

**Leicester Diocesan Board
of Finance**

Report and Financial Statements

**For the year ended
31 December 2011**

Company Registered No 227087
Registered Charity No 249100

Leicester Diocesan Board of Finance
Report and Financial Statements

For the year ended 31 December 2011

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Leicester Diocesan Board of Finance
(a company limited by guarantee not having share capital)
CHAIRMAN'S REPORT

For the year ended 31 December 2011

Having produced deficits, although smaller than budgeted, in the annual operating performance per the management accounts of the Diocesan Board of Finance during 2009 and 2010, as ministry costs exceeded income, the 3 year plan as set out in 2009 was to budget for a break even position in 2011. This has been achieved as the attached financial statements show.

During 2011, it became apparent that additional capital funds would be required by both St Martins Cathedral Properties and Launde Abbey - the former primarily due to capital project overspend, delayed sale of the Cathedral Centre (21 St Martins) and higher than expected start up costs - the latter due to slower than forecast pick up of bookings following the closure for refurbishment. Following full discussion at Diocesan Synod, including consideration of alternative courses of action, the additional funds were made available. Approval for both applications was by very large majorities.

The Trustees of the DBF have also attached certain conditions to its additional funding (some of which is in the form of repayable interest bearing loans) to ensure greater accountability.

The Trustees of both Launde Abbey and St Martins Cathedral Properties are now reporting much improved operating results. Various actions have been taken by these governing bodies to achieve this situation.

Despite the deficit on the operating account in recent years and the significant grant to Launde Abbey in 2009, the net assets of the DBF continue to grow, from £57.09m at the end of 2008 to £68.72m at the end of 2011. This is due to a combination of factors, but principally the sale of vacant parsonages for values higher than their value in the balance sheet and a revaluation of the Glebe portfolio. Here I should like to thank in particular Nicky Caunt, our Property Manager, David Beeson, Chairman of the Glebe Committee and Bill Moss, Chairman of the Investment Committee for their excellent stewardship of the assets for which they are responsible. The result of this encouraging situation and the continued support from the Church Commissioners is that we have been able to maintain parish ministry at levels which would otherwise not have been possible.

Much work has been done during the year to address the future of the mission and ministry of the Diocese, informed by the numbers of clergy in training, the number retiring and the ongoing necessary restructuring and reimagining of ordained ministry as well as new mission opportunities. As each Deanery produces its 20/20 vision statement and plans, the Parish Share Committee is preparing proposals for a contribution based system, which will be debated formally during 2012 for probable implementation by 2014.

I am pleased to confirm the plans are also well advanced to launch the Growth Fund which I mentioned in last year's statement, this proposal has now been discussed and approved in principle by both Bishop's Council and the DBF Trustees and will be laid before the Diocesan Synod during 2012. This new fund is in addition to the Mission Development Funding which we receive from the Church Commissioners which has financed £120,000 towards mission projects across the Diocese.

This has been a busy year for those charged with overseeing the Diocesan Finances. I am particularly grateful for the support and wise council of my fellow DBF Trustees as well as Jonathan Kerry, the Diocesan Secretary and Chief Executive and John Orridge, our Finance Director.

Stephen Barney

May 2012

For the year ended 31 December 2011

The Trustees, who are also directors for the purposes of company law, present their combined Trustees' report and directors' report, together with the audited financial statements, for the year ended 31 December 2011.

Except for the section on the summary information about the structure of the Church of England, the three National Church Institutions and Leicester Cathedral this report refers to the Leicester Diocesan Board of Finance. The financial transactions of these other bodies do not form part of these financial statements.

Reference and administrative details of the Leicester Diocesan Board of Finance

These are set out on pages 13 and 14.

Summary information about the structure of the Church of England

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 43 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (usually called an incumbent, vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are 108 bishops including Diocesan, Area and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 '*to co-ordinate, promote, aid and further the mission of the Church of England*'. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan, area and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners

Leicester Cathedral

The Cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its Trustees' report and financial statements may be obtained from St Martins House.

Structure, governance and management of the Diocese of Leicester

The Diocese of Leicester was restored in 1926, and consists of the City of Leicester and the County of Leicestershire, with the exception of a few parishes on its borders. It covers an area of 835 square miles and has a population of approximately 1 million. Whilst much of the diocese is rural, there are significant market towns and suburban centres. The City of Leicester has a population of approximately 300,000.

The diocese is arranged as two archdeaconries, with Loughborough broadly covering the western part, with 5 deaneries, and Leicester covering the city and eastern part with 5 deaneries. In total there are 237 parishes and currently 138 stipendiary clergy.

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

Diocesan governance

The Diocese is governed by the Synodical Government Measure 1969. Its statutory governing body is the Diocesan Synod, which is an elected body with broadly equal numbers of clergy and lay people from all parts of the Diocese meeting together with the diocesan bishop and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

The Diocesan Synod works according to Standing Orders which were approved by Synod in 2002. Members of the Synod hold office for a term of three years. Membership consists of ex officio members, namely the Bishops, the Dean of the Cathedral, the Archdeacons, the Chancellor of the Diocese, the Diocesan General Synod members and the chairs of the Board of Finance and the Diocesan Advisory Committee. Clergy members are elected by the houses of clergy in Deanery Synods, laypersons are elected by the houses of laity in Deanery Synods. Up to five persons may be co-opted by the house of clergy and five persons may be co-opted by the house of laity. A maximum of ten members (five clergy, five lay) may be nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to its Standing Committee, the Bishop's Council.

Deaneries

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. Each of the ten deaneries in the Diocese is governed by a Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2011

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.

The Parochial Church Council (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 chairman, the churchwardens and a number of elected and ex officio members. Each PCC is a charity and, until recently, were exempted from registration with the Charity Commission. Following the Charities Act 2006, however, PCCs with gross income over £100,000 are required to register with the Charity Commission. 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.

Company status

The company, Leicester Diocesan Board of Finance (LDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 4 January 1928 as a charitable company limited by membership guarantees (No. 227087) and its governing documents are the Memorandum and Articles of Association. LDBF is registered with the Charity Commission (No. 249100).

Every member of Diocesan Synod is a member of LDBF for company law purposes and has a personal liability limited to £1 under their guarantee as a company member in the event of its being wound up. The members of the Diocesan Finance Committee comprise the Board of Directors and the Trustees of LDBF.

Decision-making structure

Diocesan Synod has delegated the following functions to the Bishop's Council (Standing Committee of the Synod):

- planning the business of Synod including the preparation of agendas and papers;
- initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- transacting the business of the Diocesan Synod when not in session;
- advising the President on any matter;
- appointing members of committees and nominating individuals for election to committees;
- carrying out such other functions as the Synod may delegate to it.

Diocesan Synod has delegated the following functions to the Board of Trustees (Finance Committee and Board of Directors):

- 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;
- appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod;
- carrying out any other functions delegated by Diocesan Synod.

The Board of Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary who is supported by a number of heads of departments and their staff.

Committee structure

There are a number of Diocesan Synod committees that, though not sub-committees of LDBF, can influence the operations of LDBF.

Those following are statutory committees:

Houses Committee, which is responsible for managing and maintaining the parsonage houses in each benefice, including buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by LDBF.

Glebe Committee, which is responsible for implementing policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese.

Diocesan Mission and Pastoral Committee, which is responsible for the task of approving pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry.

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.

Leicester Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

Closed Churches Committee, which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

Bishop's Council

The Bishop's Council is the Standing Committee of Synod. Bishop's Council consists of 8 ex-officio members, including the Diocesan Bishop, the Assistant Bishop and the two Archdeacons, 3 clergy elected by the house of clergy from among their number and 5 lay persons elected by the members of the house of laity and a maximum of 2 members nominated by the Diocesan Bishop.

