



Diocese of Liverpool

Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2010

*Registered Charity Number 249740
Registered Company Number 18301*

CONTENTS

	PAGE
Chairman's Report	I
Trustees' Annual Report	2 - 16
Auditors' Report	17 - 18
Statement of Financial Activities	19
Balance Sheet	20
Statement of Total Recognised Gains and Losses	21
Cash Flow Statement and Notes	22 - 23
Notes to Financial Statements	24 - 40

TRUSTEES' REPORT

Chairman's Report

I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2010.

First, I would like to thank and commend Mike Eastwood and all his St James' House team for their conscientious work in leading many important initiatives in the past 12 months, which have contributed to the development of the Diocese. Three key new developments are worthy of special note:-

1. We have completed the work in 2010 and in 2011 gained the support of Synod, for transitioning from "Responding to the Call" to "The Bishop's Growth Agenda". This new strategy, which embodies a three year plan of action for St James' House, builds on the groundwork laid in the period 2008 to 2010. The twin objectives are growth and financial sustainability, with primary of parishes and deaneries being central to implementation.
2. The Parish Share Working Group have presented and gained agreement to a new 8-point plan, which will run till 2015. Up to that date, all Parish Share increases are assessed each year on the same basis (i.e. same percentage movement) and a Minimum Parish Share will be introduced from 2013 onward. The former recommendation suspends the link between Parish Share and congregational size i.e. directly supports the Growth agenda and a supporting publicity campaign is soon to be launched.
3. The DBF Investment Committee working with CCLA have reviewed all aspects of the Diocese's investment assets and re-positioned the portfolio to maximise growth albeit at a sensible risk profile.

In conclusion, 1. above provides the Diocese with a 3 year integrated strategy for a financially sustainable future, whilst 2. and 3. work to maximise and regularise the two key income sources.

Turning now to the 2010 figures, our goal was to deliver a balanced budget but in 2010 a number of factors combined to leave us with an overall loss of £548,117. Key elements in this result were:-

- A. On the Income side, we budgeted for 100% Parish Share collection but only delivered 98%. This created a loss of £140,000. Secondly, Church Commissioners allocation was £70,000 below expectations.
- B. On the expenditure side
 - (i) Clergy Housing was £30,000 overspent.
 - (ii) Property related expenditure was over budget by £251,000 (mainly related to acquisition of new housing stock).
- C. On the Investment Income side, we failed by £30,000 to hit the budget due to the poor investment climate.

In 2011, we are budgeting a much smaller deficit of £56,000 and look to deliver this through-

- (i) A revised Investment Income Strategy
- (ii) Plans to increase the Parish Share collection rates
- (iii) A stronger control on costs for clergy housing
- (iv) Continued strong cost control at St James House.

May I conclude by thanking all those members who served on the DBF in 2010 for their support and guidance. 2011 will be an important year where we must reverse the trend of costs significantly outpacing income.

David Greensmith

26th May 2011

**TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

Liverpool Diocesan Board of Finance is a multi-faceted structure. It is:

- ♦ A registered charity (no. 249740)
- ♦ A company limited by guarantee (no. 18301)
- ♦ A Board of Finance established under the Diocesan Boards of Finance Measure 1925
- ♦ A trust corporation.

Its registered office is St James' House, 20 St James Road, Liverpool LI 7BY.

The governing body of the diocese is the Diocesan Synod whose members are also members of the Diocesan Board of Finance.

Although the work of the Finance Committee is the sole responsibility of those elected to serve on it, all its business is conducted under the authority of the Diocesan Bishop who presides over all the affairs of the diocese.

Trustees

The financial executive of the Diocesan Synod is the Finance Committee. The members of the Finance Committee are the directors of the company and trustees of the charity. Through a combination of elected, ex officio and co-opted posts our constitution enables us to achieve an appropriate balance between clergy and lay people.

Elections to the Finance Committee take place every three years. There were elections in November 2009 for the current Finance Committee which runs from 1 January 2010 to 31 December 2012. The trustees who served in 2010 were:

David Greensmith, Chair (ex-officio)	Rev Chris Jones, Deputy Chair (elected)
Bishop of Warrington (ex-officio)	Archdeacon of Liverpool (ex-officio)
Archdeacon of Warrington (ex-officio)	David Burgess (elected)
Peter Owen (elected)	Michael Pitts (elected)
Mark Stafford (elected)	Jim Taylor (elected)
Bob Timmis (elected)	Rev Steve Parish (elected)
Rev Tim Stratford (elected)	Cyril Barratt (Treasurer – co-opted by the Committee)

Senior staff

The Chief Officer for the charity is the Diocesan Secretary, Mike Eastwood. The senior management team, to whom day to day management of the charity is delegated by the trustees, are:

TRUSTEES' REPORT

Mike Eastwood, Diocesan Secretary
Stuart Haynes, Media Manager
Linda Jones, Senior Officer for Church Growth
Steve Pierce, Director of Learning & Stewardship
Jon Richardson, Director of Education
Ultan Russell, Senior Officer for Church & Society

Former members of the senior management team Jeremy Duff (Director of Lifelong Learning) and Bryan Jackson (Finance Manager) left during 2010.

Bankers and professional advisers

Auditors

BWMacfarlane LLP, Cunard Building, Water Street, Liverpool, L3 1DS

Bankers

Lloyds Bank plc, Merchants Court, 2-12 Lord Street, Liverpool L2 1TS

Investment managers

CCLA Investment Management Ltd, 80 Cheapside, London EC2V 6DZ

Diocesan Registrar

Roger Arden, St James' House, 20 St James Road, Liverpool L1 7BY (until June 2010); Howard Dellar of Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT (from June 2010)

Solicitors

Hill Dickinson LLP, No. 1 St Paul's Square, Liverpool L3 9SJ

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and objects

The structure governing the work of the charity is complex reflecting the idiosyncrasies of the Church of England. On the one hand the charity is fairly straightforwardly registered as a charity and a company with appropriate memorandum and articles of association (last modified in March 2010). On the other hand there are a number of inter-connected relationships and influences directly impacting on the work of the charity (see below).

