruitment, training, policies applied and audited at diocesan and parish level;
 - Ensure adequate insurance is in place.
- Complexity & Capacity: The transformation strategy on top of sustaining 'business as usual' provides significant complexity and workload for a small DBF team:
 - Plans have clear priorities and these have been developed with an eye to the capacity to deliver;
 - Many of the priorities will lead to additional employment to deliver the work e.g. parish based Childrens, Families and Youth workers;
 - We are seeking funding from the national church to add the capacity to deliver at both parish level (especially for renewals) and for the DBF rather than requiring it to be funded through Ministry Share.

It is recognised that there are reputational risks to the DBF associated with each of these key risks. As well as mitigating risk in each of these areas the DBF's Communications team bring expertise to support parishes and the bishops in facilitating the mission of the church across the Diocese.

The directors have established a framework of six risk registers, each of which is reviewed periodically by an appropriate committee. An overview of key risks is considered by Bishop's Council along with the Risk Policy. The Audit, Risk and Challenge Committee reviews the DBF's approach to risk management on an annual basis, including reviewing the risk policy.

Remuneration Policy

The Board's policy regarding level of remuneration is that salaries are those appropriate to recruit and retain staff in the context of the job market. Remuneration for more senior roles is set so as to involve an element of "sacrifice" compared to the secular market, but to be broadly in line with that of equivalent roles in similar dioceses.

Investment Performance

Overall performance

Investments are held in both glebe and general funds. The total value of investments at 31 December 2022 was £43.1m (2021 - £46.7m) and the total return on investment saw share value drop by 12% (2021 - increase of 14%).

Glebe investments

Investments are in glebe funds, primarily to generate a sustainable income to continue funding clergy stipends. Agricultural, commercial and residential land and buildings were valued at £15.46m at 31 December 2022 (2021 - £15.48m). Rents receivable amounted to £219k (2021 - £252k) - an income yield of 1.4% (2021 - 1.6%).

Investment securities (Glebe and General)

Investments in equity and fixed interest securities were valued at £26.3m at 31 December 2022 (2021 - £29.3m). Income from these securities amounted to £878k (2021 - £762k) - a yield of around 3.3% (2021 - 2.6%), which is considered satisfactory.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

As far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware and each director has taken all the steps he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving this Directors' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

On Behalf of the Board: The Reverend Andy Todd

Date: 10 May 2023



Independent Auditor's Report to the Members and Trustees of the Worcester Diocesan Board of Finance Limited

Opinion

We have audited the financial statements of The Worcester Diocesan Board of Finance Limited ('the charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Statement of Cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its income and receipts of endowments and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

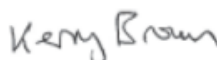
Extent to which the audit was considered capable of detecting irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

Use of our report

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

Kerry Brown (Senior Statutory Auditor)



For and on behalf of Crowe U.K. LLP, Statutory Auditors

Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG

Date: 21 July 2023

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit & Risk and Challenge Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Statement of Financial Activities for the Year Ended 31 December 2022

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	4,018	209	-	4,227	4,244
- Archbishops' Council	3a	823	1,368	-	2,191	1,866
- Other donations	3b	122	368	-	490	414
Charitable activities	4	649	63	-	712	687
Other activities	5	466	-	-	466	387
Investments	6	135	-	963	1,098	1,015
Other – gains on sale of tangible fixed asset properties		33	-	823	856	1,127
		6,246	2,008	1,786	10,040	9,740
EXPENDITURE						
Raising funds	7	-	-	59	59	64
Charitable activities						
- Contributions to Archbishops' Council	8	415	-	-	415	398
- Parish Ministry	9	5,402	1,389	-	6,791	6,223
- Support for Ministry	10	798	363	-	1,161	1,327
- Support for Schools	11	266	132	-	398	337
Other – Old Palace	33	-	-	-	-	463
		6,881	1,884	59	8,824	8,812
Net income before investment gains		(635)	124	1,727	1,216	928
Net gains on investments		(382)	(128)	(2,963)	(3,473)	4,753
Net income		(1,017)	(4)	(1,236)	(2,257)	5,681
Transfers between funds	26	770	22	(792)	-	-
Other recognised gains / (losses)						
Actuarial gain / (loss) on defined benefit pension scheme	24	-	-	-	-	17
Net movement in funds		(247)	18	(2,028)	(2,257)	5,698
Total funds brought forward	25	9,379	2,815	68,337	80,531	74,833
Total funds carried forward	25	9,132	2,833	66,309	78,274	80,531

All incoming resources and resources expended derive from continuing activities.
The notes on pages 22 to 46 form part of these financial statements.

Income and Expenditure Account Year Ended 31 December 2022

	2022 £'000	2021 £'000
Total income	8,254	8,162
Expenditure	(8,765)	(8,812)
Operating (deficit)/surplus for the year	(511)	(650)
Net gains /(losses) on investments	(510)	373
Net (expenditure) for the year	(1,021)	(277)
Other comprehensive income:		
Net assets transferred from endowments	792	3,205
Total comprehensive (expenditure)/income	(229)	2,928

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 22 to 46 form part of these financial statements.

Balance Sheet

Balance Sheet as at 31 December 2022

Company Number 00271752

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
FIXED ASSETS					
Tangible assets	16		34,806		33,654
Investments					
Investment property	17		15,460		15,480
Investments	17		27,690		31,269
			<u>77,956</u>		<u>80,403</u>
CURRENT ASSETS					
Debtors	18	978		630	
Cash at bank	19	606		603	
		<u>1,584</u>		<u>1,233</u>	
CREDITORS					
Amounts falling due within one year	20	(1,119)		(1,072)	
NET CURRENT ASSETS					
			465		161
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>78,421</u>		<u>75,111</u>
CREDITORS					
Amounts falling due after more than one year	21		(147)		(33)
NET ASSETS					
			<u>78,274</u>		<u>80,531</u>
FUNDS OF THE CHARITY					
Endowment funds	25		66,309		68,337
Restricted Income funds	25		2,833		2,815
Unrestricted Income funds:					
- General funds	25		5,637		5,678
- Designated funds	25		3,495		3,701
			<u>80,531</u>		<u>80,531</u>

