

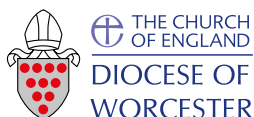
THE CHURCH
OF ENGLAND
DIOCESE OF
WORCESTER



Report of the Directors and Financial Statements
for the year ended 31 December 2023 for
Worcester Diocesan Board of Finance Limited
Registered Charity Limited by Guarantee
Company Registration Number 00271752 Registered Charity Number 247778



2023 REPORT



Company Registration Number 00271752
Registered Charity Number 247778
Published July 2024

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2023

In 2023 we set out our priorities for the next few years committing to:

- Double the number of children and young people worshipping in our churches.
- Create 100 new worshipping communities.
- Invest in the renewal of churches in our major population areas
- Provide training and development opportunities for our clergy and lay leaders.



10 new Deacons ordained through our Auxiliary Pathway.

£7.7m of funding received in principle from the national church.



Company Information for the year ended 31 December 2023

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

W S Downing (Chair)
(appointed 6.11.23)
The Reverend A G Todd (Chair)
(resigned 31.8.23)
E A Wiles (Vice Chair)
The Right Reverend J G Inge
The Right Reverend M C Gorick
The Very Reverend P G Atkinson
(resigned 25.8.23)
The Venerable N J Groarke
The Venerable R G Jones
(resigned 18.4.24)
The Venerable M Badger
(appointed 1.1.24)
The Reverend A C Davies
The Reverend Canon S M Edwards
(appointed 1.9.23)
M D Hunter (appointed 20.3.23)
The Reverend R Johnson

P V Kear
The Reverend Canon C A Lording
R J Pearce
D I A R Phillips
H A Richards
T H Terera (appointed 13.1.23)
D M Wightman
The Reverend Canon T J Williams

Company Secretary

The Reverend A G Todd
(appointed 5.9.23)
J P H Preston
(resigned 5.9.23)

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,
1 Angel Lane, London EC4R 3AB

Insurance Agents

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

Property Investment Adviser

Fisher German LLP Chartered Surveyors,
Global House, Hindlip Lane,
Worcester WR3 8SB

£1.1m given to parishes to support the mission and ministry of parishes as they work towards financial stability.



Report of the directors for the year ended 31 December 2023

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 2023. 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

"If God is for us, who can be against us?" (Romans 8:31)

I recognise change can be a scary concept for all of us at times. As we look to the future as a Diocese, we have embarked on a 2023-2030 journey with a complex growth-orientated transformation programme. At the same time, we have an uncertain economic and political world for a backdrop. But I, like many others, am very excited about what we are looking to do. I wholeheartedly believe in our vision "to grow as Kingdom People, sharing the good news of Jesus' love in Worcestershire and Dudley through churches that are growing in health and sustainability", and I know that as a church, and financially as a charity, it is the right thing to do. If God is for us, who can be against us?

2023 was a challenging year for the UK economy, with knock-on implications for our parishioners, and for parish contributions (down 4% 2023 £3.9m; 2022 £4.0m). Against this backdrop the Diocese produced a resilient set of financial results. At the Net Operational Position¹ level, the measure which we use to measure day to day performance, we achieved a breakeven result for the year (2023 £0.0m; 2022 £0.4m).

Disciplined risk management continued to underpin our balance sheet, and we grew our investments, a mixture of glebe property and investment portfolios up 9% in the year (2023 £49.6m; 2022 £43.2m). These form part of our endowment funds which support our parishes now, and which we need to support our parishes for decades, and hopefully centuries, to come. At all times we maintained enough free reserves to remain within our solvency parameters (2023 £4.2m).

The Diocesan transformation programme launched in February 2023 to accelerate the progress towards long term healthy and sustainable churches across the Diocese. It has three key strategic priorities, together with one underpinning priority:

- **Double** the number of children and young people worshipping in our churches.
- Create **100 new worshipping communities** offering a range of ways for people to come to faith and worship God. (e.g. Forest Church / Café Church / Walking Church).

- **Invest in the renewal** of around a dozen churches to ensure that each major area of population has at least one church with 150 people attending weekly, enabling them to support other local churches.
- Underpin these by investing in our clergy and lay leaders, providing **training and development opportunities** to enable them to grow and feel supported and equipped for mission.

In 2023 the Diocese had external funding approved in principle of £7.7m from the Church of England's Strategic Mission and Ministry Investment Board to support our renewals. We are very grateful for their backing and support.

I recognise the renewals funding is focused on just a few areas, but we want to strengthen all our churches and encourage and resource them to explore what it might mean to grow in health and sustainability, in their context, as they worship God, make disciples, share hope, and transform their local communities. I would encourage all benefices and parishes to be thinking actively about what steps they might be able to take towards a future that is healthy and sustainable, life-giving and sustaining, and where appropriate to investigate making applications for the support available, whether it is applying for Mission Accompanier resource, applying for grants available from the Heathier Churches Fund or the Kingdom People Fund, or accessing the training available for new worshipping communities, and for equipping our ministers for mission.

The financial sustainability of parishes is a very real and current issue for all Dioceses across the country. Growing parish receipts and controlling costs as well as growing reserves for unexpected events is a significant challenge for many. In 2023 we provided over £1.1m (2022 £1.2m) to support benefices and parishes working towards this financial sustainability. Understandably we cannot provide this level of finance in perpetuity, and many parishes have plans in place, or are working on plans, to become self-sufficient. The central team continue to be on hand to support those needing assistance with developing their plans.

The Diocese has for many years faced structural financial challenges: we have an ageing population; a number of areas of lower incomes; and a high proportion of small congregations. The hard work of many people over the years together with the 2023 transformation growth plan will seek to address these challenges. We can therefore rest assured that by executing our plans and with God's blessing the Diocese will be financially sustainable for many years to come.

Finally, but most importantly, I must add my thanks to the staff and clergy who make this happen. We are blessed with an excellent team across the Diocese and the central team under the leadership of Reverend Andy Todd have done a fantastic job supporting, and challenging, the parishes to deliver this successful 2023. I look forward to working alongside you, and on your behalf, in the year ahead.

Wadham Downing
W S Downing

¹ The Net Operational Position is defined as the net movement in funds from the SoFA of £6.8m, less a) the net impact of funding of special projects which net off to £0.0m in the SoFA, b) the net movement on our endowment funds investment portfolios of £5.3m, and c) the realised gains on our parsonage portfolio of £1.5m.

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 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 Mission and Ministry and the Transformation Programme Director. 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 of which are included with the connected party transactions within note number 31 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 2023 we made significant progress on our approach to Diocesan Transformation, against an ongoing challenging background of cost of living pressures which continue to affect both parishes and the WDBF.

2023 Priorities

In last year's report we set out our priorities for 2023:

- **PRIORITY 1:**

To fully develop and communicate our transformation programme, and a viable funding plan.

In February 2023, following extensive consultation across the diocese throughout 2022, a comprehensive transformation programme was presented to and approved by the Bishop's Council. This programme delineates three strategic priorities, to guide the activities of the WDBF in supporting parishes to achieve transformative outcomes by 2030:

1. Doubling the engagement of Children and Young People
2. Launch of 100 New Worshipping Communities
3. Through renewal, to have a thriving church, with an Average Weekly Attendance (AWA) of 150, in every major centre of population within the diocese.

Each project proposal within the transformation programme includes a workable funding plan, ensuring the feasibility and sustainability of our initiatives for the duration of the programme.

Furthermore, March 2023 brought promising developments as the National Church pledged in-principle support for the Church Renewal aspect of our transformation programme, through Diocesan Improvement Programme (DIP) funding. This commitment was accompanied by substantial grants for capacity building. Additionally, the Bishop's Council allocated significant funds from the Diocese's own Healthier Churches Fund, providing vital financial support for our core transformation initiatives over the next five years. These developments instill confidence and momentum in our collective journey towards a healthy and sustainable diocese.

A transformation communication plan was developed in 2023, devised to disseminate information across the diocese about the strategic priorities and key messages of support for all parishes aspiring to grow. Emphasising the importance of local churches becoming healthy and sustainable, the communications plan underscores the significance of setting context-specific priorities to unlock growth and reverse the decline in our churches.

Moreover, a period of prayer was launched to underpin the transformation strategy and to further engage our parishes in the transformation programme. This initiative seeks to foster a spirit of unity and recognise God's centrality to our shared journey of transformation.

- **PRIORITY 2:**

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.

