



The Diocese of  
Southwark

# The South London Church Fund & Southwark Diocesan Board of Finance Annual Report 2018

Company registration number 236594  
Registered charity number 249678



Cover image: Chrism  
Eucharist, March 2018

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Bishop Christopher at the  
installation of the Rector of  
St Margaret, Chipstead





# Overview

# Introduction



**Bishop Christopher**

I would like to offer my grateful thanks to all the parishes in the Diocese of Southwark, every single one of which contributed to the Parish Support Fund. It is a wonderful achievement. I also want to thank those Synod and Diocesan Council of Trustees (DCT) members who have finished their terms. I would like to particularly thank Stephen Willmer, former Chair of the Audit and Governance Committee, and Elizabeth Simon and Sarah Swanson, who both served on Diocesan Synod and the DCT and in other roles.

It was good to be able to sponsor, with the Bishop of London, The Rt Revd Sarah Mullally, the Pan London Churches' Serious Violence Summit held in Southwark Cathedral. I hope that the collaborative work with other Dioceses, ecumenically and with other church organisations on combating knife crime will be a model for future working together.

Such work would not be possible without good governance and robust administrative structures underpinning all we do. I am pleased that the review of the

implementation of the Fit for Purpose Report concluded that we had done this successfully.

We have long been privileged to have Wychcroft, our wonderful retreat and resource centre. In 2018 we signed a new lease which enables us to continue to benefit from its beautiful setting. We have begun to make investments in improving the facilities there to give visitors an enhanced experience in the future.

The Southwark Vision 2017-2025 with its agenda for growth was first introduced to our parishes in 2017 and further work was undertaken last year. Our aim is to encourage all parishes to develop Mission Action Plans to help with numerical growth and deepening people's faith. Part of our plans for growth include encouraging more Fresh Expressions including Bishop's Mission Orders and I am delighted that we have seen great increase in our work in this area, too.

Thank you all for all that you do in sharing the Gospel in our Diocese.

*Christopher Southwark*





**Ruth Martin,  
Diocesan Secretary**

I am pleased that once again the Diocese has had the funds it needs to equip and enable ministry across the Diocese. We have been able to support ordinands, recruit more curates, ensure robust support for more than 500 clergy and begin developments in lay leadership and lay ministry right across the Diocese. We were fortunate to be able to use financial resources to better enable Deaneries to lead in local mission in support

of parishes. This has included grants to encourage even more Fresh Expressions of Church (fxC) and to serve local parishes with renewed vigour in Mission Action Planning and Children and Young People's work. It is a privilege to serve and support our parishes, deaneries, schools and communities.



**Alan Saunders  
Chair of the Diocesan  
Board of Finance**

As Chair of the Diocesan Board of Finance I am delighted to report that the finances under management have once again yielded an operating surplus. This is particularly important as we have continued to make much-needed investments in property improvements to improve the housing of our clergy and to make provision for further accommodation for curates, chaplains and others. The continued success of the Parish Support Fund is the main contributor to the financial resilience of the Diocese in sustaining ministry across the Diocese and I thank you all for continuing your generous contributions. In the current year, we hope to generate another surplus, albeit much reduced, as unavoidable cost increases come into play. Newly

appointed in 2018, I have begun to learn a very great deal about the way in which this remarkably diverse Diocese works together with such common purpose, including support for the Board of Education and its Multi-Academy Trust. As Chair of the charity I am very pleased to inherit a strong management team at Trinity House, led by Ruth Martin. While they focus on the efficient use of resources they never forget the overriding objectives of mission and ministry. May I also take this opportunity to thank our Trustees and our hard-working committee members – it is a pleasure to sign the accounts on behalf of all Trustees.

# Our Vision

## *A fruitful future*

We share a vision for the future in which we will see:

- growing churches, new worshipping communities and new Christians
- deepening discipleship: engaged, prayerful and informed Christians
- growth in vocations to existing and new ministries
- generous giving and prayer supporting all we do
- justice and peace built up, and violence challenged, in our local and global community
- a shared commitment to the integrity of creation
- a Church for all which reflects our diverse community in membership and leadership, including growth in black, Asian and minority ethnic (BAME) vocations and appointments.

Our Vision is founded on mutual commitment from all who make up the Diocesan family to walk together in the pilgrimage of faith, supporting, encouraging and resourcing each other in our common task.

The Diocese of Southwark serves...

**2.8  
million  
people**

**in the  
16 Local  
Authorities  
of South London  
and  
East Surrey**

**through  
356 places  
of worship -  
a Church of England  
presence in every  
community**

**and  
106 church  
schools  
educating over  
37,000 young  
people**





Clockwise from above: celebrating Southwark Diocese's first bilingual parish, St Matthew's at the Elephant; the Embracing Disability service; taking Communion at the Diocesan Pentecost service



# Legal objects

The Trustees, who are also Directors for the purposes of company law, present their Annual Report, together with the audited financial statements, for the year ended 31 December 2018.

The Directors/Trustees are one and the same, and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

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.

## Legal objects

The objects of the South London Church Fund & Southwark Diocesan Board of Finance (SDBF) are "for the public benefit to assist, promote and further the religious and other charitable work (including but not limited to the educational work) of the South London Church Fund & Southwark Diocesan Board of Finance within the Diocese, and any other diocese which shall at any time be formed, wholly or in part out of the Diocese, either

with or without the addition of any part or parts of other dioceses."

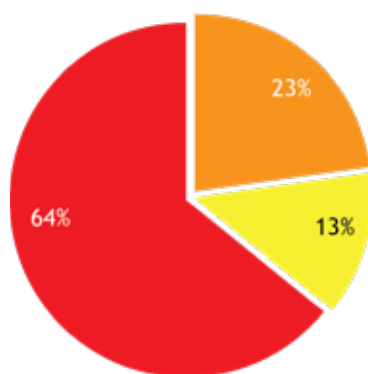
Its function is to serve as the corporate governance body of the Church of England in the Diocese, responsible for the financial stewardship of the Diocese through performing, working and transacting business in connection with the Church and Diocese. It may act as the Parsonages Board for the Diocese within the meaning of the Repair and Benefices Buildings Measure 1972.

The Diocese of Southwark covers most of Greater London south of the Thames and part of East Surrey. Within the Diocesan boundaries are the Royal Borough of Greenwich, the London Boroughs of Croydon, Lambeth, Lewisham, Merton, Southwark, Sutton and Wandsworth, plus parts of the London Boroughs

of Richmond upon Thames, Bromley and Bexley and the Royal Borough of Kingston upon Thames. In Surrey, it also includes parts of the Borough of Reigate and Banstead, Tandridge District Council and Mole Valley District Council.

The SDBF has the following responsibilities:

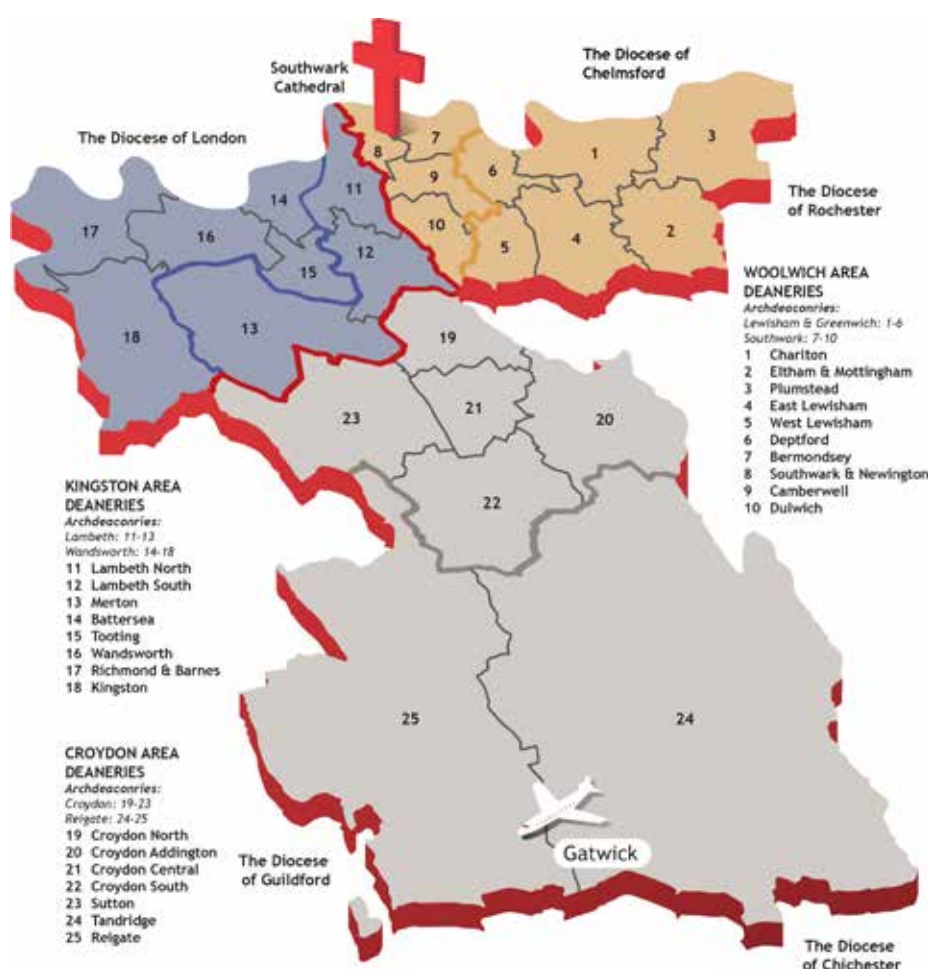
- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- managing the repair of benefice houses on behalf of the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- to act as custodian of permanent endowment and real property assets relating to trusts held by incumbents and Archdeacons and by



## Residential properties by Diocesan land ownership

Percentage split at 31 December 2018

- Parsonages
- Glebe
- Diocesan Board of Finance (DBF)



Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

It is empowered to act as a committee of the Diocesan Synod, responsible for the

corporate governance of the Diocese and also for raising and disbursing money and employing staff. Members of the Board are both Directors and Trustees. The standing committee of the Diocesan Synod is the Diocesan Council of Trustees (Bishop's Council), together with the members of the SDBF, the Diocesan Mission

and Pastoral Committee and the Diocesan Parsonages Board. Each of these four bodies has coterminous membership.

The strategic priorities of the Diocese are established by the Diocesan Synod, and its standing committee the Diocesan Council of Trustees (DCT), in consultation with Deanery Synods, PCCs and the Bishop of Southwark (in respect of his responsibility for the provision of the cure of souls).

The DCT (acting as Bishop's Council), the Diocesan Board of Finance (DBF), the Diocesan Mission and Pastoral Committee and the Diocesan Parsonages Board, fulfil their objectives within this framework, together with the DCT committees and advisory groups of the Diocese. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the Church nationally; this includes consultation on specific matters relating to the priorities for the forthcoming year, taking into account the commitments arising from the Diocesan Budget.





Sharing prayers at the  
Diocesan Pentecost service





# Strategic report

The main role of the Southwark Diocesan Board of Finance (SDBF) is to identify and manage the resources, particularly the financial aspects of the provision of ministry, within the Diocese so as to lead, enable and serve the Diocesan Synod, deaneries, parishes, schools and communities of the Diocese in furthering mission and ministry and fulfilling the vision of the Diocese, while also ensuring full compliance with statutory responsibilities.

The purposes are:

- to provide sufficient ministerial resources to ensure a Christian presence in every parish, including appropriate housing; also including support for communities across the Diocese through school, university, hospital and prison chaplaincies
- to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith
- to support and enable the work of the Southwark Diocesan Board of Education (SDBE), establishing and maintaining contacts with universities, colleges and schools
- to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, to support and strengthen the Church's work for the common good, including resources and support for God's bias for the poor, through care for creation and through interfaith dialogue. This includes direct financial support for Welcare, a charity aimed at families needing support, and Together Southwark, which is sponsored with, and through, the Church Urban Fund to alleviate poverty through developmental projects.





Clockwise from above: on pilgrimage to the Holy Land; greeting pupils at a school in Jerusalem; *Refugee: A Christmas Story* at the Battersea Power Station; a church-mosque twinning event; people meet at one of the Diocese's regular Vocations Days



# Southwark Vision 2017-25 and strategic objectives

From the Archbishop of Canterbury's Charge given to Bishop Christopher in 2011, the Diocese of Southwark has been on a journey of discernment towards a shared vision, Southwark Vision, which has been brought together from the themes and agreed outcomes described in the *Strategy for Ministry* final report adopted by Synod in November 2015, and Hearts on Fire Vision for Mission, with its commitment to the Five Marks of Mission and the five strategic objectives adopted by Synod in March 2016. These two documents together explain the detailed thinking behind the summary of our Diocesan Vision.

There are five strategic objectives:

- to grow our average weekly attendance by 5% by 2025, partly through having each church develop a high-quality Mission Action Plan (MAP) which includes a course for evangelism and discipleship
- by 2025, to increase the number of worshipping communities with a primary focus on areas of population growth, through investment in Fresh Expressions of Church (fxC) in the areas where the data suggests that existing congregations are increasingly unrepresentative of the resident community and therefore unlikely to be successful in reaching them without intentional intervention
- to grow a financial resource base that allows investment in growth for the future. Key measurable objectives include maintaining an annual financial surplus, building working financial reserves equivalent to six months' operating costs by 2020, and 1% of Diocesan turnover annually being dedicated to major Diocesan mission and ministry projects beginning in 2016, rising to 2% by 2020
- to grow the number of ordained and lay vocations by 50% by 2020 by enabling and discerning ordained ministers; by expanding opportunities for licensed and commissioned lay leadership; by affirming and growing other forms of lay ministry (for example, worship leaders, families and youth leaders, and spiritual directors); to offer relevant, enriching training and to create networks of support and celebration which reflect the diversity of the Diocese and our commitment to evangelism and discipleship; and to deliver fully integrated and pioneering church growth and fxCs
- by 2025, to grow leadership and representation that reflects the rich diversity of our Diocese, especially focusing where the data suggests that groups are currently under-represented through ethnicity, age (especially 18-40s), educational opportunities, material well-being and tradition.





Clockwise from top: the Nightingale Garden opening party; a ceremony to mark the 70th anniversary of the NHS; Bishop Jonathan at the Diocesan Vocations Day in April

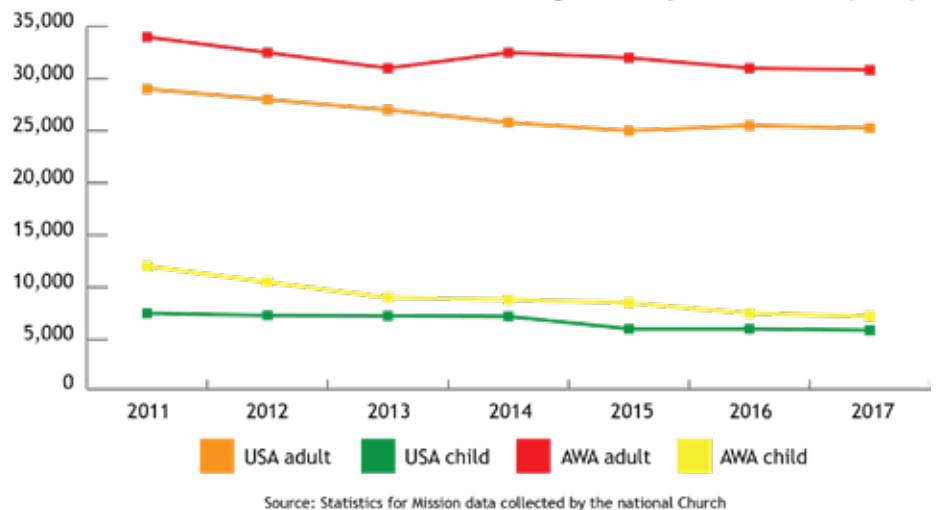


## Progress towards achieving the strategic objectives

- The Diocese has now staunched the decline in numbers, according to data from the national Church (figures for 2017 are the latest available), and achieved a plateau (see graph, top right). This gives us a base from which to build and grow, as planned and stated in our objectives.
- Numbers of new worshipping communities also continue to grow (see graph, below right).
- The number of ordained vocations has already reached the targets set. Figures for 2018 are shown in the table on the opposite page.
- Regarding financial resilience and resources, the Diocese has £47m in designated funds and £136m in expendable endowments. Owing to investments in improving and maintaining our properties, the free reserves continue to vary between one and two months' operating costs (which is lower than the target of six months by 2020). The reserves policy is subject to detailed review in 2019.
- Regarding all aspects of diversity, we are making progress with talented Trustees who also represent the communities we serve.