The *Finance Committee*, whose members are the Directors of the company and Trustees of the charity, is responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by the Trustees prior to submission to Diocesan Synod and monitors expenditure and income.

The *Investment Committee (a sub-committee of the Finance Committee)* is responsible for determining and overseeing the investment policy of the LDBF.

The *Audit Committee (a sub-committee of the Finance Committee)* is responsible for assisting the Trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

Appointment of Trustees

The Trustees are the members of the Finance Committee and are appointed according to the Memorandum and Articles of Association, as shown on page 13. Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company for the purposes of company law.

Trustees are given induction training when first appointed and receive ongoing training as appropriate.

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2011

Trustees' responsibilities

Company law requires the Trustees (in their capacity as directors) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming or outgoing resources of the company for that year.

The Trustees' Responsibilities are set out on page 15.

Related parties

General Synod, Church Commissioners and Archbishops' Council

LDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners and are reflected in the financial statements as costs funded by grants received from the Church Commissioners.

Parochial Church Councils (PCCs)

LDBF is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities. 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 representations to those bodies and through the input of their Deanery Synods.

Connected charities

Leicester Diocesan Board of Education and Higher & Further Education Chaplaincies

Through grant assistance the LDBF provides support to the work of the Leicester Diocesan Board of Education (charity no. 527812) and higher and further education chaplaincies in the Diocese.

Leicester Cathedral Chapter

By means of support in kind the LDBF provides accounting services to Leicester Cathedral Chapter.

Launde Abbey Trustees

By means of a long term loan of £500,000 to assist with the refurbishment of the Abbey, which is the Diocesan retreat house. At the end of 2011 capital and interest outstanding totalled £533,551.

In addition, the Leicester Diocesan Board of Finance had agreed to contribute to the refurbishment work at Launde Abbey to a maximum of £1m. This was included in the 2009 financial statements as an exceptional item. The amount owed at 31 December 2010 was £222,692 and £100,000 of this was utilised during 2011. Only £60,000 of the remaining balance of £122,692 is required and therefore the balance of £62,692 has been written back in 2011. (See note 7.)

Coventry Diocesan Board of Finance

The Trustees have a joint working arrangement with the Coventry Diocesan Board of Finance (company no. 319482; charity no. 247828) under which a number of staff are jointly employed.

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2011

St Martins Cathedral Properties Limited (SMCP Ltd)

This company oversees the Cathedral Square project, which has a vision for outreach in the Diocese. In 2009 The Bishop of Leicester, Leicester Cathedral and Leicester Diocesan Board of Finance agreed development plans for the refurbishment of St Martins House, which began in early 2010. The Diocesan and Cathedral staff relocated to the new offices in January 2011.

The Trustees of SMCP Ltd include The Bishop, The Dean and the Chairman of the Board of Finance and five others. The Diocesan Secretary is secretary to the Trustees.

The 2010 accounts declared an interest free loan made available to St Martins Cathedral Properties Limited totalling £3.29m. During 2011, a further £775,882 has been made available. £100,000 of this was a floating loan at an interest rate of 3%, the remaining £675,882 was part of a loan of £900k that was at a rate of 3% above base calculated on a quarterly basis.

The loan agreement for the interest free loan with St Martins Cathedral Properties Limited ensures that the totality of the funds made available from Leicester Diocesan Board of Finance are secured as a first charge against the total value of the refurbished St Martins House, so that in the eventuality of its disposal, the Diocesan Board of Finance would recover an amount calculated as a percentage (based on the valuation of the property at 31 December 2011) of any future disposal proceeds. The property was valued by Andrew Granger & Co LLP as at 31 December 2011 at £4.25m. Consequently, LDBF will be entitled to 77.41% of any future disposal proceeds.

Pension Schemes

All stipendiary clergy in the diocese and some licensed lay workers are members of the Church of England clergy pension scheme. The contribution rate for this scheme in the year was 38.2% of the previous year's national minimum stipend, which equates to £7,785 per clergy person.

The lay staff of the diocese are members of either a defined benefit or a defined contribution section of the Church Worker's Pension Scheme.

Risk management

The Trustees confirm that the major risks, to which LDBF is exposed, as identified by the Trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The Trustees have delegated to the Audit Committee the task of ensuring that risks are reviewed and managed as part of the risk management strategy.

The Audit Committee reviews the risk register periodically and reports to Trustees whether it is satisfied with its findings and makes recommendations as to areas for further work in subsequent years. The Trustees review the risk register at least annually as part of the corporate risk management strategy. The last review was done in November 2011.

For the year ended 31 December 2011

Objectives and activities

Aims and objectives

LDBF aims 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 Leicester.

LDBF's strategy for achieving its objectives is to maintain the 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.

The Trustees are aware of the Charity Commission's published guidance on the public benefit requirement in general and more particularly in *The Advancement of Religion for Public Benefit* and have had regard to it in their administration of the Diocese and in planning future activities and setting the grant making policy for the year.

The key activities may be summarised as:

- support for Mission and Ministry in the Parishes (includes all clergy training, housing, stipends, pension and all other expenditure supporting parish based ministry);
- support for the National Church institutions through an annual grant, including a contribution to the cost of training ordinands, and for providing retirement housing for clergy;
- support for the Diocesan Board of Education by way of a grant towards staffing costs and the provision of office accommodation and equipment.

Statutory functions

LDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.

The Trustees act as custodian Trustees in relation to PCC property and investments as necessary.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover proportions of its central costs, the cost of training for ministry and retired clergy housing (See note 5(b)(i) to the financial statements on page 29).

In addition grants are made as set out in note 7 to the Financial Statements on page 32 to a number of bodies, both Diocesan and non-Diocesan, and to individuals.

Grants are made on the basis of either statutory or budget obligation, individual need or towards the fulfilment of the objectives of LDBF.

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2011

Achievements and performance

Plans and achievements in 2011

During 2011 LDBF planned to:

- Achieve a breakeven budget, while increasing clergy stipends by 2%;
- Implement an average parish share increase of 2%;
- Continue to review parish share collection through diocesan-wide consultation.

During the year LDBF has:

- Made a surplus on operating activities per the management accounts of £42k (2010: deficit of £143k);
- Seen a decrease in the amount of parish share collected of £59k over 2010;
- Increased clergy stipends and pensions in line with national guidelines.

Operational performance

LDBF received £4.844 million of Parish Share due for the year (2010: £4.903 million) and has met all of its financial obligations to continue resourcing diocesan needs as these arise, including the support of the ministry, provision of well-maintained houses for the clergy, National Church responsibilities and enriching and facilitating many other aspects of church life throughout Leicester and Leicestershire.

External factors affecting performance

Every effort is made by the Diocese to hold down increases in the Parish Share, which is contributed by the PCCs towards the ministry and other costs of the Diocese. A large part of these other costs are staff salaries and building maintenance costs, which both tend to increase at a rate in excess of the Retail Price Index. In addition, the Diocese is having to maintain increased contributions to pension schemes on the staff defined benefit scheme.