The Mission Accompanier Programme continued through 2023 and has grown to support 64 Churches in 35 contexts (parishes/groups/teams) supported by 24 Mission Accompaniers. The offer of an Accompanier is open to all churches, and has been shared through the diocesan website, various social media posts including video interviews, and by word of mouth. Incumbents have also been encouraged to apply through the Ministerial Development Review programme.

Health and Sustainability Plans have been created in 23 settings so far, with two more in preparation. A further 10 churches have recently begun working with a Mission Accompanier.

Annual reviews were held with church incumbents in November/December 2023. The results indicate that Mission Accompaniers are offering the right mix of encouraging, supportive and challenging input, bringing appropriate levels of honesty, whilst facilitating positive insightful change.

- **PRIORITY 3:**

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.

Children, Families and Youth worker posts form a key intervention in our Children and Young People strategy. Through this intervention, we aim to ensure our parishes are places of hospitality to children and young people, and their families. We anticipate that each church hosting a worker would see AWA of children and young people rise to at least 40 by 2030. Across the diocese, we now have 13 children and

youth workers, five of whom are funded through the Healthier Churches Fund (HCF). HCF funding for a further two roles was approved by Bishop's Council by the year end.

- **PRIORITY 4:**

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.

In March 2023, our renewals programme received provisional approval for national funding amounting to £6.8m, contingent upon the development of coherent missional designs for each of the seven projects in the initial phase of the programme.

The experiences gained from our two resourcing churches, All Saints Worcester and Top Church Dudley, have been instrumental in shaping the direction of our renewals programme. Learning from their successes and challenges has provided invaluable insights into effective strategies for church renewal. Throughout the year, curates from the leadership pathways at our resourcing churches have actively contributed to the development of missional design in two of our renewals, and a curate from All Saints has been confirmed as the renewal leader at St Stephen's Redditch.

Throughout the year, significant progress has been made in formulating mission plans for each renewal project. Notably, two projects have attained approval for their mission plans, along with the necessary funding, from the Strategic Mission and Ministry Investment Board. The parishes of St. Mary's Kingswinford and the Halas team (St. John's Church Halesowen) have commenced recruitment efforts for key roles and are actively working towards realising the programme's missional impact. These developments signify tangible strides towards revitalising these churches and fostering renewed engagement with their respective communities.

Progress on supporting the creation of New Worshipping Communities (NWCs) was hindered by delays in recruiting an NWC Enabler, who will serve as the strategic lead for this priority. We were able to recruit to this role in January 2024 and eagerly await the arrival of the post holder.

We also successfully recruited an NWC Administrator, who has begun laying the groundwork for NWC initiatives. Notably, work has commenced on assembling a first cohort for the Myriad NWC learning community, facilitating knowledge-sharing

and collaboration. The NWC Administrator has also begun to establish a baseline assessment of existing NWCs within the diocese, providing valuable insights for future planning and strategic decision-making.

Whilst challenges and delays have presented obstacles, our commitment to the renewal and growth of churches within the diocese remains steadfast. With dedicated efforts and strategic investments, we are confident in our ability to realise the vision of vibrant and thriving worshipping communities across the diocese.

- **PRIORITY 5:**

To fully develop the support plan needed to "Equip Ministers for Mission" – through Mission Accompaniment, Coaching and Training, together with the support resources required.

A project proposal for Equipping Ministers for Mission accompanied the transformation programme documents as an underlying priority to support the delivery of our desired outcomes. This intervention is designed to empower clergy and key lay leaders alike, further equipping them with the necessary skills and resources to fulfil effectively the work of transformation in the diocese.

Progress on the detailed implementation plan for Equipping Ministers for Mission was hindered by the vacancy in the Director of Mission and Ministry role until July 23. The recruitment process for this key position caused a delay in finalising the plan and initiating key activities. Since the appointment, efforts have been intensified to expedite the development and delivery of this underlying priority.

The plan is part funded through a capacity grant from the National Church, and aims to provide the necessary resources to implement robust training, coaching, and support initiatives for ministers across the diocese.

- **PRIORITY 6:**

To recruit well to fill a number of senior vacancies.

In 2023, significant strides were made in addressing senior vacancies within the diocese. Key appointments were successfully made to critical positions, including:

- Archdeacon of Worcester
- Diocesan Secretary
- Director of Finance
- Director of Mission and Ministry
- Transformation Programme Director.

Following the retirement in August of the Very Revd Peter Atkinson (Dean of Worcester), Revd Stephen Edwards has been acting as Interim Dean.

Furthermore, progress was made on the recruitment of strategic leads for each of the transformation priorities outlined in our agenda, notably the appointment of the newly-created role of Programme Lead for Children and Young People. This role will lead on initiatives aimed at engaging and empowering children and young people across the diocese, contributing to the realisation of our strategic objectives.

These appointments mark a significant milestone in strengthening our leadership team and positioning the diocese for continued growth and impact in fulfilling our mission.

Ministry Share System

The Diocese transitioned from its previous Parish Share system to its new *Ministry Share* system from January 2022. One of the key objectives of the new approach has been to provide greater transparency regarding 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 transitional Ministry Support Fund and making allocation decisions generally worked well. 45% of our benefices (32 out of 71) needed some form of support from the Ministry Support Fund during the year. The intention is that this reduces over time, although the currently high level of energy costs in particular will make this challenging. 14 of the 32 were Lowest Income Communities, where we expect that ongoing support will be required to enable ministry in our least affluent communities.

16 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 £101k, a lower figure than originally hoped for, due not least to the ongoing high energy costs. Total contributions to Ministry Share totalled £3,837k, which represented 96.7% of Ministry Share requests, once Ministry Support Fund grants were taken into account.

Ministry Development

2023 was a year of significant change for the Ministry and Discipleship Team, not least in a change of name to the Mission and Ministry Team (MMT). This reflects the shift to focus the team squarely upon the “underpinning priority” of the Transformation Strategy, “Equipping Ministers for Mission”. A number of key staff changes have been made with this objective in view, including the appointment of a nationally-funded part-time Clergy Development Officer, and we have begun to review and revise our various areas of work to align these with the wider Transformation Strategy.

The work of vocational discernment and training continues. In 2022-23 18 worship leaders, 5 pastoral workers and 4 children and youth workers were trained through the diocesan Authorised Local Ministry Scheme, and since the autumn 20 worship leaders are being trained locally using the same materials. The intake for Licensed Lay Minister/Reader training has increased, with six new candidates entering training at Queens in autumn 2023. In 2023 the Diocesan Board of Finance put on 83 training events, with a total of 829 attendees, facilitated by the MMT. Of these, 43 were MMT events, with 531 people attending: this includes a diverse range of learning and training opportunities, including both in-person and online delivery.

10 candidates for ordained ministry are currently in training at national Theological Education Institutions. In addition, thirteen candidates on the pilot Auxiliary Pathway have been successfully recommended for training, with 10 of these ordained last autumn and the others due to be ordained during 2024. Following review, a second wave of recruitment for the Auxiliary Pathway is currently underway. There are currently 20 curates in the diocese participating in the post-ordination training (“IME2”) programme: this is under review following the appointment of a new part-time IME2 Officer. We continue to participate in and contribute to the regional Continuing Ministerial Development network, which provides training for clergy at crucial points of transition in ministry. We are currently finalising plans to offer training in skills for Oversight Ministry with a pilot cohort of diocesan clergy in partnership with CPAS.

Support for Church Buildings

There were significant changes of staffing in the diocesan Church Buildings team in 2023, together with the appointment of a new Chair of the Diocesan Advisory Committee (DAC). A considerable amount of induction work has therefore taken place.

Advice visits to 105 churches were made by team members (95 in 2022) along with supporting several longer-term major building projects. Full DAC visits to assess major proposals numbered the same as 2022 (12). In 2023, 40 applications for Faculty were considered by the DAC (2022 – 54, 2021 – 45) and 128 List B applications were granted (2022 – 148, 2021 – 105). Seeking volunteer DAC members with relevant specialisms remains difficult.

The church of St Peter, Upper Gornal formally closed, with considerable input to take on the building, and to catalogue and redistribute the contents. Work continues on the portfolio of other closed and closing churches.

The team were successful with bids to the Archbishops' Council's Buildings for Mission fund for a part-time support officer (to be appointed in 2024 on a fixed-term contract), and also for £135,000 to redistribute to parishes to support minor repairs and improvements to churches, both through to the end of 2025.