## Church attendance: seeing a plateau in decline

Usual Sunday Attendance (USA) and Average Weekly Attendance (AWA)



## Southwark Vision: making it happen

Worshipping communities



## Vocations

Since 2015, the number of people entering the discernment process exploring ordained ministry in the Diocese of Southwark has increased by

**130%**

and lay ministries have increased by

**65%**



In 2018, **11** people were training as Readers



**8** people were training as SPAs,  
50% of whom were BAME



**24%** were BAME

**35%** were under 32 years old

**30%** were offering for non-stipendiary ministry

**48%** were women

In support of the Strategic Objectives outlined on page 16, the SDBF set specific objectives for 2018 and progress towards these is set out below.

## Progress made on 2018's Annual Objectives

<b>Achieved</b> a balanced budget by the end of December 2018.	Completed
<b>Provided for</b> explicit investment in ministry, mission and evangelism, as well as close management of costs.	Completed
<b>Developed</b> a plan for resourcing Southwark Vision, including: <ul style="list-style-type: none"> <li>securing new project funding from Church Commissioners</li> <li>launching new Southwark Development Fund</li> <li>developing strategic land plan.</li> </ul>	Stage 1 bid successful, Stage 2 bid in 2019 Completed In progress
<b>Implemented</b> outcomes of information technology review.	Progress made, to be completed in 2019
<b>Completed</b> surveys across housing portfolio and developed five- and 10-year maintenance plans.	Progress made, parsonages to be completed in 2019
<b>Completed</b> stage one of the Diocesan database project with the installation of the new Safeguarding Case Management System.	Completed
<b>Reviewed</b> Strategy for Ministry 2015-18, including: <ul style="list-style-type: none"> <li>Lay Leadership and Lay Ministry Group (LL&amp;LMG) report and recommendations to Synod</li> <li>Deaneries Advisory Group further report and recommendations to Synod.</li> </ul>	Completed Completed
<b>Further developed</b> Mission Action Plans (MAPs), including Deanery MAPs.	In progress
<b>Reviewed</b> implementation of Fit For Purpose.	Completed
<b>Concluded</b> communications review.	In progress. Linked to implementation of LL&LMAG recommendations.

# Other activities and achievements in the year

The activities of the SDBF come in the context of Southwark Vision which developed from earlier *Strategy for Ministry* and *Hearts on Fire* reports.

## ***The Christian presence***

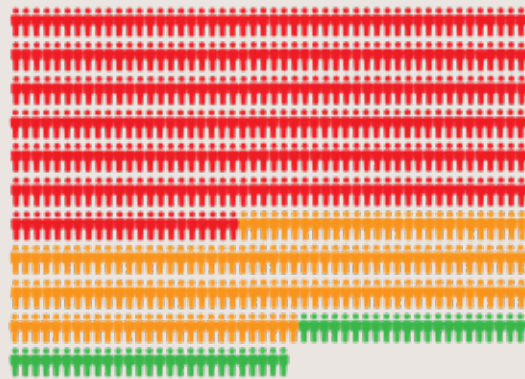
- Raised more than £16.4m through voluntary contributions to the Parish Support Fund (PSF) to fund mission and ministry across the Diocese.
- Deployed Strategic Development Funding from the Archbishops' Council to develop 10 new Fresh Expressions of Church (fxC) in 2018. Since 2016, 80 fxCs have been created in the Diocese, nearly double the target of 40 by 2020.
- In 2017 (the most recent year for which data is available), 3,120 adults and children were baptised in the Diocese, 740 marriages were celebrated and 2,860 funerals were taken.
- Some 96% of churches in the Diocese were involved in some form of social action in 2017 (the most recent year for which data is available), compared to a national figure of 80%. During the same time frame, 70% of Southwark churches ran at least one social action project, against 49% nationally.
- Accepted the report and recommendations of the Lay Leadership and Lay Ministry Advisory Group, established an implementation steering group and began implementation.
- Ordained 11 deacons to serve in parishes across the communities of the Diocese.
- Licensed nine lay ministers to serve as Readers and commissioned three Southwark Pastoral Auxiliaries.
- Accepted the report and recommendations of the Deaneries Advisory Group, which are now being implemented with the establishment of the Deanery Leadership Teams and ongoing work to establish deaneries as centres for mission.
- Supported the development of the SDBE Multi-Academy Trust, 2018 being its second year of operation.
- Supported Thy Kingdom Come, a week of prayer with activities throughout the Diocese.
- The activities of the Justice, Peace and the Integrity of Creation department included:
  - feeding approximately 300 children through the Holiday Hunger programme
  - beginning three new church-based ESOL (English as a second language) projects, particularly serving victims of modern-day slavery
  - delivering a diverse programme for Black History Month in collaboration with the Windrush Nurses and Beyond Foundation
  - leading the Pan-London Churches' Serious Violence Summit, which brought together organisers from the Dioceses of Southwark, London, Rochester, Chelmsford and beyond to respond to serious youth violence.

## ***Safeguarding***

- Recognising the topicality and importance of this area,



## Ministry



In 2018, there were

**527**

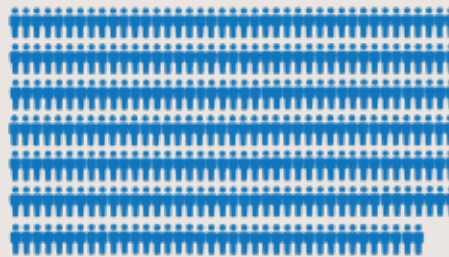
licensed clergy in  
the Diocese of Southwark

**156**

were  
non-stipendiary  
ministers

**49**

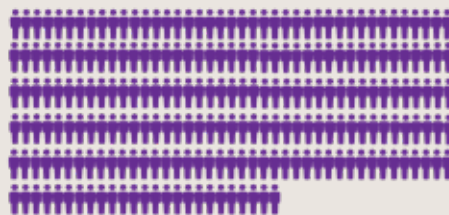
were curates  
in training



A further

**284**

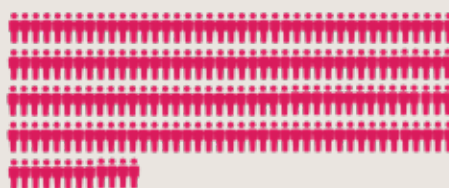
clergy had  
permission  
to officiate



There were also

**230**

Readers  
(lay ministers)



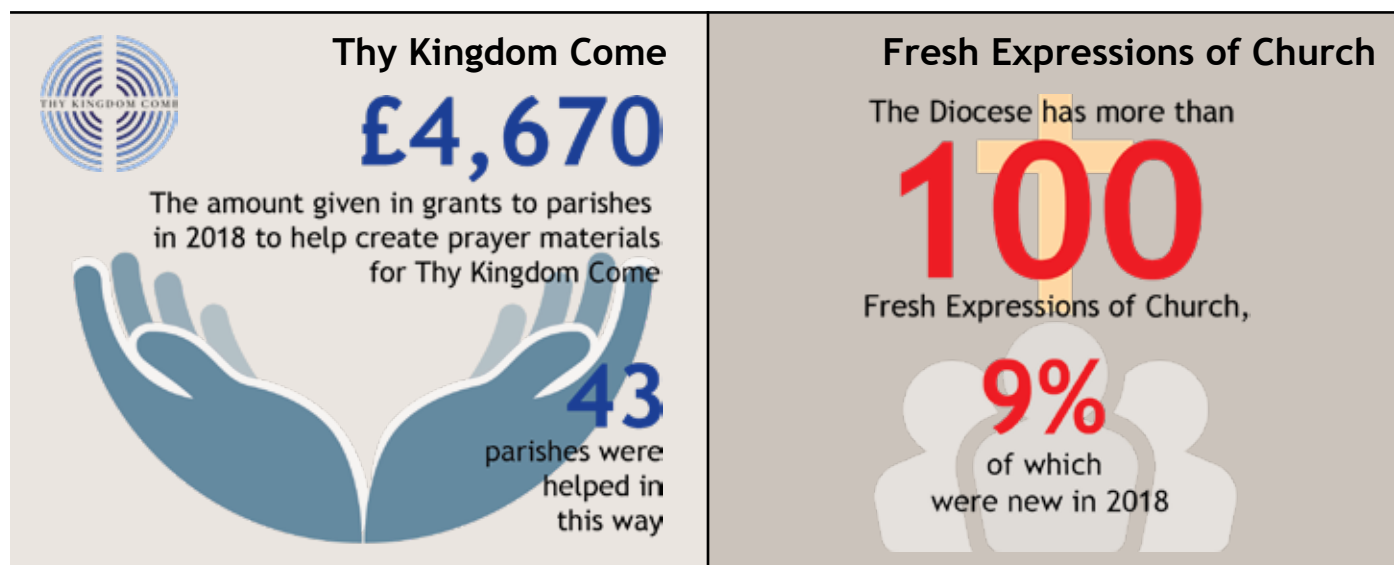
as well as

**176**

Southwark Pastoral  
Auxiliaries

## Safeguarding

In 2018, more than **1,758** individuals attended one of the Diocese's  
**2,131** DBS applications were submitted  
**77** safeguarding courses



our activities over the past year have included:

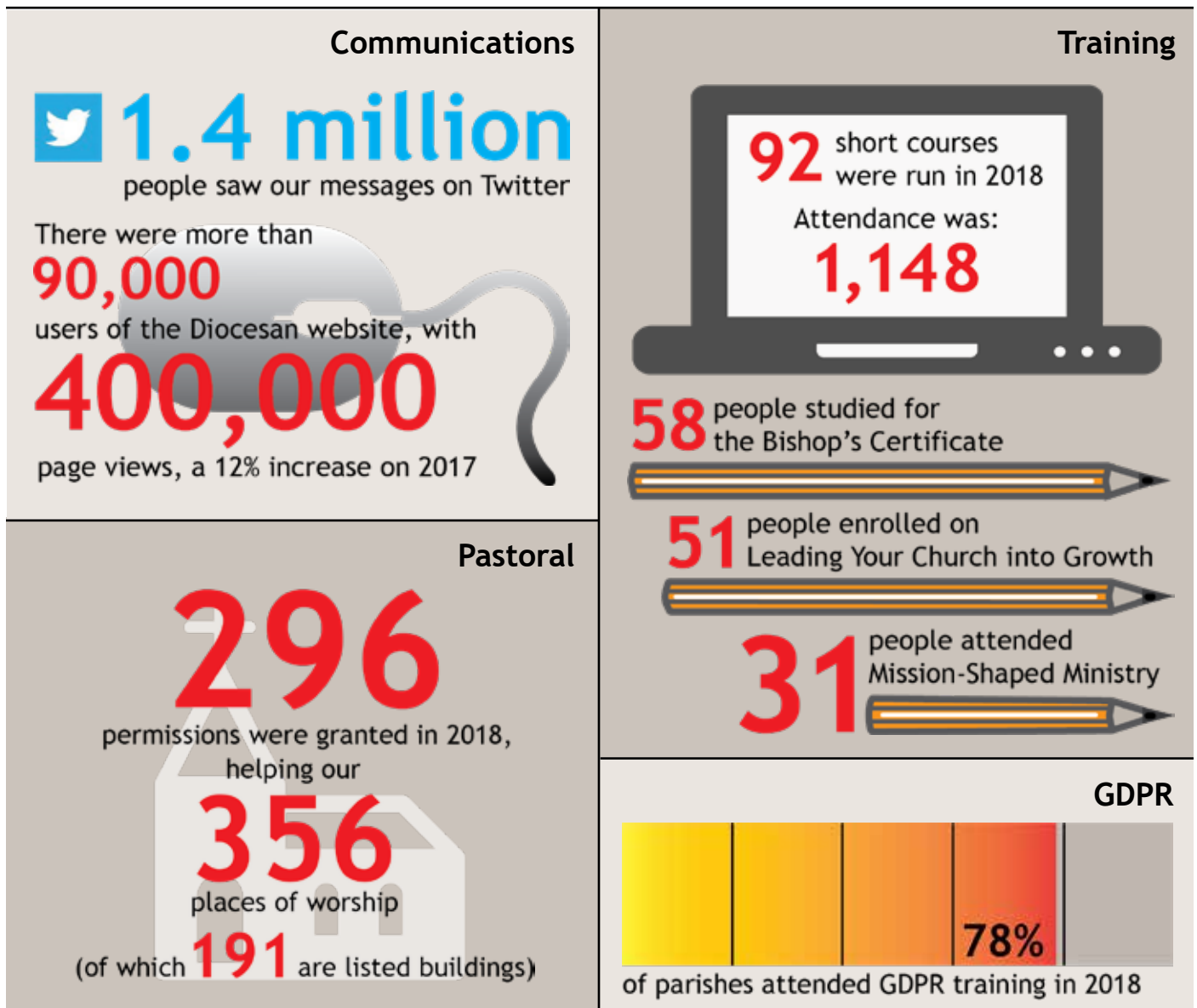
- more than 1,758 individuals across the Diocese attended one of the 77 safeguarding courses delivered in 2018. These courses were delivered in line with the national safeguarding learning and development framework.
- there was a 9% increase in new matters referred to the Diocesan Safeguarding Team during 2018 to 392, compared with a total of 360 in 2017. This work ranged from complex procedural enquiries to investigation of allegations relating to church officers.
- 2,131 Disclosure and Barring Service (DBS) applications were submitted in 2018, with all checks now being

undertaken online for improved effectiveness and efficiency.

- The DBF (DCT):
  - ensured that there was adequate safeguarding resourcing in the Diocese in accordance with the instructions of Diocesan Synod
  - ensured that there were clear lines of accountability between the Diocesan Bishop and key Diocesan staff, including the Diocesan Safeguarding Adviser
  - ensured safer recruitment and training of any church officers working with children, young people and/or vulnerable adults employed by the DBF
  - undertook a risk management oversight of safeguarding arrangements in the Diocese.

### Other activities

- Paid the stipends of 315 full-time equivalent incumbents, curates and other clergy, based primarily in parishes.
- Provided a human resources (HR) advisory service to parishes, including at least 130 separate enquiries, ranging from the provision of templates and information to advice on more complex parish employment situations. In addition, provided more detailed and longer-term support to at least six parishes.
- Managed, maintained and improved approximately 381 residential properties, principally for clergy in parishes.
- Formally reviewed the implementation of governance changes made in 2015, which were found to be successfully implemented.