Note: The above funds include investment revaluation reserves as follows:

Endowment funds £22,360,000 (2021 £25,078,000)

Restricted Income funds £960,000 (2021 £1,088,000)

General funds £2,970,000 (2021 £3,101,000)

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

The Reverend Andy Todd

Date: 10 May 2023



The notes on pages 22 to 46 form part of these financial statements

Cash Flow Statement for the Year Ended 31 December 2022

Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Net cash flow from operating activities		(874)		(784)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,098		1,015	
Proceeds from the sale of:				
- Tangible fixed assets	1,614		1,902	
- Investments	-		63	
Purchase of:				
- Tangible fixed assets for the use of the WDBF	(1,938)		(1,136)	
- Fixed asset investments	(497)		(3,507)	
Net cash provided by investing activities		277		(1,663)
Change in cash and cash equivalents in the year		(597)		(2,447)
Cash and Cash Equivalents at 1 January		2,603		5,050
Cash and Cash Equivalents at 31 December		2,006		2,603
Reconciliation of net movements in funds to net cash flow from operating activities				
Net income before investment gains for the year		1,216		928
Adjustments for:				
Depreciation Charges	28		32	
Dividends, interest and rent from investments	(1,098)		(1,015)	
Actuarial gain/(loss) on pension scheme	-		17	
(Surplus) on sale of functional assets	(833)		(1,127)	
(Increase)/decrease in debtors	(348)		400	
Increase/(decrease) in creditors	161		(19)	
Net cash used in operating activities		(2,090)		(1,712)
Net cash used in operating activities		(874)		(784)
Analysis of cash and cash equivalents				
Cash in Hand		606		603
Notice Deposits		1,400		2,000
		2,006		2,603

The notes on pages 22 to 46 form part of these financial statements

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The principal accounting policies and estimation techniques are as follows:

a) Income

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

- i) **Ministry Share and donations for the Ministry Support Fund** are recognised as income of the year in respect of which it is receivable up to 10 February 2023.
- ii) **Rent receivable** is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate up to 10 February 2023.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the WDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953 as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

- i) **Costs of raising funds** are constrained to investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the WDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The WDBF's staff are members of the Church Workers Pension Fund and clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs charged as resources expended represent the WDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes in which WDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Freehold properties

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

Investment properties

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

Parsonage houses

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

d) Other tangible fixed assets

All capital expenditure over £1,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Fixtures and Fittings 20% per annum straight line basis

Leasehold improvements are depreciated on a straight-line basis over the course of the lease.

e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The WDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.
- iii) **Taxation.** The company is a registered charity and is not liable to corporation tax in this year.

f) Fund balances

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

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

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

g) Key judgments

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

1. The Trustees perform annual impairment reviews (as explained in c above), and have concluded that there are no indications of material impairment;
2. Freehold properties are not depreciated for the reasons set out in c) above;
3. The assumptions underpinning the pension scheme liabilities are set out in note 24 below;
4. Receipts of Ministry Share, Donations for the Ministry Support Fund, and Fees are recognised in the year under review up to 10 February of the following year.

h) Going concern

Having reviewed the funding facilities available to Worcester DBF together with the forecast cash flows, the trustees conclude that that charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the charity's financial viability. Accordingly, the financial statements are prepared on the going concern basis.

	Total Funds 2022 £'000	Total Funds 2021 £'000
2. PARISH CONTRIBUTIONS		
Current year's allocation	5,313	5,775
Ministry Support Fund Grants	(656)	-
Lowest Income Communities Grants	(504)	-
	4,153	5,775
Shortfall in contributions	(185)	(1,540)
	3,968	4,235
Arrears for previous years	50	9
	4,018	4,244
Ministry Support Fund donations - Restricted	209	-
TOTAL	4,227	4,244

	2022 Net Ministry Request £'000	2022 Share Shortfall £'000	2022 Total Received £'000	2022 Total Received %	2021 Total Received £'000	2021 Total Received %	(Decrease) Increase / £'000	(Decrease) Increase / %
Deanery								
Greater Dudley	997	43	954	95.7	1,011	75.1	(57)	(5.6)
Kidderminster & Stourport	549	5	544	99.1	599	77.2	(55)	(9.2)
Malvern & Upton	599	45	554	92.5	630	76.5	(76)	(12.1)
Pershore & Evesham	710	31	679	95.6	671	65.7	8	1.2
Redditch & Bromsgrove	507	31	476	93.9	532	71.0	(56)	(10.5)
Worcester	791	30	761	96.2	792	74.8	(31)	(3.9)
	4,153	185	3,968	95.5	4,235	73.3	(267)	(6.3)

	Unrestricted Funds 2022 £'000	Restricted Funds 2022 £'000	Total Funds 2022 £'000	Reanalysed Total Funds 2021 £'000
3a. ARCHBISHOPS' COUNCIL				
Lower Income Communities Funding	776	-	776	750
Archbishops' Council – RME grant	-	122	122	187
Registry-Church Commissioners	47	-	47	45
Donation in Kind	-	16	16	-
Ministry Hardship Grants for Individuals	-	46	46	-
Energy Grant for Parishes	-	283	283	-
SDF Grant - Calling Young Disciples	-	101	101	149
SDF Grant - Resourcing Churches	-	727	727	670
SDF Grant - Capacity Grant Funding	-	73	73	65
	823	1,368	2,191	1,866
3b. OTHER DONATIONS				
Benefact Trust Grant	-	122	122	117
Education Grants	13	132	145	118
Parsonage Grants	50	-	50	40
Ministry Restricted Donations	-	11	11	16
Sundry Income	32	-	32	50
Safeguarding Income	27	-	27	29
Income from sale of donated books	-	103	103	-
Furlough Grant	-	-	-	44
	122	368	490	414
4. CHARITABLE ACTIVITIES				
Statutory fees	484	-	484	466
Education Service Level Agreements	137	-	137	146
Education Academy Conversion Fees	21	-	21	-
Trust Income				
- Clergy Widows and Orphans Fund	-	11	11	8
- Ordination Candidates Fund	-	32	32	33
- Church Schools Improvement and Maintenance Fund	7	-	7	7
- Sundry Trust Funds	-	20	20	27
	649	63	712	687
5. OTHER ACTIVITIES				
Insurance claim	5	-	5	3
Rental income from parsonages	291	-	291	245
Rental income from other property	49	-	49	45
Bishop's office – rent, salary and service charge	121	-	121	94
	466	-	466	387

