

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

LEICESTER DIOCESAN BOARD OF FINANCE

Company number - 00227087

Registered charity number – 249100

TABLE OF CONTENTS	Page
Chairman's report	3 - 4
Legal objects	5
Strategic report:	
Strategic aims	6
Objectives for the year	6 - 7
Activities and achievements in the year	7 - 8
Future plans	8 - 9
Financial review	9 - 11
Principal risks and uncertainties	12
Structure and governance	13 - 15
Trustees' responsibilities	16
Administrative details	17 - 18
Independent auditor's report	19
Statement of Financial Activities	20
Income and Expenditure Account	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the financial statements	24 - 48

CHAIRMAN'S REPORT

The key measure of the sustainability of Diocesan funding, our annual income and expenditure account, shows that in 2015 we have again achieved a small surplus (£150k per our operational model, when compared against the operational budget deficit of £24k), albeit largely due to higher than forecast clergy vacancies.

This year I am focusing my comments, in particular, on the increasingly material effect of the use of capital both to sustain parish ministry and as an investment in mission led growth via the Capital and Growth Funds as well as from Church Commissioners' grants.

In respect of existing parochial ministry, we are of course very much indebted to the generous giving of church members through the parish contributions scheme which provides for 80% of the cost of clergy stipends, pensions, housing and training. That we are able to fund the current establishment of clergy is due to these contributions, the subvention from the Church Commissioners and because of the excellent management of the Glebe portfolio and our stock market investment performance, which over many years has significantly exceeded cost inflation.

3 years ago we established the Capital and Growth Funds to use some of our capital assets "in this generation". To date we have either released, or committed to release, £1.5m via the Growth Fund and £0.95m via the Capital Fund. The Growth Fund has provided 38 lay staff in parishes to work alongside clergy supporting particular ministries such as youth and children's work.

Since 2013 we have spent significant capital (circa £500k) supporting the Cathedral's partial reordering in preparation for the Richard III events which took place in March 2015. In the 6 month period following the reinterment, the economic benefit to Leicester exceeded £60 million meaning that, leaving aside the enhancement of our Christian presence in our multi faith city, we have made a major contribution to the "common good."

The other material item in the accounts to which I need to draw your attention is the cost of settling a dispute between Launde Abbey and an adjacent landowner. The cost to the church will be circa £280k. The mediated solution avoided litigation through the courts, the outcome of which neither party could be certain and has produced the only long term solution which fully protects the Abbey's interests. The details of the mediated solution were endorsed unanimously by both the Bishops' Senior Staff and the DBF Trustees. The cost incurred by DBF will become a fixed charge over the assets of Launde Abbey.

Despite all of these matters, the DBF's net assets increased by £5.57 million during the year due both to the consolidation of St Martins House assets and the capital appreciation of Glebe and other investments.

The trading performance of St Martins House continues to strengthen, as does that of Launde Abbey, enabling both enterprises to make reserves against future refurbishment costs as well as to expand their core activities.

From 2017 a number of significant changes will affect the DBF's financial arrangements, particularly the way the provision of national church funds is made, the opportunity to use intergenerational capital in new ways and the need to continue to finance our capital and growth funds. In the light of this, the DBF trustees are drawing up proposals covering the next four years, which will be reviewed with the

LEICESTER DIOCESAN BOARD OF FINANCE
(a company limited by guarantee not having share capital)

ANNUAL REPORT

relevant diocesan decision making bodies during 2016.

This has again been an interesting and challenging year for the DBF trustees. We are very grateful for the diligent service of many people be it employees, professional advisors or those who give us wise counsel and much time and effort on a voluntary basis. I am particularly grateful this year to John Orridge, our Finance Director and his team, Rupert Harrison, our Land Agent and Trevor Kirkham, our Diocesan Registrar, for their often unseen but vital contributions to our affairs.

Stephen Barney
24 May 2016

LEICESTER DIOCESAN BOARD OF FINANCE
(a company limited by guarantee not having share capital)

ANNUAL REPORT

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 Leicester covers the entire county of Leicestershire.

The Leicester 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 Leicester by acting as the financial executive of the Leicester 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 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 Leicester (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 REPORT

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.

In November 2014, the Diocesan Synod unanimously recommitted to the "Shaped by God" vision and strategy for the next 10 years, which seeks to grow the kingdom of God in depth of discipleship, number of disciples of Jesus and the loving service of the world.

Shaped by God has at its heart nine marks of mission. In summary, these are;

- **Lives and communities transformed**, through the good news of Jesus Christ;
- **Worship in a way that renews and inspires**, echoing the praise of heaven;
- **Self giving service to the community**, because the Church is called to be local and outward looking;
- **being rooted in prayer**, because prayer is part of our loving response to the needs of the world
- **confident and sensitive evangelism**, responding to Jesus' call to share our faith in word and deed;
- **lifelong Christian nurture**, because our mission overflows from our own discipleship;
- **the welcome of newcomers**, helping those who come close to the church to feel welcomed and cherished by God;
- **becoming child friendly**, following our Lord's example of putting children at a central place in His ministry;
- **celebration of people and places**, because godly celebration is at the heart of the gospel.

Objectives for the year

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

- 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.
- To maintain a sound financial structure required to support the clergy in the payment of stipends, managing parsonages and other ministerial housing and providing other facilities in support of the clergy and lay people in parishes across the Diocese.
- To support the National Church institutions through an annual grant, including a contribution to the cost of training ordinands and for providing retirement housing for clergy.
- To support The Diocesan Board of Education by way of grant towards staffing costs and the provision of office accommodation.

ANNUAL REPORT

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 Leicester 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 830 weddings (including 48 marriage blessings), 2,300 funerals and 1,660 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 100 trained stipendiary clergy and 22 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 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, as available money allows.

During all interregnums 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.

Other related parties include:

- The Archbishops' Council to which it pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.
- The 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 ("PCC"), to which LDBF is required to be custodian trustee in relation to PCC property. LDBF has no control over PCC's, which are independent charities. The accounts of PCC's and deaneries do not form part of these financial statements.
- Leicester Diocesan Board of Education (DBE – charity number 1151592), to which LDBF provides grant support.

ANNUAL REPORT

- Leicester Cathedral Chapter, to which LDBF provides certain accounting services.
- Launde Abbey Trustees, to which LDBF provides a long term loan used to refurbish the abbey, which is the Diocesan retreat house. At 31 December 2015, the loan plus interest totalled £577,716. In addition, a further loan of £238,301 has been made to cover compensation and legal fees. Both loans have been fully provided for.
- Coventry Diocesan Board of Finance (company no. 319482; charity no. 247828), with which LDBF has a joint working arrangement for several staff.

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 note 30 to the financial statements.

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 committee members across the dioceses in pursuit of the mission of the LDBF.

Future plans

On 31 March 2015, the net assets (totalling £450,411), and operations of St Martins Cathedral Properties Limited ("SMCP") were transferred to LDBF. At that time, all related loans were discharged, including associated asset charges. The objects of the operation are unchanged and governance ultimately falls within the remit of the Board of Trustees of LDBF. A sub-group, chaired by Mr Jonathan Kerry, maintains supervision of the day to day operations.

The strategic aims established by the Diocesan Synod in November 2014, as detailed on page 6, 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 ministerial 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.

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

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 during 2016, the Trustees plan to:

- Achieve a 2% increase in parish contribution collection
- Maintain a break even position on operational activities
- Implement a total return investment strategy
- Continue to develop strategic plans concerning ministry deployment on new housing developments, and

ANNUAL REPORT

- Consolidate and develop our safeguarding policies and procedures
- Achieve a surplus of circa £50,000 within the SMCP division
- Continue to develop the conference and events business and to further develop an in-house catering team.