- During the year the Diocesan Advisory Committee (DAC) gave 119 formal recommendations to parishes and other applicants, with cases ranging from liturgical reorderings to landscaping works. In the centenary year of World War I, there was a particular focus on restoration, reinstatement and replacment of war memorials. Of the 177 'List B' items approved by Archdeacons after consultation with the DAC, 17 related to installing signage in churchyards to indicate the presence of Commonwealth War Graves.
- During the year, the newly appointed Historic Churches Support Officer offered support to more than 100 churches in the Diocese, helping parishes to raise more than £400,000 towards church fabric and war memorial repairs and new facilities. She also co-ordinated three fundraising training events.

# Related parties

These include:

- the Archbishops' Council, from which the SDBF receives grants and to which it pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod. The Chair of the House of Laity is a Trustee of the Archbishops' Council
- the Church Commissioners for England, from whom the SDBF receives grants and who act on behalf of clergy with HM Revenue and Customs. The Board pays for clergy stipends through the Church Commissioners
- the Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement
- the Southwark Diocesan Board of Education (SDBE), which is a separate registered charity (No. 313001) to which the SDBF makes grants. The SDBE supports 106 Church of England schools: 91 are primary schools and 15 are secondary schools, of which one is an all-through school and five are academies. The SDBE supports the provision, effectiveness and development of education in all Church of England schools within the Diocese. It specifically seeks to develop the Christian ethos and distinctiveness of church schools; to promote religious education and collective worship; and to advise School Governors and Trustees and support the maintenance and improvement of school buildings and facilities. The SDBF also supports the provision of chaplaincy in higher and further education institutions. The SDBF makes a grant to the SDBE and has pump-primed specific initiatives. The Bishop of Southwark is President of the SDBE; the Rt Revd Jonathan Clark, the Bishop of Croydon, and the Venerable Dr Jane Steen, Archdeacon of Southwark, are trustees
- SDBE Multi-Academy Trust (MAT), which is an exempt charitable company (No. 10385920). The SDBF makes a specific grant through the SDBE to underpin the development of the MAT. The SDBF is a member of the MAT and is represented through the Diocesan Secretary. As a member the SDBF is entitled to nominate one-third of the directors of the MAT. During 2018, the number of schools in the MAT rose to eight.
- Southwark Diocesan Welcare (Welcare), a separate registered charity (No. 1107859) to which the SDBF makes a grant. Welcare is a Christian charity working in South London and East Surrey with disadvantaged children and families, irrespective of faith, culture, abilities or life choices. By offering family support, mentoring services and group work with parents and children, Welcare empowers families to rebuild their lives and family ties, helping parents to give their children happier, more confident childhoods. The Archdeacon of Reigate and Ms Anne Coates are trustees
- Southwark Cathedral, a charity exempt from registration with the Charity Commission to which the SDBF makes a grant. It is the seat of the Bishop of Southwark, and services and special events are held at the Cathedral that are paid for by the SDBF
- Together Southwark, the Diocesan charity (No. 8257445) focused on poverty which is subsidised partly





Bishop Richard addresses Diocesan Synod (below); a reception to thank parishes taking part in the Lay Leadership and Lay Ministry Advisory Group pilot (above)



by the Diocese as well as by grants from the Church Urban Fund; the Rt Revd Karowei Dorgu, the Bishop of Woolwich, the Revd Canon Dr Rosemarie Mallett and Mr Adrian Greenwood are trustees.

Transactions with related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in Note 27 to the financial statements (see page 89).

## **Volunteers**

The Board is dependent on the huge number of people involved in church activities, both locally and at Diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the Church is a key indicator of the health of a church. The Board has invested further in developing its web-based services for parishes and parish officers who are mostly volunteers, and is particularly grateful to more than 600 parish safeguarding officers who undertake mandatory training and are actively involved in critical preventative work. Within this context, the Board greatly values the considerable time given by all the committee members across the Diocese.

In addition, 96% of churches in the Diocese in 2017 (the most recent year for which figures are available) were involved in some sort of social action. Volunteers worked as school governors, street pastors, at winter night shelters and in foodbanks. The service provided to a community through church volunteering has a significant impact on people's relationships with the Church, particularly at times of crisis. Enabling the Church to flourish enables volunteering to flourish.

# Future plans

In recent years much has been done and achieved in ensuring that the Diocese works as one body for the mission of the Church. Our future plans to 2025 centre on the Southwark Vision, set out on pages 16-19.

## ***Specific plans for 2019***

These include:

- ongoing work on databases to secure resilience and accuracy, with additional resources, and work on the next stages of the integrated database.
- the continued development of web-based services to parishes and the communities we serve
- the completion of 'house condition surveys' across the whole of the parsonage property portfolio, to assist with the move to planned maintenance
- the completion of a new parsonage at St Philip, Norbury, and completion of the development of a former parsonage into three units, as part of the property strategy to provide deanery-based curates' housing.
- developing the Diocesan commitment to 'pioneer ministry' through two pioneer curacies and other pioneer ministry, and a range of pioneer initiatives including developing policies for Bishop's Mission Orders
- further development of Mission Action Planning in parishes
- participating in the National Church Institutions (NCI) Strategic Learning Communities initiative
- consideration of initiatives to further lay leadership and lay ministry as the Lay Leadership and Lay Ministry Advisory Group report is implemented, including a Lay Council
- implementation of the General Data Protection Regulation (GDPR)
- development of the first Deanery Leadership Teams with further resources for deaneries
- submission of the Stage 2 final proposal for Strategic Development funding for growth in 11 parishes and one deanery in the Diocese.

# Financial review

## Financial performance

A surplus of £3.1m (2017: £3.5m) was generated before investment gains or losses. This represents the finances directly controlled and managed by the DBF, which continue in surplus. During the last quarter of 2018 the value of property and investments fell, so that the value of our property portfolio fell by £3.2m (2017: £0.8m increase) and the value of our investments in funds fell by £3.3m (2017: £2.0m increase), entirely because of these market-driven situations outside our control. Together they resulted in a net Statement of Financial Activities (SoFA) deficit of £3.5m (2017: £6.2m surplus).

The parish share system continues to be the foundation on which our income is built. Once again our parishes have given generously to the PSF, for which we give thanks. Income from the PSF was £16.4m (2017: £16.2m). Parishes continue to strive to honour the pledges they have made, with the result that the collection rate was 99.6% (2017: 99.3%): an amazing achievement.

Changes introduced in 2017 in the way in which the Church Commissioners provided grants resulted in increased income



## 2018 Income vs Budget

- Parish contributions £16.4m (£16.2m)
- Parochial fees £0.5m (£0.5m)
- Funding from outside Diocese £3.4m (£3.3m)
- Gain on asset disposals £4.5m (£4.1m)
- Funding from Diocesan assets £2.3m (£2.3m)



## 2018 Expenditure vs Budget

- Ministry stipends £12.4m (£12.2m)
- National Church £1.6m (£1.6m)
- Board of Education and Welfare £0.5m (£0.5m)
- Ministry housing, training and support £5.8m (£5.3m)
- Governance, administration, C&R £3.9m (£3.9m)
- Area mission teams and groups £0.8m (£0.8m)

from that source to £0.8m (2017: £0.5m). The increase in other donations to £1.6m (2017: £1.4m) was principally owing to a bequest from the Estate of the Revd Gillian Morley. Income from charitable activities increased to £1.4m (2017: £1.2m) as a result of an increase in both parochial fees and from chaplaincy and other posts funded by third parties, whilst investment income was marginally higher at £2.4m (2017: £2.4m)

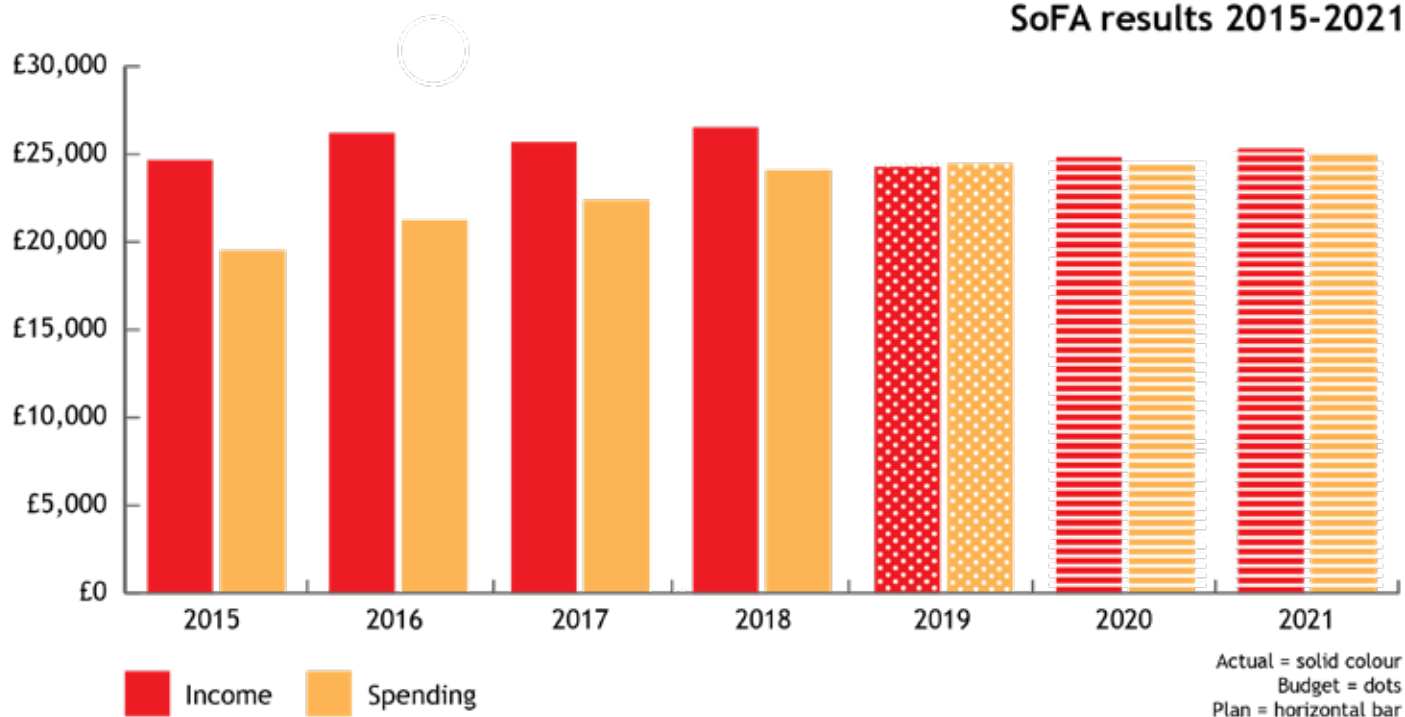
where income from financial investments compensated for the fall in property rental income owing to the increased use of our rental housing stock for mission and ministry purposes.

Gains from the disposal of properties amounted to £4.5m (2017: £4.1m). Of the gain, £0.7m was in respect of the sale of the Croydon Episcopal Area office. £0.6m of this gain, together with the bequest



## Financial history and plan

SoFA results 2015-2021



from the Revd Gillian Morley, was allocated to provide initial funding to launch the Southwark Vision Development Fund, a newly created designated fund to support Southwark Vision 2017-25, and to provide some contribution to the Strategic Development projects part-funded by the Church Commissioners.

The increase in costs was in part the result of budgeted increases in spending on vocations, mission and safeguarding but also because of the significantly higher number of vacancies than budgeted. The number and condition of vacant properties is outside the direct control of

the SDBF but many properties requiring significant repairs were dealt with during the year and so those costs were higher than budgeted. Administration costs were constant at £1.9m (2017: £1.9m). The amount spent on administration as a proportion of the total expenditure of the SDBF amounted to 8.0% (2017: 8.6%). This is in line with other Dioceses in particular, and other charities in general, of a comparable size.

The value of investments fell by £3.3m (2017: £2.0m increase) owing to weakness in financial markets in the final quarter. There were no net sales of investments during the year (2017: £0.2m). Further

detail on our investments and their performance can be found in the investment policy section overleaf.

The capital value of properties decreased by £3.2m (2017: £0.8m increase), reflecting the weaker London property market and impairment reviews undertaken on capital projects completed during the year. Following the decision taken by the Trustees in 2016 whereby properties, other than benefice houses, would be valued on a five-yearly cycle, one-fifth (20%) of the portfolio was revalued during the year by the SDBF's appointed firm of chartered surveyors and the average change in the value of

the properties revalued has been applied to the remainder of the portfolio.

Overall, the decrease in funds on the balance sheet was £3.8m (2017: £6.2m increase).

### Significant property transactions

A number of property transactions took place during the year (see table, right).

During the year two significant and long-standing parsonage redevelopment projects were completed and work started on two other long outstanding projects. Four parsonages were purchased during the year to replace ones sold in previous years. Significant expenditure was incurred on 27 properties in order to bring them up to current standards. It is the nature of property development that the time horizons involved invariably straddle more than one financial year and the volume of transactions are likely to continue at the current level for several years to come.

Our policy continues to be:

- to accommodate the changing geographical deployment of clergy within the Diocese
- to realise the development/refurbishment potential in some properties to enable more effective use of funds

	2018 Number	2018 £'000	2017 Number	2017 £'000
<b>Purchases:</b>				
Parsonage	4	5,159	-	-
Board	1	400	1	425
<b>Total</b>	<b>5</b>	<b>5,559</b>	<b>1</b>	<b>425</b>

<b>Property development and improvement:</b>				
Expenditure during the year	27	1,178	16	1,292
<b>Total</b>	<b>27</b>	<b>1,178</b>	<b>16</b>	<b>1,292</b>

<b>Completed development projects:</b>				
Parsonage	2	1,694	3	2,081
Board	-	-	1	236
<b>Total</b>	<b>2</b>	<b>1,694</b>	<b>4</b>	<b>2,317</b>

<b>Sales at book value:</b>				
Parsonage	4	1,973	3	1,846
Diocesan Stipendiary Fund	1	525	-	-
Board	1	529	2	2,531
<b>Total</b>	<b>6</b>	<b>3,027</b>	<b>5</b>	<b>4,377</b>

- for the ministry of the Church and to house curates, chaplains and lay ministers/pioneers
- to replace unsuitable properties
  - to ensure that each parish/benefice has a benefice house
  - to develop Deanery-based housing for curates.

Under the Mission and Pastoral Measure 2011 the Diocesan Pastoral Account is available for the purchase and/or

improvement of benefice houses. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the Account may be applied to any general purpose of the SDBF. The policy of the SDBF is to use the Account for exceptional property expenditure and for property staff costs where they are principally engaged in the purchase, sale and maintenance of the property portfolio but not to use it for routine property administration and maintenance.

## Balance sheet position

The Trustees consider that the balance sheet, together with details in Note 21 (see page 81), show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. The net assets at the balance sheet date totalled £283.6m (2017: £287.1m). Included in this total were properties, mostly in use for ministry, whose value amounted to £267.5m (2017: £266.4m).

## Reserves policy

### Free reserves

Free reserves are the total of the unrestricted General Fund. Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to gradually grow working financial reserves in the General Fund such that it is equivalent to six months' budgeted unrestricted expenditure by 2020. At 31 December 2018 the amount required under this policy totalled £12.1m (2017: £11.2m). Actual free reserves as at 31 December totalled £5.4m (2017: £6.8m).