Financial review

Overall financial performance

The overall financial performance of the LDBF for the year may be summarised as follows:

	2011 £'000	2010 £'000
Incoming resources from operating activities	8,183	8,130
Resources expended on operating activities	(8,262)	(8,455)
Deficit arising from ordinary operating activities	(79)	(325)
Movements in capital funds		
Surplus on sales of tangible fixed assets	564	490
Net incoming resources per statement of financial activities	485	165
Net surplus on sales of investment properties and investments	52	253
Net gains on revaluation of investment properties and investments	5,591	3,358
Net movement in funds during the year as shown on the statement of financial activities	6,128	3,776

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2011

Principal Funding Sources

Around 59.2% (2010: 60.3%) of the incoming resources of the LDBF, excluding surpluses on the sales of tangible fixed assets, comes from the Parish Share, 15.6% (2010: 14.1%) from National Church Selective Allocations and 11.9% (2010: 12.1%) from Investment Income.

Principal Areas of Expenditure

Of the resources expended of £8.262m 84.6% (2010: 82.6%) is spent on resourcing and supporting parochial ministry and 9.7% (2010: 11.3%) on grants and similar items including the Board's contributions to the National Church, the Leicester Diocesan Board of Education and chaplaincies.

Review of the financial position

The balance sheet has strengthened significantly during the year. The above table shows a deficit of income over expenditure of £79k but also significant gains from the sale of tangible fixed assets and substantial unrealised gains on the valuation of fixed assets and investments, resulting in the net movement of funds of £6.128m.

Going concern

The Trustees are satisfied that LDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Non-investment Properties

All non-investment freehold properties, that is Parsonage Houses and DBF Properties, are shown at cost. In the opinion of the Trustees the market value of these properties, assuming vacant possession, is substantially in excess of the cost value, but the amount of this excess is not economically quantifiable.

Investment policies and objectives

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

Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders. In order to achieve this the Board adheres to the Ethical Investment policy of the Church of England.

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 which seeks to maintain income while continuing capital growth.

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 by law 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.

Investment Financial Risk Management

The Board uses financial instruments, other than derivatives, as shown in this section of this report on Investment Policy and Returns.

As stated in this section the Trustees' primary investment objective is to provide an adequate income return, whilst, as far as possible, maintaining the long-term value of the funds in real terms.

The main risks are those arising from the fluctuations in the stock market, interest and dividend rates, and liquidity. The Trustees' investment policies are such as to mitigate such risks and are reviewed regularly. They are summarised below and have not changed from the previous year.

For the year ended 31 December 2011

Stock market fluctuations and interest and dividend rates: The Trustees seek to ensure that the non-property investments of the Board are split between fixed interest and equity investments and comprise a substantial number of holdings in different bonds and equities.

Liquidity: Other than the property holdings, all the Board's investments are able to be turned into liquid funds at short notice. It is the Trustees' policy to ensure that under normal circumstances there are enough liquid resources available in short-term deposits to enable the day-to-day business of the Board to be carried out without a requirement to sell investments.

Investment performance

The investments of the Board are represented by:

- Glebe investments in Land and Property;
- Investments in CBF Church of England Investment, UK Equity and Property Funds managed by CCLA Investment Management Ltd;
- Equity and Fixed Interest investments managed by the Trustees. These investments are held by the Board's stockbrokers, as nominee, as set out in the Reference and Administrative details section.

Glebe investments

The net income return on the Glebe land and building investments was 1.38% (2010: 2.04%).

Listed and unlisted investments

At the end of the year the ratio between equity and fixed interest investments was 80% to 20% compared to 87% to 13% in 2010. The income return achieved on the listed investments was 4.2% (2010: 4.53%), compared to that of the FTSE all-share index at 3.2% (2010: 3.3%). The income return achieved on the unlisted investments was between 4.65% and 6.82% (2010 average: 5.52%).

The changes in the value of the board's investments are shown at note 12 to the financial statements.

In the light of the market conditions prevalent during the year the Trustees consider the performance of its investments to be satisfactory.

Reserves policy

LDBF has considerable responsibilities including the remuneration of an average of 138 parochial stipendiary clergy in 2011, the upkeep of approximately 170 houses and the employment of some 21 full or part time staff. For this reason the Trustees believe it to be prudent to maintain adequate reserves to provide working capital resources.

The target figure for these resources is currently set at an amount equivalent to four months' budgeted parish share income for the ensuing year. At 31 December 2011 this figure was £1.6m. At 31 December 2011, LDBF's free reserves (i.e. excluding fixed assets and investments) were £2.8m as shown in note 18 to the financial statements.

The Trustees intend to continue to maintain their current policy on general reserves so as to ensure adequate ongoing working capital resources.

For the year ended 31 December 2011

Plans for future periods

The Trustees will continue to set annual budgets, including a long-term sustainable use of reserves where required, and seek to manage Parish Share increases in order to allow funds to be spent on mission activity.

The ongoing objective is to be able to adequately resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

To work towards these objectives the Trustees in 2012 plan to:

- implement an increase in the parish share to a maximum of 2.0%;
- continue to review parish share collection through diocesan-wide consultation;
- make cost saving plans to deliver a balanced budget.

Funds held as Custodian Trustee

The Board acts as Custodian Trustee for a large number of parochial trusts which have either the Parochial Church Council or Vicar and Churchwardens of the particular parish as managing Trustees. It also acts as a Custodian Trustee of Launde Abbey Trust, the Diocesan retreat house.

The assets of these funds consist of either cash deposits, investments in the CBF Common Investment Funds or equity and other fixed interest investments. The Board also acts as custodian trustee for real property owned by Parochial Church Councils. All such property and investments are held separately from those of the Board.

The total value of the assets, excluding real property, held as Custodian Trustee at 31 December 2011 was approximately £1.829 million (2010: £2.292 million).

Charitable Donations

Charitable donations have been made as part of normal expenditure in the exercise of the Board's objectives. Further details of the donations can be found in Note 7 to the Financial Statements.

No political contributions were made in the year.

Board members' interests in shares

The Board, which has no share capital, is a company limited by guarantee. The Board members may derive no benefit or income from or have any capital interest in the Board's financial affairs other than reimbursement of out-of-pocket expenses.

Appointment of auditors

The Charity's articles require annual reappointment of auditors. Grant Thornton UK LLP have indicated their willingness to continue in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting. A resolution to authorise the Trustees to fix their remuneration will also be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

.....
J Kerry Diocesan Secretary

.....
S Barney Chairman

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2011

Reference and administrative details of the Leicester Diocesan Board of Finance

In accordance with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the Trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and as at the date of signing are as follows:

President (ex officio)	The Rt Revd T J Stevens (Lord Bishop of Leicester)
Chairman (nominated by the Bishop)	Mr S G Barney
Archdeacons (ex officio)	Vacant position (Archdeacon of Leicester) The Ven D Newman (Archdeacon of Loughborough) The Ven R W B Atkinson OBE (resigned 28 April 2012)
Elected by Diocesan Synod	Mr B D Beeson Revd C Hebden Mrs S A Newbury Mr D Whittington Mr J C F Roberson Mr G Newbury
Nominated by the Bishop	Mr P Constable (appointed 31 August 2011) Mr M Alexander (appointed 17 May 2011)
Co-opted by the Board	None
Secretary	Mr A Roberts (resigned 14 March 2011) Mr J Kerry (appointed 14 March 2011)
Registered Office	St Martins House 7 Peacock Lane Leicester LE1 5PZ
Telephone	0116 261 5200
Company registration number	227087 (England & Wales)
Charity registration number	249100
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Regent House 80 Regent Road Leicester LE1 7NH

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2011

Reference and administrative details of the Leicester Diocesan Board of Finance (continued)