Financial review

Financial Performance

Parish Contribution, the money given by Parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. This reduced by £137k to £4.571m (2014: £4.708m).

The Trustees are grateful to all the parishes for their contributions during the year, and especially to those parishes that make regular contributions by instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum.

LDBF had a net £5.571m increase in funds in 2015 (2014: £2.351m). The 2015 result was boosted by the write back of a net £3.403m loan provision to St Martins Cathedral Properties (SMCP), a £922k gain on sale of Parsonages, a £403k reduction in the Clergy pension scheme liability and a £451k transfer of assets from SMCP.

The Trustees have prepared a balanced budget for 2016. The key financial challenge will be receiving parish contributions as budgeted. The Trustees consider that this is achievable.

Overall, the value of fixed asset investments increased – Glebe properties are £26.52m (2014: £24.81m), and investments are £18.52m (2014: £17.46m) – resulting in an increase in funds of £2.77m.

Transitional adjustments to Financial Statements

During the year ended 31 December 2015, as noted within the accounting policies on page 24, 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 accounting for pension scheme deficits on multi-employer defined benefit pension schemes.

The net impact of these changes is disclosed within note 28 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 £4.823m as at 1 January 2014 (the opening reserves). The effect on the net income for 2014, as compared with the accounts as previously stated, was a decrease in the deficit of £490k with the cumulative effect on the reserves as at 31 December 2014 being a reduction by £4.333m.

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

Significant Property Transactions

Land and buildings purchased during the year (included in tangible fixed assets and investment properties) totalled £1.946m which included two parsonage houses and a Glebe Property at New Street in the centre of Leicester. Our policy continues to be:

ANNUAL REPORT

- 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.

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 £75.35m (2014: £69.78m) it must be remembered that included in this total are land & buildings, whose value amounted to £60.16m (2014: £53.74m). Additionally, some 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 cashflows 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. At 31 December 2015 the amount required under this policy totalled £2.2m (2014: £2.1m). Actual free reserves as at 31 December 2015 totalled £10.13m (2014: £5.21m).

Reserves tied up in fixed assets

The general fund has tangible fixed assets of £12.46m, investments of £3.73m and net liabilities of £6.82m.

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 23. At 31 December 2015 total designated reserves were £770k (2014: £748k)

Restricted and endowment funds

As set out in note 23, LDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2015 restricted funds totalled £2.44m (2014: £1.83m) and endowment funds totalled £62.78m (2014: £62.74m). Neither fund is available for the general purposes of the LDBF.

Grant making policy

The Memorandum of Association of the LDBF explicitly permits the LDBF to make grants in pursuance of its objects. The LDBF predominantly achieves this via the Capital & Growth funds. Grants from these funds are disclosed in note 13.

ANNUAL REPORT

Investment policy

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. Note 22 provides detail of the assets of each fund, together with the related purposes, and note 17 summarises the movements in investments during the year.

The trustees' investment policy is to hold investments in a balanced mix of a charity property fund with Savills Investment Management Limited (Savills) and equities with two portfolio managers (Brewin Dolphin and Charles Stanley). Both Brewin Dolphin and Charles Stanley have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco. The investments held (excluding the SMH transfer), and their return during the year, are set out in the following table:

	Funds at 31 December 2015 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
Brewin Dolphin listed investments	6,853	39.3%	4.4%	+0.4%
Charles Stanley listed investments	5,668	32.5%	4.0%	+1.8%
Savills Investment Management Property Fund	4,843	27.7%	4.8%	+11.9%
CCLA funds	29	0.2%	5.7%	+6.5%
Other investments	50	0.3%	0.0%	0.0%
	<hr/>	<hr/>		
	17,443	100.0%		

The Investment Advisory Group regularly reviews the performance of the funds and makes recommendations to the Trustees on investments.

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 formed. This is 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 Chief Executive and the Director of Finance.

The risk register identifies three broad 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:

External risk:

- **Reputational risk from scandals and theological disagreements;** Incidents would be managed through Archdeacon reviews and/or the Communications department
- **Economic risk from a fall in parish contributions;** Continued close analysis and review of budgets and treasury / investment management
- **Demographic changes;** There is a "Shaped by God" strategic plan (see page 6 above) to diversify the Church via Fresh Expressions

Operational risk:

- **Personnel risk;** There are processes for performance development and for replacing key personnel who leave. There is also a contract with an external HR consultant
- **Property;** There is a fully resourced Property department with an independent review of property transactions and management by the appropriate committee (Glebe, etc)
- **IT;** Systems are off the shelf and easily replaceable. Data is backed up daily and can be restored within 24 hours. There are rules for internet usage monitored by the IT Manager
- **Health & safety;** A Health & safety policy has been issued to all staff. During 2015, DBF employed a Safeguarding Officer reporting to the Assistant Diocesan Secretary. The IT Manager ensures compliance with The Data Protection Act
- **Insurance;** Policies are reviewed annually with a suitably qualified broker
- **Finance;** Financial processes have been implemented and are periodically reviewed. Changes in the amount of a particular income stream are analysed and appropriate corrective action implemented.

Governance risk:

- **Trustees;** Procedures exist to appoint and retain suitable Trustees.
- **Staff structure;** Staff structures are periodically reviewed and set to ensure best practice is adhered to.
- **National network;** We engage with all national initiatives whilst liaising with other Dioceses to ensure best practice is maintained.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The National Church has a General Synod 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 12 deaneries, each with its own Synod. 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.

Organisational structure

The Leicester Diocesan Board of Finance (LDBF) is a company limited by guarantee (No. 00227087) and a registered charity (No. 249100) 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 Leicester. It was established in its present form in 1927 and is successor in title to the Leicester Diocesan Trustees.

Governance and policy of Leicester Diocesan Board of Finance (LDBF) is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. The Trustees are The Bishop of Leicester, who is the ex-officio president of LDBF, The Archdeacons of Leicester and Loughborough (also ex-officio) along with eight people elected from and by the members of Diocesan Synod every three years (with the most recent elections held in 2015), up to three members co-opted by the Board of Trustees, and up to two members nominated by the Bishop. The chairman is nominated by the Bishop and approved by the Diocesan Synod every three years (with the most recent nomination and approval being in 2015). The details of Trustees who served during the year are set out on page 17.

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 Bishop's Staff Team. The Synod membership is elected every three years, the last elections having been in 2015. The Synod elects eight of the possible seventeen Trustees of the Diocesan Board of Finance. 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

ANNUAL REPORT

accordance with the governing documents or statutory regulations.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Leicester are set by the Diocesan Synod, and the LDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the LDBF. The Trustees hold up to 6 meetings during the year.

The 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 Bishop's Council and Standing Committee meet to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Acting as the Trustees of the LDBF
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion
- Advising the Bishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

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

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

The 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

ANNUAL REPORT

(Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

Closed Church Buildings Committee; which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

Vacancy in See Committee; which is responsible for representing the Diocese in the appointment process of a Diocesan Bishop.

The Trustees, who also meet during the year as **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. The Committee reviews the 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 2011 (with regard to redundant churches). They also advise Bishop's Council on the financial aspects of strategic matters. They are also supported by:-

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.

Trustee recruitment, selection and induction

Trustees are given induction when first appointed. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Diocesan Chief Executive is 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 £1.946m at 31 December 2015 (2014: £1.885m), 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 by the LDBF's solicitor, Latham & Co.

