

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

LEICESTER DIOCESAN BOARD OF FINANCE (THE)

Company number - 00227087

Registered charity number – 249100

TABLE OF CONTENTS	Page
Chairman's report	3 - 4
Legal objects	5
Strategic report:	
Strategic aims	6
Overall 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	11 - 12
Structure and governance	12 - 15
Trustees' responsibilities	15 - 16
Administrative details	16 - 18
Independent auditor's report	19 - 20
Statement of Financial Activities	21
Income and Expenditure Account	22
Balance Sheet	23
Cash Flow Statement	24
Notes to the financial statements	25 - 47

CHAIRMAN'S REPORT

I am very pleased to report that we have again achieved a broad breakeven income and expenditure account for the year; to be precise a small net expenditure, before gains on investments and fixed asset revaluations, of £81k (see page 21). We have continued to support growth led projects in parishes via the Growth and Capital funds. The total amount provided to the parishes since these new funds were started 3 years ago is circa £3m. The growth fund has enabled 38 people to be deployed in various youth and children's ministries. At the same time, and despite this expenditure, our net assets have increased in the year by £2.95m.

We continue to rely heavily on, and are very grateful for, giving from church members via the parish contribution scheme. Nevertheless, over the last 5 years, this source of income has not kept up with the increases in cost of parochial ministry, such that church member giving finances 77.1% of local ministry provision. All the indicators are that we should expect to be able to do better and, therefore, enable more new things to be done. This is why we are very pleased to be able to welcome two new members into the Generous Giving team, Claire Bampton and Hannah Silcock. The team's key objective is to help us to respond more fully to God's extraordinary generosity to us and his enabling of the many good things that are being achieved in his name.

That we are able to balance our books is due, in part, to the excellent returns we have realised from our Glebe estate and our investments. These have yielded an average annual total return for the last 10 years of over 11%; this is significantly better than the national church has achieved. This in turn means that from 2017 we will be able to make sustainable annual releases from this capital growth to provide for the Growth and Capital funds. Additionally, with the agreement of the Church Commissioners, by combining restructuring funds with this new resource we are able to pay for the start-up costs of the New Monastic Community, and the first Resource Church, as well as, for the first time, directly supporting the essential work of the Diocesan Board of Education with an annual grant equivalent to £1,000 per church school.

We have also been successful in securing a second Strategic Development Fund grant from the Church Commissioners for mission and engagement with minority ethnic groups, and have a larger application before the National Vetting Committee in respect of providing monies for an additional five Resource Churches.

During 2017, we will be proceeding with the refurbishment of our property opposite the Cathedral. The property is owned by the Glebe estate for commercial return.

Launde Abbey and St Martins House continue to progress their distinctive contributions to the life of the Diocese, as well as being self-sustaining financially. Our partnership with the Cathedral also continues to flourish. We await, with expectation, the results of their promising fund raising campaign to fully reorder the building.

CHAIRMAN'S REPORT (continued)

As I think is evident, this has been a very exciting year in the life of the Diocese, as have most years in the last decade. It was also very good to receive the affirmation we have for our work from the Inter-Diocesan Peer Review Panel in the autumn of 2016. In addition, our first external audit of our safeguarding procedures was positive. It continues to be a privilege for those of us directly involved in these initiatives to serve the mission and ministry of this diocese, and I can only thank all involved on your behalf, whether paid or not, for all the time, effort and good advice they provide.

S G Barney
24 May 2017

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
(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 2016.

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 (The)'s ("LDBF") 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 ("PCC's") 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.

The Diocese of Leicester has identified ten 'marks of mission' which are in effect a statement of our values. We have articulated these values in the hope that they will shape our culture (the way we do things here) and infuse all our actions:

- noticing God at work among us, and continually asking: what are we learning, and how do we join in with God's activity? **(discerning)**
- lives and communities transformed, through the good news of Jesus Christ; **(transformational)**
- worship in a way that renews and inspires, echoing the praise of heaven; **(inspirational)**
- self-giving service to the community, because the Church is called to be local and outward looking; **(self-giving)**
- being rooted in prayer, because prayer is part of our loving response to the needs of the world; **(prayerful)**
- confident and sensitive evangelism, responding to Jesus' call to share our faith in word and deed; **(confident)**
- lifelong Christian nurture, because our mission overflows from our own discipleship; **(nurturing)**
- the welcome of newcomers, helping those who come close to the church to feel cherished by God; **(hospitable)**
- becoming child friendly, following our Lord's example of putting children at a central place in His ministry; **(child-like)**
- celebration of people and places, because godly celebration is at the heart of the gospel; **(celebratory)**

Overall 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.

ANNUAL REPORT

- 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 Leicester Diocesan Board of Education (“LDBE”) by way of grant towards staffing costs and the provision of office accommodation.

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 marriage blessings), 2,300 funerals and 1,660 christenings every year. Whilst 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 101 trained stipendiary clergy and 24 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.

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

ANNUAL REPORT

- Parochial Church Councils (“PCC’s”), 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 (charity number 1151692), to which LDBF provides grant support.
- 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 2016, the loan plus interest totalled £583,773. In addition, a further loan of £281,369 has been made to cover compensation and legal fees. Both loans have been fully provided for.
- Coventry Diocesan Board of Finance (The) (company no. 00319482; 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 27 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 diocese in pursuit of the mission of the LDBF.