	Unrestricted Funds 2022 £'000	Restricted Funds 2022 £'000	Endowed Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
6. INVESTMENTS					
Dividends receivable	135	-	743	878	762
Interest receivable	-	-	1	1	2
Rents receivable	-	-	219	219	251
	135	-	963	1,098	1,015
7. RAISING FUNDS					
Glebe Agent's fees and expenses (including registration costs)	-	-	59	59	64
8. CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL					
Training for Ministry	216	-	-	216	215
National Church responsibilities	159	-	-	159	179
Retired clergy housing costs	81	-	-	81	79
Pooling of ordination candidates' costs	(48)	-	-	(48)	(80)
General Synod Representatives' Expenses	7	-	-	7	5
	415	-	-	415	398
9. PARISH MINISTRY					
Stipends and National Insurance	2,364	362	-	2,726	2,900
Pension costs	644	-	-	644	735
Housing costs – Council Tax	248	-	-	248	240
Parsonage Houses maintenance	899	-	-	899	51
Removal, resettlement and other grants (note 12)	45	-	-	45	66
Lowest Income Communities Grants (note 12)	41	-	-	41	40
Resourcing Churches	-	749	-	749	670
Energy grants to Parishes (note 12)	-	267	-	267	-
Other expenses	110	11	-	121	188
Healthier Churches Grants (note 12)	280	-	-	280	-
Support costs - Administration (see note 13)	771	-	-	771	733
	5,402	1,389	-	6,791	6,223
10. SUPPORT FOR MINISTRY					
Ministry and Discipleship	244	-	-	244	260
Calling Young Disciples project	131	101	-	232	349
Church Buildings Team	121	-	-	121	116
Capacity Restructuring	-	73	-	73	68
Safeguarding	122	-	-	122	125
World Church Links	3	-	-	3	-
Ordination Candidates Allowances and tuition fees	15	134	-	149	272
Ministry Hardship Grants for individuals (note 12)	-	38	-	38	-
Net Carbon Zero	17	-	-	17	-
Support costs – Administration (see note 13)	145	17	-	162	137
	798	363	-	1,161	1,327
11. SUPPORT FOR SCHOOLS					
Education team	218	132	-	350	291
Support costs – Administration (see note 13)	48	-	-	48	46
	266	132	-	398	337

12. GRANT ANALYSIS

	2022 £'000		2021 £'000	
Grants to Parishes				
Energy Grants to Parishes - 169 individual grants to Parishes	267		-	
Lowest Income Communities Grants				
Malvern St Andrew - Youth Minister				
Toldine Mission	-		2	
Parish Mission Support - Digital Communications	-		6	
Dudley Group Ministry - Administrator				
Ipsley Parish - Matchborough Community Missioner	3		-	
	17		2	
Healthier Churches Grants				
Mission Accompaniers	21		30	
Parish Mission Support - Digital Communications	41		40	
Kempsey - Children & Families Missioner				
Malvern Chase - Community Minister & Operations Manager				
Malvern Link with Cowleigh - Community Fridge & Collaborative Café	37		-	
Malvern Link with Cowleigh - Chaplaincy	2		-	
Pershore - Children & Families Worker	86		-	
	52		-	
Grants to Individuals	8		-	
	25		-	
Removal, Resettlement and Other Grants	70		-	
Resettlement Grants				
First Appointment Grants	280		-	
Removal Grants				
	2022	2022	2021	2021
	£'000	No. of Grants	£'000	No. of Grants
Ministry Hardship Grants for Individuals				
	13	5	25	10
	22	13	19	8
	10	4	22	10
	45	22	66	28
	38	22	-	-
Total Grant Expenditure	671		106	

13. ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds 2022 £'000	Restricted Funds 2022 £'000	Endowned Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Central Administration	807	-	-	807	745
Governance:					
- External audit	21	-	-	21	28
- Registrar and Chancellor	135	-	-	135	143
- Synodical costs	1	-	-	1	-
	964	-	-	964	916

Support costs are apportioned as 80% Parish Ministry, 15% Support for Ministry and 5% Education.
Support costs are not allocated to the Glebe Agent's fees and expenses because the Glebe Agent provides his own administrative support.

13. ANALYSIS OF SUPPORT COSTS (continued)

	Activities Undertaken Directly £'000	Support Costs £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Cost of generating funds	59	-	59	64
Contributions to Archbishops' Council	415	-	415	398
Parish Ministry	6,020	771	6,791	6,223
Support for Ministry	1,000	162	1,161	1,327
Support for Schools	350	48	398	337
Charitable activities	7,784	981	8,765	8,285
Other - Old Palace	-	-	-	463
	7,843	981	8,824	8,812

14. STAFF COSTS

	2022 £'000	2021 £'000
Gross wages and salaries	1,300	1,374
Employers National Insurance Costs	126	124
Other Pension Costs - Annual	227	246
	1,653	1,744

The average monthly number of employees during the year was as follows:

	No. in 2022	No. in 2021
Full time	23.3	24.3
Part time	23.3	25.4
	46.6	49.6

In terms of full-time equivalent employees, the average number employed and their funding was as follows:

	No. in 2022	No. in 2021
Operational posts funded by the DBF	29.9	31.4
Project posts and operational posts funded from other sources*	9.4	10.0
	39.3	41.4

* other sources include Strategic Development Funding from the National Church, Bishops' office funding from the Church Commissioners, grants from trust funds and a contribution from reserves to the Calling Young Disciples project.

There are two employees with emoluments above £60,000 per annum (2021: two employees). Pension contributions are paid for 47 employees (2021: 50 employees).

As part of a project coming to an end during the year there were two redundancies in 2022 (2021 – three, which were part of an office relocation). Accordingly, the total paid during the year in termination and redundancy payments was £10k (2021: £33k).

Worcester Diocesan Board of Finance is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than the bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, again excluding the diocesan bishop and cathedral staff.