ANNUAL REPORT

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 of LDBF for the purposes of Company Law) 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, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland). 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 income and expenditure 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 FRS 102
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the LDBF 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 auditor is unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

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

LEICESTER DIOCESAN BOARD OF FINANCE
(a company limited by guarantee not having share capital)

ANNUAL REPORT

ADMINISTRATIVE DETAILS

Trustees

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

President (ex-officio): The Right Revd M J Snow – Lord Bishop of Leicester (appointed 22 February 2016)
 The Right Revd J Holbrook – Bishop Commissary of Leicester (appointed 1 September 2015, resigned 21 February 2016)
 The Right Revd T J Stevens – Lord Bishop of Leicester (retired 31 August 2015)

Chairman: Mr S G Barney

Archdeacons (ex officio): The Ven Dr T Stratford (Archdeacon of Leicester)
 The Ven D Newman (Archdeacon of Loughborough)

Elected by:
Synod House of Clergy The Revd S A Bailey (resigned 30 September 2015)
 The Revd C Hebden (resigned 30 September 2015)
 The Revd A R Leighton
 The Revd Canon M F Rusk
 The Revd J Whittaker

Synod House of Laity Mr M Alexander
 Mr B D Beeson
 Mr G Newbury
 Mrs S A Newbury
 Mr J C F Roberson

Co-opted by the Board Mr C Sheldon
 Mr D Whittington

Senior staff and advisers

Diocesan Chief Executive: Jonathan Kerry
Assistant Diocesan Secretary: Andrew Brockbank
Director of Finance &
Support Services: John Orridge

Registered Office: St Martins House,
 7 Peacock Lane,
 Leicester LE1 5PZ

Bankers Barclays Bank plc,
 Dominus Way,
 Meridian Business Park,
 Leicester

LEICESTER DIOCESAN BOARD OF FINANCE
(a company limited by guarantee not having share capital)

ANNUAL REPORT

Auditors	Grant Thornton UK LLP, Statutory Auditor, Regent House, 80 Regent Road, Leicester LE1 7NH	
Solicitors	Latham & Co., Charnwood House, 2&4 Forest Road, Loughborough, Leicestershire LE11 3NP	
Investment Advisers	Savills Investment Management Limited, 33 Margaret Street, London W1G 0JD	Charles Stanley & Co. Limited, 25 Luke Street, London EC2A 4AR
	Brewin Dolphin, 1 st Floor, Waterfront House, Waterfront Plaza, 35 Station Street, Nottingham NG32 3DQ	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Glebe Agents and Valuers	Andrew Granger & Co LLP, 2 High Street, Loughborough, Leicestershire LE11 2PY	
Insurance brokers	Cornerstone Business Insurance Limited, 8 Princess Road West, Leicester LE1 6TP	Towergate Risk Solutions, Towergate House, Five Airport West, Lancaster Way, Yeadon, Leeds LS19 7ZA

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 6 – 12 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

S Barney
Chairman

24 May 2016

Jonathan Kerry
Diocesan Chief Executive

24 May 2016

We have audited the financial statements of Leicester Diocesan Board of Finance for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, 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), including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 opinion we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Financial Reporting Council's website at 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 affairs of the charitable company as at 31 December 2015 and of its incoming resources and application of resources, including the 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:

- 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

East Midlands

Statutory Auditor, Chartered Accountants

24 May 2016

LEICESTER DIOCESAN BOARD OF FINANCE
STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2015

		Unrestricted funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	funds	funds
		£'000	£'000	£'000	£'000	2015	2014
	Note	£'000	£'000	£'000	£'000	£'000	(see note 29) £'000
Income and endowments from							
Donations							
Parish contributions	2a	4,571	-	-	-	4,571	4,708
Archbishops' Council	2b	-	-	1,721	-	1,721	1,590
Other donations	2c	12	-	-	-	12	30
Charitable activities	3	510	5	6	21	542	615
Other activities	4	643	-	-	-	643	204
Investments	5	270	19	195	1,155	1,639	1,254
Other	6	3,806	-	94	922	4,822	318
Transfer of assets from St Martins Cathedral Properties	7	451	-	-	-	451	-
Total income and endowments		10,263	24	2,016	2,098	14,401	8,719
Expenditure on							
Raising funds	8	13	-	-	183	196	147
Charitable activities	9	7,500	20	854	-	8,374	8,362
Other	10	1,098	-	-	-	1,098	287
Total Expenditure		8,611	20	854	183	9,668	8,796
Net income / (expenditure) before losses and gains on investments							
		1,652	4	1,162	1,915	4,733	(77)
Gain on investments		20	11	-	665	696	2,428
Net income		1,672	15	1,162	2,580	5,429	2,351
Transfers between funds	15	3,091	7	(552)	(2,546)	-	-
Other recognised gains:							
Gain on revaluation of fixed assets		142	-	-	-	142	-
Net movement in funds		4,905	22	610	34	5,571	2,351
Total funds brought forward		4,459	748	1,829	62,741	69,777	67,426
Total funds carried forward	21	9,364	770	2,439	62,775	75,348	69,777

All activities derive from continuing activities. The notes on pages 24 to 48 form part of the financial statements

LEICESTER DIOCESAN BOARD OF FINANCE
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2015

	Total	Total
	2015	2014
	£'000	£'000
Income before exceptional items	8,449	7,723
Write back of SMCP loan provision	3,403	-
Transfer of St Martins Cathedral Properties' assets	451	-
Expenditure	(9,485)	(8,656)
	<hr/>	<hr/>
Operating surplus / (deficit) for the year	2,818	(933)
Net gain on investments	31	70
Net transfer from endowment funds	2,546	598
	<hr/>	<hr/>
Net income for the year	5,395	(265)
Other comprehensive income:		
Revaluation of fixed assets	142	-
	<hr/>	<hr/>
Total comprehensive income / (deficit)	5,537	(265)
	<hr/> <hr/>	<hr/> <hr/>

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.

LEICESTER DIOCESAN BOARD OF FINANCE
BALANCE SHEET
At 31 December 2015

Company Number – 00227087

		2015		2014	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		32,537		28,888
Investments	17		45,038		42,269
			77,575		71,157
CURRENT ASSETS					
Stock		48		-	
Debtors	18	1,401		2,428	
Cash on deposit, at bank and in hand		1,145		1,154	
		2,594		3,582	
CREDITORS: amounts falling due within one year	19	(1,603)		(1,043)	
NET CURRENT ASSETS			991		2,539
TOTAL ASSETS LESS CURRENT LIABILITIES			78,566		73,696
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	20		(3,182)		(3,883)
Other creditors	20		(36)		(36)
NET ASSETS			75,348		69,777
FUNDS					
Endowment funds					
(Including investment revaluation reserve of £20,986k (2014: £20,828k))			62,775		62,741
Restricted income funds					
(Including investment revaluation reserve of £Nil (2014: £Nil))			2,439		1,829
Unrestricted income funds:					
General funds					
(Including revaluation reserve of £522k (2014: £423k))			9,364		4,459
Designated funds					
(Including investment revaluation reserve of £19k (2014: £8k))			770		748
TOTAL FUNDS	21		75,348		69,777

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 24 May 2016 and signed on behalf of the Board by:

S G Barney - Chairman

LEICESTER DIOCESAN BOARD OF FINANCE
CASH FLOW STATEMENT
For the year ended 31 December 2015