Bankers	Barclays Bank plc Dominus Way Meridian Business Park Leicester
Solicitors	Latham & Co Charnwood House 2 & 4 Forest Road Loughborough Leicestershire LE11 3NP
Investment managers: Glebe Agents	Andrew Granger & Co LLP 2 High Street Loughborough Leicestershire LE11 2PY
Other investments	Brewin Dolphin 1st Floor, Waterfront House Waterfront Plaza 35 Station Street Nottingham NG2 3DQ Charles Stanley & Co. Limited 25 Luke Street London EC2A 4AR NW Brown Richmond House 16-20 Regent Street Cambridge CB2 1DB CCLA Investment Management Limited 80 Cheapside London EC2V 6DZ
Diocesan Surveyors	YMD Boon Ltd York House Fernie Road Market Harborough Leicestershire LE16 7PH
Insurance Brokers	Towergate Risk Solutions Towergate House, Five Airport West Lancaster Way Yeadon Leeds LS19 7ZA

For the year ended 31 December 2011

The Trustees (who are also directors of Leicester Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees 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 Standards (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 affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

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

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

In so far as each of the Trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEICESTER DIOCESAN BOARD OF FINANCE

We have audited the financial statements of Leicester Diocesan Board of Finance for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its 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 page 15, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's Report and Directors' and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
LEICESTER DIOCESAN BOARD OF FINANCE (CONTINUED)**

Matters on which we are required to report by exception

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

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

Peter Edwards
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands

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Leicester Diocesan Board of Finance

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2011

	Note	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000 (As restated)
Income and expenditure							
Incoming resources							
Incoming resources from generated funds:							
Parish share	4a	4,844	-	-	-	4,844	4,903
Archbishop's council	4b	-	-	1,424	-	1,424	1,351
Donations, legacies and similar income	4c	143	7	92	-	242	242
Activities for generating funds	4d	165	-	-	-	165	128
Investment income	4e	112	13	62	786	973	987
Income from operating activities	4f	473	-	-	-	473	450
Other incoming resources	4g	34	-	26	2	62	69
Surplus on sales of assets		462	-	-	102	564	490
Total incoming resources		6,233	20	1,604	890	8,747	8,620
Resources expended							
Cost of generating funds	5a	162	-	-	125	287	271
Charitable expenditure:							
Archbishop's Council	5b(i)	339	-	-	-	339	350
Other grants and similar items	5b(ii)	375	23	64	-	462	607
Resourcing of Ministry in Parishes	5b(iii)	5,754	-	123	-	5,877	5,859
Support of Ministry in Parishes	5b(iv)	989	4	119	-	1,112	1,129
Governance costs	5c	185	-	-	-	185	239
Total resources expended		7,804	27	306	125	8,262	8,455
Net incoming/(outgoing) resources before transfers	3	(1,571)	(7)	1,298	765	485	165
Transfers between funds	17	2,074	21	(1,053)	(1,042)	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		503	14	245	(277)	485	165
Realised gains and losses on investments		(3)	-	-	55	52	253
Surplus/(Deficit) of income over expenditure		500	14	245	(222)	537	418
Unrealised gains and losses on investments		(58)	(5)	-	5,654	5,591	3,358
Net movements in funds		442	9	245	5,432	6,128	3,776

Continued on the following page

Leicester Diocesan Board of Finance

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2011

	Note	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000 (As restated)
Fund balances brought forward at 1 January 2011 as previously reported		11,616	683	1,494	48,801	62,594	58,903
Prior year adjustment	21	-	-	-	-	-	(85)
Restated balance at 1 January 2011		11,616	683	1,494	48,801	62,594	58,818
Fund balances carried forward at 31 December 2011		12,058	692	1,739	54,233	68,722	62,594

All activities of the charitable company are classified as continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

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Leicester Diocesan Board of Finance

BALANCE SHEET AT 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000 (As restated)
Fixed assets			
Tangible assets	11	28,307	28,480
Investment assets	12	33,352	28,168
		61,659	56,648
Current assets			
Debtors	13	6,137	5,165
Short term deposits		1,253	1,269
Cash at bank and in hand		201	238
		7,591	6,672
Creditors: amounts falling due within one year	15	(492)	(690)
Net current assets		7,099	5,982
Total assets less current liabilities		68,758	62,630
Creditors: amounts falling due after more than one year	16	(36)	(36)
		68,722	62,594
Funds			
Unrestricted funds:			
Designated funds	18	692	683
General funds	18	12,058	11,616
		12,750	12,299
Restricted funds	18	1,739	1,494
Endowment funds	18	54,233	48,801
Total funds	18	68,722	62,594

The financial statements were approved by the Board of Directors and authorised for issue on

S G Barney
Chairman

Company registered number 227087

The accompanying accounting policies and notes form an integral part of these financial statements.

Leicester Diocesan Board of Finance

CASH FLOW STATEMENT

For the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Net cash outflow from operating activities	20	(1,231)	(2,924)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(360)	(1,424)
Payments to acquire fixed asset investments		(1,559)	(2,302)
Receipts from sales of tangible fixed assets		1,079	778
Receipts from sales of fixed asset investments		<u>2,018</u>	<u>2,551</u>
		1,178	(397)
Net decrease in short term deposits and cash at bank		<u>(53)</u>	<u>(3,321)</u>

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The accompanying accounting policies and notes form an integral part of these financial statements.

For the year ended 31 December 2011

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, the Companies Act 2006, the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), the Church of England Diocesan Annual Reports and Financial Statements Guide 4th edition 2009 and under the historical cost accounting rules except that investment assets and certain other properties are included at valuation.

The principal accounting policies of Leicester Diocesan Board of Finance have remained unchanged from the previous year.

The prior year adjustment (see note 21) relates to two parish share related sales ledger accounts which had arrears, as at 31 December 2008, totalling £85,618. Due to a pastoral reorganisation at the time, these arrears should have been written off in 2008.

Tangible Fixed assets

Parsonage houses owned prior to 1 January 1996 are included at the lowest point of the council tax valuation this being taken as original cost in the absence of other data. Subsequent additions are included at cost.

Houses and properties owned by the Board of Finance are included at cost except in the case of any former parsonage houses transferred to the Board which are included at the book value at the time of transfer.

No depreciation is charged against properties held as tangible fixed assets but any expenditure on maintenance and improvements is written off as incurred. The market value of the properties is considerably in excess of their book value.

Fixed assets are capitalised where there is an individual item value of £500 or greater. Office equipment, furniture and fittings are depreciated at a rate of 20% per annum of original cost and computer and other electronic equipment at 50% per annum of original cost.

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 are included at market value at 31 December 2011 as valued by Andrew Granger & Co LLP.

Listed investments are included at market value. Investments held by the Board as custodian trustee are not included in these financial statements.

Parish share and Parochial fee income

Parish share and Parochial fee income includes amounts received up to 31 January 2012 (2010: 31 January 2011) together with any arrears received from previous years.

Grants receivable and payable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants payable are accounted for once the Charity has made an unconditional commitment to pay the grant and this is communicated to the beneficiary or the grant has been paid, whichever is the earlier.

For the year ended 31 December 2011

1 Principal accounting policies (continued)

Rental Income

Rental income is recognised on a receivable basis.

Investment gains and losses

Realised gains or losses are recognised when investments are sold. Unrealised gains or losses are accounted for on revaluation of investments at 31 December 2011.

Deferred Income

Income is recognised as deferred where the event or rental period to which the income relates occurs beyond the end of the financial period being reported on.

Resources expended

Expenditure is accounted for on an accruals basis and is allocated between:

- expenditure incurred in the cost of generating funds, including Parish Share;
- expenditure incurred directly in the fulfilment of the charity's objectives;
- expenditure incurred in the governance of the charity and its assets;
- expenditure on support costs including central functions. These costs are subsequently allocated to the other categories of expenditure as described in the following note.