14. STAFF COSTS (continued)

The WDBF paid an average of 96 (2021-108) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipends	2,636	2,815
National Insurance contributions & apprenticeship levy	218	227
Pension costs - current year	741	900
Pension costs - deficit reduction	191	195
	3,786	4,137

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2022 they were:

Diocesan Secretary and Company Secretary	John Preston
Director of Finance	Helen Archer-Smith
Director of Education	Tim Reid
Director of Ministry and Discipleship	Jonathan Kimber
Director of Communications	Samantha Setchell
Deputy Diocesan Secretary - Restructuring	Robert Quarton

Remuneration and pensions for these six roles amounted to £328,977 (2021: £312,810).

Trustees' emoluments

No trustee received any remuneration for services as Trustee. Five (2021 – six) Trustees received travelling and out of pocket expenses, totaling £8,953 (2021 - £8,437) in respect of General Synod duties, duties as archdeacon or rural dean and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend, housing provided and /or a removal/resettlement grant by the WDBF during the year:

	Stipend	Housing	Removal/ Resettlement Grant
The Revd M Badger (resigned 10.01.2022)	Yes	Yes	No
The Revd R M Clark (resigned 10.01.2022)	Yes	Yes	No
The Revd A C Davies	Yes	Yes	No
The Right Revd M Gorick	No	Yes	Yes
The Ven N J Groarke	Yes	Yes	No
The Ven R G Jones	Yes	Yes	No
The Revd Co C A Lording	Yes	Yes	No
The Revd A M Potter (resigned 10.01.2022)	Yes	Yes	No
The Revd B E Rienstra (resigned 10.01.2022)	Yes	Yes	No
The Revd A Todd	Yes	Yes	No
The Revd R Johnson	Yes	Yes	No
The Revd Co T J Williams	Yes	Yes	No

The WDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The WDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishop but excluding diocesan bishop and cathedral staff.

15. SURPLUS FOR THE FINANCIAL YEAR

Is stated after charging / (crediting):

	2022 £'000	2021 £'000
Depreciation	28	32
(Surplus) on disposal of fixed assets	(879)	(1,127)
Operating Lease – Rent Old Palace	-	25
Operating Lease – Rent Lowesmoor Wharf	27	13
Auditors Remuneration – external scrutiny	21	28

16. TANGIBLE FIXED ASSETS

Unrestricted Funds

COST

	Board Houses £'000	Leasehold Improvements £'000	Fixtures and Fittings £'000	Totals £'000
At 1 January 2022	1,522	67	45	1,634
Additions	-	-	2	2
Disposals	-	-	-	-
At 31 December 2022	<u>1,522</u>	<u>67</u>	<u>47</u>	<u>1,636</u>

DEPRECIATION

At 1 January 2022	-	14	30	44
Charge for year	-	19	9	28
Disposals	-	-	-	-
At 31 December 2022	<u>-</u>	<u>33</u>	<u>39</u>	<u>72</u>

NET BOOK VALUE

At 31 December 2022	<u>1,522</u>	<u>34</u>	<u>8</u>	<u>1,564</u>
At 31 December 2021	<u>1,522</u>	<u>53</u>	<u>15</u>	<u>1,590</u>

Restricted Funds

COST

	Glebe Team Vicarages & Curates' Houses £'000	Parsonages Houses £'000	Pastoral Buildings £'000	Totals £'000
At 1 January 2022	12,293	19,579	192	32,064
Additions	1,288	650	-	1,938
Disposals	(760)	-	-	(760)
At 31 December 2022	<u>12,821</u>	<u>20,229</u>	<u>192</u>	<u>33,242</u>

DEPRECIATION

At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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NET BOOK VALUE

At 31 December 2022	<u>12,821</u>	<u>20,229</u>	<u>192</u>	<u>33,242</u>
At 31 December 2021	<u>12,293</u>	<u>19,579</u>	<u>192</u>	<u>32,064</u>

16. TANGIBLE FIXED ASSETS (continued)

	2022 £'000	2021 £'000
Total Tangible Fixed Assets		
Unrestricted funds – Net Book Value	1,564	1,590
Restricted funds – Net Book Value	33,242	32,064
	34,806	33,654

The parsonage houses are legally vested in the Incumbent as a freeholder during their incumbency. The Incumbent is not free to dispose of the house and is not responsible for the maintaining the house. The charitable company has both the benefits and obligations of ownership. The Trustees consider the difference between the carrying value and the market value of the interests in land and buildings not held as investments is not quantifiable.

Included in land and buildings is freehold land valued at £9.9m (2021- £9.9m) which is not depreciated. The freehold property of Board, Parsonage, Glebe and Pastoral buildings and the fixtures and fittings are held in the direct furtherance of the charity's objects.

17. FIXED ASSET UK INVESTMENTS

	Land and Property £'000	CBF Shares £'000	Cash £'000	Total £'000
Valuation				
At 1 January 2022	15,480	29,269	2,000	46,749
Additions/increase in deposit accounts	-	497	1,940	2,437
Disposals /decrease in deposit accounts	(23)	-	(2,540)	(2,563)
Increase/(Decrease) in revaluation	3	(3,476)	-	(3,473)
At 31 December 2022	15,460	26,290	1,400	43,150
At 31 December 2021	15,480	29,269	2,000	46,749

	Total 2021 £'000	Total 2020 £'000
UK investment property	15,460	15,480
Unlisted UK investment shares	26,290	29,269
CBF Investments	1,400	2,000
	43,150	46,749

Investment property was valued on an open market basis as at 31 December 2022 by Fisher German LLP, who is Glebe Agent. Historical investment costs are not readily available as much of the investment properties was acquired a considerable time ago.