	Funds at 31 December 2018 £'000	Proportion of portfolio %	Income yield in year %	Total return in year %
<b>Managed funds:</b>				
M&G Equity Investment Fund for Charities	7,966	30.4	5.4	(7.9)
Cazenove Charity Equity Income Fund	5,248	20.0	5.1	(9.3)
JO Hambro UK Income Equity Fund	6,506	24.8	5.3	(12.0)
CBF Investment Fund	116	0.1	3.4	0.8
Savills Charities Property Fund	3,127	11.9	3.9	6.7
Mayfair Capital PITCH Fund	3,367	12.8	5.4	8.1
<b>Total</b>	<b>26,330</b>	<b>100</b>		

### Reserves invested in fixed assets

The General Fund comprises net assets amounting to £5.4m (2017: £6.8m), of which £3.6m (2017: £3.3m) is invested in tangible fixed assets, principally freehold and leasehold property, and a further £3.2m (2017: £3.7m) is held in pooled fund investments.

### Designated funds

The Trustees 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 their 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 22 (see page 83). At 31 December 2018 total designated reserves were £46.7m (2017: £49.6m). The difference between 2017 and 2018 was not because of the return of these to the General Fund but was principally owing to transfers from the Diocesan Pastoral Account to the Parsonages Fund following the purchase or building of replacement parsonages. The policy of the Trustees is to gradually return as many of these funds as possible to the General Fund.

### Restricted and endowment funds

As set out in Note 21 (see page 81), the SDBF holds and administers a number of restricted and endowment funds. As at 31 December 2018 restricted funds totalled £2.9m (2017: £3.3m) and endowment



funds totalled £228.5m (2017: £227.4m). Neither is available for the general purposes of the SDBF. These also reflect the valuation of investments which fell in the last quarter of 2018.

## Grant-making policy

The Articles of Association of the SDBF allow for the making of grants in pursuance of its objects. The grants made in the current and previous year are disclosed in Note 12 (see pages 69-70). All grants are made from budgets set aside for specific purposes and are subject to authorisation policies and criteria.

## Investment policy

The SDBF is permitted by its Articles of Association to make investments. Note 21 (see page 81) provides details of the assets of each fund, together with the related purposes. Note 16 (see page 76) summarises the movements in investments during the year.

The Trustees' investment policy was reviewed and refreshed during 2018, and is:

- to pursue an ethical investment policy. The Trustees are committed to following the ethical and climate change investment guidelines laid down by the Ethical Advisory Group of the National Investing Bodies of the Church of England

- not to invest directly but through collective investment vehicles
- to seek the best economic returns consistent with commercial prudence following the judgment in the Bishop of Oxford case.

The investment objectives are:

- to seek the best possible overall return on investments, having due regard to the preservation of capital and subject to agreed risk tolerance
- for the Diocesan Stipendiary Fund and Ministry Fund the aim is to maximise the growth of income in the longer term while maintaining the inflation-adjusted value of the capital
- for Board of Finance investments the aim is to maximise total return (capital and income) in the longer term.

The investments held and their return during the year are set out in the table, left.

After several years of superior performance, the portfolio, in line with the market during the final quarter, fell back owing to heightened global economic uncertainties, but exceeded its benchmark of the FTSE All Share Total Return Index, producing a fall of 6.9% compared to the 7.7% fall in the benchmark. The SDBF does not adopt a total

return policy for its investments but looks to identify investment managers who can produce income growth while preserving capital subject to agreed risk tolerances. Income generated in the year increased to £1.4m (2017: £1.3m).

# Principal risks and uncertainties

The Senior Management Team considers, evaluates and records the major areas of risk to which the SDBF is exposed, assessing both the likelihood and impact of those risks crystallising, together with the measures in place to manage and mitigate such risks.

The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit & Governance Committee, with at least one area of principal risk reviewed in detail at each meeting. Responsibility for delivery of the mitigation strategies identified by it is delegated to the Diocesan Secretary. The risk register is presented to, discussed and formally agreed by Trustees annually and, as an organic document, is available for inspection by all Trustees.

The risk register identifies seven areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

## 1. Economic uncertainty

The uncertain economic outcomes from Brexit may lead to less giving from parishes; the Diocese continues to monitor any impact on parish giving and, through communication, careful cost control and the work of its high-level Investment Committee, seeks to mitigate this ongoing risk. In addition, its reserves policy and property strategy help to underpin the resilience of the Diocese.

## 2. Parish Share

The risk is of the collection of Parish Share being considerably less than 100% and dependence on the generosity of more affluent parishes. Specific mitigants are:

- collection statistics are produced and circulated on a monthly basis to allow swift intervention where a parish is not meeting its pledged commitment
- the Diocese changed its funding to a pledge-based system from 2016; research from other dioceses has shown that collection rates are comparably higher in the longer term

- major investment in communication strategy, including a wide variety of meetings between Diocesan leadership, Archdeacons, Area Deans and Lay Chairs, Deanery Synods and parishes.

## 3. Pace of change

The risk is that the pace of change in the national Church and Diocese is too swift to enable detailed objectives to be met. Conscious culture change, staff and parish development, and senior clergy and lay management focused on strategic issues with annual objectives will mitigate this.

## 4. Senior management and key personnel

There is a risk of overstretch leading to impeded delivery of objectives and loss of key staff; there are a number of fairly new staff appointments and strong deputies to key departments in place; the Diocese overhauled its administrative and management structures to review the workings of its committees, and to ensure that senior professional staff are empowered with greater delegation, accompanied by strengthened paths of

accountability. This is mitigated by implementation of changes in governance and administration accompanied by additional resourcing and recognition of a lengthy transition period.

## 5. Safeguarding

Where there might be one or more occurrences of abuse by someone working for or on behalf of the Church, with consequences for those affected and adverse media coverage, mitigants are:

- employment of two full-time and one part-time safeguarding advisers, supported by designated administrative staff and line-managed by the Deputy Diocesan Secretary
- legal advice is sought where necessary, particularly with regard to information-sharing
- the Diocese progressed the implementation of a safeguarding action plan following a positive and successful independent audit in late 2016
- parishes are now using online arrangements for Disclosure and Barring Service checks as part of the safe recruitment of those who work with

children, young people and adults who may be at risk of harm

- a comprehensive training programme developed and delivered by the safeguarding team to all relevant staff and volunteers with compulsory attendance for those in key roles
- formal reporting of safeguarding activity and key risks for annual scrutiny by the Diocesan Audit and Governance Committee and the whole trustee body at the DCT
- safeguarding work is supported by a proactive and sensitive PR and media strategy.

## 6. Information technology

Where there is a risk of loss of access to electronic data including e-mail owing to equipment failure, virus or inability to access one of the buildings, mitigants are:

- investment in IT with an IT review
- upgrading hardware and consideration of cloud-based IT storage
- upgrading the hosting of the website.

## 7. Data

Collection, integrity and interpretation of data for finance and mission across the Diocese.

Mitigants are:

- additional resources to ensure compliance with the General Data Protection Regulation (GDPR).
- investment in updating all databases with a view to integration wherever possible.



Diocesan Synod, July 2018



The background is a solid dark blue. On the left side, there is a large, stylized graphic. It consists of a flame-like shape at the top, which tapers down to a circle. Inside the circle is a white cross. The entire graphic is rendered in a lighter shade of blue than the background.

# Governance

# Structure and governance

## ***Summary information about the structure of the Church of England***

The Church of England is the established Church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The national Church has a General Synod comprising ex-officio and elected representatives from each Diocese, and it agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a co-ordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers.

Within each Diocese, overall leadership lies with the

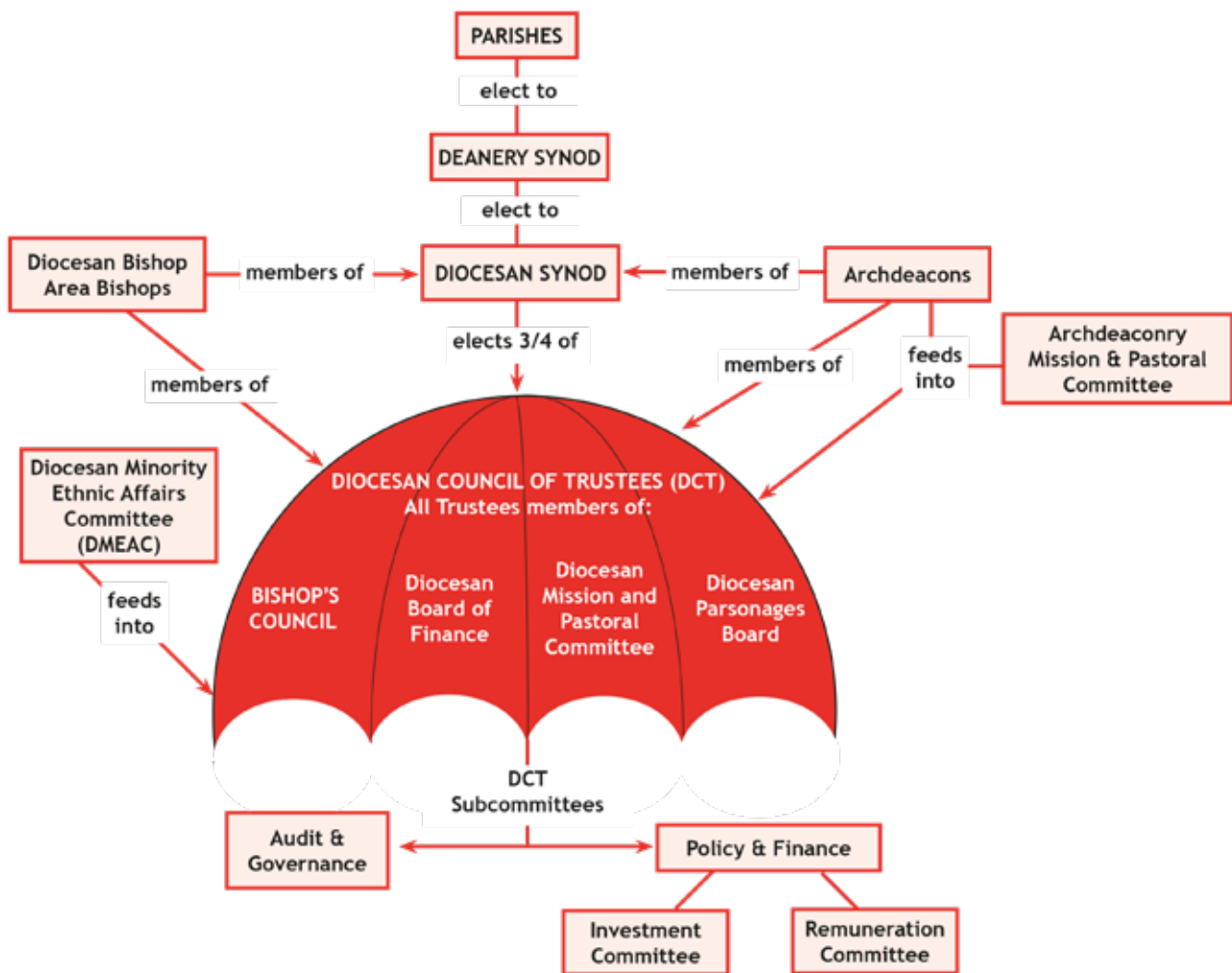
Diocesan Bishop. The Diocese of Southwark is itself divided into 25 deaneries, each with its own Synod, and within each parish there is a Parochial Church Council (PCC). The PCC shares responsibility with the parish priest for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. While each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England enables each Diocese to seek support from and work in partnership with other Dioceses.

## ***Organisational structure***

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a company limited by guarantee (No 236594) and a registered charity (No 249678) governed by its Articles of Association, and was incorporated in 1929. The Articles were updated and modernised during 2017. The Company Secretary is the Diocesan Secretary.

The governance and policy of the SDBF is the responsibility of the Trustees, who are also members of the company and Trustees for the purposes of

Charity Law. Since November 2015 the Diocesan Council of Trustees (see diagram, right) became the standing committee of the Diocesan Synod, and the Diocesan Board of Finance (DBF) joined with the Bishop's Council, Diocesan Mission and Pastoral Committee (DMPC) and Parsonages Board to become coterminous members and Trustees. Under the revised governance, the SDBF comprises the Diocesan Bishop (President of the Diocesan Synod), Chair and Vice Chair of the Board of Finance (both laity), Area Bishops, Archdeacons, Chair of the Houses of Clergy and Laity, six clergy (two from each area), 12 members of the laity elected by the House of Laity (including three from each Area) and six further lay members with up-to-date financial or other relevant expertise formally elected by the House of Laity. The implementation of this revised governance structure was reviewed by an external consultant during 2018 and was found to be successful and robust. Recommendations for further training of trustees and development of the more strategic elements of the Diocesan Mission and Pastoral Committee were accepted.



The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese. The Synod membership is elected every three years, the last elections having been in 2018. The Synod elects from its

members 12 of the lay Trustees of the SDBF and six of the clergy members. The SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations. Since the DBF developed coterminous membership with the Bishop's

Council, DMPC and Parsonages Board, membership, trusteeship and directorship of the SDBF also includes membership of those other bodies, all part of the DCT. The Diocesan Secretary is Secretary to each of these, except that the Deputy Diocesan Secretary is Secretary to the DMPC.

## Decision-making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwark, are set by the Diocesan Synod and the Board. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who reports to the Bishop of Southwark and is also accountable to Trustees through the Chair of the SDBF. The Policy and Finance Committee, which is the standing committee of the Council of Trustees, holds the work of the Diocesan Secretary to account. The company meets once a year in a General Meeting to receive and approve the Annual Report and Financial Statements and to appoint the auditors and to elect the Chair and Vice Chair, nominated by the Bishop of Southwark.

Each year the Diocesan Synod receives and agrees the annual budget, prepared and approved by the Board. The Diocesan Council of Trustees (DBF) holds five meetings each year, including one all-day meeting to consider the annual budget and objectives. Trustees formulate and coordinate policies on mission, ministry and finance by:

- initiating proposals for action by the Synod and advising it on matters of policy

- delegating, where appropriate, deliberation of policy and review of decisions to its Policy and Finance Committee, Audit and Governance Committee and its Investment Committee
- transacting the business of the Synod when it is not in session, subject to the directions of the Synod and in accordance with Synod Standing Orders
- acting as the Trustees of the Board
- establishing ad hoc review groups, their terms of reference and membership
- carrying out such other functions as the Synod delegates to it
- appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by two committees:

**The Policy and Finance Committee** (PFC) is the standing committee of the DCT and monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the Board's responsibilities under the Parsonages Measures 1938 and 1947; the Repair of Benefice Building Measure 1972; the

Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Mission and Pastoral Measure 2011 (with regard to redundant churches). In addition, this committee considers and initiates areas of strategic policy where proposals are at an early stage of development prior to submission to the Board. It meets five times a year including one all-day meeting which particularly examines the forthcoming budget, work plans and annual objectives. It holds the work of the Diocesan Secretary to account and, through her, the work of the executive team.

**The Audit and Governance Committee**, which scrutinises performance, oversees issues of financial probity, reviews the work of external and internal audit, prepares the response to the external auditor's management letter, scrutinises the effectiveness of governance and reviews the risk register and major areas of risk. It meets four times a year. Following a 2018 review of the implementation of the governance changes in 2015, the committee becomes Audit and Risk from 2019.



In addition, the Board is advised by its Investment Sub-Committee, which provides advice to the PFC and to the Diocesan Secretary on the SDBF's investments and funds available for investment. This meets five times a year including two all-day meetings.