Support Costs

These costs have been allocated to the other categories of expenditure described in the above note on the basis of the proportion of staff time spent on each area of expenditure as follows:

- Cost of generating funds – 20%
- Charitable expenditure – 69%
- Governance – 11%.

Operating leases

Payments under operating leases are charged against income as incurred.

Staff pension schemes

Contributions to the Board's pension schemes are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Board, contributions being accounted for in the year in which they are payable.

Fund accounting

The funds of the charity are analysed between Unrestricted (including Designated) Funds, Restricted Funds and Endowment Funds. Details of all funds together with the basis for identification under each category may be found in note 18 of these financial statements.

2 Staff pension schemes

The Board participates in two sections of the Church Workers Pension Fund, administered by the Church of England Pensions Board. The assets of the funds are held separately from those of the Board of Finance.

Defined contributions scheme

The Board participates in the Church of England Defined Contributions Scheme, part of the Church Workers Pension Fund. This scheme provides benefits based on the contributions paid into the fund.

The pension costs for the year of £34,606 (2010: £41,755) are equal to the contributions paid by the Board.

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For the year ended 31 December 2011

2 Staff pension schemes (continued)

Defined benefits scheme

The Leicester DBF participates in the Church of England Defined Benefit Scheme (DBS), part of the Church Workers Pension Fund. During the year to 31st December 2011, the Leicester DBF made net contributions of £115,894 (2010: £99,707) and this has been taken as the pension cost shown in these accounts, as explained below. The Leicester Diocesan Board of Finance is also committed to contributing £103,097 per year for 5 years (2012 to 2017 inclusive) to cover the amount of pension deficit attributable to the Diocese from the defined benefits pension scheme.

It is not possible for an individual employer to determine its share of the underlying assets and liabilities as 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. In such cases, FRS 17 requires the employer to account for its contributions to the DBS as if it were a defined contribution scheme but to make certain additional disclosures based on available information. The required disclosures, together with a description of the operation of the DBS, are given below.

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 Scheme 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 Scheme 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.

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 being as at 31 December 2010. In this valuation, the Life Risk Section was shown to be in deficit by £6.9m and some £5.5m was notionally transferred from the employers' sub-pools to the Life Risk Pool. Of this, £71,000 was deducted from the Leicester DBF sub-pool. This increased the employer's contributions that would otherwise have been payable. Other available information relating to the valuation as at 31st December 2010 is given below:

Market value of Leicester DBF sub-pool	£1.161 m
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	Leicester DBF members
Deferred pensioners	20
Active members	19

The Board's contribution rate was reviewed as from 1 January 2006 and was 20.23%. From 1 April 2012 the rate is 22.6%.

This scheme provides benefits based on final pensionable salaries. Membership of this scheme was closed to new employees from 1 January 2006.

For the year ended 31 December 2011

2 Staff pension schemes (continued)

Clergy Pension Scheme

Diocesan clergy are members of the Church of England Funded Pensions Scheme, which provides benefits based on final pensionable salaries. This Scheme provides for that part of their pension that relates to pensionable service after 1 January 1998. The Scheme's assets are held independently of the employer or other responsible bodies. Pensions in respect of pensionable service before 1 January 1998 will be paid by the Church Commissioners of England under the previous arrangements.

The Board participates in the Church of England Funded Pensions Scheme and employs 138 members of the Scheme out of a total membership of approximately 9,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Board is unable to identify its share of the underlying assets and liabilities – each employer in the scheme pays a common contribution rate. A valuation of the scheme was carried out as at 31 December 2010. This revealed a deficit of £259 million, based on assets of £742 million and a funding target of £1,001 million, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2010 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 4.2% p.a. on gilts and 5.7% p.a. on equities;
- RPI inflation of 3.7% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends 3.7% p.a.; and
- Post-retirement mortality in accordance with 80% of the S1NA tables, with allowance for future improvements according to the “medium cohort” projections, and subject to a minimum annual improvement in mortality rates of 1.5% for males and 1.0% for females.

Pensionable stipends are currently the same as the National Minimum Stipend. Following the valuation of the scheme as at 31 December 2009 and some agreed changes to benefits, the contribution rate has been set at 38.2% of pensionable stipends with effect from 1 January 2011. This contribution rate is unchanged as a consequence of the 2010 valuation.

The next valuation of the scheme is due to be carried out as at 31 December 2012.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS17 requires the Board to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

The pension costs for the year of £1.074m (2010: £1.246m) are equal to the contributions paid by the Board.

For the year ended 31 December 2011

3 Net incoming/(outgoing) resources

Net incoming/(outgoing) resources is stated after charging/crediting:

	2011	2010
	£'000	£'000
Charged:		
Auditor's remuneration:		
- Audit	15	14
- Other services	4	22
Hire of office equipment	12	9
Depreciation of other fixed assets	18	1
	<u>564</u>	<u>490</u>
Credited:		
Surplus on disposal of tangible fixed assets	<u>564</u>	<u>490</u>

Limited liability agreement

The charitable company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2011. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the members on 18 January 2012.

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For the year ended 31 December 2011

4 Analysis of incoming resources

a Parish Share

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Parish share assessed for year	5,283	-	-	-	5,283	5,216
Less: shortfall in contributions	(352)	-	-	-	(352)	(203)
	4,931	-	-	-	4,931	5,013
Add: arrears received from prior years	69	-	-	-	69	81
	5,000	-	-	-	5,000	5,094
Less: rebates granted and other adjustments	(156)	-	-	-	(156)	(191)
	4,844	-	-	-	4,844	4,903

At 31 December 2011 the total arrears outstanding, which had not been written off, amounted to £1,308,100 (2010: £1,558,230) of which £352,541 related to 2011. Full provision has been made against these arrears.

b Archbishops' Council

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Selective allocations	-	-	1,278	-	1,278	1,149
Special payments	-	-	3	-	3	72
Parish mission fund	-	-	120	-	120	117
Legal costs contribution	-	-	23	-	23	13
	-	-	1,424	-	1,424	1,351

c Donations, legacies and similar income

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Grants received	143	7	92	-	242	242
	143	7	92	-	242	242

d Income from activities for generating funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Rental income from non-investment properties	165	-	-	-	165	123
Other income	-	-	-	-	-	5
	165	-	-	-	165	128

For the year ended 31 December 2011

4 Analysis of incoming resources (continued)

e Investment income

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Glebe rents	-	-	-	333	333	365
Listed securities	83	-	-	281	364	353
Unlisted securities	18	8	54	169	249	246
Bank and other interest	11	5	8	3	27	23
	<u>112</u>	<u>13</u>	<u>62</u>	<u>786</u>	<u>973</u>	<u>987</u>

f Income from operating activities

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Parochial fees	339	-	-	-	339	334
Parish funding contributions	12	-	-	-	12	7
Contributions to Stipends	86	-	-	-	86	45
Other income	36	-	-	-	36	64
	<u>473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473</u>	<u>450</u>

g Other incoming resources

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Other income	34	-	26	2	62	69
	<u>34</u>	<u>-</u>	<u>26</u>	<u>2</u>	<u>62</u>	<u>69</u>

5 Analysis of resources expended

a Cost of generating funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Investment management fees	-	-	-	22	22	21
Glebe management costs	-	-	-	103	103	99
Support costs	162	-	-	-	162	151
	<u>162</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>287</u>	<u>271</u>

b Charitable expenditure

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
(i) Archbishops' council						
National church	165	-	-	-	165	153
Training for ministry	174	-	-	-	174	153
Retired clergy housing	-	-	-	-	-	44
	<u>339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339</u>	<u>350</u>