Trustees

The Finance Committee is the trustee board. It has a mixture of ex-officio, elected and co-opted members. Elections take place every three years at the first meeting of the new diocesan synod (itself elected every three years). The trustees have the power to co-opt members according to their assessment of possible imbalances or skills gaps among the elected and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum.

TRUSTEES' REPORT

All trustees receive an induction pack and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, especially around investment issues.

Organisational structure and decision-making

The Finance Committee is the financial executive of the Diocesan Synod and is required to comply with certain directions given to it by that Synod. It holds the budgets and accounts for all committees of the DBF and all activities undertaken by DBF staff and officers. It also needs to work very closely with Bishop's Council as Diocesan Synod made Bishop's Council responsible for the delivery of the diocesan strategy. This requires an understanding of the aims and aspirations of those bodies and a desire to see them fulfilled alongside a deep regard for the need for good and appropriate governance of the charity. In recent years there hasn't been a particular conflict between these bodies, nor is one anticipated; however, the potential is always there.

The Finance Committee functions as the Parsonages Board of the diocese for purposes of parsonages legislation, although it delegates the oversight of DBF housing management to the Clergy Housing Committee. It has sub-committees dealing with audit, remuneration of DBF staff, and the management of the DBF property and investments.

The Diocesan Board of Education is integrated into the Diocesan Board of Finance both legally (it is not separately constituted) and practically (the Diocesan Director of Education is a full and participating member of the senior management team). This helps organisational cohesiveness and inter-departmental working.

Trustees are fully aware of their responsibilities under charity law. Within this the day-to-day running of the charity is delegated to senior staff. However, trustees and senior staff are clear that all decisions on policy that may create significant financial or other risk to the company or which affect material issues of principle must be taken by trustees and not staff.

Networks and key relationships

The charity has a multiplicity of relationships. The main ones are probably with:

- ♦ **Diocesan Synod** as the Board of Finance and governing body of the diocese
- ♦ **Bishop's Council** as the body charged with delivering the Diocesan Review
- ♦ The Bishop's **Core Group**, where decisions are taken about the deployment of clergy
- ♦ Other **diocesan committees**, especially the Diocesan Mission & Pastoral Committee, Lifelong Learning Committee and Board of Education
- ♦ **Deanery Synods** and **Deanery Mission & Pastoral Committees**, where local mission plans are decided and their pastoral implications worked through
- ♦ **Parishes** within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance
- ♦ **Church schools** in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- ♦ **Liverpool Cathedral**, on whose campus we are now located and where we are looking to expand and develop joint activities in mission and organisational development. There is a significant number of organisational linkages at Cathedral Governance level (several members of the Cathedral Chapter have significant diocesan roles as well – including the Senior Officer for Church Growth, the Dean of Women's Ministry and the Chair of the House of Laity) and senior management level (the Diocesan Secretary is also

TRUSTEES' REPORT

- the Cathedral's Director of Operations, the Diocesan Media Manager is also the Press Officer for the Cathedral and there is now a single point of reception for telephone enquiry)
- ♦ **Faiths4Change**, through which we help churches develop environmental projects which both engage with their community and its needs and exemplify the biblical imperative to be excellent stewards of God's created earth
 - ♦ **Other dioceses**, especially in the North West of England, with whom we make joint appointments and provide services, especially to schools. In 2008 we updated the excellent *Just Employment Guide* in collaboration with the Dioceses of Chester and Manchester and financed by the Church Urban Fund
 - ♦ The **national church institutions** (Archbishops' Council, Church Commissioners and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions. We also work closely with the national Fresh Expressions team on mission development thinking and initiatives
 - ♦ Other **Christian denominations** with and through whom we work on matters of racial justice, workplace chaplaincy, child safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region, Mission in the Economy, Merseyfest and the Churches Officer for the North West
 - ♦ **Interfaith bodies**, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross-community work to promote good interfaith relations
 - ♦ **Tearfund**, where we have a major piece of collaborative work around promoting sustainability of local projects
 - ♦ Key **infrastructural bodies** on Greater Merseyside (notably volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas. We have also been actively involved in ChangeUp, the pan Merseyside body, where we represent Churches Together in the Merseyside Region and feed back issues from faith networks to other members, notably councils for voluntary service
 - ♦ **Liverpool Diocesan Council for Social Aid**, professionally advised by Church & Society, whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

As at 31 December 2010 there were no subsidiary trading companies to the DBF. DBE Services Ltd continued trading, as did the South North West Regional Training Partnership. DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester and York, providing property and other services to schools. South North West Training Partnership is an inter-diocesan company for the dioceses of Liverpool, Manchester and Chester, plus partner denominations, established as part of the developing national church agenda on the provision of training for clergy and readers.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have around 215 serving parish and cathedral-based stipendiary clergy, nearly 60 non stipendiary and ordained local clergy, over 300 readers and over 100 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities and prisons plus others serving in a part-time capacity. We also have an active committed church membership of c. 50,000.

Risk management

In addition to the financial and other risks outlined below, there are various key areas of activity where the diocese could incur financial penalties, operational failings or reputational damage. The trustees undertake an annual risk analysis exercise. The Audit Committee is the lead body in this. The analysis continues to highlight a number of risks which could impact seriously on the charity's operation and development. These range from

TRUSTEES' REPORT

the impact of potential parish indebtedness through to ever increasing pressures on clergy pensions; from the inability of key personnel to cope with the demands of change, through to initiative overload; from the threat of increased litigation to the failure to attract enough clergy to maintain ministry. The Finance Committee oversees the implementation of the recommendations arising out of this risk analysis.