Education

In 2023, The Diocesan Board of Education published its strategy for the Academisation of our one hundred Church of England schools. This, alongside revised policy and procedures, has been shared and agreed with the Department for Education. All documentation has been shared with schools and Multi-Academy Trusts (which have Church School Articles of Association for Academisation) with meetings being held with individual Governing Bodies which are currently considering their options for conversion.

The Education Team became the first Diocese in the country to offer the National Professional Qualifications for teachers (NPQs) in 2023. The team has now become the regional delivery partner, offering five different qualifications (NPQ – Headship, NPQ – Senior Leadership, NPQ – Leading Teacher Development, NPQ – Learning Behaviour and Culture, and NPQ - Leading Teaching) and currently has one hundred and thirty participants enrolled. As well as providing much-needed qualifications for senior leaders, teachers and support staff in schools, it continues to 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.

Through the DBE Service Level Agreements, there is a continued offer of Mental Health and Wellbeing support. This support has been invaluable in supporting school senior leaders who require counselling and support. Requests for support continue to grow and feedback and results from service users have been very positive.

During the year the Education Team has supported the facilitation of nine building, maintenance and refurbishment projects in Voluntary Aided schools valued at just over £400,000. This work, in the main, is funded by the Department of Education through their School Condition Allocation scheme.

As part of the Framework for the Decarbonisation of Church of England schools, the Education Team is working alongside Mantis Energy who have been appointed as Regional Consultants. This work ensures that the Diocesan Board of Education has free access to advice, guidance, and experience to help shape, focus and deliver ongoing plans towards Net Zero Carbon in the Voluntary Aided schools and schools within Diocesan Multi-Academy Trusts, where the diocese holds the responsibility for the maintenance of development of school buildings.

Net Zero Carbon

In November 2023, Synod approved the Diocese's 2023/2024 Practical Path Towards Net Zero Carbon, an emerging plan which outlines specific short-term actions and strategies to reduce our carbon footprint and work towards achieving net-zero carbon emissions within the diocese by the year 2030. By receiving this plan, the Diocesan Synod affirmed its commitment to addressing the climate crisis, in alignment with our Kingdom People values.

This first phase of our approach is based upon:

- Measurement, monitoring and reporting - including the Energy Footprint Tool.
- Planning, and the prioritising of early wins.
- Communication, and engagement – and encouraging behaviour change.
- Good maintenance, energy efficiency and insulation.
- Targeted energy reduction opportunities – including heating decarbonisation.
- Switching to green tariffs / renewable energy.

This step-by-step plan lays the groundwork for carbon reduction, and for the decision-making and investment that will be needed. Additionally, we seek to raise awareness of the imperative for energy reduction and the impact of carbon emissions through our communication work, and will be offering carbon literacy training to raise awareness of the need for carbon reduction and how we can all contribute through our individual choices.

Diocesan Synod has made available £25,000 per annum to support our work in progressing these goals. In addition, a successful funding application was made to the first phase of Triennium funding from the Church of England's National Environment Programme as part of a regional bid for a total of £290k of funds, for the appointment of fixed-term (to August 2026) roles across the region to bring expertise, build capacity, set in place decarbonization plans, and engage with initial projects.

A key reason for seeking this funding is to resource capacity for and expertise to take our work to the next, more detailed level, which will include more precise costings of the changes required across the Diocese. We recognise that there are currently gaps in our data, in our understanding of appropriate solutions, and in the availability and costs of technologies. At the same time, it is also recognised that there is a short window to make the necessary changes, and that it will be far cheaper to react now than to bear the financial, human and creation costs of climate crisis in the future if we do not act promptly and decisively.

Consequently, budgeting and finance will undoubtedly need to figure more strongly in any planning and progress. In this context, the recent announcement by the Church Commissioners to release £190 million over the next 9 years, as a one-off investment in the transition towards a lower carbon approach, is encouraging, and may provide us with future funding opportunities. The funding is back-end loaded, with £30m available to the end of 2025, £90m between 2026 and 2028, and the remaining £60 million being released from 2029 to 2031.

That said, the capacity and resource implications of achieving this commitment remain significant, and as a diocese we are committed to exploring a range of options and models to ensure delivery does indeed become a reality.

2024 Priorities

Building on the 2023 priorities to align with our diocesan strategic objectives, we have identified the following key priorities for 2024:

1. **Engagement of Children and Young People:** Increasing the number of children and youth workers equipped with effective plans, to ensure greater engagement and discipleship with children and young people.
2. **Support and Development of New Worshipping Communities (NWCs):** Prioritising the support and training for new worshipping communities (NWCs) while fostering a culture of innovation. This involves equipping NWC leaders with the necessary resources and guidance to establish vibrant and inclusive worshipping communities that connect with new people in new ways.
3. **Renewals Programme Implementation:** Finalising mission plans to unlock national funding and advancing the implementation of Phase 1 renewal projects. Additionally, scoping Phase 2 renewal projects to ensure a sustained momentum in our renewal programme.
4. **Equipping Ministers for Mission:** Empowering clergy and key lay leaders alike, and further equipping them with the necessary skills and resources to fulfil effectively the work of transformation in the diocese. This includes continuation of the Mission Accompanier programme.

Within these Priorities, we have identified a number of focus areas which will support delivery of our goals, in particular: **focusing on Strategic Worker Planning**, including the development of recruitment and leadership pipelines; aligning personnel with specific roles and responsibilities to optimise the effectiveness and impact of our initiatives; **establishment of Learning Processes and Impact Measurement**, implementing robust mechanisms for evaluating the impact of our strategies and initiatives, allowing us to make informed decisions and adjustments as needed; and **Communication of Strategic Priorities**, sustaining ongoing communication of our strategic priorities to stakeholders across the diocese. This entails reinforcing key messages and objectives to ensure clarity, alignment, and engagement among all stakeholders, fostering a shared sense of purpose and commitment to our collective mission.

By prioritising these areas, we will make continued progress towards our transformation goals and realise our vision of a vibrant and thriving diocese – growing as Kingdom People.

Financial Review

Total incoming resources for the year was £14,163k (2022 - £10,040k). The principal funding source was from Ministry Share which represents 27.9% (2022 - 42.1%) of total incoming resources. The reduction in this percentage is as a result of three things: the significantly increased value of gains on sale of tangible fixed asset properties (£4,083k in 2023, £856k in 2022); the increase in grants received from the Archbishops' Council (£3,373k in 2023, £2,191k in 2022); and the reduction in Ministry Share contribution in absolute terms. If gains and grants are omitted share represents 58.9% of operational income (2022 - 60.4%).

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 £1,385k (2022 - £1,160k), being split between grants from the Ministry Support Fund of £430k (2022 - £656k), £683k (2022 - £504k) from the Lowest Income Communities Grants (LInC), and £272k (2022 - £232k) of other grants towards ministry. These grants mean that the Net Ministry Share Requested (after grants) should have been received in full from the Benefices. However, due to the continuing high inflationary economic environment, including the costs of energy, only 96.7% (2022 - 95.5%) was received. Total Ministry Share received during the year, including donations to the Ministry Support Fund and arrears, was £3,953k (2022 - £4,227k).

Endowments increased by £6,408k (2022 - decreased by £2,028k). This as a result of an increase in investment valuations at the year-end of £2,246k (2022 - £3,473k decrease in investment valuations), as well as gains on disposal of endowed assets of £4,083k (2022 - £856k). From the endowment £811k (2022 - £963k) was transferred to general funds under Total Return Accounting, see below and note 28. Total resources expended were £9,960k (2022 - £8,824k).

The Statement of Financial Activities on page 20 shows an overall increase in funds of £6,796k (2022 - £2,257k decrease in funds), of which £2,593k related to unrealised investment gain (2022 - £2,257k unrealised investment losses), and £4,083k (2022 - £856k) from surpluses on property sales.

The underlying operational result for the year, after transfers from Total Return and the Ministry Support Fund, was breakeven (2022 - £360k surplus, which was reinvested into the Ministry Support Fund) plus an investment by WDBF of £41k (2022 - £153k) into our strategic projects.

Management has continued to monitor its costs and seek to gain additional funding where possible, to support the operations of the organisation, and its operational result, and to allow the Diocese to maximise its support to Benefices, Parishes, Churches and individuals.

Investment Policy

The Board's investment policy was reviewed during the year by an Investment Panel, a working group of the Finance and Resources Committee (FRC), although the ultimate responsibility remains that of the Worcester Diocesan Board of Finance. The policy was ratified in September 2023 and the overarching objective is to maximise long-term income without exposing capital to undue risk, within a diversified portfolio spread across a broad range of asset classes and without compromising the Board's ethical investment policy, which essentially follows the national guidance established by the Church of England's Ethical Investment Advisory Group.