Future plans

A central priority within Jesus’ ministry was his calling of twelve disciples - “appointed... to be with him and to be sent out” Mark 3:15. He devoted much time to teaching and mentoring them. He sent them out to continue his work of announcing and giving signs of the kingdom.

The Diocese of Leicester has similarly chosen to focus on this priority of discipleship. Shaped by God in our lives and communities we seek the growth of His Kingdom in:

- the depth of discipleship,
- the number of disciples of Jesus,
- loving service of the world.

We have therefore asked our parish churches, our fresh expressions of church, our chaplaincies, and our schools to work to these priorities. Each Christian community must discern for themselves how to act on these priorities in their own context. It is not for the Board of Finance or the Bishop to dictate how individuals and communities should interpret these priorities. Rather the work of our central support staff is focused on enabling this discernment in each context and helping each community to channel their resources to these priorities. It is for the Bishop to hold each individual minister and each community to account for how they are doing this (“low control, high accountability”).

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

ANNUAL REPORT

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 2017, the Trustees plan to:

- Achieve a Parish Contribution of £4.70m
- 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
- Create a new monastic community
- Develop further our safeguarding policies and procedures
- Achieve a surplus of circa £50,000 within the St Martins House (“SMH”) division
- Continue to develop the conference and events business

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 £45k to £4.53m (2015: £4.57m).

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 £2.95m increase in total funds in 2016 (2015: £5.57m). The 2016 result was boosted by a profit on the sale of investments of £1.48m, a £1.24m increase in the value of Glebe properties, and a £0.2m gain on the sale of parsonages.

Overall, the value of fixed asset investments increased – Glebe properties are £27.96m (2015: £26.52m), and other investments are £19.67m (2015: £18.52m) – resulting in an increase in funds of £2.59m. The

Trustees have prepared a 2017 budget that has a small net operational deficit. The key financial challenge will be receiving parish contributions as budgeted. The Trustees consider that this is achievable.

Significant Property Transactions

Land and buildings purchased during the year (included in tangible fixed assets and investment properties) totalled £1.06m (2015: £1.95m) which included one parsonage house and one LDBF property. 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 £78.45m (2015: £75.35m) it must be remembered that included in this total are land & buildings, whose value amounted to £62.51m (2015: £60.16m). 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 2017. At 31 December 2016 the amount required under this policy totalled £2.16m (2015: £2.20m). Actual free reserves as at 31 December 2016 totalled £10.97m (2015: £10.13m).

Reserves tied up in fixed assets

The general fund has tangible fixed assets of £12.86m, investments of £3.70m and net liabilities of £6.37m.

Designated funds

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2016 total designated reserves were £0.78m (2015: £0.77m)

Restricted and endowment funds

As set out in note 22, LDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2016 restricted funds totalled £1.54m (2015: £2.44m) and endowment funds totalled £65.83m (2015: £62.78m). 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 and Growth funds. Grants from these funds are disclosed in note 12.

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

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 21 provides detail of the assets of each fund, together with the related purposes, and note 16 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, and their return during the year, are set out in the following table:

	Funds at 31 December 2016 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
Brewin Dolphin listed investments	7,136	38.6%	4.7%	+15.2%
Charles Stanley listed investments	6,348	34.4%	4.6%	+16.3%
Savills Investment Management Property Fund	4,906	26.5%	4.9%	+6.2%
CCLA funds	31	0.2%	2.4%	+10.4%
Other investments	50	0.3%	0.0%	0.0%
	<hr/>	<hr/>		
	18,471	100.0%		

The Investment Committee 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

ANNUAL REPORT

- **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. The IT Manager ensures compliance with The Data Protection Act
- **Safeguarding and health & safety;** A health & safety policy has been issued to all staff. During 2015, DBF employed a Safeguarding Officer reporting to the Director of Operations and Governance
- **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;** There is engagement 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 41 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representations from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 10 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

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

ANNUAL REPORT

application for partnership with neighbouring Dioceses.

Organisational structure

The Leicester Diocesan Board of Finance (The) (“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 (The) (“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 pages 16 and 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 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:-

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

ANNUAL REPORT

- 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
- 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, though not all are sub-committees of LDBF, that 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 (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, are 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

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

ANNUAL REPORT

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 £2.308m at 31 December 2016 (2015: £1.946m), are available from the LDBF on request, and are summarised in note 28. 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.

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

ANNUAL REPORT

of the affairs of the Charitable Company and of the income and expenditure of the Charitable Company for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and 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 Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information, and to establish that the Charitable Company's auditor is aware of that information.

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

APPOINTMENT OF AUDITORS

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the Charitable Company during 2016. The following Trustees were in post during the year and at the date of this report:

President (ex-officio): The Right Reverend M J Snow – Lord Bishop of Leicester (appointed 22 February 2016)
 The Right Reverend J E Holbrook – Bishop Commissary of Leicester (resigned 21 February 2016)

Chairman: Mr S G Barney

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

ANNUAL REPORT

Archdeacons (ex officio): The Venerable Dr T R Stratford - Archdeacon of Leicester
The Venerable D M F Newman - Archdeacon of Loughborough (resigned 1 March 2017)
Reverend Canon S E Field – Acting Archdeacon of Loughborough (appointed 1 March 2017)

Elected by:
Synod House of Clergy The Reverend A R Leighton
The Reverend Canon M F Rusk (resigned 2 April 2017)
The Reverend J Whittaker