Public benefit

The trustees are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. We believe that by promoting the work of the Church of England in the Diocese of Liverpool we help to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that this provides a benefit to the public by:

- ♦ providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for our members and for anyone who wishes to benefit from what the Church offers; and
- ♦ promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

More information on these benefits follows throughout this report.

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. The strategic thrust of the current work is laid out in our new operational plan entitled *Supporting the Bishop's Growth Agenda*. Our aims can be summarised as follows:

To see a sustainable, led and transforming Christian presence in every community in the diocese to enable all to act justly, to love mercy and to walk humbly with God.

The Finance Committee is aware that a diocese succeeds through the mission and ministry of its parishes and its bishops. Through striving for the highest standards of financial management, the Finance Committee aims to create the conditions in which their mission and ministry can flourish and be maximised.

It interprets its role broadly, contributing to the strategic leadership of the diocese, balancing careful stewardship with a flexible and proactive approach, a body that enables, not inhibits. It sees itself as a servant of Synod and Bishop's Council, believing the responsibility of Bishop's Council to be strategic governance and the responsibility of the Finance Committee to be financial governance.

The Finance Committee is working towards the following organisational outcomes:

1. A sustainable financial resource to support agreed mission and ministry in the Diocese of Liverpool
2. A talented and high performing team at St James' House serving the mission and ministries of the parishes and bishops and delivering on the aspirations of Responding to the Call
3. A well-run charity which meets the highest standards in governance, management and operational efficiency.

TRUSTEES' REPORT

The committee broadly sees outcomes being achieved over the medium term (5+ years). Within this it sets objectives as a three-year context for these outcomes, annual indicators as the areas specifically assessed over the course of the year and critical success criteria for each indicator, each of which has operational management implications (the responsibility of executive staff at St James' House). The Finance Committee monitors the progress of the success criteria at its meetings.

Our main activities can be summarised as:

- ♦ The development and implementation of mission and church growth strategies
- ♦ The provision of advisory services to bishops, parishes, schools and church bodies (mainly through employed staff)
- ♦ The support, training, payment and housing of clergy
- ♦ The support and training of lay people
- ♦ The management and development of staff members
- ♦ Contributing to the national work of the Church of England

For more detail on individual activities see section 4, "Achievements and performance". For information on our strategic thinking into the future please see section 6, "Future plans".

Grant-making policy

No political contributions were paid during the year. Charitable contributions have been made as part of the Board's objectives. The main grants are as follows:

Churches Together in the Merseyside Region – £13,339 as part of our ongoing commitment to ecumenical work.

Mission in the Economy – £37,850 to support mission and chaplaincy in the world of work.

We also contributed £15,400 to our ecumenically funded post working in areas of racial justice.

We have an Ecumenical Funding Group to look at how best we work with and through our ecumenical partners. This group reports annually to Bishop's Council.

We also help parishes in the most deprived parishes in the diocese and gave £59,000 in Designated Priority Area grants.

We also continue to help meet some of the additional administrative costs for Area Deans (£2,000 per Area Dean, £1,000 of which is payable to the parish), help with the removal and resettlement costs of clergy (£144,155 in total) and support various national church activities through Archbishops' Council (£320,718).

Volunteers

The diocese continues, quite rightly, to be dependent on the huge number of people involved in church activities both locally and at diocesan level. Surveys suggest that faith communities in general and Anglican churches in particular are major contributors to their community through an enormous number of voluntary

activities. This is one of the surest signs that our faith makes a difference to our lives and our outlook; we ignore and neglect this at our absolute peril.

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 this church managed volunteering also has a significant impact, for example, on people's approaching the church at times of crisis, for baptisms, funerals and the other aspects of church life and community engagement.

Within all of this the DBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the diocese's mission.

4. ACHIEVEMENTS AND PERFORMANCE

By definition much of our work continues year on year. We took a particular view in 2002 that we should set new initiatives in train and stick with them, believing that they would take time to come to fruition. We are determined to follow these initiatives through until either they achieve their stated goals or until it becomes clear that they will not or cannot. Much of this work and learning informed and was captured in our new operational plan *Supporting the Bishop's Growth Agenda*.

In his Presidential Address to our November 2009 Diocesan Synod Bishop James argued very strongly for the importance of numerical growth in church attendance. This growth agenda is the dominant theme of our work in the coming years with annual reports to Diocesan Synod on progress.

Each year we produce a Key Indicators report and undertake an annual clergy survey. Both of these are available on our website. These have become our basic measures of impact and effectiveness. In 2010 they highlighted the following:

We are a diocese at the forefront of developing the mixed economy church, in line with the 2004 General Synod Report *Mission-Shaped Church*. This strategy remains both a good thing in itself and fundamental to our reputational development, the latter being key to our ability to attract outstanding clergy into the diocese.

We continue to increase the number of licensed ministers available for deployment. However, we need both to achieve more widespread deployment of our ministry resource and to pursue vigorously the vocations initiative which began in 2008. Our developing work on the Shared Ministry Parish Mark and a Bishop's Certificate in public ministry are central to the next phase of this.

We remain at the leading edge of work both on safeguarding children and vulnerable adults. Our continuing work on the Child Friendly Church Award, our on-going training and development work on safeguarding issues and the wider work of our Disability Action Group all come together to demonstrate a serious and sustained commitment to excellence in this area.

Our Parish Share collection rate remains high. This is the money we receive from parishes and is central to the financial health of the DBF. We have two targets for collection rates. We aimed to have a 97% collection rate by the end of January 2010; the actual collection rate was 96.5%. We aimed to have a 98.5% collection rate by the end of May 2010; the actual collection rate was 97.8%, but we met our target by the end of the year. The

TRUSTEES' REPORT

fact that collection rates have remained this high is a tribute to the commitment to mutual support of parishes in the diocese at a time of severely increasing costs.