We remain in regular contact with CCLA Investment Management, our investment advisers, and Fisher German LLP, our property investment advisers, whom fed into the establishment of the new investment policy.

Reserves *Restricted and endowment funds*

As set out in note 24 the WDBF holds and administers several restricted and endowment funds. As at 31 December 2023 restricted funds totaled £4,109k (2022 - £2,833k) and endowment funds totaled £72,717k (2022 - £66,309k). This includes the Diocesan Unapplied Total Return Fund (UTR) which totaled £21,403k (2022 - £17,945k) – 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 Trustees adopted Total Return accounting for the Diocesan Stipends Capital Fund (DSCF) with effect from 1 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 2023 of £30,195k (2022 - £28,991k). The Unapplied Total Return fund as at 31st December 2023 amounted to £21,403k (2022 - £17,945k).

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 to be used as the Board sees fit. The transfer in relation to funding stipends was £670k (2022 - £847k). The Board has discretion to allocate up to a maximum of the original base value of £775k uplifted for inflation each year, for six years (to 31 December 2026) to fund stipends each year.

The Board has also made transfers into designated funds as follows, in line with its agreed policy:

- Transitional Support for Parishes - £114k in 2023 (2022 - £109k), which is based on an original base value of £100k, uplifted for inflation each year, for six years (to 31 December 2026). This is to 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.
- Net Carbon Zero Fund – £27k in 2023 (2022 - £27k), which is based on an original base value of £25k, uplifted for inflation each year, for six years (to 31 December 2026). This is to provide some expert resources to help the diocese achieve the 2030 Net Zero Carbon target.

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 2023 the general unrestricted fund's net assets, excluding tangible fixed assets was £4,240k (2022 - £4,073k), and during 2023 total operational costs were £7,416k (2022 - £7,047k) providing for 7 months of operational expenditure (2022 - 7 months).

The 2024 budget suggests that expenditure will grow to £8,015k (an 8% increase), based on this figure 6.3 months of operational expenditure is provided for.

The Board are aware that the current level of reserves is in excess of the stated reserves target by 1.8 months, however, the financial challenges that Benefices and Parishes face are growing, with the Diocese continuing to provide significant financial support to many areas. Whilst it is expected that Benefices and Parishes will transition to financial sustainability and sustainable level of Ministry, it is considered appropriate to carry the level of free reserves that are currently held so that the Diocese can respond to areas where sustainability is challenging, whilst at the same time invest in growth.

Fundraising

Funds were raised in 2023 for our partner dioceses of Peru and Morogoro: £10.9k (2022 - £7.1k) was raised for the Diocese of Peru; £8.7k (2022 - £0.5) for the Diocese of Morogoro; £1.0k (2022 - £1.0k) for Berega Hospital, Tanzania; £0.7k (2022 - £0.1k) for Morogoro Sewing Academy; and £0.1k (2022 - £Nil) for Morogoro Bible College.

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 £3.7k was received in 2023 (2022 - £10.3k).

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, which they did, and continue to. 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 27. At 31 December 2023 total designated reserves were £2,458k (2022 - £3,495k). See note 24 for further details.

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 five 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.
- Falling numbers and ageing of attendance / membership within the Church in the diocese leading to their becoming unsustainable:
 - Progress the implementation of the Diocesan Transformation Strategy and begin planning for the next Phase of Renewals;
 - Ensure the Resourcing Churches projects continue to be effective, including the planting and renewing of a number of additional churches;
 - Provision 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.
 - Supporting churches with volunteer recruitment and retention.
- 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 five 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 2023 was £49,630k (2022 - £43,150k) and the total return on investment saw share values increase by 9% (2022 – 12% decrease). Investments in glebe funds are primarily to generate a sustainable income to continue funding clergy stipends.

Agricultural land and properties (Glebe only)

Agricultural, commercial and residential land and buildings were valued at £15,625k (2022 - £15,460k). Rents receivable amounted to £255k (2022 - £219k) – an income yield of 1.6% (2022 - 1.4%). The unrealised market value gain was £571k (2022 - £3k) and the realised gain on disposal was £2,084k (2022 - £856k).

These assets are managed by Fisher German, the property investment advisers for the Board.

Investment securities (Glebe and General)

Investments in equity and other securities were valued at £34,005k (2022 - £27,690k). Income from these securities amounted to £1,011k (2022 - £879k) – an income yield of 3.0% (2022 - 3.2%). The unrealised market value gain was £2,022k (2022 - £3,476k market value loss).

These assets are managed by CCLA Investment Management, the investment advisers for the Board.

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.

In so far as the directors are aware, there is no relevant audit information of which the charitable company's auditors are unaware; the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

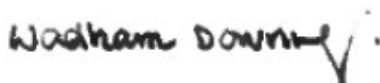
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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: W S Downing



Date: 9 May 2024

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 2023 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 2023 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' report, which includes 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 16, 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

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

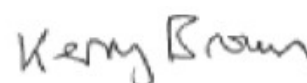
Black Country House, Rounds Green Road, Oldbury, West Midlands B69 2DG

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.



Date: 7 June 2024

Statement of Financial Activities for the Year Ended 31 December 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
INCOME AND ENDOWMENTS						
Donations						
- Parish contributions	2	3,852	101	-	3,953	4,227
- Archbishops' Council	3a	847	2,526	-	3,373	2,191
- Other grants & donations	3b	120	269	-	389	490
Charitable activities	4	529	86	-	615	712
Other activities	5	439	-	45	484	466
Investments	6	241	-	1,025	1,266	1,098
Other – gains on sale of tangible fixed asset properties		-	-	4,083	4,083	856
		6,028	2,982	5,153	14,163	10,040
EXPENDITURE						
Raising funds	7	-	-	180	180	59
Charitable activities						
- Contributions to Archbishops' Council	8	528	-	-	528	415
- Parish Ministry	9	6,461	1,216	-	7,677	6,791
- Support for Ministry	10	825	340	-	1,165	1,161
- Support for Schools	11	266	144	-	410	398
		8,080	1,700	180	9,960	8,824
Net (expenditure) / income before investment gains		(2,052)	1,282	4,973	4,203	1,216
Net (losses) / gains on investments		257	90	2,246	2,593	(3,473)
Net (expenditure) / income		(1,795)	(1,372)	7,219	6,796	(2,257)
Transfers between funds	26	907	(96)	(811)	-	-
Net movement in funds		(888)	1,276	6,408	6,796	(2,257)
Total funds brought forward	25	9,132	2,833	66,309	78,274	80,531
Total funds carried forward	25	8,244	4,109	72,717	85,070	78,274

All incoming resources and resources expended derive from continuing activities.
The notes on pages 24 to 50 form part of these financial statements.

Income and Expenditure Account Year Ended 31 December 2023

	2023	2022
	£'000	£'000
Total income	9,010	8,254
Expenditure	(9,780)	(8,765)
Operating (deficit) / surplus for the year	(770)	(511)
Net (losses) / gains on investments	347	(510)
Net (expenditure) for the year	(423)	(1,021)
Other comprehensive income:		
Net assets transferred from endowments	811	792
Total comprehensive (expenditure) / income	388	(229)

*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 24 to 50 form part of these financial statements.*

Balance Sheet

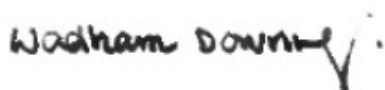
Balance Sheet as at 31 December 2023

Company Number 00271752

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
FIXED ASSETS					
Tangible assets	16		34,864		34,806
Investments					
Investment property	17		15,625		15,460
Investments	17		34,005		27,690
			<u>84,494</u>		<u>77,956</u>
CURRENT ASSETS					
Debtors	18	2,020		978	
Cash at bank	19	629		606	
		<u>2,649</u>		<u>1,584</u>	
CREDITORS					
Amounts falling due within one year	20	(1,353)		(1,119)	
NET CURRENT ASSETS					
			1,296		465
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>85,790</u>		<u>78,421</u>
CREDITORS					
Amounts falling due after more than one year	21		(720)		(147)
NET ASSETS					
			<u>85,070</u>		<u>78,274</u>
FUNDS OF THE CHARITY					
Endowment funds	25		72,717		66,309
Restricted Income funds	25		4,109		2,833
Unrestricted Income funds:					
- General funds	25		5,786		5,637
- Designated funds	25		2,458		3,495
			<u>85,070</u>		<u>78,274</u>