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

Co-opted by the Board Mr C J Sheldon
Mr D H Whittington (resigned 24 November 2016)
Mrs M V Wang (appointed 7 September 2016)
Mr G Brown (appointed 8 March 2017)

Senior staff and advisers

Diocesan Chief Executive: Jonathan Kerry
Director of Operations and Governance: Andrew Brockbank
Director of Finance and 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 LE19 1RP

Auditors: Grant Thornton UK LLP,
Statutory Auditor,
Regent House,
80 Regent Road,
Leicester LE1 7NH

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

ANNUAL REPORT

Solicitors:	Latham & Co., Charnwood House, 2&4 Forest Road, Loughborough, Leicestershire LE11 3NP	Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham B3 2ES
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	

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 G Barney
Chairman

24 May 2017

J W Kerry
Diocesan Chief Executive

24 May 2017

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)

We have audited the financial statements of Leicester Diocesan Board of Finance (The) for the year ended 31 December 2016 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 pages 15 and 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 2016 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, based on work undertaken in the course of the audit:

- the information given in the Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Trustees' Annual Report.

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.

Christopher Frostwick

Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leicester

24 May 2017

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2016**

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2016	Total funds 2015
		General £'000	Designated £'000	£'000	£'000	£'000	£'000
Income and endowments from							(Note 29)
Donations							
Parish contributions	2a	4,526	-	-	-	4,526	4,571
Archbishops' Council	2b	-	-	1,736	-	1,736	1,721
Other donations	2c	13	3	-	-	16	12
Charitable activities	3	534	2	-	-	536	542
Other activities	4	767	-	-	-	767	643
Investments	5	323	16	212	1,143	1,694	1,639
Other	6	161	-	-	209	370	4,822
Transfer of assets from St Martins Cathedral Properties		-	-	-	-	-	451
Total income and endowments		6,324	21	1,948	1,352	9,645	14,401
Expenditure on							
Raising funds	7	12	-	-	264	276	196
Charitable activities	8	7,571	16	685	-	8,272	8,374
Other	9	1,178	-	-	-	1,178	1,098
Total expenditure		8,761	16	685	264	9,726	9,668
Net (expenditure) / income before losses and gains on investments		(2,437)	5	1,263	1,088	(81)	4,733
Gain on investments		361	4	-	2,495	2,860	696
Net (expenditure) / income		(2,076)	9	1,263	3,583	2,779	5,429
Transfers between funds	14	2,685	(2)	(2,158)	(525)	-	-
Other recognised gains:							
Gain on revaluation of fixed assets		216	-	-	-	216	142
Net movement in funds		825	7	(895)	3,058	2,995	5,571
Total funds brought forward		9,364	770	2,439	62,775	75,348	69,777
Total funds carried forward	20	10,189	777	1,544	65,833	78,343	75,348

All activities derive from continuing activities. The notes on pages 25 to 47 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2016**

	Total 2016 £'000	Total 2015 £'000
Income before exceptional items	8,293	8,449
Write back of SMCP loan provision	-	3,403
Transfer of St Martins Cathedral Properties' assets	-	451
Expenditure	(9,462)	(9,485)
	<hr/>	<hr/>
Operating (deficit) / surplus for the year	(1,169)	2,818
Net gain on investments	365	31
Net transfer from endowment funds	525	2,546
	<hr/>	<hr/>
Net (expenditure) / income for the year	(279)	5,395
Other comprehensive income:		
Revaluation of fixed assets	216	142
	<hr/>	<hr/>
Total comprehensive (expenditure) / income	(63)	5,537
	<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. The notes on pages 25 to 47 form part of the financial statements.

LEICESTER DIOCESAN BOARD OF FINANCE (THE)
BALANCE SHEET
At 31 December 2016

Company Number – 00227087

	Note	2016		2015	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15		33,341		32,537
Investments	16		47,629		45,038
			80,970		77,575
CURRENT ASSETS					
Stock		39		48	
Debtors	17	1,325		1,401	
Cash on deposit, at bank and in hand		491		1,145	
		1,855		2,594	
CREDITORS: amounts falling due within one year	18	(1,730)		(1,603)	
NET CURRENT ASSETS			125		991
TOTAL ASSETS LESS CURRENT LIABILITIES			81,095		78,566
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	19		(2,716)		(3,182)
Other creditors	19		(36)		(36)
NET ASSETS			78,343		75,348
FUNDS					
Endowment funds					
(Including investment revaluation reserve of £23,378k (2015: £20,986k))			65,833		62,775
Restricted income funds					
(Including investment revaluation reserve of £Nil (2015: £Nil))			1,544		2,439
Unrestricted income funds:					
General funds					
(Including revaluation reserve of £937k (2015: £522k))			10,189		9,364
Designated funds					
(Including investment revaluation reserve of £23k (2015: £19k))			777		770
TOTAL FUNDS	20		78,343		75,348

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 2017 and signed on behalf of the Board by:

S G Barney - Chairman

LEICESTER DIOCESAN BOARD OF FINANCE (THE)
CASH FLOW STATEMENT
For the year ended 31 December 2016