That said, there are signs of clear financial strain. Parish Share is becoming a higher percentage of regular giving by church members, leaving less money available to parishes for local mission purposes. PCC charitable giving is also reducing, another sign of a financial squeeze. Quite simply these are tough times for the economy in general and the church in particular. We are seeing a deterioration in Parish Share collection rates in 2011.

Levels of church attendance remain a concern. Church statistics are difficult to obtain and we are not able to count and measure the full range of activities. However, the picture painted in the *Growth Agenda* document is stark and the Sunday by Sunday figures do not make for good reading. That said there are signs that the overall decline in attendances is bottoming and that church membership is either stable or growing. However, we should not simply try and explain away the statistics that we don't like and they do reinforce the importance of Bishop James' Presidential Address to the November 2009 Synod.

We continue to increase our 'market share' of children attending schools. We had just under 30,000 children in Church of England schools in 2010. Our continually developing reputation for excellence in our church schools is being supplemented by the development of the Church & School Partnership Award which aims to enhance the collaboration and relationship between local churches and their church school.

The clergy questionnaire continues to show high levels of satisfaction across most aspects, with 97% of clergy once again saying that they enjoy ministry in the Diocese of Liverpool. However, it is not all good news and we are looking to address the areas of particular concern around levels of clergy stress and in some service-providing departments at St James' House.

Access and inclusion

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness. Our policy on safeguarding vulnerable adults continues to be widely used in many other areas.

Information gathering

We try to monitor developments in the diocese. We continue to produce an annual **Key Indicators Report** and undertake an annual **Clergy Survey**. This is in addition to the **Archdeacons' Visitation** papers and the annual **Statistics for Mission**. A key action area under the *Growth Agenda* is to provide a robust information base with a range of actions designed to achieve this.

Asset management

Investments

2010, like 2009, was a better year for our equity investments, taking advantage of the improvement in the value of shares in the UK. Our cash management is still dominated by the re-working of our housing stock. 2010 was an odd year in this regard, in that we were able to achieve a number of operationally beneficial housing sales but which did not impact positively on the balance sheet (see below).

TRUSTEES' REPORT

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short term investments. We have not deemed it necessary or advantageous to change our investment policies.

In summary our CCLA investment grew in value by £418,479.

Property

We hold a lot of property (valued at £48 million). Much of this in practice takes the form of notional assets; because we have a responsibility to house clergy we have little operational freedom around disposal or re-working of the individual asset. Rather, our primary responsibility is to ensure that clergy and their families feel safe and comfortable in their homes and that it provides a suitable base for mission and ministry.

2010 saw some changes in our property portfolio. 10 properties were sold for a total value of £2,280,430. These were previously valued in the balance sheet at a total of £2,319,075 and so resulted in losses of £38,645. 3 properties were bought in the year for a total of £747,307. A further £63,725 was spent on the development of properties.

Our property development work on three former vicarages has met with good success. We have secured extremely good tenancies in both vicarages and the occupancy levels of the flats in the other vicarage are good. These have been significant factors in the further increase of our glebe and property-related income, as well as enhancing the capital value of each.

In early 2008 Church House was sold on advantageous terms under a 125-year lease. We anticipate the real benefits of this sale will accrue after the initial rent review in 2013.

5. FINANCIAL REVIEW

2010 was a frustrating year financially. We had set a breakeven budget for the first time in over a decade. This was despite the fact that there was a significant increase in clergy costs once again – in 2010 clergy pension costs increased by 17%, or £280,000. Overall clergy costs in the year increased by £330,000 – over 5%.

All this had been taken into account when we set a breakeven budget. However, subsequent figures from the Church Commissioners showed a lower than anticipated income from the national church. In practice this reduced a breakeven budget to one carrying a deficit of c. £90,000. We were unable to meet this budget (see below).

Performance against budget

Each year we present a budget to Synod, which summarises our financial thinking and – once approved – sets the framework for our financial decision-making. The 2010 budget was undermined by the lower than expected national church allocation (see above). Overall we fell £300,000 short of budget, £210,000 of which was accounted for by national church and Parish Share income being lower than budgeted.

There were 4 broad factors which prevented us from meeting the budget:

- ◆ Our National Church allocation was £70,000 lower than budgeted.
- ◆ Parish Share came in £140,000 lower than budgeted (in line with the 98% collection rate indicated above)

TRUSTEES' REPORT

- ◆ Investment income was £30,000 lower than budgeted, owing to a poorer investment climate
- ◆ Clergy housing was £30,000 behind budget, although in a time of significantly rising costs the fact that this was closer to budget than in previous years was a significant step forward.

There were other areas of increased expenditure arising out of government legislation (eg on safeguarding matters, especially in the emerging area of vulnerable adults). However, St James' House costs came in on budget.

The 2011 budget shows a deficit of £56,000, although it will be tough to meet this in a climate of falling Parish Share receipts.

Annual accounts

The Statement of Financial Activities on page 19 shows a net reduction in funds for the year of £548,000. This is because in addition to the operating deficit of £312,000 there was:

- ◆ £251,000 of additional property-related expenditure. This reflects:
 - On-going expenditure to upgrade the value of our housing stock which is met from capital rather than revenue income;
 - Additional capital works associated with making newly purchased housing fit for clergy purposes;
 - Costs incurred in taking assets to market.
- ◆ £115,000 on the on-going work of the Mission Opportunities Fund and other mission. These are designated funds in the accounts.
- ◆ £39,000 in book value losses on the sale of properties and property revaluations. Even though the sales and acquisitions of houses over the year made perfect operational sense both in the short and medium term they had a negative impact on our overall property values as shown on the Statement of Financial Activities.
- ◆ £60,000 in grants to parishes arising out of property sales
- ◆ £54,000 on Faiths4Change (from grants received in previous years)
- ◆ £135,000 in other year-end adjustments and minor expenditure
- ◆ Gains on investments of £418,000.