For the year ended 31 December 2011

5 Analysis of resources expended (continued)

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
(ii) Other grants and similar items						
Grants to Parishes & other Diocesan bodies	242	10	51	-	303	390
Grants to Ordinands	117	-	1	-	118	124
Other grants	16	13	12	-	41	93
	<u>375</u>	<u>23</u>	<u>64</u>	<u>-</u>	<u>462</u>	<u>607</u>

Note
7

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
(iii) Resourcing of Ministry in Parishes						
Clergy costs	4,152	-	-	-	4,152	4,117
Clergy housing	1,325	-	-	-	1,325	1,433
Other costs	42	-	123	-	165	97
Support costs	235	-	-	-	235	212
	<u>5,754</u>	<u>-</u>	<u>123</u>	<u>-</u>	<u>5,877</u>	<u>5,859</u>

Note
9

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
(iv) Support of Ministry in Parishes						
Ministry, social responsibility & partnerships	589	4	85	-	678	726
Parish funding	76	-	-	-	76	78
Other parish support	-	-	34	-	34	23
Support costs	324	-	-	-	324	302
	<u>989</u>	<u>4</u>	<u>119</u>	<u>-</u>	<u>1,112</u>	<u>1,129</u>

c Governance costs

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Synodical costs	20	-	-	-	20	13
Statutory costs & similar	76	-	-	-	76	102
Support costs	89	-	-	-	89	124
	<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185</u>	<u>239</u>

For the year ended 31 December 2011

6 Support costs

i) Analysis of resources expended showing allocation of support costs

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2011 £'000	Total 2010 £'000
Cost of generating funds	125	-	162	287	271
Charitable expenditure:					
Archbishops' council	-	339	-	339	350
Other grants & similar	-	462	-	462	607
Resourcing of ministry in parishes	5,642	-	235	5,877	5,859
Support of ministry in parishes	788	-	324	1,112	1,129
Governance costs	96	-	89	185	239
	6,651	801	810	8,262	8,455

ii) Analysis of support costs

	2011 £'000	2010 £'000
Staff costs	454	527
Depreciation	18	1
Property costs	114	63
Other costs	224	195
	810	786

For the year ended 31 December 2011

7 Analysis of grants

	£'000	2011 £'000	£'000	2010 £'000
To other Diocesan and related bodies				
Launde Abbey	(63)		6	
Diocesan Board of Education	71		71	
University Chaplaincies	171		154	
Centre for Deaf	5		17	
Leicester Cathedral for Development Officer	-		-	
CUF Projects	5		17	
Grants from Commissioners Ministry Fund	51		65	
Grants to Parishes for Church Repairs	5		-	
St Paul's Leicester loan provision (note 13)	3		60	
Grants to External Bodies	-		-	
		248		390
To individuals for Ministry				
Grants to Ordinands	117		124	
		117		124
Other Grants				
St Philip's Centre	45		55	
Ecumenical Support & EMMTC	9		-	
Grants to retired clergy and widows	10		8	
Shepshed Youth Project	-		3	
CME Grants	13		(1)	
Other grants	20		28	
		97		93
Total grants made		462		607

The amount owed to Launde Abbey for refurbishment work at the end of 2010 was £222,692 (from an original grant of £1m which was reported as an exceptional item in the 2009 financial statements). £100,000 of this was utilised during 2011. Only £60,000 of the remaining balance of £122,692 is required at the end of 2011 and therefore the balance of £62,692 has been written back in this year's financial statements.

8 Board members' emoluments and expenses

None of the Board members has received any emoluments from the Board of Finance for services performed as directors (2010: None).

The parochial clerical members of the Board and the Archdeacons are in receipt of a stipend, housing and other payments made to clergy paid by the Board by virtue of their office.

1 member received a total of £24 (2010: 1 & £251) in the year for travel expenses related to the activity of the Board.

3 clerical members received a total of £708 (2010: 3 & £1,079) in the year for travel and other expenses in connection with their membership of the General Synod of the Church of England, membership of which is not connected with their membership of the Board.

For the year ended 31 December 2011

9 Clergy costs

The average number of stipendiary clergy and licenced lay workers holding parochial or archidiaconal posts in the Diocese was 138 (2010: 137).

	2011	2010
	£'000	£'000
At a cost of:		
Stipends	3,161	3,104
Social security costs	264	182
Pension contributions	1,074	1,246
	4,499	4,532
Less: Stipends accounted for in grant expenditure or support of ministry in parishes	(347)	(415)
	4,152	4,117
Per note 5b (iii)	4,152	4,117

10 Average staff numbers and total remuneration

The average number of administrative and support staff employed during the year was 21 (2010: 23).

Cost of staff under contract during the year amounted to:

	2011	2010
	£'000	£'000
Salaries	465	560
Social security costs	43	49
Pension contributions	151	141
Total	659	750

No employee received remuneration in the band £60,000 - £70,000 during the year (2010: 1).

The Board has entered into joint working arrangements with the Diocese of Coventry. During 2011 an average of 10 staff (2010: 13 staff) came under these arrangements all of whom were employed by LDBF. The Diocese of Coventry contributed 50% of employment costs for which it receives 50% of the relevant employees' time. During the year these costs amounted to £189,943 (2010: £226,362) all of which are accounted for in these financial statements and deducted in the above figures.

For the year ended 31 December 2011

11 Tangible fixed assets

	Parsonage Houses £'000	DBF properties £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2011	21,118	7,340	389	28,847
Additions	57	292	11	360
Disposals	(120)	(395)	-	(515)
Transfers	(213)	213	-	-
At 31 December 2011	<u>20,842</u>	<u>7,450</u>	<u>400</u>	<u>28,692</u>
Depreciation				
At 1 January 2011	-	-	367	367
Charge for the year	-	-	18	18
At 31 December 2011	<u>-</u>	<u>-</u>	<u>385</u>	<u>385</u>
Net book value				
At 31 December 2011	<u><u>20,842</u></u>	<u><u>7,450</u></u>	<u><u>15</u></u>	<u><u>28,307</u></u>
At 31 December 2010	<u>21,118</u>	<u>7,340</u>	<u>22</u>	<u>28,480</u>

Cost at 31 December 2011 represents fixed assets used for direct charitable purposes.

FRS 15

Under the requirements of FRS15 'Tangible Fixed Assets' entities are required to depreciate all tangible fixed assets including buildings, unless it can justify not so doing.

The Trustees consider that it is not appropriate to charge depreciation on freehold property. The reason for this is that they consider that the residual value of the property will not overall be materially lower than the carrying value.

In order to assist with maintaining this value the Board has the policy and practice of regular and ongoing maintenance to a high standard, the cost of which is written off in the year it is incurred, unless it is considered to enhance the capital value of the relevant property.

In 2011 such expenditure on the properties charged to revenue amounted to £546,543 (2010: £616,517).

For the year ended 31 December 2011

12 Fixed asset investments

	Glebe properties £'000	Listed £'000	Unlisted £'000	Other £'000	Total £'000
Market value at 1 January 2011	14,409	8,569	5,140	50	28,168
Additions at cost	-	1,559	-	-	1,559
Disposals at opening market value	(462)	(1,504)	-	-	(1,966)
Net gains/(losses) on revaluation	6,007	(173)	(243)	-	5,591
Market value at 31 December 2011	19,954	8,451	4,897	50	33,352
Historical cost at 31 December 2011	Not available	9,073	3,895	13	12,981

Unlisted investments consist of holdings in CBF Church of England common investment funds managed by CCLA Investment Management Ltd.

The valuation of investments at 31 December 2011 was carried out by the Board's investment managers as shown in the Administrative Details on page 14.

