

# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2015**

## **LEEDS DIOCESAN BOARD OF FINANCE**

Company number - 8823593

Registered charity number – 1155876

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### **Mission Statement**

A new vision is being developed and articulated for the diocese that will guide and inspire its work for the next 10 years and beyond. The mission of the Diocese of Leeds will be based upon the following key criteria:

- Re-imagining and re-envisioning the mission of the Church of England in a changed and changing context and enabling it to speak with a single voice to and for the area.
- Effective scoping of episcopal leadership and engagement across the whole social, political and cultural landscape.
- The formation of an episcopal team focussed in a coherent area scheme.
- The enhancement of the local mission of parishes and networks through stronger strategic support and resourcing, enriching and sharing good practice.
- Provision of a centre for that resourcing in one diocesan office where missional creative energies can focus and flourish.
- The retention of three cathedrals within one diocese, each with distinctive missional strategies, being essential to honouring both past history and future holistic mission.
- Support for Church Schools in their mission to develop the children in their care.

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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 2015.

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 Diocese of Leeds covers the entire county of West Yorkshire, the Western part of North Yorkshire, parts of Lancashire and South Yorkshire.

The Leeds Diocesan Board of Finance ("LDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Leeds by acting as the financial executive of the Leeds Diocesan Synod.

The LDBF has the following statutory responsibilities:-

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Leeds (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments arising from the Diocesan Synod including the Diocesan Budget.

## STRATEGIC AIMS

The main role of the LDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

LDBF's principle activity is to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Leeds as follows:

- **To grow disciples, both in number and knowledge of the love of God**
- **To ensure that the church, both its people and buildings, are an integral, vibrant and focal part of the communities in which they belong.**
- **To promote the work of the Church Schools and to support and encourage the religious, moral and academic education of all ages.**
- **To be agents of transformation in both public and personal life; bringing healing, restoration and reconciliation.**

LDBF's strategy for achieving its objectives is to maintain a sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people in parishes across the Diocese.

## OBJECTIVES FOR THE YEAR

In response to the above strategic priorities determined by the Diocesan Synod several groups, including the Bishops Council, Bishops Staff and Deanery meetings, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- To ensure a Christian presence in every parish.
- 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 ensure that every church building be used at least once every week for an activity other than formal worship.
- To establish a personal contact with every church educational establishment in the Diocese and to provide practical support on a regular basis.
- To engage actively in local debate and ensure that Christian voices are heard in all areas of public life.
- To identify areas of stress within each community and work together with other organisations to deliver a positive contribution to the spiritual health, of those most in need.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that LDBF delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

## ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

### The Christian Presence

Clergy form a central part in the life of churches in the Leeds Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carry out over 1,000 weddings, 4,000 funerals and 2,500 christenings every year. While the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 253 trained stipendiary clergy and 50 training curates in the Diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The LDBF recognises the importance of a safe, secure and well maintained house and strives to continue with this work as well as carrying out programmed refurbishments and improvements through quinquennial and vacancy inspections.

Over the year the average vacancy rate was 29 posts. During all vacancies the area deans worked closely with the churchwardens of the relevant parishes and ensured that in every case scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the increasing pool of both retired and self-supporting ministers in the Diocese together with the administrative support for the area deans being funded by the LDBF.

The LDBF also funded and deployed a staff team of workers to advise and support ministry in parishes and schools.

### Transformation Programme commitments

During the year the LDBF:-

- Developed a governance model for the Diocese as a whole, including design of future synod, area governance and deanery structures.
- Amalgamated the financial reporting systems into a single management system.
- Continued to develop and articulate the vision for the Diocese, describing how the new episcopal areas and their parishes work within the Diocese as a whole.
- Continued to define the scope and scale of major projects.
- Continued to develop a communications plan to further ensure good communication and engagement with all those who have an active interest in the work of the church across the Diocese.

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#### Parish Share 2015

Parish Share raised from parishes totalled £13,992,000 (see note 2) which includes an element of collection arising from parish shares for earlier years. The grants from All Churches Trust and the Archbishops' Council and other donations amounted to £4,433,000. Other income generated by its own activities which was mainly DBF Statutory fees amounted to £1,753,000 (see note 3). In addition Investment income raised £1,123,000. To achieve all its commitments, the LDBF applied the £466,000 income arising from endowment and restricted funds under its control (see note 20), with the majority coming from investments (£394,000).

The 2015 parish share request was the combined 2014 share request of the former three Dioceses with a flat rate inflationary increase of 1.75% for each parish. The LDBF paid a stipend to all those licensed ministers entitled to receive one within the Diocese. It also met national insurance and pensions contributions; the cost of initial and ongoing training; the provision and repair of housing; and other related costs for all of those ministers.

#### Delivery of the Diocesan Vision

Support for the Diocese's vision and strategic priorities are delivered by the Bishop and his senior team through the Bishop's Council and the Diocesan Board of Finance. The Governance Arrangements Model approved by the Diocesan Synod addresses the future structure and key areas of Strategy, Operational Management, Advisory Activities and the Scrutiny Groups that will be put in place during 2016. The team is supported by a number of key advisers including, Legal, HR, Finance and Safeguarding.

The role of those employed to work in the central support of the Diocese is largely to:

- undertake the statutory work of the Church of England in the Diocese of Leeds and the statutory work of the LDBF,
- support and enable deaneries and parishes in their engagement with the strategic priorities,
- advise and support the Synod, Bishop's Council, Bishop's Staff Team and Board of Education in the formation of policy for the Diocese,
- train and advise those holding positions of office and leadership in the Diocese,
- support the discernment, selection, recruitment, and training for those entering licensed and authorised ministry.
- ensure suitable provision and training for the safeguarding of children and vulnerable adults engaged in the life and work of the Church,
- engage in the work undertaken nationally and internationally through support and representation on national boards, committees and working groups.
- support church schools, and other schools, further and higher education institutions in terms of governance, religious education and collective worship, and buildings development.

#### Related parties include:

- The Archbishop's Council to which it pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various

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national boards and councils, as well as General Synod.

- The Church Commissioners from which the LDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the LDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- Parochial Church Councils which are all independent charities and the company has no control over them. The accounts of PCCs and deaneries do not form part of these financial statements. PCCs are able to influence the decision making within LDBF and at Diocesan Synod level. through input of their Deanery Synods.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in notes 29 and 30 to the financial statements.

#### Connected charities

The trustees consider the following to be connected charities:

The cathedrals are the mother churches of the Diocese and legally constituted as separate charities exempt from Charity Commission registration and supervision. Trustees' report and financial statements may be obtained from the:

Wakefield Cathedral Office, Wakefield Cathedral, Northgate, Wakefield, WF1 1HG.

Ripon Cathedral Office, Liberty Court House, Minster Road, Ripon, North Yorkshire HG4 1QS.

Bradford Cathedral Office, 1 Stott Hill, Bradford, West Yorkshire, BD1 4EH.

The Board is sole trustee to the charities and trusts given below. The Board of Finance does not benefit from these charities and they are not included in the annual accounts:

Armley Deanery Schools Charity	(Support of schools in the Armley Deanery)
Brewin's Charity	(Support of clergy pensions)
Forcett Churchyard Trust	(Upkeep of Forcett churchyard)
Harrogate St Mary Cockroft Fund	(Upkeep of vault at All Saints Cemetery, Harrogate)
North Riding Clergy Charity	(Support to Diocesan clergy and dependant relatives)
North Rigton School House Fund	(Provision of special benefits and education in the school)
Stewart's Charity	(Support to specified schools in Leeds)
Romaldkirk & Cotherstone Fund	(Upkeep of churches in Romaldkirk and Cotherstone)
West Riding Charitable Society Trust	(Clergy and dependants relief serving in the West Riding)
Whitkirk Deanery Curacy Houses Fund	(Upkeep of curacy houses in Whitkirk)
Wray Bequest	(Ecclesiastical purposes the parish of St Anne's Catterick)



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Rachel Dixon Charity (Support of widows or unmarried daughters of the clergy)

Other connected charities with which the Board co-operates in pursuit of its charitable objectives are:-

Faithful Neighbours, 11 Broad Street, Manor Row, Bradford, BD1 4QT  
(Charity number 1110761, Company number 5401165)

Wellsprings Together Bradford, 11 Broad Street, Manor Row, Bradford, BD1 4QT  
(Charity number 1139674, Company number 6633154)

Bradford Diocesan Council for Social Aid, Kadugli House, Elmsley Street, Steeton, Keighley,  
BD20 6SE (Charity number 226436)

The assets of the above charities and trusts are held separately by themselves and are segregated from the assets of the Company.