Despite the negative variances in the year we believe that our overall financial management is good. We are continuing to develop income streams, have kept central costs under control and maintain a very impressive level of Parish Share collection. Clearly 2010 was a disappointing year financially from a balance sheet point of view, but given the wider economic context of the year and the underlying improvements we have made to the management accounts position there are strong reasons to remain optimistic about the financial future.

Reserves

The reserves policy of the Finance Committee is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

The DBF aims to maintain the equivalent of at least four months' operating expenditure in cash and equities in the General Fund. This excludes all designated funds, loans and loan guarantees. This policy is to be reviewed annually in the January Finance Committee meeting.

TRUSTEES' REPORT

Early in 2010 this policy was revised and we now aim to hold a minimum of three months' operating expenditure in cash and equities in the General Fund. Over the course of 2010 the paper value of investments fell to 3.2 months at one point before recovering to 4.0 months by the end of the year. In the 2008 report we said:

We live in extraordinary times and the paper value of our investments has fallen significantly over the year. The trustees are seeking to take a balanced view of the current climate. We neither want to be complacent nor to overreact. Our primary focus at the moment is on the management of cash sufficient to meet our routine expenditure and necessary developments needs. As long as we are confident that we can achieve this cash flow then we are more content to give our equity investments time to recover their paper value rather than significantly cutting revenue costs.

We held to this position over the year and remain confident that it was the right thing to do.

The unrestricted reserve (essentially cash and equities in the Unrestricted, DBF Property and Pastoral Funds) stands at £3.4m (when Designated Funds of £253k are taken into account). £2.8m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at the current level will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Designated reserves amount to £253k and are to be used for the Mission Opportunities Fund and the Warrington Mission Development Fund. The initial allocation to the Mission Opportunities Fund covers the period 2006 – 2010. Any additional receipts into the fund, either from donations or the sale of appropriate assets, are also likely to be spent over a 5-year timescale from the date of their receipt. The aim is to take a medium-term view about investing in new forms of church. In 2010 £170,000 relating to the sale of a former vicarage was allocated to a new Warrington Mission Development Fund.

Investments

The Investments Committee receive quarterly reports on investment performance. These reports are scrutinised and decisions taken accordingly. The investment managers also attend at least one meeting a year to report more fully on investment policy and review performance.

The Memorandum of Association gives the trustees power to invest in any investment authorised by law in investment of trust funds. The trustees confirm that all investments have been acquired in accordance with their powers, and that they have followed the ethical investment policy used by the central Church of England bodies.

We continue to hold £250,000 with Charitybank. This is partly to act as an endorsement of the aims of Charitybank but more particularly to enhance our developing relationship with them. We believe that down the line this relationship will deliver certain important advantages to the Finance Committee, not least giving us the option of signposting parishes to Charitybank for loans rather than our current arrangement whereby the DBF issues loans and loan guarantees. It was also, we believe, helpful in securing short-term loan facilities from Charitybank to help us re-work our property portfolio.

Our historic Glebe land portfolio continues to be substantially managed by Denton Clarke.

Housing

The housing is expressed on the balance sheet on the basis of the 2003 insurance values of each house, apart from those houses where significant development activity has taken place or which have been acquired subsequent to 2003.

Grants received

Our main source of income is Parish Share. We also receive an allocation from Archbishops' Council. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock. They also support a programme of CCTV installations in some of our most exposed vicarages; this is central to giving clergy and their families the security they need for ministry and home life.

6. FUTURE PLANS

We will be working under our new operational plan *Supporting the Bishop's Growth Agenda* which covers the period 2011 – 2013. It re-affirms and sharpens many of our strategies for growth, sets a new course for training and development activities, has interesting ideas around church planting, re-emphasises the pivotal role of deaneries, endorses our commitment to low income areas and encourages emerging thinking and action on re-imagining church in those areas where existing models are running out of steam.

Fundamentally, the document aims to unpack how we go about delivering on our aim:

To see a sustainable, led and transforming Christian presence in every community to enable all to act justly, to love mercy and to walk humbly with God.

It encourages the church at all levels to ask and respond to the following questions:

1. How can we grow numerically?
2. How can we kindle love for God and our neighbour?
3. How are we serving our local community?

Under this plan we are aiming to see:

- ◆ Growing numbers of people connecting with our churches
- ◆ Growing numbers of people on nurture courses
- ◆ Growing numbers of people coming into recognised leadership positions
- ◆ An increasing proportion of children being educated in church schools
- ◆ An increasing number of parishes being released from debilitating revenue deficits and financial constraints
- ◆ An increasing number of expressions of church in the workplace, in social spaces and in social networks

We will seek to:

- (i) Target resources on areas of greatest need and those of greatest opportunity
 - (ii) Invest in the spiritual and numerical growth of the church and its capacity to serve the wider community
 - (iii) Accelerate the re-shaping of the church for the 21st century to help ensure there is a growing and sustainable Christian witness in every community
-

TRUSTEES' REPORT

We recognise that we cannot do everything in one go so we plan to take the first principle above as a straightforward guiding principle. We have distilled (ii) and (iii) into 4 key aims which will determine the work of all the support teams in St James' House:

- ◆ Christian disciples growing in faith, hope and number
- ◆ Outstanding Christian leaders for today and tomorrow
- ◆ Excellent church schools promoting Christian education
- ◆ A vibrant and inclusive mixed economy of churches in and from all traditions serving our diverse communities

In all our work guided by our core values we will seek to:

- ◆ Serve our bishops, parishes and schools taking our lead and direction from the Bishop in Synod
- ◆ Be seen and felt to be on the side of parishes rather than working separately from or against them
- ◆ Make the best possible use of all the resources entrusted to us
- ◆ Make the best possible use of the time that people use to engage with us

A full copy of *Supporting the Bishop's Growth Agenda* is available on the diocesan website www.liverpool.anglican.org.

7. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £7.5m at 31 December 2010. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2010. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made.

The Board also holds funds for the Liverpool Diocesan Pensions Fund and a number of historic trusts under the practical management of the bishops and archdeacons which give financial support to clergy and their families in need in the Diocese of Liverpool.

Further funds are held on behalf of Church of England Schools in the Diocese for the government's Devolved Formula Capital funding. At the 31 December 2010, these funds had a market value of £3.5m.

8. NOTES AND QUERIES

There are a number of declarations and explanations that also need to be included in the annual report. These are as follows:

Significant changes in fixed assets

These are now explained in notes 15 and 16 to the financial statements.

TRUSTEES' REPORT

Related party transactions

The diocese is a complex entity with a series of potentially overlapping structures. These can give rise to conflicts of interest. For example, many board members are also active in their local church, either as priests or lay members, and there may well be issues discussed at board level which impact on their own church. There are also specific instances, such as an application for a diocesan loan, where the parish can directly benefit. The board is always conscious of such potential conflicts and the need for board members to act appropriately. Indeed, each Finance Committee meeting has a formal declaration of interest to highlight potential conflicts, and individual members have left the room during certain discussions to ensure freedom of debate.

In 2008 a loan of £25k was issued to the SNWTP, a related party, and a further loan of £25k was issued in 2009. During 2010, £2,500 was repaid leaving £47,500 due to the Diocese. This balance is included within the figure of £209,496 for parish and other loans at note 18 on page 34.

Post Balance Sheet Events

There are no significant events occurring between 31 December 2010 and the date of signing the report which have significantly affected the charity.

Fundraising

There have been no significant fundraising activities at diocesan level in 2010.

Insurance

We continue to arrange our insurance with Ecclesiastical Insurance Group. The policies are subject to regular review.

Trustees' interest in shares

The board is a company limited by guarantee (company number 18301) and trustees, as members, may derive no benefit, income or capital interest in the board's financial affairs, other than the reimbursement of out-of-pocket expenses. Expenses paid to trustees for their work as trustees total less than £1,000.

Taxation status

The Board is a registered charity (charity number 249740) and, as such, is not liable to Income Tax or Corporation Tax on its charitable activities.

Contingent liability

There were no contingent liabilities on the Board other than those in note 24.

9. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Liverpool Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of

TRUSTEES' REPORT

resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

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

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

The trustees also confirm that, as far as they are aware, there is no relevant audit information of which the charity's auditors are unaware and they have taken all 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 company's auditors are aware of that information.

By order of the Finance Committee

Mike Eastwood
Diocesan Secretary
26 May 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LIVERPOOL DIOCESAN BOARD OF FINANCE

We have audited the financial statements of the Liverpool Diocesan Board of Finance for the year ended 31 December 2010, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement (set out on pages 15-16), 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

AUDITORS' 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.

Anne Morris F.C.A.

Senior Statutory Auditor

For and on behalf of BWMacfarlane LLP, Chartered Accountants

Statutory Auditor

Cunard Building

Water Street

Liverpool

L3 IDS

26 May 2011

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNTS
FOR THE YEAR ENDING 31 DECEMBER 2010**

	Note	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Endowment Funds 2010 £	Total Funds 2010 £	Total Funds 2009 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary Income:						
Parish Share	2	6,499,743	-	-	6,499,743	6,291,313
National Church Institutions	3	1,800,941	-	-	1,800,941	1,881,149
Grants Received	4	677,586	293,537	-	971,123	1,136,210
Investment income	6	378,387	187,929	-	566,316	539,988
Incoming resources from charitable activities	5	346,896	41,825	-	388,721	474,366
Other incoming resources	7	5	-	-	5	238,097
TOTAL INCOMING RESOURCES		9,703,558	523,291	-	10,226,849	10,561,123
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income						
Investment management costs	8	-	2,619	-	2,619	3,267
Charitable activities						
National Church responsibilities	9	320,718	-	-	320,718	311,338
Ministry in parishes	10	6,995,840	1,078,371	150,796	8,225,007	8,291,282
Support for mission & ministry in parishes	11	1,850,980	223,930	-	2,074,910	2,246,479
Education	12	390,298	-	-	390,298	435,408
Governance costs	13	134,064	-	-	134,064	138,417
Other outgoing resources	14	45,828	-	-	45,828	81,789
TOTAL RESOURCES EXPENDED		9,737,728	1,304,920	150,796	11,193,444	11,507,980
Net Outgoing Resources before Transfers		(34,170)	(781,629)	(150,796)	(966,595)	(946,857)
Gross transfers between funds	28	339,838	574,659	(914,497)	-	-
Net Incoming / (Outgoing) Resources before other recognised gains and losses	21	305,668	(206,970)	(1,065,293)	(966,595)	(946,857)
Other recognised gains/losses						
Gains on investment assets		275,307	78,753	64,418	418,478	252,047
Losses on revaluation of fixed assets for the charity's own use					-	(62,995)
NET MOVEMENT IN FUNDS FOR THE YEAR		580,975	(128,217)	(1,000,875)	(548,117)	(757,805)
Balance brought forward 1 January 2010		3,084,470	12,038,600	37,820,891	52,943,961	53,701,767
Balance carried forward 31 December 2010		3,665,445	11,910,383	36,820,016	52,395,844	52,943,961