The financial statements were approved by the Board of Directors on 9 May 2024 and were signed on its behalf by:

W S Downing



Date: 9 May 2024

The notes on pages 24 to 50 form part of these financial statements

Cash Flow Statement for the Year Ended 31 December 2023

Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Net cash flow from operating activities		(1,356)		(874)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,266		1,098	
Proceeds from the sale of:				
- Tangible fixed assets	5,789		1,614	
Purchase of:				
- Tangible fixed assets for the use of the WDBF	(1,383)		(1,938)	
- Fixed asset investments	(4,090)		(497)	
Net cash provided by investing activities		1,582		277
Change in cash and cash equivalents in the year		226		(597)
Cash and Cash Equivalents at 1 January		2,006		2,603
Cash and Cash Equivalents at 31 December		2,232		2,006
Reconciliation of net movements in funds to net cash flow from operating activities				
Net income before investment gains for the year		4,203		1,216
Adjustments for:				
Depreciation Charges	25		28	
Dividends, interest and rent from investments	(1,266)		(1,098)	
(Surplus) on sale of functional assets	(4,083)		(833)	
(Increase)/decrease in debtors	(1,042)		(348)	
Increase/(decrease) in creditors	807		161	
Net cash used in operating activities		(5,559)		(2,090)
Analysis of cash and cash equivalents				
Cash in Hand		629		606
Notice Deposits		1,603		1,400
		2,232		2,006

The notes on pages 24 to 50 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 c), 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 9 February 2024.
- 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 9 February 2024.
- 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 Diocesan Stipends Capital Fund (DSCF) account is governed by the Diocesan Stipends' Fund Measure 1953 as amended, and the use of the income is restricted for clergy stipends. In 2021 WDBF elected to apply Total Return Accounting, accordingly income received in relation to the DSCF is accounted for in the endowment fund, with an agreed transfer from the DSCF to general funds occurring each year towards the costs of stipends (which is significantly greater than the value of the transfer). See note 27 for more details..

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 23). 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.

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) Investment property

Investment properties

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

Glebe land with the potential for development is valued according to its agricultural value until such time as planning permission has been granted and is free from challenge and a signed agreement is in place with developer who will purchase the land, at which point it is revalued to reflect the development value, provided this can be determined with reasonable accuracy and taking into account timing and the potential for development not actually taking place. This is chosen as the point of revaluation as up until this point there is no developable land, and both sides can walk away from the deal, delay or renegotiate the agreement, so there is uncertainty regarding the timing and value of any receipt. Costs incurred by WDBF in relation to enabling the development, should there be any, will initially be capitalised; if the development is unsuccessful any aborted costs will be taken to the Statement of Financial Activities as an investment loss.

e) 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.

f) 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.

g) 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.

h) 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 23 below;
4. Receipts of Ministry Share, Donations for the Ministry Support Fund, and Fees are recognised in the year under review up to 9 February of the following year.

i) 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 2023 £'000	Total Funds 2022 £'000
Current year's allocation	5,352	5,545
Ministry Support Fund Grants	(430)	(656)
Strategic Development Funding Grant (SDF)	(272)	(232)
Lowest Income Communities Grants (LInC)	(683)	(504)
	<hr/>	<hr/>
Net Ministry Share Request	3,967	4,153
Shortfall in contributions	(130)	(185)
	<hr/>	<hr/>
	3,837	3,968
Arrears for previous years	15	50
	<hr/>	<hr/>
	3,852	4,018
Ministry Support Fund donations - Restricted	101	209
	<hr/>	<hr/>
TOTAL	3,953	4,227

The Ministry Share system was adopted from 1 January 2022. The system included a grants system which saw grants of £430k from the Ministry Support Fund, £272k from SDF and £683k from the LInC being awarded. Donations of £101k were received from Benefices to support Ministry and Mission in other areas of the Diocese - these are restricted donations.

	2023	2023	2023	2023	2022	2022	(Decrease)	(Decrease)
	Net Ministry		Total	Total	Net Ministry	Total	Increase /	Increase /
	Share Request	Shortfall	Received	Received	Share Request	Received	Decrease /	Decrease /
	£'000	£'000	£'000	%	£'000	%	£'000	%
Deanery								
Greater Dudley	949	27	922	97.2	997	954	- 32	(3.4)
Kidderminster & Stourport	560	18	542	96.8	549	544	- 2	(0.4)
Malvern & Upton	574	30	544	94.8	599	554	- 10	(1.8)
Pershore & Evesham	665	34	631	94.9	710	679	- 48	(7.1)
Redditch & Bromsgrove	472	13	459	97.2	507	476	- 17	(3.6)
Worcester	747	8	739	98.9	791	761	- 22	(2.9)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,967	130	3,837	96.7	4,153	3,968	-131	(3.2)

Notes to the Financial Statement

Year Ended 31 December 2023

	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
3a. ARCHBISHOPS' COUNCIL				
Lower Income Communities Funding (LInC)	793	-	793	776
Resourcing Ministerial Education Grant (RME)	-	80	80	122
Registry - Church Commissioners	54	-	54	47
Donation in Kind	-	-	-	16
Ministry Hardship Grants for Individuals	-	-	-	46
Diocese Improvement Programme Grant (DIP)	-	1,019	1,019	-
Minor Repair and Improvements Grant (MR&I)	-	135	135	-
Myriad Grant	-	20	20	-
Energy Grant for Parishes	-	-	-	283
Calling Young Disciples (SDF Grant)	-	64	64	101
Resourcing Churches (SDF Grant)	-	1,076	1,076	727
Capacity Grant Funding (SDF Grant)	-	132	132	73
	847	2,526	3,373	2,191
Total Funds 2022	823	1,368	2,191	
3b. OTHER GRANTS & DONATIONS				
Benefact Trust Grant	-	107	107	122
Education Grants	9	144	153	145
Parsonage Grants	24	-	24	50
Ministry Restricted Donations	-	3	3	11
Net Zero Carbon	-	15	15	-
Developing Ministry Course	20	-	20	-
Sundry Income	35	-	35	32
Safeguarding Income	32	-	32	27
Income from sale of donated books	-	-	-	103
	120	269	389	490
Total Funds 2022	122	368	490	
4. CHARITABLE ACTIVITIES				
Statutory fees	389	-	389	484
Education Service Level Agreements	127	-	127	137
Education Academy Conversion Fees	-	-	-	21
Trust Income				
- Clergy Widows and Orphans Fund	-	11	11	11
- Ordination Candidates Fund	-	30	30	32
- Church Schools Improvement and Maintenance Fund	13	-	13	7
- Sundry Trust Funds	-	45	45	20
	529	86	615	712
Total Funds 2022	649	63	712	
5. OTHER ACTIVITIES				
	Unrestricted Funds 2023 £'000	Endowed Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Insurance claim	-	45	45	5
Rental income from parsonages	355	-	355	291
Rental income from other property	42	-	42	49
Recharges – rent, salary and service charge	42	-	42	121
	439	45	484	466
Total Funds 2022	466	-	466	