### Volunteers

LDBF 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 service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the LDBF greatly values the considerable time given by all the volunteers across the Diocese in pursuit of the mission of the LDBF.

### FUTURE PLANS

The strategic aims established by the Diocesan Synod in September 2014, as detailed on page 5, will continue to direct the activities of the LDBF for the next two years.

The major budget element continues to be directed towards the maintenance of a priestly presence in every parish and the training and development of lay members of the church to support the work of the clergy will be a priority.

Area deans and lay deanery officers will be increasingly involved in the fulfilment of the objectives relating to the use of church buildings and the engagement with educational establishments at a local level.

The Board continue to review the central diocesan structure which is designed to support the vision and priorities of the Diocese.

The trustees will continue to set annual budgets as appropriate and in line with the reserves policy (subject to building up free reserves to a target level and seeking to hold down Parish share increases in order to allow funds to be spent on mission activity). The ongoing objective is to resource Diocesan needs, as determined by Synod and informed by local and national Church institutions.

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Additionally there are a number of key stages in implementing the creation of a new Diocese. These can be broken down into the following stages:

#### Future plans for 2016

The comprehensive review of every area of work and development of a planned approach for the implementation of changes will be continuing throughout 2016. Works on projects started in 2014 include:

- New parish share system
- Review of ministry strategy
- Review of mission strategy

#### Preparation of new ways of working for key areas such as:

- Vocations (new methods for DDO's)
- Clergy Training
- Safeguarding
- Creation and consultation on Standard Operating Procedures to be applied to all staff and parishes where appropriate.

Establishing new ways of working

Implementing new structures, enabling effective delivery of strategic aims

- Installation of new systems including a single IT server and a Diocesan Database
- Establishment of a new mission team to focus on enabling mission across the whole Diocese
- Creation of area teams to enable area mission strategies

Consolidation of new systems

- Ensuring that effective delivery as best value is being achieved, removing unnecessary historic structures, systems and assets
- Move all Diocesan staff to central office and undertake a feasibility study for use or release of excess assets e.g. 'spare' office buildings
- Review financial and investment strategies following release of assets
- Robust review of Diocesan staffing
- Introduction of performance management systems to ensure best development of people

#### Future plans for 2017 and 2018

Further opportunities for development and strategic evaluation

Full strategic evaluation of the programme, understanding the lessons learned and feeding back appropriately

- Review of impact of the Reorganisation Scheme
- Review of outcomes of the Reorganisation Scheme

## FINANCIAL REVIEW

### Financial Performance

The budget for 2015 included a total for parish share of £15,175,000. Receipts relating to the 2015 parish share amounted to £13,409,000, representing a collection rate of 88.3% against the budget request. In addition parish share receipts of £543,000 were received against the historic share outstanding from previous years. Note 2 to the financial statements has been prepared in accordance with the guidance agreed nationally to show the total receipt of income from parishes including receipts for a previous year. The Trustees are grateful to all parishes which completed their parish share payments during the year, and especially to those parishes which make their parish share payments by monthly instalments, which is essential in controlling the Diocese's cash flow.

The LDBF has set the review of Parish Share as a priority and in 2015 carried out a review and consultation programme to formulate a new share system to be implemented for 2017 onwards.

The shortfall in Parish Share of £1,766,000 (see note 2) has had an impact on the overall general fund result. This was, however, offset by a reduction of total costs of £2,303,000 feeding through to a net income before investment gains of £867,000 in the general fund (2014: £239,000 deficit).

The Trustees have prepared a budget for 2016 applying a flat rate inflationary adjustment on stipend and salary costs. The key financial challenge will be receiving parish share contributions much closer to the budgeted figure than in previous years. The Trustees consider that this is achievable.

The capital values of investments increased £1,027,000 (2014: £2,020,000), property remained the same as 2015 resulting in an overall increase in funds of £2,007,000 (2014: £12,516,000).

### External factors affecting performance

The Parish Share, which is contributed by PCCs towards the ministry and other costs of the Diocese is a voluntary contribution and is budgeted to provide 67% of the Diocesan income. A large part of the costs are clergy costs and building maintenance costs, which both tend to increase at a rate in excess of the Retail Price Index. In addition, the Diocese has to increase payments to the clergy and staff pension schemes in order to contribute towards covering pension fund deficits.

### General Fund Position in 2015

The surplus of incoming resources against resources expended on the general fund in 2015 was £1,301,000. The surplus was due to the savings arising from vacancies in both clergy staff posts as well as the related expenditure in the parish ministry and support services. Additionally the changes in pension accounting from the adoption of FRS 102 requires the historical pension deficit contribution to be charged against the reserve. The trustees expect the savings to reduce in future years following the implementation of the future plans identified on pages 9 & 10.

### Principal funding sources

Around 62% of the income of the LDBF came from the Parish Share and 17% from National Church Selective Allocations.

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#### Financial sustainability

LDBF has sound financial management; however the Board remains conscious of the risks associated with the parish share fund collection and the impact of the transformation programme. The Board continues to review these issues and will address them through the budget process and when reviewing the parish share formula.

#### Going concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the Company, its deficit for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the Company and the strength of its reserves. As a consequence the Trustees believe that the Company is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook.

The Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### Transitional adjustments to Financial Statements

During the year ended 31 December 2015 as noted within the accounting policies on page 29, the LDBF has adopted for the first time as required the Statement of Recommended Practice for Charities (SORP 2015) which takes into account a number of changes contained within Financial Reporting Statement (FRS 102). This has resulted in changes to the accounting policies in the following area:

#### Accounting for pension scheme deficits on multi-employer defined benefit pension schemes

The net impact of these changes is disclosed within note 27 to the financial statements. The changes in accounting policy are of significant impact to necessitate adjustment and the restatement of the year-ended 31 December 2014 financial statements. The restatement represents a decrease in the net assets of £11.688m as at 20 April 2014 (the date the funds were transferred to the Leeds DBF). The effect on the net income for 2014 as compared with the accounts as previously stated was an decrease in the deficit of £220,000 with the cumulative effect on the reserves as at 31 December 2014 being a reduction by £11.468m.

In addition to the required transitional adjustment, the presentation of all amounts has been aligned to that required under FRS102 and SORP 2015.

#### Key Management remuneration policy

The policy for remunerating key management is in accordance with the salary scales; approved annually by the Diocesan Board of Finance.

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#### Significant Property Transactions

Land and buildings purchased during the year totalled £6,101,000. The Leeds DBF policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

During September the purchase of the new Leeds Diocesan Office at York Place was completed (£2,825,000). This office will be opened during the autumn of 2016 after refurbishment.

The remainder of the expenditure was on housing purchased to accommodate the changing geographical deployment of clergy, this totalled ten houses. These included one replacement vicarage, a house for an Area Bishop and the remaining eight houses were curates houses. Curates houses are purchased each year at the start of the curates training during July. It is the Board's policy to provide a house within the parish that the curate is training; inevitably this requires a purchase of a house to accommodate the new trainee. The Board's policy is to review the housing stock and sell houses surplus to requirements following the curacy training.

#### Balance sheet position

The Trustees consider that the balance sheet together with details in note 21 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. While the net assets at the balance sheet date totalled £177,592,000 (2014: £175,585,000) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £117 million (2014: £120 million). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the LDBF.

#### Reserves policy

##### *Free reserves*

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 3 months budgeted unrestricted expenditure for 2016. The Trustees define the free reserves as the Net Current Assets Less the Assets Held for resale plus the unrestricted unlisted investments. At 31 December 2015 the amount required under this policy totalled £6m (2014: £5.9m). Actual free reserves as at 31 December totalled £7.4m (2014: £10.2m). The trustees are aware of the surplus against the policy level of free reserves and are content to maintain this level of reserves over the next three years during the reorganisation of the diocese.

##### *Reserves tied up in fixed assets*

The general fund comprises net assets amounting to £35m of which £34.4m is tied up in tangible fixed assets.

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***Designated funds***

The Trustees may, with the approval of the board, 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. At 31 December 2015 total designated reserves were £12,000 (2014: £13,000).

***Restricted and endowment funds***

As set out in note 22 LDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2015 restricted funds totalled £11.3m (2014: £12.9m) and endowment funds totalled £131.2m (2014: £128.9m). These funds are not available for the general purposes of the LDBF.

**Grant making policy**

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 9 to the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of LDBF's objectives.

**Investment policy**

LDBF's investment policies are based on two key policies:

The Trustees have a policy to invest in accordance with the ethical investment policy of the Church of England Ethical Investment Advisory Group - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions. Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

The LDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. These reviews are to be undertaken by the advisory groups to be formed during 2016. Note 21 provides details of the assets of each fund, together with the related purposes, and note 16 summarises the movements in investments during the year.