### ***Trustee recruitment, selection and induction***

Board Trustees (DBF) are also members of the Bishop's Council, DMPC and Diocesan Parsonages Board and are selected as set out above. Potential Trustees complete skills audits, there is a role description and Trustees are given induction at the outset of the triennium and at other times as appropriate, such as when Trustees are elected or appointed during the triennium. They are also informed, before seeking membership and at all other relevant times, of the role and function of each committee and constituent element of the DCT. Some staff hold the title of 'Director' but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the Diocesan Declaration of Eligibility, Responsibility and Conflicts of Interest statement forms. There is a Handbook of Governance given to each Trustee.

### ***Remuneration of key management personnel***

Remuneration of the Diocesan Secretary is determined annually by a Remuneration Committee, which also receives reports of the Diocesan Secretary's recommendations for members of the Senior Management Team. The Committee is a sub-committee of the PFC, formally reporting through to the Board. It is chaired by the Bishop of Southwark and includes the Chair and Vice-Chair of the SDBF and any external consultants as they determine.

### ***Delegation of day-to-day delivery***

The Trustees and the Committees which assist them in the fulfilment of their responsibilities delegate management to the Diocesan Secretary who, with her Senior Management Team, delivers the activities of the company in accordance with the policies of the Trustees. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Board.

### ***Funds held as Diocesan Authority***

The Board acts as Diocesan Authority or Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure

1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the Managing Trustees are Parochial Church Councils and others. These assets are not aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account, separately identified investment holdings and a separate accounting system. Further details of financial trust assets, whose market value amounted to £14.5m at 31 December 2018 (2017: £15.6m), are available from the SDBF on request, and are summarised in Note 29 (see page 91). Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the SDBF's solicitor, Winckworth Sherwood LLP.

# Trustees' responsibilities

The Trustees are responsible for preparing the Annual Report, which incorporates the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently
- observe 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 the going concern basis unless it is inappropriate to assume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose, with reasonable accuracy, at any time the financial position of the charitable company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the Diocesan website.

## Statement of disclosure to the auditor

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditor is unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

## Appointment of auditor

The re-appointment of Haysmacintyre LLP as auditor to the Board will be proposed at the Annual General Meeting.



Clockwise from top: a service to mark Black History Month; out and about during the DAC day; children perform at the Bishop's Lent Call service

# Administrative details

## **Trustees**

No Trustee had any beneficial interest in the company during 2018. The following Trustees were in post during the period 1 January 2018 to the date of these financial statements:

### **President**

The Bishop of Southwark

The Right Revd Christopher Chessun

### **Ex-officio**

The Bishop of Croydon

The Right Revd Jonathan Clark

The Bishop of Kingston

The Right Revd Dr Richard Cheetham

The Bishop of Woolwich

The Right Revd Dr Karowei Dorgu

The Archdeacon of Croydon

The Venerable Christopher Skilton

The Archdeacon of Lambeth

The Venerable Simon Gates

The Archdeacon of Lewisham  
and Greenwich

The Venerable Alastair Cutting

The Archdeacon of Reigate

The Venerable Moira Astin

The Archdeacon of Southwark

The Venerable Dr Jane Steen

The Archdeacon of Wandsworth

The Venerable John Kiddle

Chair of the House of Clergy  
of Diocesan Synod

The Revd Canon Dr Rosemarie Mallett

Chair of the House of Laity  
of Diocesan Synod

Mr Adrian Greenwood

### **Appointed by the Bishop of Southwark**

Chairman of the Board of Finance

Mr Gerald Allison (to 8 March 2018)<sup>1</sup>

Mr Alan Saunders (from 1 July 2018)

Vice Chairman of the Board of Finance

Mr Carl Hughes (to 8 March 2018)

Mrs Lotwina Farodoye (from 1 July 2018)

### **Elected by Synod (House of Clergy)**

The Revd Canon Dr Susan Clarke (to 5 December 2018)

The Revd Canon Peter Farley-Moore (from 5 December 2018)

The Revd Canon Kim Hitch (to 5 December 2018)

The Revd Jonathan Macy (from 5 December 2018)

The Revd Stephen Prior (from 5 December 2018)

The Revd Jonathan Sedgwick (to 5 December 2018)

The Revd Katie Thomas (from 22 January 2019)

The Revd Alison Way

The Revd Canon Leslie Wells (from 5 December 2018)

<sup>1</sup>Pending the appointment of the new Chair, duties were undertaken by Mr Adrian Greenwood on behalf of the Trustees.



**Elected by Synod (House of Laity)**

Mr Bill Bishop  
 Sir David Beamish (from 18 December 2018)  
 Dr Nicholas Burt (to 5 December 2018)  
 Ms Anne Coates (to 5 December 2018)  
 Mrs Rebecca Chapman (from 18 December 2018)  
 Mrs Jacqueline Dean  
 Mr John Dewhurst (from 18 December 2018)  
 Mr Christopher Elliott  
 Ms Despina Francois (from 18 December 2018)  
 Mrs Lotwina Farodoye (to 1 July 2018)  
 Ms Vasantha Gnanadoss (from 18 December 2018)  
 Mr Michael Hartley (to 5 December 2018)  
 Mr Alex Helliwell  
 Dr David Keiller  
 Ms Solabomi Ogun (from 18 December 2018)  
 Mr Colin Plant (from 18 December 2018)  
 Ms Elizabeth Simon (to 5 December 2018)  
 His Honour Stuart Sleeman (to 5 December 2018)  
 Mrs Sarah Swanson (to 5 December 2018)

**Lay persons elected as specialists**

Dr Nicholas Burt (from 5 December 2018)  
 Mr Philip Fletcher (from 10 March 2018)  
 Mr Michael Hartley (from 5 December 2018)  
 Mr Neil Harvey (to 5 December 2018)  
 Captain Nicholas Lebey CA (from 22 January 2019)  
 Mr Andrew McMurtrie  
 Mr Paul Parkinson (to 10 March 2018)  
 Ms Joy Taylor (to 5 December 2018)  
 Mr Stephen Willmer (to 5 December 2018)

**The Bishop of Southwark's Nominees**

Ms Anne Deering (to 5 December 2018)  
 The Revd Canon Roxanne Hunte (to 5 December 2018)

### ***Senior staff***

Diocesan Secretary  
Deputy Diocesan Secretary  
Director of Finance and  
Financial Assets  
Director of Property Services  
Director of Human Resources  
Director of Information Technology  
Director of Press and Communications  
Director of Strategic and  
Operational Projects

Ms Ruth Martin (Lay Canon)  
The Revd Canon Stephen Roberts

Mr Anthony Demby  
Mr David Norris  
Mr David Loft  
Mr Mark Charlton  
The Revd Canon Wendy Robins  
  
Mrs Jacqueline Pontin

### ***Registered office***

Registered Office

Trinity House, 4 Chapel Court,  
Borough High Street, London SE1 1HW

### ***Advisers***

Bankers

National Westminster Bank plc  
91 Westminster Bridge Road, London SE1 7HW

HSBC UK Bank plc  
133 Regent Street, London W1B 4HX

HSBC Private Bank (UK) Limited  
8 Cork Street, London W1S 3LJ

Independent Auditor

Haysmacintyre LLP  
10 Queen Street Place, London EC4R 1AG

Solicitors

Winckworth Sherwood LLP  
Minerva House, 5 Montague Close, London SE1 9BB

Investment Fund Managers

Cazenove Capital Management Ltd  
1 London Wall Place, London EC2Y 5AU

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

JO Hambro Capital Management Ltd  
1 St James's Market, London SW1Y 4AH

M&G Securities Ltd  
Laurence Pountney Hill, London EC4R 0HH

Mayfair Capital Investment Management Ltd  
2 Cavendish Square, London W1G 0PU

Savills Investment Management (UK) Ltd  
33 Margaret Street, London W1G 0JD

Insurers

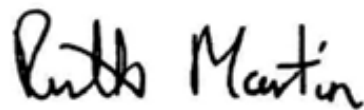
Ecclesiastical Insurance Group plc  
Beaufort House, Brunswick Road, Gloucester GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 12-33 in their capacity as Company Directors.

**By order of the Trustees**



**Alan Saunders**  
Chairman of the Board of Finance  
22 May 2019



**Ruth Martin (Lay Canon)**  
Secretary  
22 May 2019



Stained glass at Mary-at-Lambeth Church, visited on the DAC day







# Independent auditor's report

We have audited the financial statements of The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of 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 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## ***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.

## ***Responsibilities of Trustees for the financial statements***

As explained more fully in the Trustees' responsibilities statement, 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## ***Conclusions relating to going concern***

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## ***Other information***

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## ***Opinions on other matters prescribed by the Companies Act 2006***

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

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

## ***Matters on which we are required to report by exception***

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

- adequate accounting records

have not been kept or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## ***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 charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

**David Sewell**

(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP

Statutory Auditor

22 May 2019

10 Queen Street Place  
London EC4R 1AG



# Statement of Financial Activities for the year ended 31 December 2018

		Unrestricted funds		Restricted funds	Endowment funds	Total funds 2018	Total funds 2017
	Note	General £'000	Designated £'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>							
Donations	3						
Parish contributions		16,448	-	-	-	16,448	16,230
Archbishops' Council		301	-	547	-	848	471
Other donations		1,552	5	-	-	1,557	1,377
Charitable activities	4	1,351	-	-	-	1,351	1,214
Other activities	5	126	-	-	-	126	98
Investments	6	2,194	-	173	-	2,367	2,354
Other	7	1,315	2,657	-	478	4,450	4,123
<b>Total</b>		<b>23,287</b>	<b>2,662</b>	<b>720</b>	<b>478</b>	<b>27,147</b>	<b>25,867</b>
<b>Expenditure on:</b>							
Raising funds	8	5	-	-	17	22	35
Charitable activities	9	23,538	50	449	36	24,073	22,368
<b>Total</b>		<b>23,543</b>	<b>50</b>	<b>449</b>	<b>53</b>	<b>24,095</b>	<b>22,403</b>
<b>Net (expenditure)/income before investment gains</b>		<b>(256)</b>	<b>2,612</b>	<b>271</b>	<b>425</b>	<b>3,052</b>	<b>3,464</b>
Net (losses)/gains on investments	16	(725)	-	(460)	(2,140)	(3,325)	1,951
<b>Net (expenditure)/income</b>		<b>(981)</b>	<b>2,612</b>	<b>(189)</b>	<b>(1,715)</b>	<b>(273)</b>	<b>5,415</b>
Transfers between funds	14	(349)	(4,188)	(175)	4,712	-	-
<b>Other recognised gains:</b>							
(Losses)/gains on revaluation of fixed assets	15	-	(1,325)	-	(1,932)	(3,257)	779
<b>Net movement in funds</b>		<b>(1,330)</b>	<b>(2,901)</b>	<b>(364)</b>	<b>1,065</b>	<b>(3,530)</b>	<b>6,194</b>
Total funds brought forward		6,787	49,587	3,294	227,439	287,107	280,913
<b>Total funds carried forward</b>	<b>20</b>	<b>5,457</b>	<b>46,686</b>	<b>2,930</b>	<b>228,504</b>	<b>283,577</b>	<b>287,107</b>

All activities derive from continuing activities. The notes on pages 55-91 form part of the financial statements. A full compendium of the prior year Statement of Financial Activities (SoFA) is included at Note 28 (see page 90).

### Income and expenditure account for the year ended 31 December 2018

	2018	2017
	£'000	£'000
<b>Total income</b>	26,669	25,733
<b>Total expenditure</b>	24,042	22,376
<b>Operating surplus for the year</b>	<b>2,627</b>	<b>3,357</b>
Net (losses)/gains on investments	(1,185)	461
<b>Net income for the year</b>	<b>1,442</b>	<b>3,818</b>
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	(1,325)	59
Net assets transferred to endowments	(4,712)	(1,197)
<b>Total comprehensive (expenditure)/income</b>	<b>(4,595)</b>	<b>2,680</b>

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

## Balance sheet as at 31 December 2018

Company Number 236594		2018		2017	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets:</b>					
Tangible assets	15		267,533		266,396
Investments	16		26,330		29,697
<b>Total</b>			<b>293,863</b>		<b>296,093</b>
<b>Current assets:</b>					
Debtors	17	1,992		929	
Cash on deposit		1,336		1,826	
Cash at bank and in hand		280		3,508	
<b>Total</b>		<b>3,608</b>		<b>6,263</b>	
Creditors: amounts falling due within one year	18	(3,245)		(4,479)	
<b>Net current assets</b>			<b>363</b>		<b>1,784</b>
<b>Total assets less current liabilities</b>			<b>294,226</b>		<b>297,877</b>
<b>Creditors: amounts falling due after more than one year:</b>					
Pension scheme liabilities	19		(5,318)		(6,140)
Other creditors	19		(5,331)		(4,630)
<b>Net assets</b>			<b>283,577</b>		<b>287,107</b>
<b>Funds:</b>					
Endowment funds			228,504		227,439
Restricted income funds			2,930		3,294
<b>Unrestricted income funds:</b>					
General Fund			5,457		6,787
Designated funds			46,686		47,587
<b>Total funds</b>	<b>21</b>		<b>283,577</b>		<b>287,107</b>

All activities derive from continuing activities. The notes on pages 55-91 form part of the financial statements. A full compendium of the prior year Statement of Financial Activities (SoFA) is included at Note 28 (see page 90).

The financial statements were approved by the Board of Trustees and authorised for issue on **22 May 2019** and signed on behalf of the Board by:

**Alan Saunders**  
*Chairman of the Board of Finance*

## Statement of cash flows for the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>		(6,096)		(2,456)
<b>Cash flows from investing activities:</b>				
Dividends, interest and rent from investments	2,367		2,352	
<b>Proceeds from the sale of:</b>				
Tangible fixed assets	5,533		8,262	
Investments	1,042		4,959	
<b>Purchase of:</b>				
Tangible fixed assets	(5,545)		(4,163)	
Fixed asset investments	(1,000)		(4,970)	
<b>Net cash provided by investing activities</b>		<b>2,397</b>		<b>6,440</b>
<b>Cash flows from financing activities:</b>				
Loans repaid	(19)		(400)	
<b>Net cash used in financing activities</b>		<b>(19)</b>		<b>(400)</b>
Change in cash and cash equivalents in the reporting period		(3,718)		3,584
Cash and cash equivalents at 1 January		5,334		1,750
<b>Cash and cash equivalents at 31 December</b>		<b>1,616</b>		<b>5,334</b>
<b>Reconciliation of net movements in funds to net cash flow from operating activities:</b>				
Net movement in funds for the year ended 31 December		3,052		3,464
<b>Adjustments for:</b>				
Depreciation charges		72		37
Dividends, interest and rent from investments		(2,367)		(2,353)
Movement in pension deficit recovery creditor less contributions paid		(822)		(1,175)
Increase in value of Value-Linked Loans		(5)		(100)
Profit on sale of fixed assets		(4,450)		(3,884)
(Increase)/decrease in debtors		(1,063)		790
(Decrease)/increase in creditors		(513)		765
<b>Net cash used in operating activities</b>		<b>(6,096)</b>		<b>(2,456)</b>
<b>Analysis of cash and cash equivalents:</b>				
Cash in hand		280		3,508
Notice deposits (less than three months)		1,336		1,826
<b>Total</b>		<b>1,616</b>		<b>5,334</b>



# Notes to the financial statements

## 1. Accounting policies

### a) **General information**

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a charitable company limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1. The SDBF meets the definition of a public benefit entity under FRS 102.