	Total 2022 £'000	Total 2021 £'000
18. DEBTORS		
Current year Ministry / Parish Share and Donations	296	338
Fee receivable	41	57
Other debtors	535	170
Prepayments	26	29
Accrued Income	80	36
	978	630
19. CASH AT BANK		
Lloyds Bank PLC Accounts	606	603
20. CREDITORS: Amounts falling due within one year		
Trade creditors	157	86
Other taxes and social security	33	65
Other creditors	614	477
Deferred income	99	97
Accruals	102	29
Parsonage houses maintenance	114	127
Clergy Pension Scheme	-	191
	1,119	1,072
21. CREDITORS: Amounts falling due after more than one year		
Grant Accruals	147	-
Repayable Grant (see note 22)	-	33
	147	33
22. LOANS Amounts falling due in more than five years:		
Repayable otherwise than by instalments: Church Commissioners – Repayable Grant	-	33
	-	33
23. OPERATING LEASES		
Total commitments under non-cancellable operating leases are as follows:		
Land and Buildings		
Payable within one year of the balance sheet date	24	21
Payable in the second to fifth years inclusive of the balance sheet date	20	44
	44	65

24. PENSION COMMITMENTS - Church of England Funded Pension Scheme

The Worcester Diocesan Board of Finance, as a Responsible Body, participates in the Church of England Funded Pension Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from the company and the other participating Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to a specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £932k, 2021: £1,095k).

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% p.a. and an allowance for 2020 data of 0% (i.e. $w_{2020} = 0\%$).

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

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

% of pensionable stipends	Jan 2018 to Dec 2020	Jan 2021 to Dec 2022
Deficit repair contributions	11.9%	7.1%

Church of England Funded Pension Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022		2021	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		191		402
Deficit contribution paid	(107)		(195)	
Interest cost	-		1	
Remaining change to the balance sheet liability*	(84)		(17)	
		(191)		(211)
Balance sheet liability at 31 December		-		191

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	Dec 2022	Dec 2021	Dec 2020
Discount rate	n/a	0.0% p.a.	0.2% p.a.
Price inflation	n/a	n/a	3.1% p.a.
Increase in total pensionable payroll	n/a	(1.5%)	1.6% p.a.

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

24. PENSION COMMITMENTS - Church of England Defined Benefits Scheme

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

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections:
 - a deferred annuity section known as Pension Builder Classic, and,
 - a cash balance section known as Pension Builder 2014.

Church of England Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2022: £227k, 2021: £246k).

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

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

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

The legal structure of the scheme is such that if another employer fails, Worcester Diocesan Board of Finance Limited could become responsible for paying a share of the failed employer's pension liabilities.

25. SUMMARY OF MOVEMENTS IN FUNDS

	Balance at 1 January 2022 £'000	Income and Endowments £'000	Expenditure £'000	Investment Gains / (Losses) £'000	Transfers £'000	Balance at 31 December 2022 £'000
Unrestricted Funds						
General Fund	5,678	5,261	(5,249)	(382)	329	5,637
Designated Funds						
Healthier Churches Fund	2,500	-	(280)	-	-	2,220
Ministry Support Fund	700	209	(656)	-	469	722
Net Carbon Zero Fund	25	-	(17)	-	27	35
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	28	-	(3)	-	(25)	-
Lowest Income Communities Fund	258	776	(545)	-	-	489
Calling Young Disciples	180	-	(131)	-	(30)	19
Designated Funds	3,701	985	(1,632)	-	441	3,495
Total Unrestricted Funds	9,379	6,246	(6,881)	(382)	770	9,132
Restricted Income Funds						
Education Fund	258	132	(132)	(26)	-	232
Resourcing Churches	-	727	(749)	-	22	-
Calling Young Disciples	-	101	(101)	-	-	-
Capacity Grant Restructuring	-	73	(73)	-	-	-
Diocesan Pastoral Account Fund	2,409	-	-	(101)	-	2,308
Benefact Trust	-	122	(122)	-	-	-
Ordination Candidates Fund	-	32	(32)	-	-	-
Clergy Widows and Orphans Fund	-	11	(11)	-	-	-
Lay Staff Support Fund	11	-	(1)	(1)	-	9
Ministry Restricted Donations	-	11	(11)	-	-	-
Donation in Kind	-	16	(16)	-	-	-
RME Fund	137	122	(102)	-	-	157
Ministry Support Fund	-	209	(209)	-	-	-
Ministry Hardship Grants for Individuals	-	46	(38)	-	16	24
Energy grants to Parishes	-	283	(267)	-	(16)	-
Maynard and Outram Smith Library	-	103	-	-	-	103
Sundry Trust Funds	-	20	(20)	-	-	-
Restricted Funds	2,815	2,008	(1,884)	(128)	22	2,833
Endowment Funds						
Diocesan Stipends Capital Fund	26,538	-	-	2,453	-	28,991
Diocesan Unapplied Total Return	22,319	1,786	(59)	(5,309)	(792)	17,945
Diocesan Parsonage Capital Fund	19,480	-	-	(107)	-	19,373
Endowment Funds	68,337	1,786	(59)	(2,963)	(792)	66,309
TOTAL FUNDS	80,531	10,040	(8,824)	(3,473)	-	78,274

26. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted General fund £'000	Unrestricted Designated fund £'000	Total Unrestricted fund £'000	Restricted funds £'000	Endowed funds £'000	Total 2022 £'000
From Endowment Fund to General Fund for stipends under Total Return (see note 29)	983	-	983	-	(983)	-
From General fund						
- Annual allocation	(109)	109	-	-	-	-
- Reinvestment of operating surplus	(360)	360	-	-	-	-
From General fund to Net Carbon Zero Fund	(27)	27	-	-	-	-
From General fund to Endowment due to reduction in pension deficit liability	(191)	-	(191)	-	191	-
Resourcing Churches funded by DBF	22	-	(22)	22	-	-
Transfer of designated fund re World Church Links to unrestricted fund as no longer required	25	(25)	-	-	-	-
Calling Young Disciples adjustment so that the Designated Fund is equal to the charities budgeted commitment	30	(30)	-	-	-	-
Total	329	441	770	22	(792)	-