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	Funds at 31 December 2015 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	17,895	66.0%	3.8%	+10.2%
CBF Property Fund	7,980	29.5%	6.0%	+19.7%
Other Funds	1,200	4.5%		
	<u>27,075</u>	100.0%		

CCLA's performance has out-performed the WM A benchmark of 2.6%.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy will be formed during 2016. This will be subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

The risk register identifies four 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:

Parish Share: Collection is considerably less than 100%.

- Collection statistics are produced and circulated on a monthly basis
- Area personnel are expressly tasked with identifying, reporting on and supporting those parishes where there is considered to be a significant risk of under-collection

Safeguarding & Inclusion: Where there is an occurrence of child, vulnerable adult or domestic abuse by someone working for or on behalf of the Church.

- The Diocese employs 3 safeguarding officers,
- Policies are aligned with those of the national church
- All parishes are required to review, endorse and implement the diocesan safeguarding policy
- Training is compulsory for all relevant staff and volunteers

Communications: Adverse local or national publicity, including failure to keep pace with media developments.

- The LDBF employs 3 Communications officers to handle all matters that come into the public arena
- Staff are regularly reminded that they are not to speak to the press on any matters of a sensitive nature

IT: System failure

- Backups are made on a regular basis
- The disaster recovery plan is reviewed on an annual basis
- Insurance is in place

## 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 41 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 comprised of ex-officio and elected representations 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 coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into thirteen deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility 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.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

### Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently excepted from registration with the Charity Commission, subject to the Charities Act 2011 under which those above £100,000 gross income for the year are required to register with the Charity Commission from October 2008. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

### Parishes

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the Diocese for carrying out spiritual duties.

A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The Diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.



## LEEDS DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

For the year ended 31 December 2015

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#### Organisational structure

The Leeds Diocesan Board of Finance (LDBF) is a company limited by guarantee (No. 8823593) and a registered charity (No. 1155876) governed by its Memorandum and Articles of Association.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Leeds. It was established in its present form in 2013.

The Directors of LDBF under company law have a personal liability limited to £1 under their guarantee as company trustees in the event of it being wound up.

Governance and policy of the Diocesan Board of Finance is the responsibility of the Diocesan Synod members, who are also members of the company and trustees for the purposes of charity law. Following the changes in governance approved in December 2015, the Bishop of Leeds is the ex-officio chairman of the Diocesan Board of Finance, The board membership is then The Area Bishops, one Archdeacon, the chairmen of the Synod House of Clergy, the Synod House of Laity, two Clergy and 4 lay people elected from and by the members of Diocesan Synod every three years, along with 5 people nominated by the Board of Finance and ratified by Synod, with the most recent elections held in October 2013. The details of Trustees who served during the year are set out on page 21.

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, guided by the Board. The Synod membership is elected every three years, the last elections having been in September 2013. The Synod elects six of the twenty one Trustees of the Diocesan Board of Finance, and ratifies the nomination of a further five members. Whilst the LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the LDBF 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.

The Diocesan Synod approved a new governance model which was established during 2015. The main features of the new governance model are:

- Diocesan Synod members are the Members of the DBF Company
- Synod members form a scrutiny pool of around 50 that in small groups scrutinise Diocesan activities on topics proposed and agreed with the Diocesan Bishop.
- There is a single Leeds Board that combines the functions of the Standing Committee of Synod, the DBF, Diocesan Mission & Pastoral Committee and the Parsonages Board, thereby bringing together all major policy, strategy and financial issues into one forum. The core of this board is a set of Trustees elected and selected for their skills, experience and background appropriate to the nature of the business in hand.
- Area Mission & Pastoral Sub-Committees with delegated responsibilities enabling priorities for Mission and Ministry within each episcopal area to be determined locally, with local representation from deaneries.
- Advisory groups designed to enable lay and clergy input to all aspects of diocesan business on an enduring or as required basis.

## LEEDS DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

For the year ended 31 December 2015

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#### Decision making structure

The Board is the Standing Committee of the Synod and addresses the issues of strategies, policies and priorities (including all financial aspects) needed to implement the overall vision. It is accountable directly to the Synod and includes all the functions of the traditional statutory boards.

The Board delegates significant responsibilities relating to mission and pastoral activities to Area Mission & Pastoral Sub-Committees, thereby enabling the Area Bishops with local representatives to formulate local priorities. Deanery Synods are represented on Area Mission & Pastoral Sub-Committees and these are reflected in the Mission & Pastoral Constitution.

The Diocesan Advisory Committee and the Safeguarding Board are highly specialised in their work and content, and these remain as separate entities, reporting to the Chancellor and the Bishop respectively.

Each Area Bishop is accountable to the Diocesan Bishop for the delivery of Mission and Ministry within the Area in line with delegated responsibilities laid down in Instruments and other formal measures.

The Diocesan Secretaries are accountable for the functions of officers and employed staff in supporting parishes and Area Teams, and for having an overview of mission and ministry functional activities across the five areas.

Diocesan Synod has delegated the following functions to the LDBF:

- Management of the funds and property of the Diocese;
- Preparation of annual estimates of expenditure;
- Advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it.

#### Committee structure

Diocesan Advisory Committee, which advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

Child Protection & Vulnerable Adults advises and initiates training in relation to Child and Vulnerable Adult Protection matters for clergy and laity. In this respect it works closely with the Family Life and Marriage Education officers and Parish Education officers

#### Bishop's Council

The Leeds Diocesan Board of Finance is the formal Bishop's Council; its membership is set out on Page 1.

#### Leeds Diocesan Board of Finance

The current membership of the Leeds Diocesan Board of Finance is set out on page 1.

## LEEDS DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

For the year ended 31 December 2015

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#### Appointment of trustees

Trustees are provided with induction training when first appointed and receive ongoing training, as appropriate. Some senior staff have job titles incorporating the title 'Director' but they are not Trustees of the company for the purposes of company law.

#### Review and Scrutiny Groups

**Finance Advisory Group:** 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 LDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 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 Pastoral Measure 1983 (with regard to redundant churches).

**Investment Advisory Group:** provides advice (the group has no executive authority) to the Finance Advisory Group and the Diocesan Secretaries on LDBF's investments and funds available for investment.

#### Delegation of day to day delivery

The Trustees and the committees and advisory and scrutiny groups which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretaries and their colleagues for the delivery of the day to day activities of the company. The Diocesan Secretaries are given specific and general delegated authority to deliver the business of the LDBF in accordance with the policies framed by the Trustees.

#### Funds held as Custodian Trustee

The LDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £8,712,000 at 31 December 2015 (2014: £8,629,000), are available from the LDBF on request, and are summarised in note 31. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

## **TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Annual 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 LDBF and of the surplus or deficit of the LDBF 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 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 operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the DBF 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 LDBF 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 LDBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

## **STATEMENT OF DISCLOSURE TO THE AUDITORS**

So far as the Trustees are aware:

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

## **APPOINTMENT OF AUDITORS**

The re-appointment of haysmacintyre as auditors to the LDBF will be proposed at the Annual General Meeting.

## LEEDS DIOCESAN BOARD OF FINANCE

### ANNUAL REPORT

For the year ended 31 December 2015

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## ADMINISTRATIVE DETAILS

### Trustees

No Trustee had any beneficial interest in the company during 2015. The following Trustees were in post at the date of this report:

#### Chairman:

The Right Revd Nicholas Baines – Bishop of Leeds

#### Ex-officio:

The Right Revd Anthony Robinson – Area Bishop of Wakefield  
The Right Revd James Bell – Area Bishop of Ripon  
The Right Revd Paul Slater – Bishop of Richmond  
The Right Revd Toby Howarth – Area Bishop of Bradford  
The Right Revd Jonathan Gibbs – Area Bishop of Huddersfield  
Revd Canon Anthony Macpherson – Chair of the House of Clergy  
Canon Ann Nicholl – Chair of the House of Laity

#### Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

#### Elected by the Archdeacons:

The Ven Anne Dawtry – Archdeacon of Halifax

#### Elected by:

##### Synod House of Clergy

The Revd Canon Simon Cowling  
The Revd Canon Paul Ayers

##### Synod House of Laity

Major Geoffrey Berry  
Ms Kay Brown  
Mr Andrew Maude  
Mrs Jane Wardman

#### Nominated by the Board

The Revd Martin Macdonald  
Canon Simon Baldwin  
Mrs Marilyn Banister  
Mrs Jane Evans