	2016		2015	
	£'000	£'000	£'000	£'000
Net cash outflow from operating activities		(1,682)		(1,187)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,694		1,639	
Proceeds from the sale of tangible fixed assets	315		1,640	
Proceeds from the sale of fixed asset investments	1,802		1,371	
Purchase of tangible fixed assets	(982)		(618)	
Purchase of fixed asset investments	(1,412)		(2,404)	
Net cash provided by investing activities		1,417		1,628
Cash flows from financing activities				
Contributions to Clergy and Lay staff pension plans	(389)		(450)	
Net cash used in financing activities		(389)		(450)
Change in cash and cash equivalents in the period		(654)		(9)
Cash and cash equivalents at 1 January		1,145		1,154
Cash and cash equivalents at 31 December		491		1,145
Reconciliation of net movements in funds to net cashflow from operating activities				
Net movement in funds for the year ended 31 December		2,995		5,571
Adjustments for:				
SMCP loan write off on asset transfer		-		573
Transfer of SMCP fixed and investment assets		-		(4,715)
Depreciation charges		169		68
Dividends, interest and rent from investments		(1,694)		(1,639)
Repayment of Parish loans		42		311
Advancement of Parish loans		(7)		(138)
Profit on sale of fixed assets		(210)		(922)
Gain on revaluation of fixed assets		(216)		(142)
Profit on sale of fixed asset investments		(142)		(165)
Gain on revaluation of fixed asset investments		(2,719)		(531)
Decrease / (increase) in stock		9		(48)
Decrease in debtors		41		281
Clergy & Lay pension interest and liability adjustments		(77)		(311)
Increase in creditors		127		620
Net cash used in operating activities		(1,682)		(1,187)
Analysis of cash and cash equivalents				
Cash at bank and in hand		195		985
Notice deposits (less than 3 months)		296		160
		491		1,145

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

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).

The principal 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 (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

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) **SMH trading and letting costs** consist of staff, cost of goods sold, and building costs charged on an accruals basis.
- vi) **Pension contributions.** LDBF staff are members of the Church Workers Pension Fund. Clergy are members of the Church of England Funded Pensions Scheme (see note 26). The pension costs charged as resources expended represent the LDBF's 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 LDBF 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 LDBF during 2015. Depreciation is 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 accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

1. ACCOUNTING POLICIES (continued)

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 Glebe Fund and Endowment Capital Funds), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. The Parsonage Houses Fund, where there is no provision for expenditure of capital, is classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the Charitable Company acts as Trustee and controls the management and use of the funds, are included in the Charitable Company's own financial statements as charity branches. Trusts where the Charitable Company 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 (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

2. DONATIONS

2a. Parish Contributions

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Current year	4,368	-	-	-	4,368	4,512
Receipts for previous years	158	-	-	-	158	59
	<u>4,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,526</u>	<u>4,571</u>

2b. Archbishops' Council

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Selective Allocation	-	-	1,413	-	1,413	1,404
Special payments	-	-	1	-	1	1
Pioneer Workers' grant	-	-	155	-	155	154
Growth fund	-	-	139	-	139	135
Legal costs contribution	-	-	28	-	28	27
	<u>-</u>	<u>-</u>	<u>1,736</u>	<u>-</u>	<u>1,736</u>	<u>1,721</u>

The Selective Allocation is the annual grant from the Archbishops' Council for a low income Diocese. This grant is being replaced with new grants under the Church of England Renewal and Reform Strategy. 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 £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Donations	13	3	-	-	16	12
	<u>13</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>12</u>

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Statutory fees	358	-	-	-	358	328
All Churches Trust grant	132	-	-	-	132	142
Course fees	9	-	-	-	9	8
Other	35	2	-	-	37	64
	<u>534</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>536</u>	<u>542</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Housing rental income	254	-	-	-	254	230
Bookshop, café and conferencing income	513	-	-	-	513	413
	<u>767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>767</u>	<u>643</u>

5. INVESTMENT INCOME

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Glebe rents	-	-	-	641	641	645
Listed securities	99	-	-	502	601	606
Unlisted securities	23	9	210	-	242	229
SMH rental income	191	-	-	-	191	129
Bank and other interest	10	7	2	-	19	30
	<u>323</u>	<u>16</u>	<u>212</u>	<u>1,143</u>	<u>1,694</u>	<u>1,639</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Sale of redundant churches	-	-	-	-	-	94
Gain on sale of parsonages	-	-	209	-	209	922
Remeasurement of pension liability	161	-	-	-	161	403
Loan provision write back	-	-	-	-	-	3,403
	<u>161</u>	<u>-</u>	<u>209</u>	<u>-</u>	<u>370</u>	<u>4,822</u>

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

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Glebe agent's fee	-	-	-	105	105	101
Other Glebe costs	-	-	-	109	109	31
Investment management fees	12	-	-	50	62	64
	<u>12</u>	<u>-</u>	<u>-</u>	<u>264</u>	<u>276</u>	<u>196</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

8. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
8a Contributions to Archbishops' Council						
Training for Ministry	171	-	-	-	171	166
National Church Responsibilities	171	-	-	-	171	153
Retired clergy housing costs	56	-	-	-	56	53
Other	1	-	-	-	1	3
	<u>399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>375</u>
8b Resourcing Mission and Ministry						
Parish Ministry stipends and National Insurance (NI)	3,203	-	-	-	3,203	2,952
Pension contributions	702	-	-	-	702	705
Housing costs	763	-	-	-	763	780
Removal & resettlement grants	212	-	-	-	212	185
Interregna costs	23	-	-	-	23	39
Other expenses	286	-	-	-	286	285
Support costs	681	-	-	-	681	669
	<u>5,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,870</u>	<u>5,615</u>
8c Support for Mission and Ministry						
Salaries, NI and pension costs	557	-	21	-	578	553
Growth fund grants	-	-	325	-	325	381
Capital fund grants	-	-	217	-	217	226
Other grants	86	-	2	-	88	287
Pioneer Development worker costs	158	-	-	-	158	156
Redundant church costs	-	-	15	-	15	92
Other costs	191	16	105	-	312	285
Support costs	224	-	-	-	224	320
	<u>1,216</u>	<u>16</u>	<u>685</u>	<u>-</u>	<u>1,917</u>	<u>2,300</u>
8d Support for education						
Support for church schools	86	-	-	-	86	84
	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>84</u>
TOTAL CHARITABLE ACTIVITIES	<u>7,571</u>	<u>16</u>	<u>685</u>	<u>-</u>	<u>8,272</u>	<u>8,374</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

9. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Related parties' loans / interest	49	-	-	-	49	209
Interest on pension liabilities	84	-	-	-	84	92
Consideration for SMCP transfer	105	-	-	-	105	101
SMH trading and letting costs	940	-	-	-	940	696
	1,178	-	-	-	1,178	1,098

On 26 April 2017, LDBF and LCAT agreed to increase the consideration for the transfer of SMCP assets, which took place on 31 March 2015, by £105,430 (see note 25).

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2016 £'000
Raising funds	276	-	-	276
Charitable activities:				
Contributions to Archbishops' Council	-	399	-	399
Resourcing Mission and Ministry	4,934	255	681	5,870
Supporting Mission and Ministry	1,063	630	224	1,917
Support for education	86	-	-	86
Other resources expended	1,073	-	-	1,073
	7,432	1,284	905	9,621

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000
	General £'000	Designated £'000			
Central administration	799	-	-	-	799
Governance:					
Registrar and Chancellor	66	-	-	-	66
Audit costs:					
- External audit	21	-	-	-	21
- Other services	7	-	-	-	7
Synodical costs	12	-	-	-	12
	905	-	-	-	905

External audit costs in 2016 were £21,425 (2015: £26,400). Other auditor service costs in 2016 were £6,511 (2015: £5,307).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

12. ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	2016 Total £'000	2015 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishops' Council	1	-	399	399	375
From unrestricted funds:					
University Chaplaincies	3	-	156	156	132
Ordinands' grants	9	89	-	89	74
Diocesan Board of Education support grant	1	-	86	86	84
St Philip's Centre	1	-	42	42	20
Leicester Cathedral share of SMH profits	1	-	25	25	-
Vacancy in See costs	1	-	16	16	9
Clergy for training	62	15	-	15	10
St Peter's Church grant for Premises Officer	1	-	10	10	14
FareShare grant	1	-	10	10	10
Ecumenical support (Churches Together)	1	-	9	9	9
International Link grants	1	-	7	7	14
One Roof project grant	1	-	1	1	10
Bishop's Holy Land trip	-	-	-	-	9
Player Trust funding	-	-	-	-	7
Leicester Cathedral Subvention	-	-	-	-	7
Richard III grant (write back) / costs	1	-	(1)	(1)	25
Other grants and grant write backs	5	-	(12)	(12)	3
Total	89	104	349	453	437
From restricted funds for various purposes within resourcing parish ministry:					
Growth fund grants	115	-	325	325	381
Capital fund grants	9	-	217	217	226
Other restricted fund grants	6	2	-	2	1
Total	130	2	542	544	608
Total	220	106	1,290	1,396	1,420

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 for 2016 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. A £25k cost has been included in the 2016 results which relates to LCAT's share of SMH's 2015 profit.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

13. STAFF COSTS

	2016	2015
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	1,394	1,214
National Insurance contributions	123	105
Pension costs	133	130
	<u>1,650</u>	<u>1,449</u>

	2016	2015
	Number	Number
The average number of persons employed by LDBF during the year:		
SMH Conference Centre	21.7	20.0
Administration and financial management	15.1	11.5
Property	3.0	3.0
Discipleship & Ministry, Stewardship	15.0	16.0
Safeguarding & inclusion	3.6	0.9
Parochial lay staff	4.9	6.0
	<u>63.3</u>	<u>57.4</u>

	2016	2015
	Number	Number
The average number of persons employed by LDBF during the year based on full-time equivalents:		
SMH Conference Centre	15.3	14.0
Administration and financial management	11.2	11.5
Property	1.5	1.5
Discipleship & Ministry, Stewardship	15.0	15.0
Safeguarding and inclusion	3.4	0.9
Parochial lay staff	2.9	4.3
	<u>49.3</u>	<u>47.2</u>

	2016	2015
	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	-	-
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

Pension payments of £7,220 (2015: £7,105) 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 2016 they were:

Diocesan Chief Executive	Jonathan Kerry
Director of Operations and Governance	Andrew Brockbank
Director of Finance and Support Services	John Orridge

Remuneration (excluding NIC's), pensions and expenses for these 3 employees amounted to £194,588 (2015: £191,480).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

13. STAFF COSTS (continued)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £6,795 (2015: £7,274) 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 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 121 (2015: 125) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2016	2015
	£'000	£'000
Stipends	3,101	2,957
National Insurance contributions	258	242
Pension costs	726	721
Housing costs	36	48
	<u>4,121</u>	<u>3,968</u>