BALANCE SHEET

**BALANCE SHEET
AT 31 DECEMBER 2010**

	Notes	2010		2009	
		£	£	£	£
Fixed Assets					
Tangible Fixed Assets	15		44,387,528		45,902,479
Investments	16		8,047,911		7,919,432
Loans	17		120,000		143,200
			52,555,439		53,965,111
Current Assets					
Debtors	18				
falling due within one year		1,150,362		1,028,084	
falling due after more than one year		102,614		161,054	
Bank and Cash		286,929		250,540	
		<u>1,539,905</u>		<u>1,439,678</u>	
Creditors:					
Amounts falling due within one year	19	(1,345,400)		(1,628,128)	
Net current assets (liabilities)			194,505		(188,450)
Total assets less current liabilities			<u>52,749,944</u>		<u>53,776,661</u>
Creditors:					
Amounts falling due after more than one year	20		(354,100)		(832,700)
Net Assets			<u>52,395,844</u>		<u>52,943,961</u>
Accumulated Funds					
Endowment funds	28		36,820,016		37,820,891
Restricted funds			11,910,383		12,038,600
Unrestricted funds			3,665,445		3,084,470
			<u>52,395,844</u>		<u>52,943,961</u>

The financial statements on pages 19 to 40 were approved by the Finance Committee on 26 May 2011 and signed on its behalf by:

Mr David Greensmith

Rev Chris Jones

INCOME AND EXPENDITURE ACCOUNT

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	£	£
Net expenditure for the financial year	(966,595)	(946,857)
Unrealised gain on revaluation of assets	418,478	189,052
	_____	_____
Total losses recognised since last financial statements	(548,117)	(757,805)
	_____	_____

INCOME AND EXPENDITURE ACCOUNT

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
Net Cash Flow from Operating Activities	i		(1,919,764)		(612,335)
Returns on Investments and Servicing of Finance					
Investment income		566,316		539,988	
			566,316		539,988
Capital Expenditure and Financial Investment					
Sale of tangible fixed assets and loan redemption		2,281,782		266,711	
Sale of fixed asset investments		290,000		630,000	
Purchase of tangible fixed assets		(827,648)		(714,602)	
Purchase of fixed asset investments		-		(618,913)	
			1,744,134		(436,804)
Financing					
Loans repaid to Church Commissioners		(55,000)		-	
Loans repaid to CBF		(400)		(400)	
Parish and other loans repaid		-		-	
Loan from Charity Bank		-		400,000	
			(55,400)		399,600
Net Change in cash and cash equivalents			335,286		(109,551)
Cash and cash equivalents brought forward			(48,357)		61,194
Cash and cash equivalents carried forward			286,929		(48,357)

CASH FLOW STATEMENT

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

I, Reconciliation of income and expenditure to net cash outflow from operating activities

	2010	2009
	£	£
Net outgoing resources before other recognised gains and losses	(966,596)	(946,857)
Depreciation	22,172	30,634
Investment income	(566,316)	(539,988)
Losses on disposal of property	38,645	81,789
Transfers re: fixed assets	-	117,000
Increase in debtors	(63,838)	(26,255)
(Decrease) / Increase in creditors	(383,831)	671,343
	<hr/>	<hr/>
Net cash flow from Operating Activities	(1,919,764)	(612,334)
	<hr/> <hr/>	<hr/> <hr/>

ii, Analysis of net funds

	I January	Cash flow	Other non 31 December	cash changes	2010
	2010				
	£	£	£	£	£
Net Cash:-					
Cash at bank and in hand	250,540	36,389	-	-	286,929
Bank Overdrafts	(298,897)	298,897	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(48,357)	335,286	-	-	286,929
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ii, Reconciliation of net cash flow to movement in net funds

	2010	2009
	£	£
Increase (decrease) in cash	335,286	(109,551)
Opening net funds	(48,357)	61,194
	<hr/>	<hr/>
Closing net funds	286,929	(48,357)
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

I. (a) Accounting policies

The Company has taken advantage of adapting its own arrangements of the headings and subheadings of its financial statements due to the special nature of its business in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with applicable accounting standards; the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in March 2005, except that freehold properties are not depreciated as set out below (see note k). Note is also taken of the Diocesan Accounts Guide issued August 2006.

A summary of the more important accounting policies, which have been consistently applied, is set out below.

(b) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

(c) Incoming resources

The principal source of income comes from voluntary giving in the form of parish share. Income is accounted for when receivable, where receipts are reasonably certain and the amounts receivable can be quantified. It is stated net of discounts and provisions and write offs and irrecoverable arrears.

(d) Donations and legacies

All legacies to which the Diocese has been notified of its legal entitlement are included in the Statement of Financial Activities unless incapable of financial measurement. Assets given for distribution are recognised as income only when distributed. Assets given for use by the charity are recognised as incoming resources when receivable. All such income is brought into account at either the amount actually realised, or a reasonable estimate of their value.

(e) Grants payable and receivable

Grants received for restricted purposes are accounted for as restricted funds. They are not recognised until the conditions for receipt have been complied with. Grants restricted to future accounting periods are deferred and recognised in future accounting periods. Grants payable are recognised as a liability when the obligation arises to make a transfer of value to a third party.

Grants payable to National Church institutions are shown in note 9 and grants payable to support work in the parishes in the diocese are shown in note 11.

(f) Resources expended

Expenditure is recognised on an accruals basis as a liability when incurred and has been classified under the following categories:

- ◆ Costs of generating funds comprise the costs associated with the generation of income for the charity and include investment manager's costs
- ◆ Charitable Expenditure comprises those costs incurred by the charity in the delivery of its activities. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

NOTES TO THE ACCOUNTS

- ◆ Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.
- ◆ All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of that resource. Indirect costs, such as DBF Central Costs and St James' House costs are allocated to the cost that they support in proportion to the time spent by St James' House staff on the relevant expenditure and as set out in notes 10 – 13.