### Senior staff and advisers

Joint Diocesan Secretary

Ashley W Ellis  
Deborah A Child

Director of Education

Richard Noake

**LEEDS DIOCESAN BOARD OF FINANCE**

**ANNUAL REPORT**

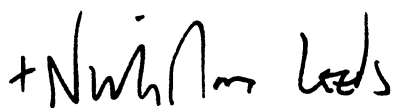
**For the year ended 31 December 2015**

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Registered Office:	Church House, South Parade, Wakefield, WF1 1LP
Principal Bankers	Yorkshire Bank plc, 6-10 Northgate, Wakefield, WF1 1TA NatWest Bank plc, Leeds City Office, 8 Park Row, Leeds, LS1 1QS Barclays Bank plc, PO Box 245, 10 Market Street, Bradford, BD 1 1XW Santander, 44 Merrion Street, Leeds, LS2 8JQ
Auditors	haysmacintyre, 26 Red Lion Square, London, WC1R 4AG
Diocesan Registrar	Peter W Foskett, Lupton Fawcett Denison Till Yorkshire House, East Parade, LS1 5BD
Investment advisers	CCLA Investment Management Ltd Senator House, 85 Queen Victoria Street, London, EC4V 4ET  Stephenson Wroe 25 Ledgate Lane, Burton Salmon, Leeds, LS25 5JY  Sanderson Wetherill 25 Wellington Street, Leeds, LS1 4WG  Investec Wealth and Investment Quayside House, Canal Wharfe, Leeds, LS11 5PU
Glebe Agents	Dacre Son & Hartley, Station Road, Otley, LS21 3DR
Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 12 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



**The Right Rev'd Nicholas Baines**  
Chairman  
15 June 2016



**Ashley W Ellis**  
Secretary  
15 June 2016

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEEDS DIOCESAN BOARD OF FINANCE

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We have audited the financial statements of Leeds Diocesan Board of Finance for the year ended 31 December 2015 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 20, 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.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2015 and of the group's net movement in funds, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

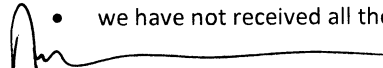
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Annual Report, incorporating the Strategic Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

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

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

- the charitable company and group have not kept adequate and sufficient accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidate charitable company 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.

  
Adam Halsey (Senior statutory auditor)  
for and on behalf of haysmacintyre, Statutory Auditor

15 June 2016

26 Red Lion Square  
London  
WC14AG

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LEEDS DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES  
For the year ended 31 December 2015

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
		General £'000	Designated £'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations	2						
Parish contributions		13,992	-	-	-	13,992	9,604
Archbishop's Council		3,890	-	-	-	3,890	2,564
Other donations		471	-	72	-	543	433
Charitable activities	3	1,753	-	-	-	1,753	1,096
Other activities	4	1,144	-	2	-	1,146	877
Investments	5	886	-	392	-	1,278	1,062
Other	6	19	-	-	-	19	-
		<u>22,155</u>	<u>-</u>	<u>466</u>	<u>-</u>	<u>22,621</u>	<u>15,636</u>
<b>Expenditure on</b>							
Raising funds	7	45	-	-	-	45	25
Charitable activities	8	20,926	1	292	60	21,279	15,359
Other	9	317	-	-	-	317	491
		<u>21,288</u>	<u>1</u>	<u>292</u>	<u>60</u>	<u>21,641</u>	<u>15,875</u>
<b>Net income/(expenditure) before investment gains</b>		867	(1)	174	(60)	980	(239)
Net gains on investments		234	-	256	537	1,027	2,020
<b>Net income/(expenditure)</b>		1,101	(1)	430	477	2,007	1,781
<b>Transfers between funds</b>		14	200	-	(2,054)	1,854	-
<b>Other recognised gains/(losses)</b>							
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-	10,735
<b>Net movement in funds</b>		1,301	(1)	(1,624)	2,331	2,007	12,516
<b>Total funds brought forward</b>		33,732	13	12,954	128,886	175,585	163,069
<b>Total funds carried forward</b>		20	35,033	12	11,330	131,217	177,592

The figures for 2014 are for thirteen months December 2013 to December 2014. There were no costs between December 2013 and March 2014. The 2014 income and expenditure relate to the activity of the DBF from 20 April 2014 to 31 December 2014,

All activities derive from continuing activities. The notes on pages 24 to 49 form part of the financial statements



LEEDS DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 December 2015

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	<b>Total 2015 £'000</b>	<b>Total 2014 £'000</b>
<b>Total Income</b>	22,621	15,627
<b>Expenditure</b>	(21,582)	(15,944)
<b>Operating surplus/(deficit) for the year</b>	1,039	(317)
Net gains on investments	491	545
<b>Net income for the year</b>	<u>1,530</u>	<u>228</u>
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	-	1,758
Net assets transferred (to)/ from endowments	(1,853)	654
<b>Total comprehensive income</b>	<u><u>(323)</u></u>	<u><u>2,640</u></u>

The figures for 2014 are for thirteen months December 2013 to December 2014. There were no costs between December 2013 and March 2014. The 2014 income and expenditure relate to the activity of the DBF from 20 April 2014 to 31 December 2014,

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

## LEEDS DIOCESAN BOARD OF FINANCE


**CONSOLIDATED BALANCE SHEET**  
 At 31 December 2015

Company Number – 8823593

	Note	2015		2014	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	15		152,446		149,967
Investments	16		30,987		34,604
			<u>183,433</u>		<u>184,571</u>
<b>CURRENT ASSETS</b>					
Assets held for resale		1,900		875	
Debtors	17	613		1,016	
Cash on deposit		4,861		4,049	
Cash at bank and in hand		3,734		4,408	
		<u>11,108</u>		<u>10,348</u>	
<b>CREDITORS: amounts falling due within one year</b>	18	(4,870)		(6,051)	
<b>NET CURRENT ASSETS</b>			<u>6,238</u>		<u>4,297</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>189,671</u>		<u>188,868</u>
<b>CREDITORS: amounts falling due after more than one year</b>					
Pension scheme liabilities	19		(8,838)		(10,212)
Other creditors	19		(3,241)		(3,071)
<b>NET ASSETS</b>			<u>177,592</u>		<u>175,585</u>
<b>FUNDS</b>					
<b>Endowment funds</b>			131,217		128,886
<b>Restricted income funds</b>			11,330		12,954
<b>Unrestricted income funds:</b>			35,033		33,732
<b>Designated funds</b>			12		13
<b>TOTAL FUNDS</b>	21		<u>177,592</u>		<u>175,585</u>

The Notes (pages 29 to 56) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 15 June 2016 and signed on behalf of the Board by:

THE RIGHT REV'D NICHOLAS BAINES



## LEEDS DIOCESAN BOARD OF FINANCE

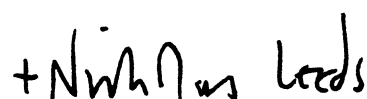
CHARITY BALANCE SHEET  
At 31 December 2015

Company Number – 8823593

	Note	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Tangible assets	15	152,446	149,967
Investments	16	30,987	34,604
		<u>183,433</u>	<u>184,571</u>
<b>CURRENT ASSETS</b>			
Assets held for resale		1,900	875
Debtors	17	633	1,095
Cash on deposit		4,861	4,049
Cash at bank and in hand		1,512	2,355
		<u>8,906</u>	<u>8,374</u>
<b>CREDITORS: amounts falling due within one year</b>	18	<u>(2,668)</u>	<u>(4,077)</u>
<b>NET CURRENT ASSETS</b>		<u>6,238</u>	<u>4,297</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>189,671</u>	<u>188,868</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities	19	(8,838)	(10,212)
Other creditors	19	(3,241)	(3,071)
<b>NET ASSETS</b>		<u><u>177,592</u></u>	<u><u>175,585</u></u>
<b>FUNDS</b>			
<b>Endowment funds</b>		131,217	128,886
<b>Restricted income funds</b>		11,330	12,954
<b>Unrestricted income funds:</b>		35,033	33,732
<b>Designated funds</b>		12	13
<b>TOTAL FUNDS</b>	21	<u><u>177,592</u></u>	<u><u>175,585</u></u>

The Notes (pages 29 to 56) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 15 June 2016 and signed on behalf of the Board by:

THE RIGHT REV'D NICHOLAS BAINES



LEEDS DIOCESAN BOARD OF FINANCE

CONSOLIDATED CASH FLOW STATEMENT  
For the year ended 31 December 2015

	2015		2014	
	£'000	£'000	£'000	£'000
<b>Net cash from operating activities</b>		(2,812)		1,475
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	1,866		1,123	
Interest paid	(94)		(75)	
Proceeds from the sale of:				
Tangible fixed assets	2,905		1,327	
Tangible fixed investments	4,523		1,533	
Purchase of:				
Tangible fixed assets for the use of the LDBF	(6,101)		(1,150)	
Fixed asset investments	-		(873)	
<b>Net cash provided by/ (used in) investing activities</b>		3,099		1,885
<b>Cash flows from financing activities</b>				
Loans repaid by the LDBF	(150)		(138)	
Loans repaid to LDBF	2		-	
<b>Net cash provided by/ (used in) financing activities</b>		(148)		(138)
<b>Change in cash and cash equivalents in the reporting period</b>		139		3,222
<b>Cash and cash equivalents at 1 January</b>		8,456		5,234
<b>Cash and cash equivalents at 31 December</b>		8,595		8,456
<b>Reconciliation of net income/ (expenditure) before investment gains</b>				
<b>Net income before investment gains 31 December</b>		980		(239)
<b>Adjustments for:</b>				
Depreciation charges		56		33
Dividends, interest and rent from investments		(1,866)		(1,123)
Decrease/ (increase) in debtors		403		1,039
(Decrease)/Increase in creditors		(2,385)		1,765
<b>Net cash provided by/ (used in) operating activities</b>		(2,812)		1,475
<b>Analysis of cash and cash equivalents</b>				
Cash in hand		3,734		4,408
Notice deposits (less than 3 months)		4,861		4,049
		8,595		8,456

## 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

Following the transition to FRS102 for the first time in 2015 all of the accounting policies have been aligned with the new accounting standard and where these have resulted in a material change to the amounts, classification or presentation within the financial statements as at the date of transition then a transitional adjustment has been made (see note 27). The principal accounting policies and estimation techniques are as follows.

### a) Income

All incoming resources, including gifts, donations and legacies are shown in the Statement of Financial Activities (SOFA) when the Board is legally entitled to them as income or capital respectively, ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy.

Parish Share income - Credit is only taken for parish share income which was received within the time scales laid down by the Board.

Grants from the Church Commissioners towards stipends, housing and other items have been included in the Income for the year and the appropriate Expenditure is shown gross.

Grants received which are subject to pre-conditions for entitlement or use specified by the donor which have not been met at the period end are included in creditors to be carried forward to the following year.

**Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

1. ACCOUNTING POLICIES (continued)

b) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 26). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at present value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

*Freehold properties*

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

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

*Properties subject to value linked loans*

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the cost of the related loan at the balance sheet date.

*Investment properties*

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

*Parsonage houses*

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

*Schools*

The school property is shown at cost. Depreciation is provided on the building over a 50 year period (£12,000 pa) the expected useful economic life of the asset.

d) Other tangible fixed assets

All capital expenditure over £25,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Office equipment	20% straight line
Computer equipment	33% straight line

Tangible fixed assets less than £25,000 are depreciated in full during the year of purchase.

e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

**1. ACCOUNTING POLICIES (continued)**

- ii) **Leases.** The LDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is amortised over the whole period of the lease.

**f) Fund balances**

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2015**

**2. DONATIONS****Parish Contributions**

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

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Current year						
apportionment	15,175	-	-	-	15,175	10,022
Shortfall in contributions	(1,766)	-	-	-	(1,766)	(485)
	<u>13,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,409</u>	<u>9,537</u>
Receipts for previous years	583	-	-	-	583	67
Total Income	<u>13,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,992</u>	<u>9,604</u>

Current year parish share receipts represent 88.3% of the total apportioned (2014 – 95.1%), or, when receipts for previous years are included, 92.2% of the total apportioned (2014 – 95.8%).

**Archbishop's Council**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Parish Mission	3,520	-	-	-	3,520	2,308
Selective Allocation	370	-	-	-	370	256
Total Income	<u>3,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,890</u>	<u>2,564</u>

This is the annual grant for the parish mission fund, which may be used either for specific parish mission and development projects or for clergy stipends.

**Other donations**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
All Churches Trust Grant	408	-	-	-	408	238
Property Grants	24	-	-	-	24	66
Other Grants	39	-	28	-	67	15
Donations	-	-	44	-	44	23
	<u>471</u>	<u>-</u>	<u>72</u>	<u>-</u>	<u>543</u>	<u>342</u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

3. CHARITABLE ACTIVITIES	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Statutory fees	1,245	-	-	-	1,245	831
Church Commissioners'						
Legal & Professional	85	-	-	-	85	63
Educational Development Ltd	145	-	-	-	145	202
Retreat Centre	278	-	-	-	278	-
	<u>1,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,753</u>	<u>1,096</u>

4. OTHER TRADING ACTIVITIES	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Housing income	611	-	2	-	613	447
Outside Funding	216	-	-	-	216	122
Training income	8	-	-	-	8	16
Miscellaneous	309	-	-	-	309	292
	<u>1,144</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>1,146</u>	<u>877</u>

5. INVESTMENT INCOME	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Dividends receivable	819	-	378	-	1,197	1,033
Interest receivable	67	-	14	-	81	29
	<u>886</u>	<u>-</u>	<u>392</u>	<u>-</u>	<u>1,278</u>	<u>1,062</u>

6. OTHER INCOMING RESOURCES	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Gain on sale of properties	19	-	-	-	19	-

7. FUND RAISING COSTS	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Glebe agent's fee	10	-	-	-	10	17
Maintenance of Glebe	35	-	-	-	35	8
	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>25</u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

8. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
<b>Contributions to</b>						
<b>Archbishops' Council</b>						
Training for Ministry	436	-	-	-	436	310
National Church Responsibilities	335	-	-	-	335	267
Mission agency pension costs	32	-	-	-	32	10
Retired clergy housing costs	170	-	-	-	170	92
Pooling of ordinands maintenance grants	(46)	-	-	-	(46)	-
	<u>927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>927</u>	<u>679</u>
<b>Resourcing Ministry and Mission</b>						
<b>Parish Ministry</b>						
Stipends and national insurance	8,589	-	-	-	8,589	5,630
Pension contributions	1,699	-	-	-	1,699	1,823
Housing costs	3,719	-	-	-	3,719	2,805
Removal, resettlement and grants	198	-	-	-	198	213
Other expenses	414	-	-	-	414	-
	<u>14,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,619</u>	<u>10,471</u>
Support for parish ministry	4,438	1	278	60	4,778	3,302
Retreat Centre	272	-	-	-	272	191
	<u>19,329</u>	<u>1</u>	<u>278</u>	<u>60</u>	<u>19,669</u>	<u>13,964</u>
<b>Expenditure on Education</b>						
Church Schools	604	-	14	-	618	609
Retreat Centre	66	-	-	-	66	107
	<u>670</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>684</u>	<u>716</u>
	<u>20,926</u>	<u>1</u>	<u>292</u>	<u>60</u>	<u>21,279</u>	<u>15,359</u>

9. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Extraordinary costs relating to Reorganisation	317	-	-	-	317	491
	<u>317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317</u>	<u>491</u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2015 £'000
Raisings funds	45	-	-	45
Charitable activities:				
Contributions to Archbishop's Council	-	927	-	927
Resourcing parish ministry	18,063	-	1,333	19,396
Education	554	-	130	684
Retreat Centre	272	-	-	272
Other	317	-	-	317
	<u>19,251</u>	<u>927</u>	<u>1,463</u>	<u>21,641</u>

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000
	General £'000	Designated £'000			
Central administration	1,098	-	-	-	1,098
Support for Schools	130	-	-	-	130
Governance:					
External audit	26	-	-	-	26
Registrar and Chancellor	202	-	-	-	202
Synodical costs	7	-	-	-	7
	<u>1,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,463</u>

12. ANALYSIS OF GRANTS MADE

	Nbr.	Individuals £'000	Institutions £'000	2015 Total £'000
<b>From unrestricted funds for national Church responsibilities:</b>				
Contributions to Archbishop's Council	5	-	927	927
	<u>5</u>	<u>-</u>	<u>927</u>	<u>927</u>
<b>From unrestricted funds:</b>				
Ecumenical/ Churches Together organisations	27	-	52	52
Clergy Training	92	41	-	41
Clergy Grants (Removal, First appointment, resettlement)	104	460	-	460
Ordination	55	15	-	15
Vocation grants	320	202	-	202
Education (S554)	1	-	70	70
Youth	30	6	-	6
	<u>629</u>	<u>724</u>	<u>122</u>	<u>846</u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

12. ANALYSIS OF GRANTS MADE (continued)

	Nbr.	Individuals £'000	2015 Institutions £'000	Total £'000
<b>From restricted funds for various purposes within resourcing parish ministry:</b>				
PCC's Building Grants	37	-	170	170
Schools Grants (S554)	8	-	132	132
Clergy training	4	4	-	4
Inglefield	42	9	-	9
Religious Education	1	-	10	10
Clergy Retreat	10	23	-	23
Widows and dependants of clergy	152	21	-	21
<b>Total</b>	<b>254</b>	<b>57</b>	<b>312</b>	<b>369</b>
<b>Total</b>	<b>888</b>	<b>781</b>	<b>1,361</b>	<b>2,142</b>

13. STAFF COSTS

	2015 £'000	2014 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,328	1,810
National insurance contributions	195	140
Pension costs – current year	456	457
Deficit reduction	149	145
	<b>3,128</b>	<b>2,552</b>

The average number of persons employed by the group during the year:

	Number	Number
Support for Ministry	80	96
Education	10	8
Retreat House	7	6
	<b>97</b>	<b>110</b>

The average number of persons employed by the group during the year based on full-time equivalents:

	Number	Number
Support for Ministry	72	71
Education	10	7
Retreat House	4	6
	<b>86</b>	<b>84</b>

**LEEDS DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015**

**13. STAFF COSTS (continued)**

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£60,001 - £70,000	2	-
£70,001 - £80,000	1	-
	<u>          </u>	<u>          </u>

Pension payments of £41,000 were made for these employees (2014: 2 employees £25,000).