	2015		2014	
	£'000	£'000	£'000	£'000
Net cash outflow from operating activities		(1,187)		(900)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,639		1,254	
Proceeds from the sale of tangible fixed assets	1,640		644	
Proceeds from the sale of fixed asset investments	1,371		10,892	
Purchase of tangible fixed assets	(618)		(485)	
Purchase of fixed asset investments	(2,404)		(11,461)	
Net cash provided by investing activities		1,628		844
Cash flows from financing activities				
Contributions to Clergy and Lay staff pension plans	(450)		(464)	
Net cash used in financing activities		(450)		(464)
Change in cash and cash equivalents in the period		(9)		(520)
Cash and cash equivalents at 1 January		1,154		1,674
Cash and cash equivalents at 31 December		1,145		1,154
Reconciliation of net movements in funds to net cashflow from operating activities				
Net movement in funds for the year ended 31 December		5,571		2,351
Adjustments for:				
SMCP loan write off on asset transfer		573		232
Transfer of SMCP fixed and investment assets		(4,715)		-
Depreciation charges		68		11
Dividends, interest and rent from investments		(1,639)		(1,254)
Repayment of Parish loans		311		50
Advancement of Parish loans		(138)		(32)
(Profit) / Loss on sale of fixed assets		(922)		76
Gain on revaluation of fixed assets		(142)		-
Profit on sale of fixed asset investments		(165)		(173)
Gain on revaluation of fixed asset investments		(531)		(2,255)
Increase in stock		(48)		-
Decrease in debtors		281		50
Clergy & Lay pension interest and liability adjustments		(311)		(26)
Increase in creditors		620		70
Net cash used in operating activities		(1,187)		(900)
Analysis of cash and cash equivalents				
Cash at bank and in hand		985		941
Notice deposits (less than 3 months)		160		213
		1,145		1,154

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which are included at their market value at the balance sheet date, and certain tangible fixed assets which are included at fair value. 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 (FRS 102).

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 28). The principle accounting policies are as follows;

a) Income

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

- i) **Parish Contribution** is recognised as income of the year in respect of which it is receivable, and up to 31 January of the following year.
- ii) **Income from other trading activities;**
Housing rental receivable is recognised as income in the period to which it relates.
Bookshop and Café sales represent goods sold and are recognised on the date of sale, over the counter. Internet sales are recognised on the date of notification.
Conferencing and events income is recognised on the date of the associated event. Cancellation charges are recognised on the date of notification.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received, which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end, are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations**, other than grants, are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt (as the expenditure is greater) and the legal restrictions, therefore, are satisfied. It is on this basis that the expenditure is shown in the unrestricted column of the Statement of Financial Activities and is offset by the income which, initially, is shown in the restricted column, but then transferred to the unrestricted column.

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 costs relating to the temporary renting out of parsonages, agent's costs for Glebe investment properties and management fees on investment assets.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the diocese, and expenditure supporting the education within Church of England schools in the diocese.

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

b) Expenditure (continued)

- 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 based on the proportion of the net amount spent on resourcing and support of mission and ministry.
- v) **SMCP trading and letting costs** consist of staff, cost of goods sold, and building costs charged on an accruals basis.
- vi) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund. Clergy are members of the Church of England Funded Pensions Scheme (see note 27). The pension costs charged as resources expended represent the LDBF's contribution payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes is accrued at current value in creditors distinguished between contributions falling due within one year and after one year.

c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on the majority of DBF properties 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. 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.

Cathedral Gardens was transferred from SMCP to DBF during 2015. Depreciation will be provided to write off the asset over the 10 year maintenance period as from April 2016.

SMH

SMH is St Martins House which is valued at open market value at 31 December. SMH is divided into a fixed asset and a fixed asset investment property. 2% straight line annual depreciation on cost is provided on the fixed asset.

Properties subject to value linked loans

There is one property which has been bought with the assistance of a value-linked loan from the Church Commissioners. The property and loan are carried at original cost. However, the Church Commissioners are entitled to be repaid the appropriate proportion of the value of the property when disposed. The appropriate proportion being the proportion of the loan supplied compared to the original cost of the property.

Investment properties

Glebe properties which are held for investment purposes and rented out are subject to annual revaluations and hence the properties are included at their year end market 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 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

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost.

d) Other tangible fixed assets

All capital expenditure over £500 is depreciated. 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:-

Computer equipment- 50% per annum on a straight line basis

Fixtures and fittings - 50% per annum on a straight line basis

e) Other accounting policies

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Stock** is included at the lower of cost and net realisable value and relates to books purchased for resale to the general public.
- iii) **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.

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 (Stipends Fund Capital, 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.

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

2. DONATIONS

2a. Parish Contributions

The majority of donations are collected from the parishes of the diocese.

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
	General £'000	Designated £'000				
Current year	4,512	-	-	-	4,512	4,534
Receipts for previous years	59	-	-	-	59	174
	<u>4,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,571</u>	<u>4,708</u>

2b. Archbishops' Council

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
	General £'000	Designated £'000				
Selective allocation	-	-	1,404	-	1,404	1,390
Special payments	-	-	1	-	1	2
Pioneer workers' grant	-	-	154	-	154	43
Growth fund	-	-	135	-	135	130
Legal costs contribution	-	-	27	-	27	25
	<u>-</u>	<u>-</u>	<u>1,721</u>	<u>-</u>	<u>1,721</u>	<u>1,590</u>

The Selective allocation is the annual grant from the Archbishops' Council for a low income Diocese. This grant is being withdrawn with effect from 31 December 2016. The Pioneer Workers' grant is a grant to enable the employment of three staff to develop fresh expressions of the church in the diocese.

2c. Other donations

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
	General £'000	Designated £'000				
Donations	12	-	-	-	12	30
	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>30</u>

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
	General £'000	Designated £'000				
Statutory fees	328	-	-	-	328	318
Grants	135	3	4	-	142	225
Course fees	6	-	2	-	8	18
Other	41	2	-	21	64	54
	<u>510</u>	<u>5</u>	<u>6</u>	<u>21</u>	<u>542</u>	<u>615</u>

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

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 rental income	230	-	-	-	230	204
Bookshop, Café and conferencing income	413	-	-	-	413	-
	<u>643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>643</u>	<u>204</u>

5. INVESTMENT INCOME

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Glebe rents	-	-	-	645	645	567
Listed securities	96	-	-	510	606	463
Unlisted securities	25	9	195	-	229	177
SMH rental income	129	-	-	-	129	-
Bank and other interest	20	10	-	-	30	47
	<u>270</u>	<u>19</u>	<u>195</u>	<u>1,155</u>	<u>1,639</u>	<u>1,254</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				
Sale of redundant churches	-	-	94	-	94	136
Gain on sale of Parsonages	-	-	-	922	922	-
Remeasurement of pension liability	403	-	-	-	403	182
Loan provision write back	3,403	-	-	-	3,403	-
	<u>3,806</u>	<u>-</u>	<u>94</u>	<u>922</u>	<u>4,822</u>	<u>318</u>

The income from the sale of redundant churches relates to proceeds received on a loan previously provided for.

7. TRANSFER OF ASSETS

On 31 March 2015, the assets and liabilities of St Martins Cathedral Properties Limited ("SMCP") were transferred to LDBF. Net assets totalling £450,411 were transferred. As part of the transfer, a loan of £372,014 owed by SMCP to Leicester Cathedral was increased to £473,000. The increase of £100,986 in the loan payable has been reflected in Other Resources Expended in note 10 below.