### b) **Accounting convention and basis of preparation**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom (FRS 102), the Statement of Recommended Practice for Charities (SORP 2015) and with regard to the Diocesan Annual Report and Financial Statements Guide (5th edition, 2015).

The financial statements have been prepared on the historical cost basis with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in 1.f), and fixed asset investments, which are included at their fair value at the balance sheet date.

### c) **Going concern**

The Directors/Trustees consider that there are no material uncertainties regarding the SDBF's ability to continue as a going concern.

### d) **Income**

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

- i) Parish share is recognised as income of the year to which pledges have been made. Amounts not received are not recognised as debtors as parish share pledges represent a commitment that is not legally enforceable.
- ii) Rent receivable is recognised as income in the period to which it relates.
- iii) Interest and dividends are recognised as income when receivable.
- iv) Grants received that are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are not recognised in the SoFA and are included in creditors.
- v) Parochial fees are recognised as income when receivable.
- vi) Donations other than grants are recognised when receivable.

## 1. Accounting policies (continued)

### **d) Income (continued)**

- vii) Gains on disposal of fixed assets are included within other income. Losses on disposal are included within other expenditure.
- viii) Diocesan Stipendiary Fund income is governed by the Diocesan Stipends Fund Measure 1953, as amended, and is restricted to the payment of clergy stipends. The income is fully expended within the year of receipt. The income and the related stipend expenditure are both included in the unrestricted column of the SoFA.

### **e) Expenditure**

Expenditure is recognised on the accruals basis and is classified in the SoFA under headings that aggregate related costs.

- i) Costs of raising funds are costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) Charitable expenditure comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese and expenditure relating to the running of the Diocesan Retreat House.
- iii) Grants payable are charged in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance or other discretionary requirements to the satisfaction of the SDBF it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure.
- iv) Support costs comprise central management, administration and governance costs. The amount spent on raising funds and other activities is considered by the Trustees to be immaterial and all support costs are included within charitable activities. Costs are charged directly to the activity to which they relate, but where this is not possible they are apportioned on the basis of staff time cost.
- v) Pension contributions. The SDBF participates in two defined benefit pension schemes (see Note 26 on pages 85-89): the Church of England Funded Pensions Scheme for clergy and the Church Workers Pension Fund (CWPF) for SDBF lay staff. The SDBF closed the Defined Benefit Scheme section of the CWPF to new members in July 2013.

Deficit funding for the pension schemes in which the SDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The pension costs charged for the defined benefit schemes as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS 102.

SDBF staff joining after July 2013 are members of the Pension Builder section of the CWPF. Contributions to this scheme paid by the SDBF are charged to the SoFA as resources expended on the accruals basis.

## 1. Accounting policies (continued)

### f) *Tangible fixed assets and depreciation*

#### *Freehold properties*

Freehold properties are initially recognised at cost and subsequently measured at fair value at each reporting date. The SDBF has appointed a firm of chartered surveyors to undertake a full valuation of its freehold properties on a rolling basis over a five-year period. The results of these valuations are extrapolated across the remaining portfolio to ensure that the carrying value of freehold properties approximates fair value. The revaluation gains or losses are reported within other recognised gains and losses in the SoFA.

#### *Properties subject to value-linked loans*

Properties that have been bought with the assistance of value-linked loans from the Church Commissioners are included in the financial statements as fixed assets and loan creditors. The properties are stated at fair value and are revalued at each reporting date. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

#### *Benefice houses*

The SDBF has followed the requirements of FRS 102 in its accounting treatment of benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF 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 consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost. For benefice houses owned at 1 January 2015 the SDBF has adopted the estimated reinstatement cost as at 1 January 2014 as deemed cost. Benefice houses purchased or built after 1 January 2015 are included at purchase or build cost. Benefice houses transferred from the Diocesan Stipendiary Fund are included at the carrying value at the date of transfer.

#### *Depreciation on buildings*

Depreciation is not charged on buildings as the Trustees consider that any provision (annual or cumulative) would not be material owing to the very long expected remaining useful economic life in each case, and that their expected residual value is not materially less than their carrying value. The SDBF 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.

## 1. Accounting policies (continued)

### **f) Tangible fixed assets and depreciation (continued)**

#### **Leasehold improvements**

Improvements made to leasehold properties are amortised in the SoFA over the lease term or break clause where there is an expectation that this will be exercised.

### **g) Other tangible fixed assets**

Other tangible assets are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the SoFA over the expected useful economic life of the asset at the following rates:

furniture and equipment, 10-25% per annum, straight line basis.

### **h) Other accounting policies**

- i) Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the SoFA.
- ii) Leases. The SDBF has entered into operating lease arrangements for the use of certain property assets, the rental for which is charged in full as expenditure in the year to which it relates. Rent-free periods given as part of an operating lease are amortised in the SoFA over the shorter of the term of the lease or first break period contained in the lease.

### **i) Financial instruments: assets and liabilities**

#### **Concessionary loans**

The SDBF makes loans to further its charitable purposes, typically being loans to parishes, at nil interest or at rates below prevailing market rates. It is also in receipt of loans that are interest-free or at rates below prevailing market rates from the Church Commissioners for England and the Central Board of Finance. Such loans are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102 whereby the loans are initially recognised and measured at the amount paid or received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

#### **Debtors**

Debtors are recognised at the settlement amount due.

#### **Cash and cash equivalents**

Cash at bank and cash in hand includes cash held in short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.



## 1. Accounting policies (continued)

### i) *Financial instruments: assets and liabilities (continued)*

#### *Creditors and provisions*

Creditors and provisions are recognised where the SDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### *Value-linked loans*

The SDBF value-linked loans for which the settlement proceeds are based on the value of the related properties. As this constitutes a non-basic financial instrument under FRS 102 these loans are recognised at fair value and are revalued at each reporting date to match the value of the related property.

### j) *Funds*

- Balances are split between unrestricted (general and designated), restricted and endowment funds.
- Unrestricted funds are the SDBF's corporate funds and are freely available for any purpose within the SDBF's charitable objects at the discretion of the Trustees. There are two types of unrestricted funds:
  - general funds* which the SDBF intends to use for the general purposes of the SDBF
  - designated funds* set aside out of unrestricted funds by the SDBF 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 and administered by the SDBF to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage Capital Fund, there are discretionary powers to convert capital into income and this fund is classified as expendable endowment. The Ministry Fund and the Diocesan Stipendiary Fund are endowment funds where there is no provision for expenditure of capital and these are classified as permanent endowments.

## 2. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the SDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key area of estimation is the measurement of the SDBF's property assets at fair value. The Charity SORP requires entities that have adopted a policy of revaluation to undertake valuations on a regular basis to ensure that the carrying amount of the revalued assets does not differ materially from fair value at the end of the reporting period. The SDBF engages a firm of chartered surveyors for the valuation of its freehold properties, excluding benefice houses, on a rolling basis over a five-year period. In order to ensure that the carrying value of the freehold properties excluding benefice houses approximates to fair value, the results of the proportion of the properties valued in the year are extrapolated across the remainder of the property portfolio excluding benefice houses to arrive at year-end fair value.

Those properties selected for valuation are taken across the SDBF's diverse property portfolio and the trustees consider this to be a reasonable basis for estimating the fair value of the SDBF's freehold properties at the balance sheet date. Any variances from actual fair value and the estimated fair value of the portfolio will affect the value of tangible fixed assets reported on the balance sheet, and other gains and losses reported in the SoFA. Income and expenditure is not impacted except in respect of profit or loss arising on the sale of a freehold property held at estimated fair value.

### 3. Donations

#### *Parish contributions*

The majority of donations are collected from the parishes of the Diocese through the parish share system.

	2018 £'000	2017 £'000
<b>Unrestricted General Fund:</b>		
Current year receipts from parishes	16,290	16,146
Previous year receipts from parishes	158	84
<b>Total income</b>	<b>16,448</b>	<b>16,230</b>

#### *Church Commissioners and Archbishops' Council*

	Unrestricted General Fund £'000	Restricted funds £'000	Total funds 2018 £'000
Strategic Development grant	-	197	197
Ordinand training grant	-	350	350
Area Bishops grant	301	-	301
<b>Total</b>	<b>301</b>	<b>547</b>	<b>848</b>

	Unrestricted General Fund £'000	Restricted funds £'000	Total funds 2017 £'000
Strategic Development grant	-	116	116
Ordinand training grant	-	89	89
Area Bishops grant	266	-	266
<b>Total</b>	<b>266</b>	<b>205</b>	<b>471</b>

The Church Commissioners' Area Bishops grant is used to support the administrative costs of the Area Bishops.

Two restricted grants were received: from the Church Commissioners a Strategic Development grant towards the cost of resourcing mission in the Vauxhall, Nine Elms and Battersea area and through Fresh Expressions across the Diocese; and from the Archbishops' Council a block grant for Ordinand training.

## 3. Donations (continued)

### Other donations

	Unrestricted funds		Total funds 2018
	General	Designated	
	£'000	£'000	£'000
<b>Unrestricted General Fund:</b>			
All Churches Trust grant	258	-	258
Trust for London grant	1,053	-	1,053
Legacy income	166	-	166
Other grants and donations	75	5	80
<b>Total</b>	<b>1,552</b>	<b>5</b>	<b>1,557</b>

	Unrestricted funds		Total funds 2017
	General	Designated	
	£'000	£'000	£'000
<b>Unrestricted General Fund:</b>			
All Churches Trust grant	258	-	258
Trust for London grant	1,025	-	1,025
Other grants and donations	94	-	94
<b>Total</b>	<b>1,377</b>	<b>-</b>	<b>1,377</b>

## 4. Charitable activities

	2018	2017
	£'000	£'000
<b>Unrestricted General Fund:</b>		
Statutory fees	499	456
Reimbursement of stipends	637	507
Other income	106	119
Diocesan Retreat House	109	132
<b>Total</b>	<b>1,351</b>	<b>1,214</b>



## 5. Other trading activities

	2018	2017
	£'000	£'000
<b>Unrestricted General Fund:</b>		
Room hire and recharges	126	122
<b>Total</b>	<b>126</b>	<b>122</b>

## 6. Investment income

	Unrestricted General Fund	Restricted funds	Total funds 2018
	£'000	£'000	£'000
Dividends receivable	1,222	173	1,395
Interest receivable	27	-	27
Rents receivable	945	-	945
<b>Total</b>	<b>2,194</b>	<b>173</b>	<b>2,367</b>

	Unrestricted General Fund	Restricted funds	Total funds 2017
	£'000	£'000	£'000
Dividends receivable	1,176	130	1,306
Interest receivable	20	-	20
Rents receivable	1,028	-	1,028
<b>Total</b>	<b>2,224</b>	<b>130</b>	<b>2,354</b>

## 7. Other income

	Unrestricted funds				Total funds 2018 £'000
	General	Designated	Restricted funds	Endowment funds	
	£'000	£'000	£'000	£'000	
Other gains	-	-	-	447	447
Loss on disposal of investments	-	-	-	(42)	(42)
Gain on disposal of other properties	1,315	-	-	73	1,388
Gain on disposal of benefice houses	-	2,657	-	-	2,657
<b>Total</b>	<b>1,315</b>	<b>2,657</b>	<b>-</b>	<b>478</b>	<b>4,450</b>

	Unrestricted funds				Total funds 2017 £'000
	General	Designated	Restricted funds	Endowment funds	
	£'000	£'000	£'000	£'000	
Gain on disposal of investments	44	-	28	134	206
Gain on disposal of benefice houses	-	3,917	-	-	3,917
<b>Total</b>	<b>44</b>	<b>3,917</b>	<b>28</b>	<b>134</b>	<b>4,123</b>

## 8. Fundraising costs

	Unrestricted funds				Total funds 2018 £'000
	General	Designated	Restricted funds	Endowment funds	
	£'000	£'000	£'000	£'000	
Property rental costs	5	-	-	17	22
<b>Total</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>22</b>

	Unrestricted funds				Total funds 2017 £'000
	General	Designated	Restricted funds	Endowment funds	
	£'000	£'000	£'000	£'000	
Property rental costs	8	-	-	27	35
<b>Total</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>35</b>

## 9. Charitable activities

2018	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total funds 2018
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	663	-	-	-	663
National Church responsibilities	638	-	-	-	638
Retired clergy housing costs	240	-	-	-	240
	1,541	-	-	-	1,541
Resourcing mission and ministry:					
Parish Ministry:					
Stipends and National Insurance	9,324	-	82	-	9,406
Pension contributions	2,985	-	27	-	3,012
Defined benefit pension scheme movement	(822)	-	-	-	(822)
Housing costs	4,323	-	-	-	4,323
Removal and resettlement grants	904	-	-	-	904
Other expenses	2,957	-	-	36	2,993
	19,671	-	109	36	19,816
Support for parish ministry	2,055	50	340	-	2,445
Diocesan Retreat House	271	-	-	-	271
	21,997	50	449	36	22,532
Total	23,538	50	449	36	24,073

## 9. Charitable activities (continued)

2017	Unrestricted funds				Total funds 2017 £'000
	General	Designated	Restricted funds	Endowment funds	
	£'000	£'000	£'000	£'000	
Contributions to Archbishops' Council:					
Training for Ministry	691	-	-	-	691
National Church responsibilities	615	-	-	-	615
Retired clergy housing costs	227	-	-	-	227
	1,533	-	-	-	1,533
Resourcing mission and ministry:					
Parish Ministry:					
Stipends and National Insurance	9,217	-	28	-	9,245
Pension contributions	2,994	-	9	-	3,003
Defined benefit pension scheme movement	(1,175)	-	-	-	(1,175)
Housing costs	3,707	3	-	-	3,710
Removal and resettlement grants	749	-	-	-	749
Other expenses	245	-	-	-	245
	15,737	3	37	-	15,777
Support for parish ministry	4,489	150	186	-	4,825
Diocesan Retreat House	233	-	-	-	233
	20,459	153	223	-	20,835
Total	21,992	153	223	-	22,368



## 10. Analysis of expenditure including allocation of support costs

2018	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2018
	£'000	£'000	£'000	£'000
<b>Charitable activities:</b>				
Contributions to Archbishops' Council	-	1,541	-	1,541
Resourcing parish ministry	18,582	1,255	1,936	21,773
Education and social responsibility	-	488	-	488
Diocesan Retreat House	271	-	-	271
<b>Total</b>	<b>18,853</b>	<b>3,284</b>	<b>1,936</b>	<b>24,073</b>

2017	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2017
	£'000	£'000	£'000	£'000
<b>Charitable activities:</b>				
Contributions to Archbishops' Council	-	1,533	-	1,533
Resourcing parish ministry	16,825	1,387	1,903	20,115
Education and social responsibility	-	487	-	487
Diocesan Retreat House	233	-	-	233
<b>Total</b>	<b>17,058</b>	<b>3,407</b>	<b>1,903</b>	<b>22,368</b>

## 11. Analysis of support costs

2018	Unrestricted General Fund £'000	Endowment funds £'000	Total funds 2018 £'000
Central administration	1,769	36	1,805
<b>Governance:</b>			
External audit	43	-	43
Registrar and Chancellor	60	-	60
Synodical costs	28	-	28
<b>Total</b>	<b>1,900</b>	<b>36</b>	<b>1,936</b>