27. SUMMARY OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General Fund	1,564	-	2,554	239	(465)	1,745	5,637
Designated Funds							
Healthier Churches Fund	-	-	-	-	(216)	2,436	2,220
Ministry Support Fund	-	-	-	-	-	722	722
Net Carbon Zero Fund	-	-	-	-	-	35	35
Conferences Fund	-	-	-	10	-	-	10
Lowest Income Communities Fund	-	-	-	489	-	-	489
Calling Young Disciples	-	-	-	19	-	-	19
Designated Funds	-	-	-	518	(216)	3,193	3,495
Total Unrestricted Funds	1,564	-	2,554	757	(681)	4,938	9,132
Restricted Funds							
Education Fund	-	-	222	10	-	-	232
Diocesan Pastoral Account Fund	192	-	1,583	533	-	-	2,308
Lay Staff Support Fund	-	-	9	-	-	-	9
Ministry Hardship Grants for Individuals	-	-	-	24	-	-	24
Maynard and Outram Smith Library	-	-	-	103	-	-	103
RME Fund	-	-	-	157	-	-	157
Restricted Funds	192	-	1,814	827	-	-	2,833
Endowment Funds							
Diocesan Stipends Capital Fund	12,821	15,460	22,513	-	-	(3,858)	46,936
Diocesan Parsonage Capital Fund	20,229	-	809	-	(585)	(1,080)	19,373
Endowment Funds	33,050	15,460	23,322	-	(585)	(4,938)	66,309
TOTAL FUNDS	34,806	15,460	27,690	1,584	(1,266)	-	78,274

28. PURPOSE OF FUNDS

General fund is the WDBF's unrestricted undesignated fund available for any of the WDBF's purposes without restriction.

Healthier Churches Fund is a designated fund from which grants are awarded to support our churches towards greater health and sustainability.

Ministry Support Fund is a designated fund to offer transitional support for benefices with the new ministry share system.

Net Carbon Zero Fund is a designated to support the transition to Net Zero Carbon position.

Conference Designated Fund is an amount set aside to help fund the clergy conference which will take place in September 2023.

World Church Links Designated Fund relates to funds which were earmarked for the mission work with the World Church Links, however the balance on this fund was transferred back to unrestricted funds this year. In future this expenditure will be funded from general unrestricted funds.

Lower Income Communities Designated Fund is income received to support stipendiary ministry in the most deprived areas of the Diocese. Due to the pandemic not all of the planned projects could take place and hence the increase of the funds held at the year end.

Resourcing Churches is income received from Archbishops' Council for the Dudley and Worcester Resourcing churches.

Calling Young Disciples (CYD) Designated Fund relates to the cost of CYD which will need to be funded by WDBF over the course of the project which is above the restricted income which will be received. It is budgeted that these funds will be spent by 2023.

Capacity Grant Restructuring is income received from Archbishops' Council to fund additional central diocesan costs to enable strategic transformation within the diocese.

Lay Staff Support Fund is a restricted fund which can only be used for specific expenditure for lay support employees working at the WDBF.

RME Fund is the Resourcing Ministerial Education Fund from which block grants are received by WDBF, out of which training and maintenance costs are met. Any unused funds at the end of each year can only be used to fund future training and maintenance costs.

Ministry Restricted Donations related to the Diocese of Worcester Ministry fund which was launched as a result of the pandemic, due to the effects of reduced Ministry

Share. All income was expended during the year towards a stipend for a vicar.

Ministry Support Fund raises from donations from Benefices who have paid addition amounts above that of their Ministry Share ask to help and support Ministry in other areas of the Diocese. The whole of this fund is spent in the year received on Stipends.

Sundry Trust Funds is an amalgamation of sundry restricted trust funds which have been fully expended in the year.

Restricted Education Fund provides for income to be used for educational purposes.

The Restricted Stipends Capital and Income Funds have arisen from and are governed by the provisions of Section 35 of the Endowment and Glebe Measure of 1976 (as amended), which provides for the income to be used to pay clergy stipends and pension premiums. The capital can only be expended as provided by the Measure.

The Restricted Parsonage Capital Fund has arisen from the Mission and Pastoral Measure 2011 and can only be used for the provision of parsonage houses.

The Restricted Diocesan Pastoral Account Fund has arisen from the Pastoral Measure 2011 and can be used for purposes laid down in Section 94 of the Pastoral Measure 2011. This includes expenditure on any property vested by or under this Measure in the Church Commissioners of the DBF, and grants and loans for parsonage and church provision, restoration, improvement or grant.

Where the DBF is satisfied that any monies in the Diocesan Pastoral Account are not (likely to be) required for meeting the costs referred to in this section it may:

- a. Apply those monies by way of grant or loan to the provision, restoration, improvement or repair of church and parsonage house in the diocese, including the repair of any building closed for regular public worship vested in the Board pending the coming into operation of arrangement under a pastoral (church buildings disposal) scheme, or to other purposes of the diocese or any benefice or parish in the diocese; or
- b. Apply those monies by way of grant or loan for the benefit of another diocese; or
- c. Transfer monies to the Diocesan Stipends Fund Capital or Income Account (which cannot be reversed).
Sufficient funds must be held in the Fund to finance all redundant buildings in the Diocese; or
- d. Transfer those monies to one or more other accounts of funds held by the Board.

The Restricted Ordination Candidates Fund is to finance the costs of Ordinands in the Diocese. The expenditure is funded by income from a registered charity, the Ordination Candidates Trust Fund. No reserves are held in this fund.

The Restricted Clergy Widows and Orphans Fund is to finance the cost of clergy widows and orphans in the Diocese. The expenditure is funded by a grant from a trust fund, the Clergy Widows and Orphans Trust. No reserves are held in this fund.

The Restricted Calling Young Disciples Fund is to finance the cost of Mission Enablers. The expenditure is funded by grants from the Archbishops' Council.

The Restricted Benefact Trust Fund is to finance the cost towards clergy stipends. The expenditure is funded by grants from Benefact Trust. No reserves are held in this fund.

Energy Grant to Parishes was a grant from National Church to help Parishes with the increasing energy costs of heating their churches; this was distributed by the

Diocese. As allowed by the conditions of the grant, an amount of £16k was transferred to the Ministry Hardship Grants for Individuals.

Ministry Hardship Grants for Individuals was a grant from National Church to help those involved in Ministry with the increasing energy costs.

The Restricted Maynard and Outram Smith Library Fund is from the sale of donated books under the Charities Act Scheme known as Maynard Smith and Outram Smith Library. The proceeds can be used for the advancement of theology and theological learning for the benefit of the public, including providing grants for the training and maintenance of ordination candidates, and continuing education for those who are already ordained. Accordingly, the fund will be spent on clergy training.