8. 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	-	-	-	132	132	97
Investment management fees	13	-	-	51	64	50
	<u>13</u>	<u>-</u>	<u>-</u>	<u>183</u>	<u>196</u>	<u>147</u>

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

9. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
9a Contributions to Archbishops' Council						
Training for Ministry	166	-	-	-	166	165
National Church Responsibilities	153	-	-	-	153	167
Retired clergy housing costs	53	-	-	-	53	50
Other	3	-	-	-	3	3
	375	-	-	-	375	385
9b Resourcing Mission and Ministry						
Parish Ministry stipends and national insurance	2,936	-	16	-	2,952	3,162
Pension contributions	689	-	16	-	705	750
Housing costs	773	-	7	-	780	778
Removal & resettlement grants	185	-	-	-	185	183
Interregna costs	39	-	-	-	39	19
Other expenses	275	-	10	-	285	317
Support costs	669	-	-	-	669	812
	5,566	-	49	-	5,615	6,021
9c Support for Mission and Ministry						
Salaries, NI and pension costs	519	-	34	-	553	506
Growth fund grants	-	-	381	-	381	329
Capital fund grants	-	-	226	-	226	49
Other grants	280	1	6	-	287	471
Pioneer Development worker costs	156	-	-	-	156	43
Redundant church costs	-	-	92	-	92	11
Other costs	200	19	66	-	285	256
Support costs	320	-	-	-	320	259
	1,475	20	805	-	2,300	1,924
9d Support for education						
Support for church schools	84	-	-	-	84	32
	84	-	-	-	84	32
TOTAL CHARITABLE ACTIVITIES	7,500	20	854	-	8,374	8,362

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

10. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
	General £'000	Designated £'000				
Related parties' loans / interest	209	-	-	-	209	55
Interest on pension liabilities	92	-	-	-	92	156
Consideration for SMCP transfer (see note 7 above)	101	-	-	-	101	-
SMH trading and letting costs	696	-	-	-	696	-
Loss on sale of assets	-	-	-	-	-	76
	<u>1,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,098</u>	<u>287</u>

11. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2015 £'000
Raising funds	196	-	-	196
Charitable activities:				
Contributions to Archbishops' Council	-	375	-	375
Resourcing Mission and Ministry	4,862	84	669	5,615
Supporting Mission and Ministry	1,086	894	320	2,300
Support for education	84	-	-	84
Other resources expended	1,098	-	-	1,098
	<u>7,326</u>	<u>1,353</u>	<u>989</u>	<u>9,668</u>

12. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000
	General £'000	Designated £'000			
Central administration	889	-	-	-	889
Governance:					
Registrar and Chancellor	63	-	-	-	63
Audit costs:					
- External audit	26	-	-	-	26
- Other services	5	-	-	-	5
Synodical costs	6	-	-	-	6
	<u>989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>989</u>

External audit costs in 2015 were £26,400 (2014: £25,060). Other auditor service costs in 2015 were £5,307 (2014: £13,020)

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

13. ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	2015 Total £'000	2014 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishops' Council	1	-	375	375	385
From unrestricted funds:					
University Chaplaincies	3	-	132	132	146
Diocesan Board of Education support grant	1	-	84	84	32
Ordinands' grants	12	74	-	74	75
Richard III grant costs	1	-	25	25	8
St Philip's Centre	1	-	20	20	23
St Peter's Church grant for Premises Officer	1	-	14	14	-
International Link grants	2	-	14	14	35
Clergy for training	48	10	-	10	16
FareShare grant	1	-	10	10	10
One Roof project grant	1	-	10	10	-
Ecumenical support (Churches Together)	1	-	9	9	8
Bishop's Holy Land trip	8	9	-	9	-
Vacancy in See costs	1	-	9	9	-
Player Trust funding	1	-	7	7	-
Leicester Cathedral Subvention	1	-	7	7	30
Other grants	9	-	3	3	26
Leicester Cathedral reordering	-	-	-	-	175
Total	92	93	344	437	584
From restricted funds for various purposes within resourcing parish ministry:					
Growth fund grants	43	-	381	381	329
Capital fund grants	13	-	226	226	49
Other restricted fund grants	5	1	-	1	10
Total	61	1	607	608	388
Total	154	94	1,326	1,420	1,357

From 2015, Leicester Cathedral (LCAT) is entitled to a proportion of the surpluses made by St Martins House (SMH). The amount of the payment is calculated based on SMH surpluses as follows;

- Up to £100k – LCAT 50%, SMH refurbishment fund 50% and LDBF general fund 0%
- Between £100k and £200k – LCAT 50%, SMH refurbishment fund 25% and LDBF general fund 25%
- Sums in excess of £200k – LCAT 25%, SMH refurbishment fund 25% and LDBF general fund 50%

No provision for this grant has been made in these financial statements as LDBF are not able to calculate the grant until after the year end. It is expected that any grant payable to LCAT would be in the region of £20k to £25k.

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

14. STAFF COSTS

	2015	2014
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	1,214	788
National insurance contributions	105	69
Pension costs	130	111
	1,449	968

	2015	2014
	Number	Number
The average number of persons employed by LDBF during the year:		
Administration and financial management	31	11
Property	3	3
Discipleship & Ministry, Stewardship	16	14
Safeguarding & inclusion	1	-
Parochial lay staff	6	10
	57	38

	2015	2014
	Number	Number
The average number of persons employed by LDBF during the year based on full-time equivalents:		
Administration and financial management	25.5	9.0
Property	1.5	1.5
Discipleship & Ministry, Stewardship	15.0	13.0
Safeguarding & inclusion	0.9	-
Parochial lay staff	4.3	6.5
	47.2	30.0

	2015	2014
	Number	Number
The numbers of staff whose emoluments amounted to more than £60,000 (including benefits in kind but excluding pension contributions and NIC's) were as follows:		
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-

Pension payments of £7,105 (2014: £6,787) were made for this employee.

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:

Diocesan Chief Executive	Jonathan Kerry
Assistant Diocesan Secretary	Andrew Brockbank
Director of Finance & Support Services	John Orridge

Remuneration (excluding NIC's), pensions and expenses for these 3 employees amounted to £191,480 (2014: £180,634).

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

14. STAFF COSTS (continued)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £7,274 (2014: £8,964) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Venerable D Newman	Yes	Yes
The Venerable Dr T Stratford	Yes	Yes
The Reverend S A Bailey	Yes	Yes
The Reverend C Hebden	Yes	Yes
The Reverend Canon M F Rusk	Yes	Yes
The Reverend J Whittaker	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 but excluding the diocesan bishop and cathedral staff.

The LDBF paid an average of 125 (2014: 133) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2015	2014
	£'000	£'000
Stipends	2,957	3,163
National insurance contributions	242	253
Pension costs	721	753
Housing costs	48	69
	3,968	4,238

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2015 was in the range £30,000 - £35,000 (2014: range £30,000 – £35,000) and other clergy who were Trustees were paid in the range £25,000 - £30,000 (2014 range: £25,000 – £30,000). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2015 at £10,108 (2014: £9,910).

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

15. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
Church Commissioner's grant income used to fund stipends	1,586	-	(1,586)	-
Glebe property transfer to General Fund	213	-	-	(213)
Glebe rental income, net of costs, used for general purposes	534	-	-	(534)
Stipend investment income used to fund stipends	510	-	-	(510)
Endowment income used to fund stipends	182	-	(182)	-
Endowment income used to fund retired clergy grants	-	7	(7)	-
Property fund transfers	120	-	1,112	(1,232)
Other transfers	(54)	-	111	(57)
	<u>3,091</u>	<u>7</u>	<u>(552)</u>	<u>(2,546)</u>

Church Commissioners' Restricted Grant income - Within Restricted Funds there is income received from The Archbishops' Council of £1.405m to fund the payment of stipends from unrestricted funds and £154k as a grant to fund Pioneer Development from unrestricted funds.

Stipends Glebe income - This income is rental income from endowment properties. The income is used to fund the payment of stipends from unrestricted funds.

Property fund transfers - relate to two properties transferred into unrestricted funds previously designated as parsonages.