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2016 was in the range £30,000 - £35,000 (2015: range £30,000 – £35,000) and other clergy who were Trustees were paid in the range £25,000 - £30,000 (2015 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 2016 at £13,207 (2015: £10,108).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

14. 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	1,597	-	(1,597)	-
Glebe rental income, net of costs, used for general purposes	427	-	-	(427)
Stipend investment income used to fund stipends	452	-	-	(452)
Endowment income used to fund stipends	196	-	(196)	-
Restricted income used to fund retired clergy grants	-	9	(9)	-
Property fund transfers	-	-	(312)	312
Other transfers	13	(11)	(44)	42
	<u>2,685</u>	<u>(2)</u>	<u>(2,158)</u>	<u>(525)</u>

Church Commissioners' Restricted Grant income - Within restricted funds there is income received from The Archbishops' Council of £1.413m to fund the payment of stipends from unrestricted funds and £155k 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 – relates to the purchase of one parsonage plus capital spend on other parsonages (total £627k) offset by the proceeds of sale of two parsonages (total £315k) from unrestricted funds.

15. TANGIBLE FIXED ASSETS

	SMH	Parsonage	DBF	Other	Total
	£'000	houses £'000	properties £'000	equipment £'000	
Cost or valuation					
At 1 January 2016	2,858	20,081	9,578	605	33,122
Additions	-	627	298	57	982
Disposals	-	(105)	-	-	(105)
Reclassified (see note 16)	-	(120)	-	-	(120)
Revaluation	152	-	-	-	152
At 31 December 2016	3,010	20,483	9,876	662	34,031
Depreciation					
At 1 January 2016	-	-	-	585	585
Disposals	-	-	-	-	-
Charge for the year	64	-	68	37	169
Revaluation	(64)	-	-	-	(64)
At 31 December 2016	-	-	68	622	690
Net Book Value					
At 31 December 2016	3,010	20,483	9,808	40	33,341
At 1 January 2016	2,858	20,081	9,578	20	32,537

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

15. TANGIBLE FIXED ASSETS (continued)

All of the properties in the balance sheet are freehold and are vested in the LDBF. One property has been purchased with the help of a value-linked loan from the Church Commissioners. When the property is disposed, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the property included above is £36,323 (2015: £36,323). All properties at 31 December 2016 and 31 December 2015 are valued at cost. All property repairs are charged as expenditure.

As at 31 December 2016, St Martins House (SMH) has been valued by Andrew Granger & Co. LLP, Chartered Surveyors. The property was valued at £4,210,000 (2015: £3,935,000) on an open market basis. £3,010,000 (2015: £2,858,000) of the SMH value was deemed to represent a fixed asset, the balance of £1,200,000 (2015: £1,077,000) was deemed to represent a fixed asset investment (see note 16 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 £105,574.

One property with an original cost of £120,000, previously classified as a parsonage, has been reclassified as a Glebe property. In addition, a piece of land with an original cost of £50,000, which was previously classified within unrestricted funds, has been reclassified within endowment funds.

16. FIXED ASSETS INVESTMENTS

	At 1 January 2016 £'000	Additions £'000	Disposals £'000	Reclassified (See note 15) £'000	Change in Market Value £'000	At 31 December 2016 £'000
Unrestricted funds						
Listed investments	2,052	266	(448)	-	185	2,055
Unlisted investments	546	-	(108)	-	6	444
Other	1,127	-	-	(50)	123	1,200
Total	3,725	266	(556)	(50)	314	3,699
Designated funds						
Unlisted investments	186	-	-	-	5	191
Endowment funds						
Investment properties	26,518	81	-	120	1,238	27,957
Listed investments	10,470	957	(1,104)	-	1,107	11,430
Unlisted investments	4,139	108	-	50	55	4,352
	41,127	1,146	(1,104)	170	2,400	43,739
Total	45,038	1,412	(1,660)	120	2,719	47,629

The valuation of investments at 31 December 2016 was carried out by the Board's Investment Advisors as shown in the Administrative Details on page 18.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

17. DEBTORS

	2016	2015
	£'000	£'000
Due within one year		
Trade debtors	69	53
Parish contribution	294	351
Loans to parishes	246	280
Other debtors	254	262
Prepayments and accrued income	322	314
	<u>1,185</u>	<u>1,260</u>
Due after more than one year		
Loans to parishes	140	141
	<u>140</u>	<u>141</u>
Total debtors	<u><u>1,325</u></u>	<u><u>1,401</u></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	-	865	865
Provision on Launde Abbey loan	-	(865)	(865)
	<u>-</u>	<u>-</u>	<u>-</u>
Other loans to parishes	96	135	231
	<u>96</u>	<u>135</u>	<u>231</u>
Total unsecured loans	<u><u>96</u></u>	<u><u>135</u></u>	<u><u>231</u></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><u>150</u></u>	<u><u>5</u></u>	<u><u>155</u></u>
Total loans outstanding	<u><u><u>246</u></u></u>	<u><u><u>140</u></u></u>	<u><u><u>386</u></u></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 £865,142 (which includes accrued interest). £281,369 of the loan (2015: £238,301), which has been fully provided for in these accounts, relates to the payment of legal fees and agreed compensation. The balance of £583,773 will be repaid by annual instalments of not less than £1 each year until 2031, when

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

17. 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. £9,643 of loan interest was charged during 2016 (2015: £11,383). LDBF is the Custodian Trustee of Launde Abbey which is the Diocesan retreat house.