**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 2015 they were:

Joint Diocesan Secretary	Ashley Ellis
Joint Diocesan Secretary	Debbie Child
Director of Education	Richard Noake

Remuneration, pensions and expenses for these 3 employees amounted to £258,000 (2014: 2 employees £130,000)

**Trustees' emoluments**

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £1,594 (2014 - £3,946) in respect of General Synod duties.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the LDBF during the year:

	<b>Stipend</b>	<b>Housing</b>
The Right Revd Nicholas Baines	No	No
The Right Revd Anthony Robinson	No	Yes
The Right Revd James Bell	No	Yes
The Right Revd Paul Slater	No	Yes
The Right Revd Toby Howarth	No	Yes
The Right Revd Jonathan Gibbs	No	Yes
The Very Revd John Dobson	No	No
The Ven Anne Dawtry	Yes	Yes
The Revd Canon Simon Cowling	Yes	Yes
The Revd Canon Paul Ayers	Yes	Yes

The LDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The LDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Area Bishops but excluding the Diocesan Bishop and cathedral staff.

**LEEDS DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2015**

**13. STAFF COSTS (continued)**

The LDBF paid an average of 302 (2014 – 307) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	8,136	5,264
National insurance contributions	642	415
Pension costs - current year	1,763	1,823
- deficit reduction	1,168	75
	<u>11,709</u>	<u>7,577</u>

The stipends of the five Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Area Bishops are funded by the Church Commissioners and are in the range £50,000 - £55,000 (2014 range £48,000 - £53,000). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2015 was £33,670 (2014 £33,010) and other clergy who were Trustees were paid in the range £23,050 - £27,790 (2014 range £23,088 – £27,250). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2015 at £9,910 per head (2014 - £9,950). The value of housing provided to the Bishops is £15,000.

**14. ANALYSIS OF TRANSFERS BETWEEN FUNDS**

	<b>Unrestricted funds</b>		<b>Restricted</b>	<b>Endowment</b>
	<b>General</b>	<b>Designated</b>	<b>Funds</b>	<b>Funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Reclassification of funds following review	2,054	-	(2,054)	-
From parsonage endowment income to general fund for house costs	(686)	-	-	686
From General fund to Stipends endowment for reduction of pensions deficit	(1,168)	-	-	1,168
	<u>200</u>	<u>-</u>	<u>(2,054)</u>	<u>1,854</u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

15. TANGIBLE FIXED ASSETS

	Freehold properties	Properties under construction	Office equipment	Benefice properties	School House	Endowment properties	Glebe properties	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	29,310	187	25	102,053	308	210	17,907	150,000
Additions	6,057	-	44	-	-	-	-	6,101
Disposals	(335)	(3)	-	(1,040)	-	-	(288)	(1,666)
Transfer to/from property for resale	(775)	-	-	(575)	-	-	(550)	(1,900)
Revaluation	-	-	-	-	-	-	-	-
At 31 December 2015	34,257	184	69	100,438	308	210	17,069	152,535
<b>Depreciation</b>								
At 1 January 2015	-	-	25	-	8	-	-	33
Disposals	-	-	-	-	-	-	-	-
Charge for the year	-	-	44	-	12	-	-	56
At 31 December 2015	-	-	69	-	20	-	-	89
<b>Net Book Value</b>								
At 31 December 2015	34,257	184	-	100,438	288	210	17,069	152,446
At 31 December 2014	29,310	187	-	102,053	300	210	17,907	149,967

All of the properties in the balance sheet are freehold and are vested in the LDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of permanent and/or value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties (included in the above) amounts to £3,566,000 (2014: £3,566,000). Of the total land and buildings at 31 December 2015, £ nil are valued at cost (2014: £nil), but all at valuation. Properties are subject to a five-year cycle of survey and consequent revaluation.



LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

16. FIXED ASSETS INVESTMENTS

	At 1 January 2015 £'000	Additions £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2015 £'000
<b>Unrestricted funds</b>					
Unlisted investments	6,741	-	(3,853)	130	3,018
<b>Designated funds</b>					
Unlisted investments	11	-	-	-	11
<b>Restricted funds</b>					
Unlisted investments	9,896	-	(660)	458	9,694
<b>Endowment funds</b>					
Investment property	3,912	-	-	-	3,912
Unlisted investments	14,044	-	(10)	318	14,352
	17,956	-	(10)	318	18,264
<b>Total</b>	<b>34,604</b>	<b>-</b>	<b>(4,523)</b>	<b>906</b>	<b>30,987</b>

17. DEBTORS

	Consolidated Balance Sheet		Charity Balance Sheet	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Due within one year</b>				
Educational	59	16	59	16
Development Ltd				
Loans to parishes	38	38	38	38
Loans to schools	7	22	7	22
Other debtors and prepayments	386	906	406	985
	490	982	510	1,061
<b>Due after more than one year</b>				
Loans to parishes	84	34	84	34
Other debtors	39	-	39	-
	123	34	123	34
<b>Total debtors</b>	<b>613</b>	<b>1,016</b>	<b>633</b>	<b>1,095</b>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

18. CREDITORS: amount falling due within one year

	Consolidated Balance Sheet		Charity Balance Sheet	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Loan repayment instalments due in one year</b>				
Church Commissioners other loans	146	176	146	176
Other taxes and social security	65	75	65	75
Educational Development Limited	2,202	1,974	-	-
Other creditors and accruals	1,250	2,570	1,250	2,570
Pension scheme liabilities				
Lay Defined Benefit Scheme	143	192	143	192
Clergy Pension Scheme	1,064	1,064	1,064	1,064
<b>Total creditors: amounts falling due within one year</b>	<b>4,870</b>	<b>6,051</b>	<b>2,668</b>	<b>4,077</b>

19. CREDITORS: amount falling due after more than one year

<b>Loan repayment instalments due after more than one year</b>				
Clergy Stipend Account	420	-	420	-
Church Commissioners value-linked loans	1,158	1,435	1,158	1,435
Church Commissioners other loans	1,464	1,438	1,464	1,438
Other loans	199	199	199	199
Pension scheme liabilities				
Lay Defined Benefit Scheme	187	393	187	393
Clergy Pension Scheme	8,651	9,819	8,651	9,819
<b>Total creditors: amounts falling due after more than one year</b>	<b>12,079</b>	<b>13,284</b>	<b>12,079</b>	<b>13,284</b>
The maturity of the above loans may be analysed as follows:				
Between one and two years	145	149	145	149
Between two and five years	220	220	220	220
In five years or more	2,876	2,703	2,876	2,703
	<b>3,241</b>	<b>3,072</b>	<b>3,241</b>	<b>3,072</b>

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year £389,000 (2014 - £389,000) relates to the Benefice

Property Fund, £1,075,000 to the General Fund (2014 - £1,075,000). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, and bear interest at varying rates, which is borne by the LDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the LDBF.