Notes to the Financial Statement

Year Ended 31 December 2023

	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Endowed Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
6. INVESTMENTS					
Dividends receivable	241	-	758	999	878
Interest receivable	-	-	12	12	1
Rents receivable	-	-	255	255	219
	<u>241</u>	<u>-</u>	<u>1,025</u>	<u>1,266</u>	<u>1,098</u>
Total Funds 2022	<u>135</u>	<u>-</u>	<u>963</u>	<u>1,098</u>	
7. RAISING FUNDS					
Glebe Agent's fees and expenses	-	-	180	180	59
	<u>-</u>	<u>-</u>	<u>180</u>	<u>180</u>	<u>59</u>
Total Funds 2022	<u>-</u>	<u>-</u>	<u>59</u>	<u>59</u>	
8. CONTRIBUTIONS TO ARCHBISHOPS' COUNCIL					
Training for Ministry	215	-	-	215	216
National Church responsibilities	155	-	-	155	159
Retired clergy housing costs	85	-	-	85	81
Pooling of ordination candidates' costs	61	-	-	61	(48)
General Synod Representatives' Expenses	12	-	-	12	7
	<u>528</u>	<u>-</u>	<u>-</u>	<u>528</u>	<u>415</u>
Total Funds 2022	<u>415</u>	<u>-</u>	<u>-</u>	<u>415</u>	
9. PARISH MINISTRY					
Stipends and National Insurance	2,434	155	-	2,589	2,726
Pension costs	592	-	-	592	644
Housing costs – Council Tax	248	-	-	248	248
Parsonage Houses maintenance	1,268	-	-	1,268	899
Removal, resettlement and other grants (note 12)	121	-	-	121	45
Lowest Income Communities Grants (note 12)	380	-	-	380	41
Resourcing Churches	-	1,050	-	1,050	749
Energy grants to Parishes (note 12)	-	-	-	-	267
Other expenses	137	11	-	148	121
Healthier Churches Grants (note 12)	561	-	-	561	280
Support costs - Administration (see note 13)	720	-	-	720	771
	<u>6,461</u>	<u>1,216</u>	<u>-</u>	<u>7,677</u>	<u>6,791</u>
Total Funds 2022	<u>5,402</u>	<u>1,389</u>	<u>-</u>	<u>6,791</u>	
10. SUPPORT FOR MINISTRY					
Ministry and Discipleship	309	-	-	309	244
Calling Young Disciples project	25	64	-	89	232
Church Buildings Team	125	-	-	125	121
Capacity Restructuring	-	132	-	132	73
Safeguarding	142	-	-	142	122
World Church Links	8	-	-	8	3
Ordination Candidates Allowances and tuition fees	42	94	-	136	149
Ministry Hardship Grants for individuals (note 12)	-	20	-	20	38
Confrence Delivery Costs	39	-	-	39	-
Transformation Delivery Unit	-	30	-	30	-
Net Carbon Zero	-	-	-	-	17
Support costs – Administration (see note 13)	135	-	-	135	162
	<u>825</u>	<u>340</u>	<u>-</u>	<u>1,165</u>	<u>1,161</u>
Total Funds 2022	<u>798</u>	<u>363</u>	<u>-</u>	<u>1,161</u>	
11. SUPPORT FOR SCHOOLS					
Education team	221	144	-	365	350
Support costs – Administration (see note 13)	45	-	-	45	48
	<u>266</u>	<u>144</u>	<u>-</u>	<u>410</u>	<u>398</u>
Total Funds 2022	<u>266</u>	<u>132</u>	<u>-</u>	<u>398</u>	

12. GRANT ANALYSIS

	2023 £'000		2022 £'000	
<u>Grants to Parishes</u>				
Energy Grants to Parishes - 169 individual grants to Parishes	-		267	
Lowest Income Communities Grants				
Dudley - Facilities manager	49		-	
Credley Heath Community Link - Assistant Centre Manager	153		-	
Bromsgrove - Youth Worker	64		-	
South East Worcester - Children, Youth and Family Worker	55		-	
Children and Youth Network Development	29		-	
Dudley St Augustines - Welcome Area and Stay and Play	10		-	
Parish Mission Suppot - Stewarship and Resources	10		-	
Parish Mission Suppot - Digital Communications	7		3	
Dudley Group Ministry - Administrator	-		17	
Ipsley Parish - Matchborough Community Missioner	-		21	
Other	3		-	
	380		41	
Healthier Churches Grants				
North Worcester - Children and Families Worker	158		-	
Bromsgrove - Youth Worker	93		-	
South East Worcester - Children, Youth and Family Worker	55		-	
All Saints - Children and Youth Worker	148		-	
Children and Youth Network Development	29		-	
Shelsley Beauchamp - Alpha Course	3		-	
Mission Accompaniers	61		37	
Parish Mission Suppot - Stewarship and Resources	10		-	
Parish Mission Suppot - Digital Communications	4		2	
Kempsey - Children & Families Missioner	-		86	
Malvern Chase - Community Minister and Operations Manager	-		52	
Malvern Link with Cowleigh - Community Fridge and Collaborative Café	-		8	
Malvern Link with Cowleigh - Chaplaincy	-		25	
Pershore - Children & Families Worker	-		70	
	561		280	
<u>Grants to Individuals</u>	2023 £'000	2023 No. of Grants	2022 £'000	2022 No. of Grants
Removal, Resettlement and Other Grants				
Resettlement Grants	36	13	13	5
First Appointment Grants	45	22	22	13
Removal Grants	40	15	10	4
	121	50	45	22
Ministry Hardship Grants for Individuals	20	20	38	22
Total Grant Expenditure	1,082		671	

13. RAISING FUNDS

	Activities Undertaken Directly £'000	Support Costs £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Cost of generating funds	180	-	180	59
Contributions to Archbishops' Council	528	-	528	415
Parish Ministry	6,957	720	7,677	6,791
Support for Ministry	1,030	135	1,165	1,161
Support for Schools	365	45	410	398
Charitable activities	8,880	900	9,780	8,765
	9,060	900	9,960	8,824
Total Funds 2022	7,843	981	8,824	

ANALYSIS OF SUPPORT COSTS

	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Endowed Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Central Administration	747	-	-	747	807
Governance:					
- External audit	18	-	-	18	21
- Registrar and Chancellor	135	-	-	135	135
- Synodical costs	-	-	-	-	1
	900	-	-	900	964
Total Funds 2022	964	-	-	964	

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 their own administrative support.

14. STAFF COSTS

Gross Salaries

Employers National Insurance Costs

Employer Pension Costs

2023 £'000	2022 £'000
1,340	1,300
128	126
205	227
1,673	1,653

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

	No. in 2023	No. in 2022
Full time	22	23
Part time	24	24
	46	47

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

Operational posts funded by the DBF

Project posts and operational posts funded from other sources*

	No. in 2023	No. in 2022
Operational posts funded by the DBF	28	30
Project posts and operational posts funded from other sources*	8	9
	36	39

* Other sources include Strategic Development Funding (SDF) from the National Church, Bishops' office funding from the Church Commissioners, grants from trust funds and a contributions from reserves.

There are three employees with emoluments above £60,000 per annum (2022: two employees). Pension contributions are paid for 45.3 employees at year end (2022: 46.6 employees).

As part of a project coming to an end during the year there were two redundancies in 2023 (2022 – two). Accordingly, the total paid during the year in termination and redundancy payments was £8k (2022: £10k).

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.

The WDBF paid an average of 88 (2022: 96) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

Stipends

National Insurance contributions

Pension costs - current year

Pension costs - deficit reduction

2023 £'000	2022 £'000
2,552	2,636
202	218
617	741
-	191
3,371	3,786

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 2023 they were:

Diocesan Secretary and Company Secretary	John Preston (resigned September 2023)
Diocesan Secretary and Company Secretary	Andy Todd (appointed September 2023)
Director of Finance	Helen Archer-Smith (resigned April 2023)
Director of Finance	Shaun Mooney (appointed April 2023)
Director of Education	Tim Reid
Director of Ministry and Discipleship	Jonathan Kimber (resigned April 2023)
Director of Ministry and Discipleship	Roger Latham (appointed July 2023)
Director of Communications	Samantha Setchell
Deputy Diocesan Secretary - Restructuring	Robert Quarton (resigned April 2023)
Deputy Diocesan Secretary - Restructuring	Damien Herbert (appointed April 2023)
Director of Ordinands	John Fitzmaurice

Remuneration and pensions for these seven roles amounted to £438,950 (2022: £328,997 for six roles).

Trustees' emoluments

No trustee received any remuneration for services as Trustee. Four (2022: five) trustees received travelling and out of pocket expenses, totaling £10,671 (2022: £8,953) 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 Venerable M Badger (appointed 1 January 2024)	Yes	Yes	No
The Reverend A C Davies	Yes	Yes	No
The Right Reverend M Gorick	No	Yes	No
The Venerable N J Groarke	Yes	Yes	No
The Venerable R G Jones (retired 30 November 2023)	Yes	Yes	No
The Reverend Canon C A Lording	Yes	Yes	No
The Reverend A Todd (resigned 31 August 2023)	Yes	Yes	No
The Reverend R Johnson	Yes	Yes	No
The Reverend Canon T J Williams	Yes	Yes	No

15. SURPLUS FOR THE FINANCIAL YEAR

	2023 £'000	2022 £'000
Is stated after charging / (crediting):		
Depreciation	25	28
(Surplus) on disposal of fixed assets	(4,083)	(856)
Operating Lease – Rent Old Palace	-	-
Operating Lease – Rent Lowesmoor Wharf	27	27
Auditors Remuneration – external scrutiny	18	21

16. TANGIBLE FIXED ASSETS

Unrestricted Funds

COST

	Board Houses £'000	Leasehold Improvements £'000	Fixtures and Fittings £'000	Totals £'000
At 1 January 2023	1,522	67	47	1,636
Additions	-	-	7	7
Disposals	-	-	-	-
At 31 December 2023	<u>1,522</u>	<u>67</u>	<u>54</u>	<u>1,643</u>