The largest outstanding balance is with St. Peter's church, Market Bosworth for £100,000. It has been agreed that this loan will be repaid in four instalments of £25,000 over the next 2 years. Since the year end, the first instalment has been paid.

Repayment terms vary across the different loans to PCC's. Interest is charged at 3% per annum.

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.

18. CREDITORS: amounts falling due within one year	2016	2015
	£'000	£'000
Trade creditors	242	138
Taxation and social security	93	75
Other creditors	254	153
Accruals	133	338
Deferred income	40	36
Clergy Pension Scheme liabilities (see note 26)	390	390
Amount owed to a related party	578	473
Total	1,730	1,603

19. CREDITORS: amounts falling due after more than one year	2016	2015
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	36	36
Clergy Pension Scheme liabilities (see note 26)	2,716	3,182
Total	2,752	3,218

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 2016, the estimated value of the property was £141,479 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 £134,033. At 31 December 2016 the Board had no intention of disposing of the property.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

20. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2016 £'000
UNRESTRICTED FUNDS						
General Funds	9,364	6,324	(8,761)	2,685	577	10,189
Designated funds						
Retired Clergy Fund	129	7	(15)	9	3	133
Church Extension Fund	539	7	-	-	-	546
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	89	7	(1)	-	1	96
Diocesan Church Urban Fund	11	-	-	(11)	-	-
Total Designated Funds	770	21	(16)	(2)	4	777
Total unrestricted funds	10,134	6,345	(8,777)	2,683	581	10,966
RESTRICTED FUNDS						
Pastoral Fund	923	-	(58)	(437)	-	428
Church Commissioners' Grant Income	-	1,597	-	(1,597)	-	-
Endowment Fund	202	212	(2)	(248)	-	164
Growth Fund	725	139	(408)	62	-	518
Bishop Jeune Ordinands' Fund	1	-	-	-	-	1
The Alan Everitt Fund	2	-	-	-	-	2
Diocesan Capital Fund	586	-	(217)	62	-	431
CofE Stipend Trust Reserve	-	-	-	-	-	-
Total Restricted Funds	2,439	1,948	(685)	(2,158)	-	1,544
ENDOWMENT FUNDS						
Permanent						
Parsonage Houses	20,081	209	-	192	-	20,482
Expendable						
Stipends Glebe	41,186	1,143	(264)	(758)	2,476	43,783
Other Endowment Capital	1,508	-	-	41	19	1,568
Total Endowment Funds	62,775	1,352	(264)	(525)	2,495	65,833
Total funds	75,348	9,645	(9,726)	-	3,076	78,343

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

21. SUMMARY OF ASSETS BY FUND	Fixed assets Tangible £'000	Investments £'000	Net Current Assets / (Liabilities) £'000	Total Assets £'000
Unrestricted funds – General	12,858	3,699	(6,368)	10,189
Unrestricted - Designated				
Retired Clergy / Clergy widows	-	132	1	133
Church Extension Fund	-	-	546	546
Workplace Chaplaincy	-	-	2	2
Archdeacon's Discretionary Fund	-	59	37	96
	-	191	586	777
Restricted				
Pastoral Fund	-	-	428	428
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	-	-	(2)	(2)
Chippington Income Fund	-	-	(5)	(5)
Clergy Stipend Endowment Income	-	-	-	-
Clergy Stipend Income	-	-	14	14
Diocesan Growth Fund	-	-	518	518
Bishop Jeune Ordinands' Fund	-	-	1	1
Alan Everitt Memorial Fund	-	-	2	2
Diocesan Capital Fund	-	-	431	431
CofE Stipend Trust Reserve	-	-	-	-
	-	-	1,544	1,544
Endowment Expendable				
Stipends Glebe Fund	-	42,172	1,611	43,783
Endowment Capital Funds:				
Drew Trust Investment Fund	-	249	-	249
Horwood Robinson Investment Fund	-	243	-	243
CE Huston Investment Fund	-	724	-	724
D Huston Investment Fund	-	181	-	181
Clarke Investment Fund	-	1	-	1
Fry Investment Fund	-	15	-	15
Chippington Investment Fund	-	129	-	129
Clergy Stipend Investment Fund	-	25	-	25
Permanent				
Parsonage Houses Fund	20,483	-	-	20,483
	20,483	43,739	1,611	65,833
Total funds	33,341	47,629	(2,627)	78,343

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

22. 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). This fund was closed during 2016.

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 2016 this fund stood at £313,285 (2015: £313,280) 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.

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

22. 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.

23. CAPITAL COMMITMENTS

At 31 December 2016 the LDBF had capital expenditure commitments authorised but not contracted for of nil (2015: £395,000), and contracted for but not yet due of nil (2015: £6,376).

24. OPERATING LEASES

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

	2016	2015
	£'000	£'000
Non land & buildings operating leases where the lease expires:		
Within one year of the balance sheet date	-	-
In the second to fifth years inclusive of the balance sheet date	<u>17</u>	<u>28</u>

25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

On 26 April 2017, LDBF and LCAT agreed to increase the consideration for the transfer of SMCP assets, which took place on 31 March 2015, by £105,430. This increase was to reflect changes in the investment market up to 31 March 2017. There were no other post balance sheet events or contingent liabilities.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

26. 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 LDBF 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 LDBF 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.