The Donation in Kind was a grant in kind of 30 contactless donations devices from the National Church, which in turn were distributed to Parishes to enable them to receive donations in an increasingly cashless society.

29. ENDOWMENT FUND - TOTAL RETURN

	Trust for Investment £'000	Unapplied Total return £'000	2022 Total Endowment £'000	2021 Total Endowment £'000
At 1 January 2022				
Gift component of the permanent endowment	15,598	-	15,598	15,598
Accumulated inflation since original gift	10,940	-	10,940	9,505
Unapplied total return	-	22,319	22,319	21,288
	26,538	22,319	48,857	46,391
Movements in the year:				
Dividends, interest and rental income	-	963	963	902
Realised gains on sale of property	-	712	712	487
Unrealised gains on investments	-	(2,745)	(2,745)	4,265
Transfer from general fund for reduction in clergy pension deficit payments liability	-	191	191	195
Actuarial gain on clergy defined benefit pension scheme	-	-	-	17
Indexation on base value of investment	2,453	(2,453)	-	-
	2,453	(3,391)	(938)	5,866
Unapplied Total Return allocated transferred to income to fund stipends:				
- Equating to budgeted dividends and interest	-	(847)	(847)	(775)
- Equating to establishment of Healthier Churches Fund	-	-	-	(2,500)
- Equating to contribution to Transitional Support for Parishes Fund	-	(109)	(109)	(100)
- Equating to contribution to Net Zero Carbon Fund	-	(27)	(27)	(25)
	-	(983)	(983)	(3,400)
Net movements in year:	2,453	(4,374)	(1,921)	2,466
At 31 December 2022	28,991	17,945	46,936	48,857

29. ENDOWMENT FUND - TOTAL RETURN (continued)

The trustees adopted a Total Return accounting approach under the Diocesan Stipends Funds (Amendment) Measure 2016 with effect from 1 January 2021.

The trustees decided that £7,169k of Unapplied Total Return (UTR) is to be kept as a minimum UTR reserve so that the underlying value of the Unapplied Total Return investment fund is protected.

The indexation base value on investment has been calculated by taking the annual CIPH percentage increase for the year.

The release of funds which can be transferred to the income fund in order to fund stipends is limited to no more than the annual amount spent on stipends for clergy each year. Accordingly, the maximum which could be realised in 2022 was £3,369k (2021 - £3,635k).

30. FINANCIAL INSTRUMENTS

Financial assets measured at fair value

Financial assets measured at amortised cost

Financial liabilities measured at amortised cost

Financial liabilities measured at fair value

	2022 £'000	2021 £'000
Financial assets measured at fair value	26,290	29,269
Financial assets measured at amortised cost	2,983	3,233
Financial liabilities measured at amortised cost	(1,266)	(1,105)
Financial liabilities measured at fair value	-	-

Financial assets measured at fair value comprise unlisted investments.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and receivables and a parish loan.

Financial liabilities measured at amortised cost comprise accruals, other creditors, the Clergy Pension Scheme liability and amounts held for other bodies.

Financial liabilities measured at fair value comprise value linked loans.

31. FUNDS HELD AS CUSTODIAN TRUSTEE

The Worcester Diocesan Board of Finance acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are Parochial Church Councils and others.

Assets held in this way are not aggregated in these financial statements as the Board does not control them. The financial assets held in this way may be summarised as follows:

	2022 £'000	2021 £'000
Church of England Investment Fund income shares	15,406	17,110
CBF Church of England Fixed Interest Securities Fund shares	223	356
CBF Church of England Investment Fund accumulation shares	164	69
CBF Church of England Property Fund shares	231	262
CBF Church of England Deposit Fund	1,737	2,393
Total assets held as Custodian Trustee	17,761	20,190

32. CONNECTED PARTY TRANSACTIONS

The Board is associated with various charities and trusts due to the majority of their trustees being trustees of the Board. The trustees consider that this relationship does not inhibit either charity from pursuing its own separate interests. The amounts due to / (from) the DBF at 31 December 2022 are as shown below. During the year ended 31 December 2022 the Board has received grants from the charities and trusts as follows:

	Grants Receivable 2022	Grants Receivable 2021	Amounts due to/(from) the DBF at 31 Dec 2022	Amounts due to/(from) the DBF at 31 Dec 2021
Worcester Diocesan Social Responsibility Fund	22,000	24,500	-	22,000
Worcester Diocesan Ordination Candidates Fund	32,300	30,000	5,300	2,000
Worcester Diocesan Church Schools Improvement and Maintenance Fund	134,500	106,500	-	(10,977)
Worcester Diocesan Clergy Holiday Fund	4,136	3,665	-	-
Lye Church Estate Trust	8,750	8,463	-	-
Cholmondeley Bequest Fund	1,229	1,189	-	-
Trust Administration Fund	1,184	770	-	-
Special Purposes Fund	8,001	7,751	-	-
Redditch Holy Trinity Charity	25,000	25,000	25,000	-
Diocesan Records Office Income Fund	19,074	8,640	8,687	-
Clergy Widows & Orphans Income	10,577	8,065	-	-
Clent Hall Parish Hall	6,000	6,000	-	-
Abberton Spire Trust Fund	13,675	12,253	570	570

In addition to the above grants, an administration contribution is paid from the Church Schools Improvement and Maintenance Fund. This figure in 2022 was £13,013 (2021 - £11,117)

The Board acts as Trustee for a number of funds and has delegated its role, by virtue of a resolution dated 26 June 1934, to its Trust Committee (Diocesan Trustees). These funds objects all fall within the wider objects of the DBF. These funds are:

- Mary Bottjer Trust
- Lye Church Estate Trust
- Queen Victoria Clergy Fund
- In Service Training Fund
- Pendock Church of England Voluntary School Fund
- Ronkswood Holy Trinity & St Matthew Trust Fund
- St Edmund King & Martyr Dudley Fund

The Dean and Chapter of the Cathedral, Worcester is considered a connected party as there are common Trustees between the two entities, being The Bishop of Worcester and The Dean of Worcester. Full details of the transaction between these entities are disclosed in note 33 below. £440,000 was owed to The Dean and Chapter of the Cathedral, Worcester at the 2021 year end date as included within creditors in these financial statements; this was fully paid and settled within 2022.