DEPRECIATION

At 1 January 2023	-	33	39	72
Charge for year	-	19	6	25
Disposals	-	-	-	-
At 31 December 2023	<u>-</u>	<u>52</u>	<u>45</u>	<u>97</u>

NET BOOK VALUE

At 31 December 2023	<u>1,522</u>	<u>15</u>	<u>9</u>	<u>1,546</u>
At 31 December 2022	<u>1,522</u>	<u>34</u>	<u>8</u>	<u>1,564</u>

Restricted Funds

COST

	Glebe Team Vicarages & Curates' Houses £'000	Parsonages Houses £'000	Pastoral Buildings £'000	Totals £'000
At 1 January 2023	12,821	20,229	192	33,242
Additions	1,338	45	-	1,383
Disposals	(388)	(919)	-	(1,307)
Transfers	(606)	606	-	-
At 31 December 2023	<u>13,165</u>	<u>19,961</u>	<u>192</u>	<u>33,318</u>

DEPRECIATION

At 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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NET BOOK VALUE

At 31 December 2023	<u>13,165</u>	<u>19,961</u>	<u>192</u>	<u>33,318</u>
At 31 December 2022	<u>12,821</u>	<u>20,229</u>	<u>192</u>	<u>33,242</u>

Total Tangible Fixed Assets

Unrestricted funds – Net Book Value

Restricted funds – Net Book Value

	2023 £'000	2022 £'000
Unrestricted funds – Net Book Value	1,546	1,564
Restricted funds – Net Book Value	33,318	33,242
	<u>34,864</u>	<u>34,806</u>

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 £33.3m (2022: £33.2m) 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 2023	15,460	26,290	1,400	43,150
Additions/increase in deposit accounts	-	4,090	2,660	6,750
Disposals /decrease in deposit accounts	(406)	-	(2,457)	(2,863)
Increase/(Decrease) in revaluation	571	2,022	-	(2,593)
At 31 December 2023	<u>15,625</u>	<u>32,402</u>	<u>1,603</u>	<u>49,630</u>
At 31 December 2022	<u>15,460</u>	<u>26,290</u>	<u>1,400</u>	<u>43,150</u>

	Total 2023 £'000	Total 2022 £'000
UK investment property	15,625	15,460
Unlisted UK investment shares	32,402	26,290
CBF Investments	1,603	1,400
	<u>49,630</u>	<u>43,150</u>

Investment property was valued on an open market basis as at 31 December 2023 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.

18. DEBTORS

	Total 2023 £'000	Total 2022 £'000
Current year Ministry / Parish Share and Donations	243	296
Fee receivable	41	41
Other debtors	481	535
Prepayments	82	26
Accrued Income	1,173	80
	2,020	978

19. CASH AT BANK

Lloyds Bank PLC Accounts	629	606
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20. CREDITORS:

Amounts falling due within one year

Trade creditors	170	157
Other taxes and social security	-	33
Other creditors	492	614
Deferred income	93	99
Accruals	329	102
Parsonage houses maintenance accrual	269	114
	1,353	1,119

21. CREDITORS:

Amounts falling due after more than one year

Accruals	720	147
	720	147

22. OPERATING LEASES

Total commitments under non-cancellable operating leases areas follows:

Photocopiers at 16 Lowesmoor Wharf

Payable within one year of the balance sheet date	4	-
Payable in the second to fifth years inclusive of the balance sheet date	17	-
	21	-

Land and Buildings

Payable within one year of the balance sheet date	24	24
Payable in the second to fifth years inclusive of the balance sheet date	30	20
	54	44

23. PENSION COMMITMENTS - Church of England Funded Pension Scheme

The Worcester Diocesan Board of Finance 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 those of the 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. 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 (2023: £607k, 2022: £932k). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £Nil (2022: £191k).

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);
- CPIH inflation inline with RPI less 0.80% pre 2030 moving to RPI with no adjustments from 2030 onwards;
- 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. w2020 = 0%).

Following the finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

% of pensionable stipends	Jan 2018 to Dec 2020	Jan 2021 to Dec 2022	Jan 2023 onwards
Deficit repair contributions	11.9%	7.1%	0.0%

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

PENSION COMMITMENTS - 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 2022 and over 2023 is set out in the table below.

	2023		2022	
	£'000	£'000	£'000	£'000
Balance sheet liability at 1 January		-		191
Deficit contribution paid	-		(107)	
Interest cost	-		-	
Remaining change to the balance sheet liability*	-		(84)	
		-		(191)
Balance sheet liability at 31 December		-		-

*Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2022 onwards since pensionable stipends for the remainder of the recovery plan were already known.

	Dec 2023	Dec 2022	Dec 2021	Dec 2020
Discount rate	n/a	n/a	0.0% p.a.	0.2% p.a.
Price inflation	n/a	n/a	n/a	3.1% p.a.
Increase in total pensionable payroll	n/a	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.

PENSION COMMITMENTS - Church of England Funded Pension 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 (2023: £177k, 2022: £190k).

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.

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. 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 next valuation is due at 31 December 2022. Calculations for this are currently underway.

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.

In December 2023 WDBF was advised by the Pension Board that it had a useable surplus on its Church Workers Pension Fund Defined Benefit Scheme of £621k. This amount will be drawn down from April 2024 by way of a pension contribution holiday.

24. SUMMARY OF MOVEMENTS IN FUNDS

	I January 2023 £'000	Income and Endowments £'000	Expenditure £'000	Gains / (Losses) £'000	Transfers £'000	December 2023 £'000
Unrestricted Funds						
General Fund	5,637	5,235	(6,426)	257	1,083	5,786
Designated Funds						
Healthier Churches Fund	2,220	-	(561)	-	-	1,659
Ministry Support Fund	722	-	-	-	(215)	507
Net Carbon Zero Fund	35	-	-	-	27	62
Conferences Fund	10	-	(10)	-	12	12
Lowest Income Communities Fund	489	793	(1,064)	-	-	218
Calling Young Disciples	19	-	(19)	-	-	-
Designated Funds	3,495	793	(1,654)	-	(176)	2,458
Total Unrestricted Funds	9,132	6,028	(8,080)	257	907	8,244
Restricted Income Funds						
Education Fund	232	144	(144)	18	-	250
Transformation Delivery Unit	-	30	(30)	-	-	-
Resourcing Churches	-	1,045	(1,050)	-	5	-
Calling Young Disciples	-	64	(64)	-	-	-
Capacity Grant Restructuring	-	132	(132)	-	-	-
Diocesan Pastoral Account Fund	2,308	-	-	71	-	2,379
Benefact Trust	-	107	(107)	-	-	-
Net Carbon Zero Fund	-	15	-	-	-	15
Ordination Candidates Fund	-	30	(30)	-	-	-
Clergy Widows and Orphans Fund	-	11	(11)	-	-	-
Lay Staff Support Fund	9	-	-	1	-	10
Ministry Restricted Donations	-	3	(3)	-	-	-
Resourcing Ministerial Education Fund	157	81	(64)	-	-	174
Diocese Investment Programme Fund	-	1,019	-	-	-	1,019
Minor Repair and Improvements Fund	-	135	-	-	-	135
Myriad Fund	-	20	-	-	-	20
Ministry Support Fund	-	101	-	-	(101)	-
Ministry Hardship Grants for Individuals	24	-	(20)	-	-	4
Maynard and Outram Smith Library	103	-	-	-	-	103
Sundry Trust Funds	-	45	(45)	-	-	-
Restricted Funds	2,833	2,982	(1,700)	90	(96)	4,109
Endowment Funds						
Diocesan Stipends Capital Fund	28,991	-	-	1,204	-	30,195
Diocesan Unapplied Total Return	17,945	3,557	(180)	892	(811)	21,403
Diocesan Parsonage Capital Fund	19,373	1,596	-	150	-	21,119
Endowment Funds	66,309	5,153	(180)	2,246	(811)	72,717
TOTAL FUNDS	78,274	14,163	(9,960)	2,593	-	85,070

25. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted General fund £'000	Unrestricted Designated fund £'000	Total Unrestricted fund £'000	Restricted funds £'000	Endowed funds £'000	Total 2023 £'000
From Endowment Fund to General Fund for stipends under Total Return (see note 28)	811	-	811	-	(811)	-
From General fund						
- Annual allocation to Ministry Support Fund	(114)	114	-	-	-	-
- Annual allocation to Net Carbon Zero Fund	(27)	27	-	-	-	-
Use of Ministry Support Fund	430	(329)	101	(101)	-	-
Designed fund for 2026 clergy conference	(12)	12				
Calling Young Disciples adjustment as project is now finished	(5)	-	(5)	5	-	-
Total	1,083	(176)	907	(96)	(811)	-

26. 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	1,546	-	4,462	90	(682)	370	5,786
Designated Funds							
Healthier Churches Fund	-	-	-	-	(593)	2,252	1,659
Ministry Support Fund	-	-	-	-	-	507	507
Net Carbon Zero Fund	-	-	-	-	-	62	62
Conferences Fund	-	-	-	-	-	12	12
Lowest Income Communities Fund	-	-	-	546	(328)	-	218
Calling Young Disciples	-	-	-	-	-	-	-
Designated Funds	-	-	-	546	(921)	2,833	2,458
Total Unrestricted Funds	1,546	-	4,462	636	(1,603)	3,203	8,244
Restricted Funds							
Education Fund	-	-	240	10	-	-	250
Diocesan Pastoral Account Fund	192	-	1,654	533	-	-	2,379
Net Carbon Zero Fund	-	-	-	15	-	-	15
Lay Staff Support Fund	-	-	10	-	-	-	10
Resourcing Ministerial Education Fund	-	-	-	174	-	-	174
Diocese Investment Programme Fund	-	-	-	1,019	-	-	1,019
Minor Repair and Improvements Fund	-	-	-	135	-	-	135
Myriad Fund	-	-	-	20	-	-	20
Ministry Hardship Grants for Individuals	-	-	-	4	-	-	4
Maynard and Outram Smith Library	-	-	-	103	-	-	103
Restricted Funds	192	-	1,904	2,013	-	-	4,109
Endowment Funds							
Diocesan Stipends Capital Fund	13,165	15,625	25,229	-	-	(2,421)	51,598
Diocesan Parsonage Capital Fund	19,961	-	2,410	-	(470)	(782)	21,119
Endowment Funds	33,126	15,625	27,639	-	(470)	(3,203)	72,717
TOTAL FUNDS	34,864	15,625	34,005	2,649	(2,073)	-	85,070

27. PURPOSE OF FUNDS

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

DESIGNATED FUNDS

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

Ministry Support Fund (MSF) is a designated fund to offer transitional support for benefices with the new ministry share system and transition to financial sustainability.

Net Carbon Zero Fund (NZC) is a designated fund 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 every 3 years. The most recent conference was in September 2023.

Lower Income Communities Designated Fund (LInC) is income received to support stipendiary ministry in the most deprived areas of the Diocese. Due to a number of reasons not all of the planned projects could take place and hence the increase of the funds held at the year end. There are initial plans to enable these funds to be utilised.

Calling Young Disciples Fund (CYD) 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. This project came to an end in August 2023.

RESTRICTED FUNDS

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

Transformation Delivery Unit Fund (TDU) is Transformation costs, primarily staff cost related, that are funded by Archbishops' Council.

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

Calling Young Disciples Fund (CYD) is to finance the cost of Mission Enablers. The expenditure is funded by grants from the Archbishops' Council (Strategic Development Funding (SDF)).

Capacity Grant Restructuring Fund is income received from Archbishops' Council (Strategic Development Funding (SDF)) to fund additional central diocesan costs to enable strategic transformation within the diocese.

Diocesan Pastoral Account Fund (DPA) 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:

- 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
- Apply those monies by way of grant or loan for the benefit of another diocese; or
- 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
- Transfer those monies to one or more other accounts of funds held by the Board.

Benefact Trust Fund is to contribute towards the transformation strategy. This funding was fully spent during the year and no reserve is carried forwards.

Net Carbon Zero Fund (NZC) funding received from the Archbishops' Council to support the transition to Net Zero Carbon position.

Ordination Candidates Fund (OCF) 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.

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.

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

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.

27. PURPOSE OF FUNDS

Resourcing Ministerial Education Fund (RME) 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.

Diocesan Investment Programme Fund (DIP) is income received from Archbishops' Council to fund church renewal projects within the diocese.

Minor Repair and Maintenance Fund (MR&I) is income received from Archbishops' Council to fund urgent and necessary repairs and improvements to church buildings within the diocese.

Myriad Fund is income received from Myriad to fund a learning hub to recruit and develop lay church planting teams.

Ministry Support Fund (MSF) 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.

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.

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

ENDOWMENT FUNDS

Diocesan 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.

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

28. ENDOWMENT FUND - TOTAL RETURN

	Trust for Investment £'000	Unapplied Total return £'000	2023 Total Endowment £'000	2022 Total Endowment £'000
At 1 January 2023				
Gift component of the permanent endowment	15,598	-	15,598	15,598
Accumulated inflation since original gift	13,393	-	13,393	10,940
Unapplied total return	-	17,945	17,945	22,319
	28,991	17,945	46,936	48,857
Movements in the year:				
Dividends, interest and rental income	-	1,070	1,070	963
Realised gains on sale of property	-	2,487	2,487	712
Unrealised gains on investments	-	2,096	2,096	(2,745)
Transfer from general fund for reduction in clergy pension deficit payments liability	-	-	-	191
Cost of managing endowments	-	(180)	(180)	(59)
Indexation on base value of investment	1,204	(1,204)	-	-
	1,204	4,269	5,473	(938)
Unapplied Total Return allocated transferred to income to fund stipends:				
- Equating to budgeted dividends and interest	-	(670)	(670)	(847)
- Equating to establishment of Healthier Churches Fund	-	(114)	(114)	(109)
- Equating to contribution to Net Zero Carbon Fund	-	(27)	(27)	(27)
	-	(811)	(811)	(983)
	1,204	3,458	4,662	(1,921)
Net movements in year:				
	30,195	21,403	51,598	46,936

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 2023 was £3,371k (2022 - £3,786k).

29. FINANCIAL INSTRUMENTS

	2023 £'000	2022 £'000
Financial assets measured at fair value	48,027	41,750

Financial assets measured at fair value comprise unlisted investments and agricultural land and buildings.

30. 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:

	2023 £'000	2022 £'000
Church of England Investment Fund income shares	16,736	15,406
CBF Church of England Fixed Interest Securities Fund shares	215	223
CBF Church of England Investment Fund accumulation shares	184	164
CBF Church of England Property Fund shares	214	231
CBF Church of England Deposit Fund	1,939	1,737
Total assets held as Custodian Trustee	19,288	17,761

31. 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 2023 are as shown below. During the year ended 31 December 2023 the Board has received grants from the charities and trusts as follows:

	Grants Receivable 2023	Grants Receivable 2022	Amounts due to/(from) the DBF at 31 Dec 2023	Amounts due to/(from) the DBF at 31 Dec 2022
Worcester Diocesan Social Responsibility Fund	22,000	22,000	-	-
Worcester Diocesan Ordination Candidates Fund	32,259	32,300	-	5,300
Worcester Diocesan Church Schools Improvement and Maintenance Fund	144,500	134,500	-	-
Worcester Diocesan Clergy Holiday Fund	5,250	4,136	-	-
Lye Church Estate Trust	8,799	8,750	-	-
Cholmondeley Bequest Fund	1,236	1,229	-	-
Trust Administration Fund	2,251	1,184	-	-
Special Purposes Fund	8,040	8,001	-	-
Redditch Holy Trinity Charity	25,000	25,000	-	25,000
Diocesan Records Office Income Fund	12,685	19,074	8,640	8,687
Worcester Diocesan Academies Trust	-	-	700	-
Clergy Widows & Orphans Income	10,710	10,577	-	-
Clent Hall Parish Hall	6,000	6,000	-	-
Abberton Spire Trust Fund	14,500	13,675	977	3,000

In addition to the above grants, an administration contribution is paid from the Church Schools Improvement and Maintenance Fund. This figure in 2023 was £9,014 (2022: £13,013)

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.

32. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Reanalysed 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 (expenditure)/income before investment gains		(635)	124	1,727	1,216	928
Net (losses) / gains on investments		(382)	(128)	(2,963)	(3,473)	4,753
Net (expenditure) / income		(1,017)	(4)	(1,236)	(2,257)	5,681
Transfers between funds	26	770	22	(792)	-	-
Other recognised gains/(losses)						
Actuarial gain 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

33. PRIOR YEAR COMPARATIVE ANALYSIS OF MOVEMENT 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

34. 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	1,564	-	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