16. TANGIBLE FIXED ASSETS

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
Cost or valuation					
At 1 January 2015	-	20,390	8,486	431	29,307
Additions	-	529	60	29	618
Transfer from SMCP	2,760	-	912	145	3,817
Disposals	-	(718)	-	-	(718)
Reclassified	-	(120)	120	-	-
Revaluation	98	-	-	-	98
At 31 December 2015	<u>2,858</u>	<u>20,081</u>	<u>9,578</u>	<u>605</u>	<u>33,122</u>
Depreciation					
At 1 January 2015	-	-	-	419	419
Transfer from SMCP	-	-	-	142	142
Disposals	-	-	-	-	-
Charge for the year	44	-	-	24	68
Revaluation	(44)	-	-	-	(44)
At 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>585</u>	<u>585</u>
Net Book Value					
At 31 December 2015	<u>2,858</u>	<u>20,081</u>	<u>9,578</u>	<u>20</u>	<u>32,537</u>
At 1 January 2015	<u>-</u>	<u>20,390</u>	<u>8,486</u>	<u>12</u>	<u>28,888</u>

All of the properties in the balance sheet are freehold and are vested in the LDBF. One property has been purchased with the

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

16. TANGIBLE FIXED ASSETS (continued)

help of a 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 above is £36,323 (2014: 36,323). All properties at 31 December 2015 and 31 December 2014 are valued at cost. All Property repairs are charged as expenditure.

As at 31 December 2015, St Martins House (SMH) has been valued by Andrew Granger & Co. LLP, Chartered Surveyors. The property was valued at £3,935,000 on an open market basis following a previous valuation of £3,800,000. £2,858,000 of the SMH value was deemed to represent a fixed asset, the balance of £1,077,000 was deemed to represent a fixed asset investment (see note 17 below). If SMH had not been revalued, the fixed asset element would have been included at its historical cost of £2,760,000 less accumulated depreciation of £41,400.

17. FIXED ASSETS INVESTMENTS

	At 1 January 2015 £'000	Additions £'000	Disposals £'000	SMH Transfer £'000	Change in Market Value £'000	At 31 December 2015 £'000
Unrestricted funds						
Listed investments	2,118	94	(101)	-	(59)	2,052
Unlisted investments	511	-	-	-	35	546
Other	50	-	-	1,040	37	1,127
Total	<u>2,679</u>	<u>94</u>	<u>(101)</u>	<u>1,040</u>	<u>13</u>	<u>3,725</u>
Designated funds						
Unlisted investments	175	-	-	-	11	186
Endowment funds						
Investment properties	24,814	1,357	(242)	-	589	26,518
Listed investments	10,730	953	(863)	-	(350)	10,470
Unlisted investments	3,871	-	-	-	268	4,139
	<u>39,415</u>	<u>2,310</u>	<u>(1,105)</u>	<u>-</u>	<u>507</u>	<u>41,127</u>
Total	<u><u>42,269</u></u>	<u><u>2,404</u></u>	<u><u>(1,206)</u></u>	<u><u>1,040</u></u>	<u><u>531</u></u>	<u><u>45,038</u></u>

The SMH transfer of £1,040,000 is the proportion of St Martins House utilised as an investment property.

The valuation of investments at 31 December 2015 was carried out by the Board's Investment Advisors as shown in the Administrative Details on page 18.

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

18. DEBTORS

	2015	2014
	£'000	£'000
Due within one year		
Trade debtors	53	-
Parish contribution	351	487
Loans to parishes	280	340
Other debtors	262	532
Prepayments and accrued income	314	242
	<u>1,260</u>	<u>1,601</u>
Due after more than one year		
Loans to parishes	141	827
	<u>1,401</u>	<u>2,428</u>

The loans to parishes above are represented by:

	Due within one year £'000	Due after one year £'000	Total £'000
Unsecured loans			
Holy Trinity with St. John's PCC, Hinckley	-	201	201
Provision on St John's PCC loan	-	(201)	(201)
	<u>-</u>	<u>-</u>	<u>-</u>
Trustees of Launde Abbey	-	816	816
Provision on Launde Abbey loan	-	(816)	(816)
	<u>-</u>	<u>-</u>	<u>-</u>
Other loans to parishes	130	136	266
	<u>130</u>	<u>136</u>	<u>266</u>
Total unsecured loans	<u>130</u>	<u>136</u>	<u>266</u>
Secured loans			
Grange Park equity loan	150	-	150
Value linked loan on retired clergy housing	-	5	5
	<u>150</u>	<u>5</u>	<u>155</u>
Total secured loans	<u>150</u>	<u>5</u>	<u>155</u>
	<u>280</u>	<u>141</u>	<u>421</u>
Total loans outstanding	<u>280</u>	<u>141</u>	<u>421</u>

Unsecured loans

There is a loan of £200,530 (which includes 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 repayable in 2011 and £100,530 was repayable in 2012. No repayments have been made. The loan has been fully provided for, although repayment in the future remains a possibility.

There is a loan to the Trustees of Launde Abbey for £816,017 (which includes accrued interest). £238,301 of the loan (2014: £40,278), which has been fully provided for in these accounts, relates to the payment during 2015 of legal fees and agreed compensation. The balance of £577,716 will be repaid by annual instalments of not less than £1 each year until 2031, when

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

18. DEBTORS (continued)

the balance becomes repayable, together with interest thereon at a rate of 2% compounded with annual rests from 2007. The whole loan is fully provided for. £11,383 of loan interest was charged during 2015 (2014: £11,159). LDBF is the custodian trustee of Launde Abbey which is the Diocesan retreat house.

During the year a loan of £55,000 was given to Bottesford PCC for building works (new rooms, heating, kitchen, etc). By the end of the year, £30,181 had been repaid.

The largest outstanding balance is with St. Peter's church, Market Bosworth for £100,000.

Repayment terms and interest rates vary across the different loans to PCC's.

Secured loans

The £150,000 Grange Park equity loan was to purchase a property for a Methodist minister working in Loughborough. The loan was repayable in September 2012 when 56.18% of the disposal value plus interest at a rate of 2% above the base rate of HSBC was to be paid to LDBF. The loan remained outstanding at the year end as plans concerning the future of this ecumenical project are considered.

19. CREDITORS: amounts falling due within one year	2015	2014
	£'000	£'000
Trade creditors	138	197
Taxation and social security	75	6
Other creditors	153	278
Accruals	338	80
Deferred income	36	32
Pension scheme liabilities (see note 27)		
Lay Defined Benefit Scheme	-	60
Clergy Pension Scheme	390	390
Amount owed to a related party	473	-
Total	1,603	1,043

The assets of SMCP were transferred to LDBF on 31 March 2015. As part of the transfer, a loan of £372,014 owed by SMCP to Leicester Cathedral Properties Limited (LCAT) was increased to £473,000 to compensate LCAT for waiving rights to future SMH sale proceeds.

20. CREDITORS: amounts falling due after more than one year	2015	2014
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	36	36
Pension Scheme liabilities (see note 27)		
Lay Defined Benefits Scheme	-	168
Clergy Pension Scheme	3,182	3,715
Total	3,218	3,919

The value-linked loan (VLL) is secured by guarantee against the property. The loan is repayable, when the property is sold, in proportion to the sale value to the original percentage of the cost of the house originally loaned. The proportion of the loan on this property is 94.74%. At 31 December 2015, the estimated value of the property was £134,870 which is itself a 15% discount to the Nationwide House Price Index. The amount repayable to the Church Commissioners based on the discounted valuation would be £127,772. At 31 December 2015 the Board had no intention of disposing of the property.