2017	Unrestricted General Fund £'000	Endowment funds £'000	Total funds 2017 £'000
Central administration	1,812	-	1,812
<b>Governance:</b>			
External audit	35	-	35
Registrar and Chancellor	43	-	43
Synodical costs	13	-	13
<b>Total</b>	<b>1,903</b>	<b>-</b>	<b>1,903</b>

## 12. Analysis of grants made

2018	Number	Individuals £'000	Institutions £'000	2018 total £'000
<b>From unrestricted funds for national Church responsibilities:</b>				
Contributions to Archbishops' Council	1	-	1,541	1,541
	<b>1</b>	<b>-</b>	<b>1,541</b>	<b>1,541</b>
<b>From unrestricted funds:</b>				
Southwark Diocesan Board of Education	2	-	337	337
Southwark Diocesan Welcare	1	-	202	202
Southwark Cathedral	1	-	18	18
Parishes for mission	103	-	249	249
Other institutions for mission	50	-	149	149
Individuals for mission	17	7	-	7
Parishes for fabric repairs	1	-	3	3
Clergy for settling in/first appointment	77	199	-	199
Clergy for study/sabbatical	19	18	-	18
Ordinands in training	62	546	-	546
	<b>333</b>	<b>770</b>	<b>958</b>	<b>1,728</b>
<b>From restricted funds for various purposes within resourcing parish ministry:</b>				
Education and development of women clergy (Gilmore Fund)	48	15	-	15
	<b>48</b>	<b>15</b>	<b>-</b>	<b>15</b>
<b>Total</b>	<b>382</b>	<b>785</b>	<b>2,499</b>	<b>3,284</b>

## 12. Analysis of grants made (continued)

2017	Number	Individuals £'000	Institutions £'000	2017 total £'000
<b>From unrestricted funds for national Church responsibilities:</b>				
Contributions to Archbishops' Council	1	-	1,533	1,533
	<b>1</b>	<b>-</b>	<b>1,533</b>	<b>1,533</b>
<b>From unrestricted funds:</b>				
Southwark Diocesan Board of Education	2	-	440	440
Southwark Diocesan Welcare	1	-	198	198
Southwark Cathedral	1	-	26	26
Bishop of Southwark's Fund	1	-	25	25
Parishes for mission	82	-	431	431
Other institutions for mission	29	-	73	73
Individuals for mission	8	4	-	4
Parishes for fabric repairs	1	-	3	3
Parishes for incumbent-status housing	5	-	16	16
Clergy for settling in/first appointment	55	201	-	201
Clergy for study/sabbatical	23	23	-	23
Ordinands in training	40	418	-	418
	<b>248</b>	<b>646</b>	<b>1,212</b>	<b>1,858</b>
<b>From restricted funds for various purposes within resourcing parish ministry:</b>				
Education and development of women clergy (Gilmore Fund)	28	16	-	16
	<b>28</b>	<b>16</b>	<b>-</b>	<b>16</b>
<b>Total</b>	<b>277</b>	<b>662</b>	<b>2,745</b>	<b>3,407</b>



## 13. Staff costs

	2018	2017
	£'000	£'000
<b>Employee costs during the year were as follows:</b>		
Wages and salaries	2,216	2,027
National Insurance contributions	250	222
Pension costs	460	398
Termination payments	19	-
	<b>2,945</b>	<b>2,647</b>

<b>The average number of persons employed during the year:</b>	2018	2017
	Number	Number
Administration and financial management	19	19
Property	13	12
Vocations, ministry, safeguarding and Diocesan Retreat House	33	27
Mission and public policy	25	21
	<b>90</b>	<b>79</b>

<b>The average number of persons employed during the year based on full-time equivalents:</b>	2018	2017
	Number	Number
Administration and financial management	15.8	15.7
Property	10.5	8.6
Vocations, ministry, safeguarding and Diocesan Retreat House	16.3	13.2
Mission and public policy	19.5	15.9
	<b>62.1</b>	<b>53.4</b>

The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2018	2017
	Number	Number
£60,001-£70,000	2	2
£70,001-£80,000	2	-
£80,001-£90,000	1	1
£110,001-£120,000	1	-
<b>Total</b>	<b>6</b>	<b>3</b>

## 13. Staff costs (continued)

### **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 2018 they were:

Diocesan Secretary and Company Secretary	Ms Ruth Martin (Lay Canon)
Deputy Diocesan Secretary	The Revd Canon Stephen Roberts
Director of Finance and Financial Assets	Mr Anthony Demby
Director of Property Services	Mr David Norris
Director of Human Resources	Mr David Loft
Director of Information Technology	Mr Mark Charlton
Director of Press and Communications	The Revd Canon Wendy Robins
Director of Strategic and Operational Projects	Mrs Jacqueline Pontin.

Remuneration, employers' National Insurance and pensions for these eight employees (2017: eight) was £704,000 (2017: £651,000).

### **Trustees' emoluments**

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out-of-pocket expenses totalling £12,000 (2017: £13,000) in respect of General and Diocesan Synod duties and other duties as Trustees. The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year. Consequently, non-stipendiary Trustees are not listed below.

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Richard Cheetham	No	Yes
The Right Revd Jonathan Clark	No	Yes
The Right Revd Dr Karowei Dorgu	No	Yes
The Venerable Moira Astin	Yes	Yes
The Venerable Alastair Cutting	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Christopher Skilton	Yes	Yes
The Venerable Dr Jane Steen	Yes	Yes
The Revd Canon Peter Farley-Moore (from 5 December 2018)	Yes	Yes
The Revd Canon Kim Hitch (to 5 December 2018)	Yes	Yes
The Revd Canon Roxanne Hunte (to 5 December 2018)	Yes	Yes
The Revd Canon Dr Rosemarie Mallett	Yes	Yes

## 13. Staff costs (continued)

### *Trustees' emoluments (continued)*

	Stipend	Housing
The Revd Jonathan Macy (from 5 December 2018)	Yes	Yes
The Revd Stephen Prior (from 5 December 2018)	Yes	Yes
The Revd Jonathan Sedgwick (to 5 December 2018)	Yes	Yes
The Revd Alison Way	Yes	Yes
The Revd Canon Leslie Wells (from 5 December 2018)	Yes	Yes

The SDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese excluding the Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 290 (2017: 293) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2018 £'000	2017 £'000
Stipends	8,676	8,535
National Insurance contributions	692	682
Apprenticeship levy	38	28
Pension costs – current year	3,012	3,003
<b>Total</b>	<b>12,418</b>	<b>12,248</b>

The stipends of the Diocesan Bishop and Area Bishops are paid and funded by the Church Commissioners and are in the range £36,210-£44,380 (2017 range: £36,010-£43,150). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2018 was in the range £35,561-£36,934 (2017 range: £34,864-£36,210) and other clergy who were Trustees were paid in the range £25,125-£26,540 (2017 range: £24,876-£26,020). The Archbishops' Council has estimated the value to the occupant, gross of income tax and National Insurance, of Church-provided housing in the Diocese in 2018 at £28,100 (2017: £28,581).

## 14. Analysis of transfers between funds

2018	Unrestricted funds			
	General	Designated	Restricted funds	Endowment funds
	£'000	£'000	£'000	£'000
From General Fund to Diocesan Stipendiary Fund for reduction in CEFPS pension scheme deficit	(822)	-	-	822
From General Fund to Southwark Vision Development Fund for funding	(612)	612	-	-
From General Fund to Strategic Development Fund for project costs	75	-	(75)	-
From Parsonage Capital Fund to Diocesan Pastoral Account for the sale of benefice houses	-	1,470	-	(1,470)
From Diocesan Pastoral Account to Parsonage Capital Fund for benefice house additions	-	(6,690)	-	6,690
From Diocesan Pastoral Account to General Fund for exceptional property costs	379	(379)	-	-
From Dartmouth House Fund to General Fund for Diocesan Retreat House costs	100	-	(100)	-
From Board Property Fund to General Fund for sale of property	531	(531)	-	-
From Diocesan Stipendiary Fund to Board Property Fund for transfer of property	-	1,330	-	(1,330)
<b>Total</b>	<b>(349)</b>	<b>(4,188)</b>	<b>(175)</b>	<b>4,712</b>

2017	Unrestricted funds			
	General	Designated	Restricted funds	Endowment funds
	£'000	£'000	£'000	£'000
From Diocesan Pastoral Account to General Fund for exceptional property costs	126	(126)	-	-
From Diocesan Stipendiary Fund to General Fund for adjustment to CEFPS pension scheme deficit	1,345	-	-	(1,345)
From General Fund to Diocesan Stipendiary Fund for reduction in CEFPS pension scheme deficit	(1,175)	-	-	1,175
From General Fund to Multi-Academy Trust Fund for funding	(200)	200	-	-
From General Fund to Strategic Development Fund for project costs	24	-	(24)	-
From Ministry Mission Fund to General Fund for parish mission	282	(282)	-	-
From Parsonage Capital Fund to Diocesan Pastoral Account for the sale of benefice houses	-	651	-	(651)
From Diocesan Pastoral Account to Parsonage Capital Fund for benefice house additions	-	(2,018)	-	2,018
From Dartmouth House Fund to General Fund for Diocesan Retreat House costs	99	-	(99)	-
<b>Total</b>	<b>501</b>	<b>(1,575)</b>	<b>(123)</b>	<b>1,197</b>

## 15. Tangible fixed assets

	Freehold & leasehold properties	Leasehold improvements	Furniture & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>				
At 1 January 2018	266,204	107	301	266,612
Additions	7,169	185	139	7,493
Disposals	(3,027)	-	-	(3,027)
Revaluation/impairment	(3,257)	-	-	(3,257)
<b>At 31 December 2018</b>	<b>267,089</b>	<b>292</b>	<b>440</b>	<b>267,821</b>
<b>Depreciation:</b>				
At 1 January 2018	-	83	133	216
Charge for the year	-	5	67	72
<b>At 31 December 2018</b>	<b>-</b>	<b>88</b>	<b>200</b>	<b>288</b>
<b>Net book value at 31 December 2018</b>	<b>267,089</b>	<b>204</b>	<b>240</b>	<b>267,533</b>
<b>Net book value at 31 December 2017</b>	<b>266,204</b>	<b>24</b>	<b>168</b>	<b>266,396</b>

Freehold and leasehold properties in the balance sheet are all vested in the SDBF, except for benefice houses which are vested in the incumbent. With the exception of benefice houses, which are stated at deemed cost, all properties in the current and prior year are stated at fair value. The carrying value of benefice houses held at deemed cost at the balance sheet date is £142,845,000 (2017: £136,859,000).

All properties other than benefice houses were revalued to fair value at 31 December 2015 and are subject to revaluation on a five-year cycle. Properties with a fair value of £31,110,000 at 31 December 2018 (2017: £32,332,000) were revalued. The revaluation was carried out by Rapleys LLP in accordance with Royal Institute of Chartered Surveyors' professional standards and valuation practice statements and resulted in a decrease in the value of the properties excluding impairments by £894,000 (2017: £415,000 increase).

In order to maintain consistency with the SDBF's accounting policy of measuring properties other than benefice houses at fair value, the results of this valuation have been extrapolated across those assets not revalued at the balance sheet date. This has resulted in an additional revaluation loss in the year of £2,223,000 (2017: £1,066,000 gain).

The carrying value of leasehold properties included within freehold and leasehold properties amounts to £1,589,000 (2017: £759,000).



## 15. Tangible fixed assets (continued)

The carrying value of assets under construction included within freehold and leasehold properties amounts to £2,179,000 (2017: £3,947,000).

Certain properties have been purchased with the help of value-linked loans from the Church Commissioners. The properties are revalued to fair value annually. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished. The value of such properties included above amounts to £3,155,000 (2017: £3,150,000). The revaluation gain on these properties amounts to £5,000 (2017: £100,000) and has been netted off against the matching movement in the linked liability.

## 16. Fixed assets investments

	At 1 January 2018 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in market value £'000	At 31 December 2018 £'000
<b>Unrestricted funds:</b>						
Unit trusts and similar funds	3,718	-	-	183	(725)	3,176
<b>Restricted funds:</b>						
Unit trusts and similar funds	3,081	-	-	(183)	(460)	2,438
<b>Endowment funds:</b>						
Unit trusts and similar funds	22,898	1,000	(1,042)	-	(2,140)	20,716
<b>Total</b>	<b>29,697</b>	<b>1,000</b>	<b>(1,042)</b>	<b>-</b>	<b>(3,325)</b>	<b>26,330</b>

## 17. Debtors

	2018 £'000	2017 £'000
<b>Due within one year:</b>		
Loans to parishes	79	64
Loans to others	21	18
Other debtors and prepayments	1,366	610
	<b>1,466</b>	<b>692</b>
<b>Due after more than one year:</b>		
Loans to parishes	513	228
Other debtors	13	9
	<b>526</b>	<b>237</b>
<b>Total debtors</b>	<b>1,992</b>	<b>929</b>

## 18. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Bank loan repayment instalments due in one year	300	1,500
Church Commissioners' other loan	480	-
Other taxes and social security	82	64
Other creditors and accruals	1,383	1,915
Church of England Funded Pension Scheme	1,000	1,000
<b>Total creditors: amounts falling due within one year</b>	<b>3,245</b>	<b>4,479</b>

## 19. Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
<b>Loans repayable in instalments due after more than one year:</b>		
Commercial loan	1,176	-
CBF other loan	1,000	1,000
Church Commissioners' value-linked loans	3,155	3,150
Church Commissioners' other loan	-	480
	<b>5,331</b>	<b>4,630</b>
<b>Pension scheme liabilities:</b>		
Church of England Funded Pension Scheme	5,318	6,140
	<b>5,318</b>	<b>6,140</b>
<b>Total creditors: amounts falling due after more than one year</b>	<b>10,649</b>	<b>10,770</b>
	2018 £'000	2017 £'000
<b>The maturity of the above loans may be analysed as follows:</b>		
Between two and five years	2,176	1,480
In five years and more	3,155	3,150
	<b>5,331</b>	<b>4,630</b>

The commercial loan is a five-year loan repayable in monthly instalments with HSBC UK Bank plc. Interest is charged at 1.5% above base rate.

The CBF other loan is a 10-year loan repayable at the end of the term under the Diocesan Loan Scheme. Interest is charged at 0.55% per annum above the CBF Church of England Deposit Fund Rate.

The Church Commissioners' other loan is a 10-year interest-free loan repayable at the end of the term to assist with the purchase of a property.