33. OLD PALACE DILAPIDATIONS SETTLEMENT

As part of the charity's cost reduction plan, the operating premises of Worcester Diocesan Board of Finance moved from the Old Palace, Deansway, Worcester to 16 Lowesmoor Wharf, Worcester during 2021. The lease of the Old Palace required the charity to keep the premises in no worse state of repair than when the lease was entered into. Considering the significant investment in the Old Palace over the years, the Board is of the opinion that the Old Palace is in a better state of repair when the lease ceased on 28th September 2021. However, the Board has paid the Dean and Chapter of the Cathedral, Worcester, as the landlords of the Old Palace, a total settlement of £463k to settle all liabilities including dilapidations, final lease costs and legal costs.

34. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	4,244	-	-	4,244	4,431
- Archbishops' Council	3a	750	884	-	1,634	1,372
- Other donations	3b	589	203	-	792	779
Charitable activities	4	466	75	-	541	464
Other activities	5	387	-	-	387	366
Investments	6	113	-	902	1,015	946
Other – gains on sale of tangible fixed asset properties		333	118	676	1,127	1,038
		6,882	1,280	1,578	9,740	9,396
EXPENDITURE						
Raising funds	7	-	64	-	64	58
Charitable activities						
- Contributions to Archbishops' Council	8	398	-	-	398	439
- Parish Ministry	9	5,604	607	-	6,211	6,187
- Support for Ministry	10	873	452	-	1,325	1,312
- Support for Schools	11	336	-	-	336	327
Other - General	12	15	-	-	15	88
Other - Old Palace	33	463	-	-	463	-
		7,689	1,123	-	8,812	8,411
Net income before investment gains		(807)	157	1,578	928	985
Net gains on investments		236	137	4,380	4,753	1,268
Net income		(571)	294	5,958	5,681	2,253
Transfers between funds	26	3,217	(12)	(3,205)	-	-
Other recognised gains/(losses)						
Actuarial gain/(loss) on defined benefit pension scheme	24	-	-	17	17	(29)
Net movement in funds		2,646	282	2,770	5,698	2,224
Total funds brought forward	25	6,733	2,533	65,567	74,833	72,609
Total funds carried forward	25	9,379	2,815	68,337	80,531	74,833

35. PRIOR YEAR COMPARATIVE ANALYSIS OF MOVEMENT IN FUNDS

	Balance at 1 January 2021 £'000	Income and Endowments £'000	Expenditure £'000	Investment & Pension Gains £'000	Transfers £'000	Balance at 31 December 2021 £'000
Unrestricted Funds						
General Fund	6,058	6,132	(6,754)	236	6	5,678
Designated Funds						
Healthier Churches Fund	-	-	-	-	2,500	2,500
Ministry Support Fund	-	-	-	-	700	700
Net Carbon Zero Fund	-	-	-	-	25	25
Conferences Fund	10	-	-	-	-	10
World Church Links Fund	28	-	-	-	-	28
Holland House Fund	-	-	-	-	-	-
Lowest Income Communities Fund	243	750	(735)	-	-	258
Calling Young Disciples	394	-	(200)	-	(14)	180
Designated Funds	675	750	(935)	-	3,211	3,701
Total Unrestricted Funds	6,733	6,882	(7,689)	236	3,217	9,379
Restricted Income Funds						
Education Fund	230	-	-	28	-	258
Resourcing Churches	-	670	(670)	-	-	-
Calling Young Disciples	-	149	(149)	-	-	-
Capacity Grant Restructuring	-	65	(65)	-	-	-
Diocesan Pastoral Account Fund	2,183	118	-	108	-	2,409
Ordination Candidates Fund	-	33	(33)	-	-	-
Clergy Widows and Orphans Fund	-	8	(8)	-	-	-
Lay Staff Support Fund	10	-	-	1	-	11
Ministry Restricted Donations	-	16	(16)	-	-	-
RME Fund	110	187	(148)	-	(12)	137
Other	-	34	(34)	-	-	-
Restricted Funds	2,533	1,280	(1,123)	137	(12)	2,815
Endowment Funds						
Diocesan Stipends Capital Fund	25,103	-	-	1,435	-	26,538
Diocesan Unapplied Total Return	21,288	1,389	-	2,847	(3,205)	22,319
Diocesan Parsonage Capital Fund	19,176	189	-	115	-	19,480
Endowment Funds	65,567	1,578	-	4,397	(3,205)	68,337
TOTAL FUNDS	74,833	9,740	(8,812)	4,770	-	80,531

36. PRIOR YEAR COMPARATIVE OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £'000	Investment Property £'000	Investments £'000	Current Assets £'000	Creditors £'000	Inter Fund Loan £'000	Net Assets £'000
Unrestricted Funds							
General Fund	1,590	-	3,948	76	(914)	978	5,678
Designated Funds							
Healthier Churches Fund	-	-	-	-	-	2,500	2,500
Ministry Support Fund	-	-	-	-	-	700	700
Net Carbon Zero Fund	-	-	-	-	-	25	25
Conferences Fund	-	-	-	10	-	-	10
World Church Links Fund	-	-	-	28	-	-	28
Lowest Income Communities Fund	-	-	-	258	-	-	258
Calling Young Disciples	-	-	-	180	-	-	180
Designated Funds	-	-	-	476	-	3,225	3,701
Total Unrestricted Funds	1,590	-	3,948	552	(914)	4,203	9,379
Restricted Funds							
Education Fund	-	-	248	10	-	-	258
Diocesan Pastoral Account Fund	192	-	1,683	534	-	-	2,409
Lay Staff Support Fund	-	-	11	-	-	-	11
RME Fund	-	-	-	137	-	-	137
Restricted Funds	192	-	1,942	681	-	-	2,815
Endowment Funds							
Diocesan Stipends Capital Fund	12,293	15,480	24,462	-	(191)	(3,187)	48,857
Diocesan Parsonage Capital Fund	19,579	-	917	-	-	(1,016)	19,480
Endowment Funds	31,872	15,480	25,379	-	(191)	(4,203)	68,337
TOTAL FUNDS	33,654	15,480	31,269	1,233	(1,105)	-	80,531