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

21. 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
UNRESTRICTED FUNDS						
General Funds	4,459	10,263	(8,611)	3,091	162	9,364
Designated funds						
Retired Clergy Fund	123	7	(15)	7	7	129
Church Extension Fund	529	10	-	-	-	539
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	83	7	(5)	-	4	89
Diocesan Church Urban Fund	11	-	-	-	-	11
Total Designated Funds	748	24	(20)	7	11	770
Total unrestricted funds	5,207	10,287	(8,631)	3,098	173	10,134
RESTRICTED FUNDS						
Pastoral Fund	901	94	(124)	52	-	923
Church Commissioners' Grant Income	-	1,586	-	(1,586)	-	-
Endowment Fund	87	195	(2)	(78)	-	202
Growth Fund	506	137	(448)	530	-	725
Bishop Jeune Income Fund	2	-	(1)	-	-	1
Former Archdeacons' Fund	49	-	(49)	-	-	-
The Alan Everitt Fund	2	-	-	-	-	2
Capital Fund	282	-	(226)	530	-	586
CofE Stipend Trust Reserve	-	4	(4)	-	-	-
Total Restricted Funds	1,829	2,016	(854)	(552)	-	2,439
ENDOWMENT FUNDS						
Permanent						
Parsonage Houses	20,390	922	-	(1,231)	-	20,081
Expendable						
Stipends Glebe	40,824	1,176	(183)	(1,207)	576	41,186
Other Endowment Capital	1,527	-	-	(108)	89	1,508
Total Endowment Funds	62,741	2,098	(183)	(2,546)	665	62,775
Total funds	69,777	14,401	(9,668)	-	838	75,348

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

22. SUMMARY OF ASSETS BY FUND	Fixed assets Tangible £'000	Investments £'000	Net Current Assets / (Liabilities) £'000	Total Assets £'000
Unrestricted funds – General	12,456	3,725	(6,817)	9,364
Unrestricted - Designated				
Retired clergy / Clergy widows	-	128	1	129
Church Extension Fund	-	-	539	539
Workplace Chaplaincy	-	-	2	2
Archdeacon's Discretionary Fund	-	58	31	89
Diocesan Church Urban Fund	-	-	11	11
	-	186	584	770
Restricted				
Pastoral fund	-	-	923	923
Church Commissioner's Fund	-	-	-	-
Endowment Funds:				
Drew Trust Income Fund	-	-	45	45
Horwood Robinson Income Fund	-	-	-	-
CE Huston Income Fund	-	-	2	2
D Huston Income Fund	-	-	110	110
Clarke Income Fund	-	-	-	-
Fry Income Fund	-	-	1	1
Chippington Income Fund	-	-	27	27
Clergy Stipend Endowment Income	-	-	-	-
Clergy Stipend Income	-	-	17	17
Diocesan Growth Fund	-	-	725	725
Bishop Jeune Fund	-	-	1	1
Alan Everitt Memorial Fund	-	-	2	2
Diocesan Capital Fund	-	-	586	586
CofE Stipend Trust Reserve	-	-	-	-
	-	-	2,439	2,439
Endowment Permanent				
Stipends Glebe Fund	-	41,127	59	41,186
Endowment Capital Funds:				
Drew Trust Investment Fund	-	-	246	246
Horwood Robinson Investment Fund	-	-	239	239
CE Huston Investment Fund	-	-	716	716
D Huston Investment Fund	-	-	178	178
Clarke Investment Fund	-	-	1	1
Fry Investment Fund	-	-	12	12
Chippington Investment Fund	-	-	92	92
Clergy Stipend Investment Fund	-	-	24	24
Expendable				
Parsonage Houses Fund	20,081	-	-	20,081
	20,081	41,127	1,567	62,775
Total funds	32,537	45,038	(2,227)	75,348

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

23. DESCRIPTION OF FUNDS

GENERAL FUNDS	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	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	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.
ENDOWMENT FUNDS	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 2015 this fund stood at £313,280 (2014: £313,274) and is included in the Pastoral Fund balance.

Restricted Income from the Church Commissioners is received from them to support Stipends and Clergy Pension Costs. Income 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.

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

23. DESCRIPTION OF FUNDS (continued)

Restricted funds (continued)

The **Diocesan Growth Fund** was formerly known as the **Church Commissioners' Mission Fund** and 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.

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.

The **Diocesan Capital Fund** was set up in 2013 to support churches in the Diocese with grants for capital projects.

The **CofE Stipend Trust Reserve** provides discretionary grants to Ordinands.

Endowment funds

The **Stipends Glebe Fund** represents 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 are funds, the majority of which, are for the augmentation of stipends.

The **Parsonage Houses Fund** represents the deemed value of the parsonage houses calculated as set out in note 1c to these financial statements.

24. CAPITAL COMMITMENTS

At 31 December 2015 the LDBF had capital expenditure commitments authorised but not contracted for of £395,000 (2014: £400,000), and contracted for but not yet due of £6,376 (2014: £98,106).

25. OPERATING LEASES

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

	2015	2014
	£'000	£'000
Non land & buildings operating leases where the lease expires:		
Within one year of the balance sheet date	-	1
In the second to fifth years inclusive of the balance sheet date	28	38
	<u> </u>	<u> </u>

26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

27. PENSIONS

The LDBF 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 LDBF 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 LDBF. A valuation of each scheme is carried out once every three years.

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.

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.

LDBF participates in the Church of England Funded Pensions Scheme and at the end of the year was paying contributions for 121 members of the scheme out of a total membership of approximately 8,500 active members. Each participating employer in the scheme pays contributions at a common contribution rate applied to the previous year's National Minimum Stipend. As this is a multi-employer scheme and it is not possible to attribute the scheme's assets and liabilities to specific employers, the scheme pension costs are accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year towards benefits earned in that year plus the impact of any deficit contributions (see below).

The most recent scheme valuation completed was carried out as 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 £293 million, based on assets of £896 million and a funding target of £1,189 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 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.;

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

27. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

- 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. By way of illustration, the assumption for members aged 65 at 31 December 2012 is a remaining life of 26.9 years for females and 24.3 years for males.

Following the valuation of the scheme as at 31 December 2012, the contribution rate from 1 January 2016 is 39.9% of pensionable stipends (i.e. the previous year's NMS), of which 25.8% relates to providing the benefit in relation to ongoing pensionable service, including 1.2% for the day-to-day expenses of running the scheme, and 14.1% relates to recovery of the deficit over the twelve years to 31 December 2025. This means that payments by the DBF relating to the deficit based on active members and pensionable stipends as at 31 December 2015 would be £390,000 in 2016 and 2017. The discounted deficit payments of £3.572m over the next 10 years in respect of the shortfall have been recognised as a liability in the balance sheet.

A reconciliation of the balance sheet liability is set out below:

	2015	2014
	£'000	£'000
Balance sheet liability as at 1 January	4,105	4,500
Contributions paid	(390)	(361)
Interest cost (recognised in the SOFA)	90	151
Re-measurement of the balance sheet liability	(233)	(185)
	<hr/>	<hr/>
Balance sheet liability as at 31 December	£3,572	£4,105
	<hr/> <hr/>	<hr/> <hr/>

Church Workers Pension Fund – 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.

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. In such cases, FRS102 requires the costs to be accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contribution payable for the year towards benefits earned in that year being £50,760 for 2015 (2014: £43,232) plus the impact of any 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.