Value-linked loans from the Church Commissioners are repayable on the sale of the property to which they relate. Interest is charged at 4% per annum. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

## 20. Summary of fund movements

2018	Balances at 1 January 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balances at 31 December 2018 £'000
<b>Unrestricted funds:</b>						
General	6,787	23,287	(23,543)	(349)	(725)	5,457
	<b>6,787</b>	<b>23,287</b>	<b>(23,543)</b>	<b>(349)</b>	<b>(725)</b>	<b>5,457</b>
<b>Designated funds:</b>						
Diocesan Pastoral Account	4,550	2,657	-	(5,601)	-	1,606
Board Property Fund	44,187	-	-	801	(1,325)	43,663
Multi-Academy Trust Fund	850	-	(50)	-	-	800
Southwark Vision Development Fund	-	5	-	612	-	617
	<b>49,587</b>	<b>2,662</b>	<b>(50)</b>	<b>(4,188)</b>	<b>(1,325)</b>	<b>46,686</b>
<b>Restricted funds:</b>						
Strategic Development Fund	-	197	(122)	(75)	-	-
Ordinand Training Fund	11	351	(312)	-	-	50
Gilmore Fund	371	17	(15)	-	(50)	323
Dartmouth House Fund	2,912	155	-	(100)	(410)	2,557
	<b>3,294</b>	<b>720</b>	<b>(449)</b>	<b>(175)</b>	<b>(460)</b>	<b>2,930</b>
<b>Endowment funds:</b>						
Ministry Fund	4,282	-	-	-	(495)	3,787
Diocesan Stipendiary Fund	89,626	32	(22)	(986)	(3,577)	85,073
Parsonage Capital Fund	133,531	446	(31)	5,698	-	139,644
	<b>227,439</b>	<b>478</b>	<b>(53)</b>	<b>4,712</b>	<b>(4,072)</b>	<b>228,504</b>
<b>Total funds</b>	<b>287,107</b>	<b>27,147</b>	<b>(24,095)</b>	<b>-</b>	<b>(6,582)</b>	<b>283,577</b>

## 20. Summary of fund movements (continued)

2017	Balances at 1 January 2017	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds:</b>						
General	6,571	21,453	(22,000)	501	262	6,787
	<b>6,571</b>	<b>21,453</b>	<b>(22,000)</b>	<b>501</b>	<b>262</b>	<b>6,787</b>
<b>Designated funds:</b>						
Diocesan Pastoral Account	2,129	3,917	(3)	(1,493)	-	4,550
Board Property Fund	44,128	-	-	-	59	44,187
Ministry Mission Fund	282	-	-	(282)	-	-
Multi-Academy Trust Fund	800	-	(150)	200	-	850
	<b>47,339</b>	<b>3,917</b>	<b>(153)</b>	<b>(1,575)</b>	<b>59</b>	<b>49,587</b>
<b>Restricted funds:</b>						
Strategic Development Fund	-	116	(92)	(24)	-	-
Ordinand Training Fund	-	89	(78)	-	-	11
Gilmore Fund	350	17	(17)	-	21	371
Dartmouth House Fund	2,728	141	(36)	(99)	178	2,912
	<b>3,078</b>	<b>363</b>	<b>(223)</b>	<b>(123)</b>	<b>199</b>	<b>3,294</b>
<b>Endowment funds:</b>						
Ministry Fund	4,058	-	-	-	224	4,282
Diocesan Stipendiary Fund	87,702	134	(27)	(169)	1,986	89,626
Parsonage Capital Fund	132,165	-	-	1,366	-	133,531
	<b>223,925</b>	<b>134</b>	<b>(27)</b>	<b>1,197</b>	<b>2,210</b>	<b>227,439</b>
<b>Total funds</b>	<b>280,913</b>	<b>25,867</b>	<b>(22,409)</b>	<b>-</b>	<b>2,730</b>	<b>287,107</b>



## 21. Summary of assets by fund

2018	Fixed assets tangible £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<b>Unrestricted funds:</b>					
General	3,599	3,176	6,258	(7,576)	5,457
	<b>3,599</b>	<b>3,176</b>	<b>6,258</b>	<b>(7,576)</b>	<b>5,457</b>
<b>Designated funds:</b>					
Diocesan Pastoral Account	-	-	1,606	-	1,606
Board Property Fund	45,919	-	(2,256)	-	43,663
Multi Academy Trust Fund	-	-	800	-	800
Southwark Vision Development Fund	-	-	617	-	617
	<b>45,919</b>	<b>-</b>	<b>767</b>	<b>-</b>	<b>46,686</b>
<b>Restricted funds:</b>					
Ordinand Training Fund	-	-	50	-	50
Gilmore Fund	-	313	10	-	323
Dartmouth House Fund	-	2,125	432	-	2,557
	<b>-</b>	<b>2,438</b>	<b>492</b>	<b>-</b>	<b>2,930</b>
<b>Endowment funds:</b>					
Ministry Fund	-	2,997	790	-	3,787
Diocesan Stipendiary Fund	75,170	17,719	(1,498)	(6,318)	85,073
Parsonage Capital Fund	142,845	-	(3,201)	-	139,644
	<b>218,015</b>	<b>20,716</b>	<b>(3,909)</b>	<b>(6,318)</b>	<b>228,504</b>
<b>Total funds</b>	<b>267,533</b>	<b>26,330</b>	<b>3,608</b>	<b>(13,894)</b>	<b>283,577</b>

## 21. Summary of assets by fund (continued)

2017	Fixed assets Tangible £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
<b>Unrestricted funds:</b>					
General	3,342	3,718	7,836	(8,109)	6,787
	<b>3,342</b>	<b>3,718</b>	<b>7,836</b>	<b>(8,109)</b>	<b>6,787</b>
<b>Designated funds:</b>					
Diocesan Pastoral Account	-	-	4,550	-	4,550
Board Property Fund	45,619	-	(1,432)	-	44,187
Multi-Academy Trust Fund	-	-	850	-	850
	<b>45,619</b>	<b>-</b>	<b>3,968</b>	<b>-</b>	<b>49,587</b>
<b>Restricted funds:</b>					
Ordinand Training Fund	-	-	11	-	11
Gilmore Fund	-	364	7	-	371
Dartmouth House Fund	-	2,718	194	-	2,912
	<b>-</b>	<b>3,082</b>	<b>212</b>	<b>-</b>	<b>3,294</b>
<b>Endowment funds:</b>					
Ministry Fund	-	3,491	791	-	4,282
Diocesan Stipendiary Fund	81,041	19,406	(3,681)	(7,140)	89,626
Parsonage Capital Fund	136,394	-	(2,863)	-	133,531
	<b>217,435</b>	<b>22,897</b>	<b>(5,753)</b>	<b>(7,140)</b>	<b>227,439</b>
<b>Total funds</b>	<b>266,396</b>	<b>29,697</b>	<b>6,263</b>	<b>(15,249)</b>	<b>287,107</b>

## 22. Description of funds

<b>General Fund</b>	The fund represents the unrestricted undesignated fund available for any of the SDBF's purposes.
<b>Diocesan Pastoral Account</b>	The account is a designated fund for the purposes defined in the Mission and Pastoral Measure 2011. It represents capital receipts released following the sale of benefice houses (parsonages) and redundant churches. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the SDBF.
<b>Board Property Fund</b>	This fund is a designated fund. It represents the fair value of properties held by the SDBF at the year end.
<b>Multi-Academy Trust Fund</b>	This is a designated fund to provide initial financial support for the Multi-Academy Trust set up by the Southwark Diocesan Board of Education (SDBE).
<b>Southwark Vision Development Fund</b>	This is a designated fund to support Southwark Vision 2025 across the Diocese.
<b>Strategic Development Fund</b>	This is a restricted fund. It represents the grant received from the Church Commissioners to fund mission within the Vauxhall, Nine Elms and Battersea area and Fresh Expressions across the Diocese.
<b>Ordinand Training Fund</b>	This is a restricted fund. It represents the block grant received from the Archbishops' Council to fund Ordinand training.
<b>Gilmore Fund</b>	The Isabella Gilmore Fund is a restricted fund for the purpose of the education and development of licensed, commissioned or ordained women.
<b>Dartmouth House Fund</b>	This is a restricted fund for the purpose of facilitating clergy and lay training, retreats or conferences to assist and promote the work of the Church of England in the Diocese of Southwark and to use the monies to acquire any buildings which may be necessary to forward such purposes, subject always to the consent in writing of the Bishop of Southwark.
<b>Ministry Fund</b>	This is a permanent endowment fund held under the Endowments and Glebe Measure 1976 from which the income arising and/or benefit of use of the asset has been passed to the SDBF for the purpose of supporting clergy stipends within the Diocese. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
<b>Diocesan Stipendiary Fund</b>	This is a permanent endowment fund. It represents the glebe assets of benefices from which the income arising and/or benefit of use has been passed to the SDBF under the provisions of the Mission and Pastoral Measure 2011. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
<b>Parsonage Capital Fund</b>	This is an expendable endowment fund. It represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the Diocese. Under the Mission and Pastoral Measure 2011, capital receipts released following the sale of benefice houses are held in the Diocesan Pastoral Account, a designated fund. To the extent that the funds are not required for future building or improvement works to benefice houses the funds may be applied to any general purpose of the SDBF.

## 23. Capital commitments

At 31 December 2018 the SDBF had capital expenditure commitments authorised but not contracted for of £nil (2017: £nil), and contracted for but not yet due of £684,000 (2017: £164,000).

## 24. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
<b>Minimum lease payments payable:</b>		
Within one year of the balance sheet date	260	205
In the second to fifth years inclusive of the balance sheet date	97	240
More than five years from the balance sheet date	2	-
<b>Total</b>	<b>359</b>	<b>445</b>

Total lease rental payments expensed in the year are £436,000 (2017: £373,000).

	2018 £'000	2017 £'000
<b>Minimum lease payments receivable:</b>		
Within one year of the balance sheet date	372	301
In the second to fifth years inclusive of the balance sheet date	265	356
More than five years from the balance sheet date	855	921
<b>Total</b>	<b>1,492</b>	<b>1,578</b>

## 25. Post balance sheet events and contingent liabilities

There were no post balance sheet events or contingent liabilities at the balance sheet date.

## 26. Pensions

The SDBF participates in two pension schemes administered by the Church of England Pensions Board: the **Church of England Funded Pensions Scheme (CEFPS)** for stipendiary clergy and the **Church Workers Pension Fund (CWPF)** for lay staff.

### *Church of England Funded Pensions Scheme*

The SDBF participates in the CEFPS for stipendiary clergy, a defined benefit scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to each specific Responsible Body, and 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 contributions payable towards benefits and expenses accrued in that year (2018: £2,095,000, 2017: £1,921,000), plus the figures highlighted in the table overleaf as being recognised in the SoFA, giving a total charge of £3,012,000 for 2018 (2017: £3,003,000).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2015. A valuation as at 31 December 2018 is currently under way, but the results of this are yet to be determined. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- an investment strategy of:
  - an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030 (with the remainder in return-seeking assets) for investments backing liabilities for pensions in payment; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement
- investment returns equivalent to 2.6% per annum on gilts and 4.6% per annum on return-seeking assets
- RPI inflation of 3.2% per annum (and pension increases consistent with this)
- increase in pensionable stipends of 3.2% per annum
- mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long-term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table overleaf.



## 26. Pensions (continued)

### Church of England Funded Pensions Scheme (continued)

#### Percentage of pensionable stipends

	January 2018 to December 2025	January 2016 to December 2017
Deficit repair contributions	11.9%	14.1%

The deficit repair contributions under the recovery plan in force at 31 December 2016, 31 December 2017 and 31 December 2018 were as set out in the table above.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2018 £'000	2017 £'000
Balance sheet liability as at 1 January	7,140	8,315
Contributions paid	(917)	(1,082)
Interest cost (recognised in the SoFA)	94	117
Remaining charge to the balance sheet liability* (recognised in SoFA)	1	(210)
<b>Balance sheet liability as at 31 December</b>	<b>6,318</b>	<b>7,140</b>

\*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 set by reference to the duration of the deficit recovery payments:

	December 2018	December 2017	December 2016
Discount rate	2.1% pa	1.4% pa	1.5% pa
Price inflation	3.1% pa	3.0% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.5% pa	1.6% pa

## 26. Pensions (continued)

### ***Church of England Funded Pensions Scheme (continued)***

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

### ***Church Workers Pension Fund***

The SDBF participates in the Defined Benefits Scheme (DBS) section of the Church Workers Pension Fund (CWPF) for lay staff. The scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the DBS, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014. The SDBF closed the DBS section to new entrants from July 2013.

### ***Defined Benefits Scheme***

The DBS section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the DBS 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 (2018: £183,000, 2017: £151,000).

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

## 26. Pensions (continued)

### ***Church Workers Pension Fund (continued)***

#### ***Defined Benefits Scheme (continued)***

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 39.2% of pensionable salary and expenses of £12,000 per year.

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

The next valuation of the scheme will be carried out as at December 2019.

#### ***Pension Builder Scheme***

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

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Pension Builder Scheme of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, 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. Bonuses may also be declared, depending upon investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Pensions Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' normal pension age.

## 26. Pensions (continued)

### ***Church Workers Pension Fund (continued)***

#### ***Pension Builder Scheme (continued)***

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 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 (2018: £224,000, 2017: £151,000).

A valuation of the scheme is carried out once every three years, the most recent having been carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent review, the Pensions Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

## 27. Related party transactions

The SDBF has a number of related party relationships with connected organisations as detailed on pages 24-25 of this annual report. Grants made in the current and previous year to these related parties are disclosed in Note 12 (see pages 69-70) to these accounts.

## 28. Prior year Statement of Financial Activities

	Unrestricted funds				Total funds 2017 £'000
	General	Designated	Restricted funds	Endowment funds	
	£'000	£'000	£'000	£'000	
<b>Income and endowments from:</b>					
<b>Donations:</b>					
Parish contributions	16,230	-	-	-	16,230
Archbishops' Council	266	-	205	-	471
Other donations	1,377	-	-	-	1,377
Charitable activities	1,214	-	-	-	1,214
Other activities	98	-	-	-	98
Investments	2,224	-	130	-	2,354
Other	44	3,917	28	134	4,123
<b>Total</b>	<b>21,453</b>	<b>3,917</b>	<b>363</b>	<b>134</b>	<b>25,867</b>
<b>Expenditure on:</b>					
Raising funds	8	-	-	27	35
Charitable activities	21,992	153	223	-	22,368
<b>Total</b>	<b>22,000</b>	<b>153</b>	<b>223</b>	<b>27</b>	<b>22,403</b>
<b>Net income before investment gains</b>	<b>(547)</b>	<b>3,764</b>	<b>140</b>	<b>107</b>	<b>3,464</b>
Net gains on investments	262	-	199	1,490	1,951
<b>Net income</b>	<b>(285)</b>	<b>3,764</b>	<b>339</b>	<b>1,597</b>	<b>5,415</b>
<b>Transfers between funds</b>	<b>501</b>	<b>(1,575)</b>	<b>(123)</b>	<b>1,197</b>	<b>-</b>
<b>Other recognised gains:</b>					
Gains on revaluation of fixed assets	-	59	-	720	779
<b>Net movement in funds</b>	<b>216</b>	<b>2,248</b>	<b>216</b>	<b>3,514</b>	<b>6,194</b>
Total funds brought forward	6,571	47,339	3,078	223,925	280,913
<b>Total funds carried forward</b>	<b>6,787</b>	<b>49,587</b>	<b>3,294</b>	<b>227,439</b>	<b>287,107</b>

## 29. Funds held as Diocesan Authority

The SDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are Parochial Church Councils and others. Assets held as Diocesan Authority are not controlled by the SDBF and are not included in these financial statements. They are summarised as follows:

	2018	2017
	£'000	£'000
CBF Church of England Investment Fund	8,126	7,856
M&G Equities Investment Fund for Charities	1,706	2,030
CBF Church of England Global Equity Income Fund	579	592
Other CBF Church of England funds	413	876
Other Common Investment and OEIC holdings	1,553	1,555
Direct holdings in UK equities and gilts	341	423
CBF Church of England Deposit Fund	1,782	2,218
<b>Total assets held as Diocesan Authority</b>	<b>14,500</b>	<b>15,550</b>

## 30. Subsidiary undertaking

The SDBF is the beneficial owner of a subsidiary undertaking, Southwark DBF Trading, a company limited by guarantee, which is registered in England and supplies property and administrative services to the SDBF. The company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2017: £nil).