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31<sup>st</sup> December 2015 the Board had no intention of disposing of any of those properties funded via VLLs.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

20. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2015 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2015 £'000
<b>UNRESTRICTED FUNDS</b>						
General	33,732	22,155	(21,288)	200	234	35,033
<b>DESIGNATED FUNDS</b>						
Archdeacons Discretionary	13	-	(1)	-	-	12
<b>RESTRICTED FUNDS</b>						
Section 554 Education	5,539	198	(180)	-	184	5,741
Clergy & Dependants hardship funds	232	30	(29)	-	-	233
Bradford Summer Camps	6	-	(5)	-	-	1
Local Educational Funds	19	1	(10)	-	-	10
Retreat House support funds	17	14	-	-	-	31
Local Parochial purposes funds	7	8	(13)	-	-	2
Appeal funds & other specific purposes	61	1	(5)	-	-	57
Church building repair funds	252	21	(17)	-	3	259
Pastoral Account	5,060	147	(17)	(2,054)	36	3,172
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,121	46	(16)	-	25	1,176
Training for ministry funds	589	-	-	-	8	597
	12,954	466	(292)	(2,054)	256	11,330
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Stipends fund capital	2,704	-	-	1,168	2,977	6,849
<b>Expendable</b>						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	723	-	-	-	-	723
Pensions	268	-	-	-	4	272
Training for ministry funds	94	-	-	-	4	98
Clergy & dependants hardship funds	307	-	-	-	2	309
Funds for church building repair loans	243	-	-	-	-	243
Local Parochial purposes funds	556	-	-	-	(2)	554
Glebe Land	3,912	-	-	-	-	3,912
Church building repair funds	396	-	(60)	-	3	339
Glebe Properties	17,906	-	-	2	(838)	17,070
Benefice Properties	101,369	-	-	684	(1,615)	100,438
Religious Education support	146	-	-	-	2	148

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

20. SUMMARY OF FUND MOVEMENTS (continued)

Appeal funds & other specific purposes	50	-	-	-	-	50
	<u>128,886</u>	<u>-</u>	<u>(60)</u>	<u>1,854</u>	<u>537</u>	<u>131,217</u>
<b>Total funds</b>	<u>175,585</u>	<u>22,621</u>	<u>(21,642)</u>	<u>-</u>	<u>1,027</u>	<u>177,592</u>

21. SUMMARY OF ASSETS BY FUND

	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds – General</b>	34,440	3,473	3,701	(6,581)	35,033
<b>Unrestricted - designated</b>					
Archdeacons Discretionary Funds	-	11	1	-	12
<b>Restricted</b>					
Section 554 Education	288	4,489	1,197	(233)	5,741
Clergy & Dependants hardship funds	-	207	26	-	233
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	-	10	-	10
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	2	-	2
Appeal funds & other specific purposes	-	-	57	-	57
Church building repair funds	-	232	27	-	259
Pastoral Account	-	3,049	123	-	3,172
Managing Trustees	-	51	-	-	51
Inglefield funds	-	1,070	106	-	1,176
Training for ministry funds	-	596	1	-	597
	<u>288</u>	<u>9,694</u>	<u>1,581</u>	<u>(233)</u>	<u>11,330</u>
<b>Endowment</b>					
<b>Permanent</b>					
Stipends fund capital	-	11,809	5,175	(10,135)	6,849
<b>Expendable</b>					
Benefice houses	100,438	-	-	-	100,438
Maintenance of Ministry	210	513	-	-	513
Glebe Property	17,070	-	-	-	17,070
Church building repair funds	-	-	339	-	339
General purposes	-	5	207	-	212
Pensions	-	272	-	-	272
Training for Ministry	-	98	-	-	98
Clergy & Dependants hardship funds	-	255	54	-	309
Local Parochial purposes funds	-	554	-	-	554
Glebe Land	-	3,912	-	-	3,912
Church building repair funds	-	243	-	-	243
Religious Education support funds	-	148	-	-	148
Appeal funds & other specific purposes	-	-	50	-	50
	<u>117,718</u>	<u>17,809</u>	<u>5,825</u>	<u>(10,135)</u>	<u>131,217</u>
<b>Total funds</b>	<u>152,446</u>	<u>30,987</u>	<u>11,108</u>	<u>(16,949)</u>	<u>177,592</u>

**LEEDS DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015**

**22. DESCRIPTION OF FUNDS**

<b>Fund category</b>	<b>Purpose</b>	<b>Funds included in this category</b>
General fund	The general fund is the LDBF's unrestricted undesignated fund available for any of the LDBF's purposes without restriction.	
Archdeacons Discretionary Fund	Represents grants received set aside to be used at the discretion of Archdeacons.	
Section 554	Established under S86 of the Education Act 1993. Capital monies to develop or build new or existing voluntary aided schools or maintain such schools or contribute to educational purposes.	
Clergy and dependents hardship funds	Funds to provide relief of clergy and their dependents in financial hardship.	Clergy Stipend Trust, Clergy Widows and Dependents, Queen Victoria Trust, Bradford West Riding Charitable Society Trust, Aid to Parish Clergy, Widows, Clergy Retirement, Education Grants
Bradford Summer Camps Bursary	Funds to provide support to children & youths to enable them to attend summer camps in cases of financial hardship.	
Local educational funds	For educational purposes in the areas named	ShIPLEY cum HEATON District CofE School Trust, Keighley St Peter Educational Trust
Retreat House support funds	Support towards the Diocesan Retreat House	Friends of Parceval Hall, Parceval Hall Bursary
Local Parochial purposes funds	For general parochial purposes in the area named.	North Wing Mission, Guiseley Carleton, Keighley All Saints McNish

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

22. DESCRIPTION OF FUNDS (continued)

Fund category	Purpose	Funds included in this category
Appeals and special purposes funds	Funds comprise donations received for specific appeals and purposes, including work in Links Dioceses.	Interfaith fund, Youth Evangelism, Special Appeals, Northern Sudan, Kadugli Appeal, Church in the World, TM Wright Sudan relief, St Martin in the Field, Duker (deaf ministry)
Church building repair funds	For repairs to churches of the Evangelical tradition in the Church of England within the Diocese.	The First Lord Grimethorpe Charity, Church building fund, Harrogate Churches, Church Building Repair, Davy bequest
Pastoral Account	This fund includes the proceeds of redundant churches, parsonages and land sales. The purpose for which this account may be used are laid down in Section 78 of the Pastoral Measure 1983.	
Inglefield	Created from sale of Diocesan Retreat House at Barrowby, and assets transferred from the Booker Bequest. Income used to aid Diocesan Synod, conferences and theological courses.	
Training for ministry	Income used towards cost of training ordinands.	
General purposes and administration	Funds from bequests to be used to support administration and general purposes	
Maintenance of ministry	Funds from bequests to be used to support stipends in specific parishes	
Pensions	Funds from bequests to be used in supporting clergy pensions.	
Funds to provide church building repair loans	Funds to support the provision of loans to assist major works to be carried out on church buildings.	Loan fund, Kiddle Bequest
Stipends Fund Capital	Is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends (but since 1993 capital can be used for improvements to parsonage houses)	

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

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22. DESCRIPTION OF FUNDS (continued)

Fund category	Purpose	Funds included in this category
Glebe Land	This fund is governed by the Endowments and Glebe Measure 1976; It represents the value of agricultural or commercial land in the Diocese, primarily held to generate sustainable income to support clergy stipends.	
Benefice properties	This represents the value of all benefice housing (parsonages) in the Diocese after deducting any loans due on the properties.	
Funds for support of religious education	Income used to support schools work, and to meet the office and travel costs of religious education advisers.	Schools fund, Religious education advisor expenses support

23. CAPITAL COMMITMENTS

At 31 December 2015 the LDBF had capital expenditure commitments authorised but not contracted of £2m (2014 - £2.9m), and contracted for but not yet due of £NIL (2014 - £NIL).

24. OPERATING LEASES

Total amounts payable under non-cancellable operating leases are as follows:

	2015 £'000	2014 £'000
<b>Land and buildings</b>		
Within one year of the balance sheet date	33	33
In the second to fifth year of the balance sheet date	20	20
After the fifth year of the balance sheet date	-	-
<b>Other operating leases where the lease expires:</b>		
Within one year of the balance sheet date	1	1
In the second to fifth year of the balance sheet date	3	3
After the fifth year of the balance sheet date	-	-
	<u>          </u>	<u>          </u>

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 DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. The Church Workers Pension Fund 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.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

### **Church of England Funded Pension Scheme**

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

Leeds DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This 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.

Each participating employer 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 specific employers 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, plus any impact of deficit contributions (see below).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2015**

**26. PENSIONS (continued)**

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions, an investment strategy of:

- for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
- a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males.

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2015 to 31 December 2015	1 January 2014 to 31 December 2014
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	14.1%	12.4%
<b>Total contribution rate</b>	<b>39.9%</b>	<b>38.2%</b>

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.

	2015	2014
Balance sheet liability at 1 January	10,883,000	10,958,000
Deficit contribution paid	(1,064,000)	(632,000)
Interest cost (recognised in SoFA)	238,000	378,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(342,000)	179,000
Balance sheet liability at 31 December	9,715,000	10,883,000

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2015

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**26. PENSIONS (continued)**

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:

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	December 2015	December 2014	December 2013
Discount rate	2.5% pa	2.3% pa	3.5% pa
Price inflation	2.4% pa	2.7% pa	3.2% pa
Increase to total pensionable payroll	0.9% pa	1.2% pa	1.7% pa

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**Church Workers Pension Fund – Defined Benefits Scheme**

Leeds DBF (Bradford) (DBS) participates in the Defined Benefits 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 Church Workers Pension Fund 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.