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

27. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability within the DBF's financial statements. Following the valuation, the DBF entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 22% of pensionable salary and expenses of £6,400 per year. By the end of 2015, the liability on this scheme had been extinguished. The movement in the provision is set out below:

	2015	2014
	£'000	£'000
Balance sheet liability as at 1 January	228	323
Contributions paid	(60)	(103)
Interest cost (recognised in the SOFA)	2	5
Re-measurement of the balance sheet liability	(170)	3
	<hr/>	<hr/>
Balance sheet liability as at 31 December	-	£228
	<hr/> <hr/>	<hr/> <hr/>

Church Workers Pension Fund – Pension Builder Scheme

LDBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund 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 Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' normal pension age.

There is no subdivision of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi employer scheme as described in section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year contributions are payable.

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next Church Workers Pension Fund valuation date, 31 December 2016.

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

28. Transition to FRS102

This is the first year LDBF has presented its results under FRS 102 and SORP 2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. 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.

Reconciliation of the net income for the 2014 financial year as previously stated to that restated	Unrestricted 2014 £'000	Designated 2014 £'000	Restricted 2014 £'000	Endowment 2014 £'000	Total 2014 £'000
(Deficit) / surplus as previously reported (before investment gains)	(429)	13	(413)	262	(567)
Clergy Pension Scheme interest cost	(151)	-	-	-	(151)
Clergy Pension Scheme contribution transfer	361	-	-	-	361
Clergy Pension Scheme change in balance sheet liability as at 31 December 2014	185	-	-	-	185
Church Workers Pension Scheme interest cost	(5)	-	-	-	(5)
Church Workers Pension Scheme contribution transfer	103	-	-	-	103
Church Workers Scheme change in balance sheet liability as at 31 December 2014	(3)	-	-	-	(3)
Total adjustment to net income	490	-	-	-	490
Net income / (expenditure) for the year under FRS102 (before investment gains)	61	13	(413)	262	(77)

Reserves reconciliation – 1 January 2014

	Unrestricted 2014 £'000	Designated 2014 £'000	Restricted 2014 £'000	Endowment 2014 £'000	Total 2014 £'000
As at 1 January 2014 – as previously reported	9,158	728	2,242	60,121	72,249
Clergy Pension Scheme – Deficit recognition	(4,500)	-	-	-	(4,500)
Church Workers Pension Scheme – Deficit recognition	(323)	-	-	-	(323)
As at 1 January 2014 – Restated	4,335	728	2,242	60,121	67,426

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

Reserves reconciliation – 31 December 2014	£'000	£'000	£'000	£'000	£'000
As at 31 December 2014 – as previously reported	8,792	748	1,829	62,741	74,110
Clergy Pension Scheme – Deficit recognition as at 1 January 2014	(4,500)	-	-	-	(4,500)
Church Workers Pension Scheme – Deficit recognition as at 1 January 2014	(323)	-	-	-	(323)
Clergy Pension Scheme 2014 interest cost	(151)	-	-	-	(151)
Clergy Pension Scheme 2014 contribution transfer	361	-	-	-	361
Clergy Pension Scheme change in balance sheet liability as at 31 December 2014	185	-	-	-	185
Church Workers Pension Scheme 2014 interest cost	(5)	-	-	-	(5)
Church workers Pension Scheme 2014 contribution transfer	103	-	-	-	103
Church workers Pension Scheme change in balance sheet liability as at 31 December 2014	(3)	-	-	-	(3)
As at 31 December 2014 - Restated	4,459	748	1,829	62,741	69,777

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 £3.572m for the Clergy Pension Scheme (2014: £4.105m) and nil (2014: £228k) for the Church Workers pension Fund (DBS Scheme).

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

29. Prior year comparative SOFA restated

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2014
	£'000	£'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parish Contributions	4,708	-	-	-	4,708
Archbishops' Council	-	-	1,590	-	1,590
Other donations	30	-	-	-	30
Charitable activities	520	5	80	10	615
Other activities	204	-	-	-	204
Investments	157	17	94	986	1,254
Other	182	-	136	-	318
	<u>5,801</u>	<u>22</u>	<u>1,900</u>	<u>996</u>	<u>8,719</u>
Expenditure on					
Raising funds	11	-	-	136	147
Charitable activities	7,793	18	547	4	8,362
Other	287	-	-	-	287
	<u>8,091</u>	<u>18</u>	<u>547</u>	<u>140</u>	<u>8,796</u>
Net (expenditure) / income before investment gains	<u>(2,290)</u>	<u>4</u>	<u>1,353</u>	<u>856</u>	<u>(77)</u>
Net gains on investments	63	7	-	2,358	2,428
	<u>(2,227)</u>	<u>11</u>	<u>1,353</u>	<u>3,214</u>	<u>2,351</u>
Transfers between funds	2,352	9	(1,763)	(598)	-
Gain on revaluation of fixed assets	-	-	-	-	-
Net movement in funds	<u>125</u>	<u>20</u>	<u>(410)</u>	<u>2,616</u>	<u>2,351</u>
Total funds at 1 January 2014 as previously stated					
	9,158	728	2,242	60,121	72,249
Transitional adjustment – FRS102	(4,823)	-	-	-	(4,823)
	<u>4,335</u>	<u>728</u>	<u>2,242</u>	<u>60,121</u>	<u>67,426</u>
Funds restated as at 1 January 2014					
	4,335	728	2,242	60,121	67,426
Total funds at 31 December 2014	<u>4,460</u>	<u>748</u>	<u>1,832</u>	<u>62,737</u>	<u>69,777</u>

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

30. RELATED PARTY TRANSACTIONS

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education (LDBE), The Diocese of Leicester Academies Trust (DLAT), the University Chaplaincies at the three universities in the Diocese of Leicester, Leicester Cathedral Chapter (LCC), Launde Abbey Trustees (LAT), and Coventry Diocesan Board of Finance (CDBF). Details of grants made to these bodies are given in note 13 of the financial statements. The Board was also related to St Martins Cathedral Properties Limited (SMCP) prior to the transfer of assets to LDBF on 31 March 2015 (see note 7).

During 2015, LDBF recharged LCC £54,113 (2014: £74,263), of which £16,983 (2014: £32,909) were salaries or a stipend.

During 2015, LDBF recharged LDBE £62,417 (2014: £71,759), of which £39,529 (2014: £47,358) were salaries or consultancy costs.

During 2015, LDBF recharged DLAT £313,459 (2014: £204,978), of which £302,713 (2014: £199,837) were salaries or consultancy costs.

During 2015, LDBF recharged LAT £6,775 (2014: £16,810), of which £6,775 (2014: £16,806) were salaries or consultancy costs. Conversely, LAT recharged LDBF £66,063 (2014: £32,643) of which £26,452 (2014: £5,638) were salaries.

During 2015, LDBF recharged CDBF £109,857 (2014: £218,789), of which £100,504 (2014: £122,178) were salaries or consultancy costs. Conversely, CDBF recharged LDBF £31,723 (2014: £38,797).

Up to 31 March 2015, LDBF recharged SMCP £67,069 (2014: £275,957), of which £64,302 (2014: £266,848) were salaries. Conversely, SMCP recharged LDBF £57,304 (2014: £238,552).

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

	2015	2014
	£'000	£'000
Amounts receivable / (payable) by the Board		
Diocese of Leicester Academies Trust	25	122
Leicester Diocesan Board of Education	13	(16)
Coventry Diocesan Board of Finance	10	11
Leicester Cathedral Chapter	1	27
Launde Abbey Trustees	(10)	-

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:

	2015	2014
	£'000	£'000
CBF Church of England Deposit Fund	727	686
CBF Church of England Investment Fund - income shares	522	488
Other common investment fund holdings	428	420
Direct holdings in UK equities	206	201
CBF Church of England Fixed Interest Securities Fund – income shares	47	46
Cash at bank	16	32
Other fixed interest stocks	-	12
Total assets held as custodian trustee	1,946	1,885