The Glebe properties are valued by Andrew Granger & Co LLP, Chartered Surveyors at open market value at 31 December 2011.

The difference between the valuation of fixed asset investments and historical cost is included in the fund applicable to the investment.

The following investments represent more than 5% of the market value of the Board's Fixed Asset Investments, excluding Glebe properties and other investments, at 31 December 2011.

	As at 31 December 2011		
	Cost £'000	Market value £'000	%
CBF Investment Fund Income Shares	1,583	2,429	18.2
CBF Property Fund Income Shares	900	1,195	9.0

13 Debtors

	2011 £'000	2010 £'000 (As restated: see note 21)
Amounts falling due within one year		
Parish share and other trade debts	330	262
Loans	516	302
Other debtors	405	327
Prepayments and accrued income	126	168
	1,377	1,059
Amounts falling due after more than one year		
Loans	4,760	4,106
	6,137	5,165

For the year ended 31 December 2011

13 Debtors (continued)

The loans shown above are represented by:

	Due within 1 year £000	Due after 1 year £000	Total £000
Unsecured loans			
Loans to parishes	266	150	416
Other loans	100	533	633
	<u>366</u>	<u>683</u>	<u>1,049</u>
Secured loans			
Grange Park equity loan	150	-	150
Value linked loan on retired clergy housing	-	5	5
St Martins Cathedral Properties Limited loan	-	4,072	4,072
	<u>150</u>	<u>4,077</u>	<u>4,227</u>
	<u>516</u>	<u>4,760</u>	<u>5,276</u>
Total loans outstanding			

Unsecured loans

Included in Unsecured Loans are:

A loan of £163,189 to the PCC of St Paul's, Leicester in respect of the refurbishment of their Parish Centre and other costs. The loan is repayable from the proceeds of the sale of the redundant church building. The whole of this loan is included in loans due within 1 year. A further provision of £3,317 was made against this loan during 2011 bringing the total provision to £63,189.

A loan of £212,710 (including accrued interest) to the PCC of Holy Trinity with St John's, Hinckley in respect of the provision of a new church building. £100,000 of this loan was due in 2011 but has not been repaid, the remaining £112,710 (including accrued interest) is repayable in 2012. The loan bears an interest rate of 3%.

A loan to the Trustees of Launde Abbey for £533,551 which includes accrued interest. Repayment will be by annual instalments of not less than £1 each year until the year 2031 and then to repay the balance of the loan outstanding together with interest thereon at a rate of 2% compounded with annual rests from 2007. Leicester Diocese is the custodian trustee of Launde Abbey which is the Diocesan retreat house. The whole of this loan is included in loans due after 1 year.

Several loans from the Church Extension Fund were made in the year including one to Burbage PCC for £140,000. £28,000 of this is due within 1 year. The terms are 3% repayable over 5 years. Other loans from the Fund amount to £63,014 in respect of church repairs. The repayment terms and interest rates vary.

Secured Loans:

The Secured Loans are all secured on freehold properties where the loans represent no more than 75% of the market value of the property at the time the loan was granted.

For the year ended 31 December 2011

13 Debtors (continued)

The Grange Park equity loan was to purchase a property for a Methodist minister working in Loughborough. The loan is repayable in September 2012 when 56.18% of the disposal value plus interest at a rate of 2% above the Base Rate of HSBC will be paid to the Board of Finance.

The 2010 accounts declared an interest free loan made available to St Martins Cathedral Properties Limited loan totalling £3,290,598. During 2011 a further £775,882 has been made available. £100,000 of this was a floating loan at an interest rate of 3%, the remaining £675,882 was part of a loan of £900k that was at a rate of 3.5% above base repayable on a quarterly basis. The total accrued interest on these additional loans is £5,257.

The loan agreement for the interest free loan with St Martins Cathedral Properties Limited ensures that the totality of the funds made available from Leicester Diocesan Board of Finance are secured as a first charge against the total value of the refurbished St Martins House, so that in the eventuality of its disposal, the Diocesan Board of Finance would recover an amount calculated as a percentage (based on the valuation of the property at 31 December 2011) of any future disposal proceeds. The property was valued by Andrew Granger & Co LLP as at 31 December 2011 at £4.25m. Consequently, LDBF will be entitled to 77.41% of any future disposal proceeds.

14 Related party transactions

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education and the University Chaplaincies at the three universities in the Diocese of Leicester. Details of grants made to these bodies are given in notes 5 and 7 of the financial statements. In addition in the year the Board charged £15,350 (2010: £30,061) to the Leicester Diocesan Board of Education for accounting and related services.

A loan was made to St Martins Cathedral Properties Limited (SMCP Ltd) in the year, see note 13 for details of this loan. Salaries totalling £180,223 (2010: £88,947) were recharged to SMCP Ltd during the year. In addition SMCP Ltd charged LDBF £96,850 relating to a service charge. At the year end LDBF owed SMCP Ltd £2,537 in respect of recharged stationery.

At the end of the year the following amounts, all of which are included in debtors as appropriate, were receivable by the Board in respect of related parties:

	2011 £'000	2010 £'000
Amounts receivable by the Board		
Leicester Diocesan Board of Education	79	53
St Martins Cathedral Properties Limited – loan	4,072	3,291
St Martins Cathedral Properties Limited - salary recharges	-	8

15 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	159	151
Taxation and social security	37	42
Other creditors	139	159
Accruals	40	42
Deferred income	57	73
Grant payable to Launde Abbey	60	223
	492	690

For the year ended 31 December 2011

16 Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Loans		
Value-linked (see note below) - 51, Laurel Road, Blaby, Leicester	<u>36</u>	<u>36</u>

The value-linked loan is secured by guarantee against the property. The loan is repayable when the property is sold, in proportion of the sale value to the original % of the cost of the house originally loaned. The proportion of the loan in the case of this property is 94.77% and at 31 December 2011 the estimated value of the property and amount repayable if the property were sold were £156,479 and £148,244 respectively.

17 Analysis of transfers between funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000
Church Commissioners' Restricted Fund income used to fund payments of stipends	1,305	-	(1,305)	-	-
Glebe income used to fund payment of stipends	230	-	-	(230)	-
Diocesan Stipends Capital Fund income used to fund payment of stipends	454	-	-	(454)	-
Endowment income used to fund payment of stipends	42	-	(42)	-	-
Mission fund transfers	77	-	(77)	-	-
Property transfers & transactions	-	-	166	(166)	-
Other transfers	(34)	21	205	(192)	-
	<u>2,074</u>	<u>21</u>	<u>(1,053)</u>	<u>(1,042)</u>	<u>-</u>