**Defined Benefits Scheme**

The Defined Benefits Scheme (“DBS”) section of the Church Workers Pension Fund 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.

**26. PENSIONS (continued)**

It is not possible to attribute the scheme's 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. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such 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, plus any impact of deficit contributions (see below).

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.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m 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 £12.9m.

Following the valuation, the Leeds DBF has entered into an agreement with the Church Workers Pension Fund for the DBS Schemes as follows:

**Leeds DBF (Bradford) DBS**

To pay a contribution rate of 29.7% of pensionable salary and expenses of £5,400 per year.

**Leeds DBF (Ripon & Leeds) DBS**

To pay a contribution rate of 41.4% of pensionable salary and expenses of £6,500 per year. In addition deficit payments of £63,245 per year have been agreed for 4.92 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool.

**Leeds DBF (Ripon & Leeds Education Team) DBS**

To pay a contribution rate of 41.2% of pensionable salary and expenses of £1,200 per year.

**Leeds DBF (Wakefield) DBS**

To pay a contribution rate of 28.6% of pensionable salary and expenses of £8,900 per year. In addition deficit payments of £106,156 per year have been agreed for 1.50 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool.

These obligations have been recognised as a liability within the financial statements.

**LEEDS DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2015**

**26. PENSIONS (continued)**

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 below:

	2015	2014
Balance sheet liability at 1 January	585,000	730,332
Deficit contribution paid	(192,000)	(173,332)
Interest cost (recognised in SoFA)	6,000	12,000
Remaining change to the balance sheet liability*(recognised in SoFA)	(69,000)	16,000
Balance sheet liability at 31 December	330,000	585,000

\* Comprises change in agreed deficit recovery plan and change in discount rate 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:

Discount rate	December 2015	December 2014	December 2013
Leeds DBF (Bradford) DBS	0.00%	1.10%	1.70%
Leeds DBF (Ripon & Leeds Education Team) DBS			
Leeds DBF (Wakefield) DBS			
Leeds DBF (Ripon & Leeds) DBS	2.00%	1.10%	1.70%

**27 Transition to FRS102**

This is the first year LDBF has presented its results under FRS 102 and SORP2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 20 December 2013. Set out below is a reconciliation of the surplus for the year and the reserves from the amounts previously stated in the 2014 financial statements following the change in accounting policies.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

27 Transition to FRS102 (continued)

Reconciliation of the net income before investment gains for the financial period as previously stated to that restated [prior to funds transferred on 20 April 2014	Unrestricted 2014 £'000	Designated 2014 £'000	Restricted 2014 £'000	Endowment 2014 £'000	Total 2014 £'000
Surplus/(deficit) as previously reported (before investment gains)	(220)	(24)	435	(650)	(459)
Defined benefit pension scheme	A				
- Clergy	-	-	-	75	75
- Churchworkers	145	-	-	-	145
Total adjustment to net income	145	-	-	75	220
Net income for the year under FRS102 (before investment gains)	(75)	(24)	435	(575)	(239)
<b>Reconciliation of funds recognised on 20 April 2014</b>					
	£'000	£'000	£'000	£'000	£'000
As at 20 April 2014 – as previously reported	32,779	36	11,975	129,967	174,757
Defined benefit pension scheme	A				
- Clergy	-	-	-	(10,958)	(10,958)
- Churchworkers	(730)	-	-	-	(730)
As at 20 April 2014 – Restated	32,049	36	11,975	119,009	163,069
<b>Reserves reconciliation – 31 December 2014</b>					
As at 31 December 2014 – as previously reported	34,675	13	12,954	139,411	187,053
Defined benefit pension scheme	A				
- Clergy	-	-	-	(10,883)	(10,883)
- Churchworkers	(585)	-	-	-	(585)
As at 31 December 2014 - Restated	34,090	13	12,954	128,528	175,585

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

27. Transition to FRS102 (continued)

**A Recognition of the liability to fund pension fund deficits on defined benefit pension schemes**

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A. LDBF has a payment plan with the Church of England Pension's Board to pay both the CWPS and Clergy Pension Scheme deficit over a ten year period (until 2025). Upon transition, LDBF has recognised the present value of deficit funding contributions. As at 31 December 2015, this amounted to £9,715k for the Clergy Pension Scheme (2014:£10,883k) and £330k (2014: £585k) for the CWPS.

28. Prior period comparative SOFA restated

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2014 £'000
	General £'000	Designated £'000			
<b>Income and endowments from</b>					
Donations					
Parish Contributions	9,604	-	-	-	9,604
Archbishops' Council	2,497	67	-	-	2,564
Other donations	394	-	38	1	433
Charitable activities	1,096	-	-	-	1,096
Other activities	795	-	21	-	816
Investments	847	-	268	8	1,123
	<u>15,233</u>	<u>67</u>	<u>327</u>	<u>9</u>	<u>15,636</u>
<b>Expenditure on</b>					
Raising funds	26	-	-	-	26
Charitable activities	15,002	91	334	(69)	15,358
Other	491	-	-	-	491
Total	<u>15,519</u>	<u>91</u>	<u>334</u>	<u>(69)</u>	<u>15,875</u>
<b>Net income/(expenditure) before investment gains and losses</b>	(286)	(24)	(7)	78	(239)
Net gains on investments	-	1	544	1,475	2,020
<b>Net income/(expenditure)</b>	<u>(286)</u>	<u>(23)</u>	<u>537</u>	<u>1,553</u>	<u>1,781</u>
<b>Transfers between funds</b>	212	-	442	(654)	-
<b>Other recognised gains/(losses)</b>					
Gains/(losses) on revaluation of fixed assets	1,758	-	-	8,977	10,735
<b>Net movement in funds</b>	<u>1,684</u>	<u>(23)</u>	<u>979</u>	<u>9,876</u>	<u>12,516</u>
<b>Funds transferred on 20 April 2014 as previously stated</b>					
Transitional adjustment – FRS102	32,779 (730)	36 -	11,975 -	129,967 (10,958)	174,757 (11,688)
<b>Funds restated as at 20 April 2014</b>	<u>32,049</u>	<u>36</u>	<u>11,975</u>	<u>119,009</u>	<u>163,069</u>
<b>Total funds at 31 December 2014</b>	<u>33,733</u>	<u>13</u>	<u>12,954</u>	<u>128,886</u>	<u>175,585</u>

## LEEDS DIOCESAN BOARD OF FINANCE

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

#### 29. Subsidiary Company

The Diocese owns 100 shares in Educational Development Limited; this is the whole of the issued share capital

The financial information for this subsidiary is as follows

	2015 £000s	2014 £000s
Income	145	202
Expenditure	(66)	(107)
Surplus gift aided to the Diocese	(79)	(95)
<b>Net funds</b>	-	-
Balance sheet		
Debtors	59	17
Cash and deposits	2,222	2,053
Creditors	(2,281)	(2,070)
	-	-

#### 30. RELATED PARTY TRANSACTIONS

The Board enters into transactions, on a regular basis, with other autonomous organisations within the Church of England - e.g. Parishes, the Cathedrals, the Central Board of Finance, the Archbishops Council of the Church of England and the Church Commissioners. From time to time Directors and key managers of the Board may serve on committees of other bodies, or the General Synod. It is not considered appropriate to report the detail of such transactions since no person or group of people so serving have any significant influences over any material transactions.

There are no unusual transactions with such bodies reflected in these financial statements.

Of the connected charities listed in the Trustees Report, the following related party transactions have taken place during the period.

Wakefield Cathedral paid the Diocese £21,000 during the period for administration support services.

Bradford Cathedral paid the Diocese £470 towards the administration costs of preparing the payroll for the Cathedral staff.

#### 31. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the LDBF does not control them. The financial assets held in this way may be summarised as follows:



**LEEDS DIOCESAN BOARD OF FINANCE**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2015**

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	<b>2015</b>	<b>2014</b>
	<b>£,000</b>	<b>£,000</b>
CBF Church of England Investment Fund income shares	5,693	5,672
CBF Church of England Investment Fund accumulation shares	16	15
CBF Church of England Fixed Interest Securities Fund shares	424	434
CBF Church of England Property Fund shares	258	238
COIF income and accumulation shares	1	1
Other common investment fund holdings	433	372
Direct holdings in UK equities	122	137
CBF Church of England Deposit Fund	1,765	1,760
Total assets held as custodian trustee	<u>8,712</u>	<u>8,629</u>