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 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 National Minimum Stipend 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 125 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).

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 2015. The 2015 valuation revealed a deficit of £236m based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

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

Following the valuation of the scheme as at 31 December 2015, the contribution rate from 1 January 2016 remained at 39.9% of pensionable stipends (i.e. the previous year's National Minimum Stipend), 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 nine 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 2016 would be £390,000 in 2017 and 2018. The discounted deficit payments of £3.106m over the next 9 years in respect of the shortfall have been recognised as a liability in the balance sheet.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

26. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

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

	2016	2015
	£'000	£'000
Balance sheet liability as at 1 January	3,572	4,105
Contributions paid	(389)	(390)
Interest cost (recognised in the SOFA)	84	90
Re-measurement of the balance sheet liability	(161)	(233)
	<hr/>	<hr/>
Balance sheet liability as at 31 December	£3,106	£3,572
	<hr/> <hr/>	<hr/> <hr/>

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 the Clergy Pension Scheme deficit over a nine year period (until 2025). Upon transition, LDBF has recognised the present value of deficit funding contributions. As at 31 December 2016, this amounted to £3.106m for the Clergy Pension Scheme (2015: £3.572m).

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. The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and, as such, contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SOFA) are the contributions payable for the year towards benefits and expenses accrued in that year being £41,213 for 2016 (2015: £50,760) plus the impact of any deficit contributions (see below), giving a total charge of £41,213 for 2016 (2015: £110,760).

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.

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

26. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

The movement in the provision is set out below:

	2016	2015
	£'000	£'000
Balance sheet liability as at 1 January	-	228
Contributions paid	-	(60)
Interest cost (recognised in the SOFA)	-	2
Re-measurement of the balance sheet liability	-	(170)
	<u> </u>	<u> </u>
Balance sheet liability as at 31 December	<u> </u>	<u> </u>

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;

- A deferred annuity section known as Pension Builder Classic, and
- a cash balance section known as Pension Builder 2014

Both sections of the Pension Builder Scheme 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 either section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are the contributions payable and were £79,922 (2015: £76,987).

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 (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

27. 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 (The) (CDBF). Details of grants made to these bodies are given in note 12 of the financial statements.

During 2016, LDBF recharged LCC £76,169 (2014: £54,113), of which £7,636 (2015: £16,983) were salaries or a stipend. In addition, there was an additional £105,430 added to the loan payable to LCC with respect to the transfer of SMCP assets which formally took place on 31 March 2015.

During 2016, LDBF recharged LDBE £115,166 (2015: £62,417), of which £100,713 (2015: £39,529) were salaries or consultancy costs.

During 2016, LDBF recharged DLAT £281,052 (2015: £313,459), of which £271,465 (2015: £302,713) were salaries or consultancy costs.

During 2016, LDBF recharged LAT £4 (2015: £6,775), of which nil (2015: £6,775) were salaries or consultancy costs. Conversely, LAT recharged LDBF £90,221 (2015: £66,063) of which £21,076 (2015: £26,452) were salaries.

During 2016, LDBF recharged CDBF £113,317 (2015: £109,857), of which £104,243 (2015: £100,504) were salaries or consultancy costs. Conversely, CDBF recharged LDBF £30,027 (2015: £31,723).

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:

	2016	2015
	£'000	£'000
Amounts receivable / (payable) by the Board		
Diocese of Leicester Academies Trust	24	25
Leicester Diocesan Board of Education	12	13
Coventry Diocesan Board of Finance (The)	11	10
Leicester Cathedral Chapter	(575)	(472)
Launde Abbey Trustees	(4)	(10)

28. 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:

	2016	2015
	£'000	£'000
CBF Church of England Deposit Fund	733	727
CBF Church of England Investment Fund - income shares	779	522
Other common investment fund holdings	460	428
Direct holdings in UK equities	230	206
CBF Church of England Fixed Interest Securities Fund – income shares	51	47
Cash at bank	55	16
Total assets held as Custodian Trustee	2,308	1,946

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016**

29. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2015 £'000
	General £'000	Designated £'000			
Income and endowments from					
Donations					
Parish Contributions	4,571	-	-	-	4,571
Archbishops' Council	-	-	1,721	-	1,721
Other donations	12	-	-	-	12
Charitable activities	510	5	6	21	542
Other activities	643	-	-	-	643
Investments	270	19	195	1,155	1,639
Other	3,806	-	94	922	4,822
Transfer of assets from St Martins Cathedral Properties	451	-	-	-	451
Total income and endowments	10,263	24	2,016	2,098	14,401
Expenditure on					
Raising funds	13	-	-	183	196
Charitable activities	7,500	20	854	-	8,374
Other	1,098	-	-	-	1,098
Total expenditure	8,611	20	854	183	9,668
Net income before investment gains	1,652	4	1,162	1,915	4,733
Net gain on investments	20	11	-	665	696
Net income	1,672	15	1,162	2,580	5,429
Transfers between funds	3,091	7	(552)	(2,546)	-
Gain on revaluation of fixed assets	142	-	-	-	142
Net movement in funds	4,905	22	610	34	5,571
Total funds brought forward	4,459	748	1,829	62,741	69,777
Total funds carried forward	9,364	770	2,439	62,775	75,348