For the year ended 31 December 2011

18 Statement of funds

	Balance at 1/1/11 £'000	Income £'000	Expenditure £'000	Transfers £'000	Other recognised Gains/(losses) £'000	Balance at 31/12/11 £'000
Unrestricted funds						
General fund						
General fund capital	9,225	-	-	-	-	9,225
General fund income (as originally stated)	2,476					
Prior year adjustment (see note 21)	(85)					
	2,391	6,233	(7,804)	2,074	(61)	2,833
Total unrestricted funds	11,616	6,233	(7,804)	2,074	(61)	12,058
Designated funds						
Retired clergy fund	107	6	(14)	9	(5)	103
Church extension fund	505	5	(5)	-	-	505
Workplace Chaplaincy	3	-	(1)	-	-	2
Archdeacon's discretionary	63	9	(2)	-	-	70
Diocesan CUF fund	5	-	(5)	12	-	12
	683	20	(27)	21	(5)	692
Total designated funds	683	20	(27)	21	(5)	692
Total all unrestricted funds	12,299	6,253	(7,831)	2,095	(66)	12,750
Restricted funds						
Pastoral accounts	1,196	33	(127)	379	-	1,481
CCs restricted income	-	1,304	-	(1,304)	-	-
Endowment income	90	59	(8)	(51)	-	90
CCs mission funding	176	121	(85)	(77)	-	135
Bishop Jeune ordinands	2	1	(1)	-	-	2
Former Archdeacon's Fund	19	71	(70)	-	-	20
Alan Everitt Memorial Fund	11	15	(15)	-	-	11
	1,494	1,604	(306)	(1,053)	-	1,739
Total restricted funds	1,494	1,604	(306)	(1,053)	-	1,739
Endowment funds						
<i>Expendable:</i>						
Parsonage houses	21,118	-	(63)	(213)	-	20,842
<i>Permanent:</i>						
Stipends Glebe	26,232	890	(62)	(829)	5,757	31,988
Other endowment capital	1,451	-	-	-	(48)	1,403
	48,801	890	(125)	(1,042)	5,709	54,233
Total endowment funds	48,801	890	(125)	(1,042)	5,709	54,233
Total funds	62,594	8,747	(8,262)	-	5,643	68,722

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.

For the year ended 31 December 2011

18 Statement of funds (continued)

Endowment funds are funds held on trust to be retained for the charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

Designated Funds

The Retired Clergy Fund represents funds set aside for the benefit of retired clergy and their spouses, including those widowed, divorced or separated.

The Church Extension Fund represents funds put aside over a number of years by the Board to give loans to Parochial and District Church Councils to help with extensions, improvements and repairs to church buildings.

Workplace Chaplaincy fund represents funds to support people in workplace environments by offering confidential and independent support on a range of issues.

The Archdeacons Discretionary Fund is used by the Archdeacons to pay grants to needy clergy and their families within the Diocese.

The Diocesan CUF Fund was established in 2005 to set aside funds on a 3 year rolling basis to give grants towards projects supported by the Church Urban Fund (CUF).

Restricted Funds

The Pastoral Fund is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of and improvement to parsonage houses.

Prior to 2007 the balance included funds of £281,989 held by the Church Commissioners from the sale of Parsonage Houses which could not be released for other uses until such time as new Pastoral Schemes for the parishes involved had become operative and the appropriate PCC consents to the funds being released.

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable but the remainder placed in a separate fund in relation to one parish. At 31 December 2011 this fund stood at £313,251 and is included in the Pastoral Fund balance.

The Restricted Income from the Church Commissioners is funds received from them to support Stipends and Clergy Pension Costs and is transferred to the General Fund to be applied against payment of such costs.

The Endowment Income Funds represent accumulated income and income arising from Endowment Funds that has not yet been expended.

The Church Commissioners' Mission Fund represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets.

The Bishop Jeune Ordinands' Fund arose from accumulated income received from the Diocese of Peterborough arising from a fund set up by the late Bishop Jeune in 1868. It is available to be used for the benefit of ordinands.

For the year ended 31 December 2011

18 Statement of funds (continued)

The former Archdeacon's Fund arose in 2009 to fund the continuation of the former Archdeacon Paul Hackwood in connection to his new role with the Church Urban Fund.

The Alan Everitt Memorial Fund, which commenced in 2010, is specifically for drama and dance based projects that promote the self esteem of young people in a Christian environment.

Endowment Funds

Parsonage Houses

This represents the deemed value of the Parsonage Houses calculated as set out in note 1 to these financial statements.

Glebe Properties and Diocesan Stipends Capital Fund

These funds represent the value of property and investments held under the Endowments and Glebe Measure 1976 invested to produce income to be applied for the augmentation of stipends.

Endowment Capital Funds

The majority of the Endowment Capital Funds are for the augmentation of stipends.

19 Analysis of net assets between funds

	General fund £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total 2011 £000
Fund balances at 31 December 2011 are represented by:					
Tangible fixed assets	7,252	-	-	21,055	28,307
Investments	2,073	152	-	31,127	33,352
Net current assets	2,769	540	1,739	2,051	7,099
Long term liabilities	(36)	-	-	-	(36)
Total net assets	12,058	692	1,739	54,233	68,722

20 Reconciliation of net outgoing resources before transfers to net cash outflow from operating activities

	2011 £'000	2010 £'000
Reconciliation of changes in resources to net cash outflow from operating activities		
Net incoming resources before realised and unrealised gains & losses	485	165
Depreciation	18	1
Surplus on disposal of tangible fixed assets	(564)	(490)
Increase in debtors	(972)	(1,831)
Decrease in creditors due within 1 year	(198)	(769)
Net cash outflow from operating activities	(1,231)	(2,924)

21 Prior Year Adjustment

The prior year adjustment relates to two parish share related sales ledger accounts which had arrears, as at 31 December 2008, totalling £85,618. Due to a pastoral reorganisation at the time, these arrears should have been written off in 2008.

Leicester Diocesan Board of Finance

MANAGEMENT FINANCIAL STATEMENTS

For the year ended 31 December 2011

Reconciliation of surplus/(deficit) on management financial statements to net movement in funds

	£'000	2011 £'000	£'000	2010 £'000
Surplus/(deficit) per income and expenditure account		42		(143)
Add				
Realised surplus on sales of tangible fixed assets		<u>564</u>		<u>490</u>
		606		347
Net outgoing resources from other funds		(121)		(182)
Net incoming resources		<u>485</u>		<u>165</u>
Gains on investment assets:				
Realised	52		253	
Unrealised	<u>5,591</u>		<u>3,358</u>	
		<u>5,643</u>		<u>3,611</u>
Net movement in funds per statement of financial activities (see page 18 of the financial statements)		<u><u>6,128</u></u>		<u><u>3,776</u></u>

DRAFT

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 16 and 17 of the financial statements.

Leicester Diocesan Board of Finance

MANAGEMENT FINANCIAL STATEMENTS

For the year ended 31 December 2011

Income and expenditure account for the year ended 31 December 2011

	2011 £'000	2010 £'000
Income		
From the central church	1,281	1,202
From the parishes - parish share	4,844	4,903
From the parishes - fees and other income	339	318
Parish funding contributions	12	7
Other stipend support income	86	118
Glebe income	333	364
Investment income and deposit interest	608	547
Rents and other property income	165	122
Grants	124	132
Board of Ministry	34	25
Social Responsibility	25	7
Retired clergy, widows and dependants committee	5	13
Church extension fund	5	5
Income from publications	13	22
Other income	18	61
Total income	7,892	7,846
Expenditure		
Central church costs	343	357
Parochial stipends inc. NI and pensions	4,118	4,117
Other clergy costs	325	398
Grants to Diocesan and other associated bodies	308	330
Glebe costs	103	99
Housing and property costs	984	1,111
Board of Ministry	405	436
YP4L	149	180
Social Responsibility	66	62
Retired clergy, widows and dependants committee	14	11
Church extension fund	5	-
Communications including publications	114	126
Partnerships	102	58
Parish funding costs	75	77
Central administration including synodical costs	630	570
Legal and other professional fees	141	138
Depreciation	18	1
Shaped by God	68	67
Total expenditure	7,968	8,138
Deficit before exceptional items and transfers	(76)	(292)
Less: Exceptional items		
- Grant for Launde Abbey	63	-
Deficit after exceptional items	(13)	(292)
Add: Transfers from other board funds	67	182
Less: Transfers to other board funds	(12)	(33)
General fund surplus/(deficit) for the year (carried forward to page 42)	42	(143)

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 16 and 17 of the financial statements.