(g) Investment assets and income arising

The Board of Finance holds investments for itself and on behalf of parishes and other charities. Investments and their associated income are only recognised where the Board is investment custodian, investment managers and the beneficiary.

Investments are shown at market value, or at the trustees' best estimate of such.

Investment properties are included in the balance sheet at their open market value and are not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees compliance with the accounting standard (SSAP 19) is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

All unquoted investments are held with, and valued on the basis of information provided from the Central Board of Finance.

Dividends and interest are included in the financial statements when received and gross of recoverable taxation.

Realised gains on investments are reinvested where appropriate. Both realised and unrealised gains are disclosed in the Statement of Financial Activities.

(h) Major Funds

Funds held by the Company are either:

Restricted funds – these funds consist of trust and other funds, which may only be used for specific purposes imposed by the settlor, donor or legislation.

Permanent Endowment funds – these are funds where there is no power to convert capital into income. Where the directors have the power to convert endowments into income, these funds are known as expendable endowments.

Unrestricted funds – these are funds which may be used for general purposes without any external restriction.

Designated Funds – these are unrestricted funds that have been set aside by the Board for purposes designated by Diocesan policy. Such designations may be set aside from time to time according to policy decisions.

Details of the major funds held by the Board are given in note 28 to the Financial Statements.

NOTES TO THE ACCOUNTS

(i) Stipends

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Board and income received from them centrally are shown gross in these financial statements. However, bishops are paid for mostly or entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(j) Staff Pensions

The Board of Finance contributes to the Church of England Funded Pension Scheme (for clergy) and the Church Workers Pension Fund for other staff. These schemes are multi employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board. Therefore, in accordance with FRS 17, payments to the schemes are accounted for as for defined contribution schemes and the Board accounts for pension costs on the basis of contributions actually payable to the schemes in the year. Details of the schemes are given in note 25 to the accounts.

(k) Fixed assets

Classes of Fixtures and fittings are grouped and only those classes with a value of over £10,000 are capitalised and not expensed. Glebe and parsonage houses and other property used by the Diocese are capitalised at cost, or valuation when first capitalised or transferred to the Board. Parsonage and Glebe houses that were first capitalised during the year ended 31 December 2005 were included at an estimate of market value, based on insurance valuations made at 31 December 2003 and this valuation has not been updated.

Other Property is held in the balance sheet at cost, or valuation when the property was transferred to the Board.

Profits or losses arising on the sale of property are appropriated to the accumulated capital account, or passed to the Church Commissioners in the case of Value Linked Loan property.

Depreciation is not provided on buildings or value linked loan property as it is the company's policy to maintain the buildings in a state of good repair, and the directors consider that the life of the properties and their residual values are such that depreciation is not significant.

Depreciation on fixed assets is provided on a straight-line basis over five years for furniture and over three years for IT equipment.

All fixed assets are held for continuing use in the charity's activities and are therefore classified as fixed assets for charitable use.

(l) Netting off of expenses and income

All incoming resources are reported gross, as far as is possible. Income received in circumstances where a claim for repayment of tax has been or will be made, is grossed up for the tax recoverable and the gross figure included as income.

(m) Designated funds

Designated funds are used for their intended purpose. Any transfers to or from designated funds are subject to authorisation controls.

NOTES TO THE ACCOUNTS

(n) Reserves

Accumulated capital is the amount transferred from general reserve, profits less losses on sale of fixed assets and investments, legacies and gifts received for capital purposes. The general reserve is the total accumulated surplus less deficits for the Board of Finance.

Restricted funds are subject to specific conditions either imposed by the donor and binding on the Board or linked to the basis on which money was obtained. They represent unspent restricted income and/or assets to which restrictions as to their use apply.

(o) Value Linked Loans

Value linked loans from the Church Commissioners that are administered by the DBF and the corresponding equivalent value of property to which they relate are all included in the Balance Sheet as an asset and a corresponding liability, in accordance with the recommendation of the Diocesan Accounts Guide. Such parish related loans outstanding at 31 December 2010 amounted to £120,000 (2009 - £143,200). Where the property is held in trust for Parish use, the asset is included as a Loan in note 17 to the accounts and where the property is held for Diocesan purposes it is included in DBF property in note 15 to these accounts.

(p) Irrecoverable VAT

Irrecoverable VAT is grossed up and included in all relevant expenditure.

(q) Operating Leases

Rentals payable under operating leases are charged in the SOFA on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS

2. Parish Share

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2010 £	Total Funds 2009 £
General Parish Share Income	6,499,743	-	-	6,499,743	6,291,313
	6,499,743	-	-	6,499,743	6,291,313

3. Income from National Church Institutions

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2010 £	Total Funds 2009 £
Church Commissioners Allocation to Diocese	1,490,719	-	-	1,490,719	1,543,521
Archbishops Council Pension Relief	105,100	-	-	105,100	142,234
Parish Ministry Support Grant	181,800	-	-	181,800	173,200
Grant for Legal services	23,322	-	-	23,322	22,194
	1,800,941	-	-	1,800,941	1,881,149

4. Grants Received

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2010 £	Total Funds 2009 £
Discretionary Funds Grant	119,822	-	-	119,822	91,836
DPA Strategy Income	-	23,532	-	23,532	22,000
Tearfund Project	-	-	-	-	33,485
Mission Opportunities, RITC and Tudor Trust	-	95,336	-	95,336	84,880
Faiths4Change	-	99,872	-	99,872	302,865
Marshalls Charity Grants for Parsonages	-	14,160	-	14,160	7,104
Partners in Mission Income	-	1,484	-	1,484	968
Church Growth	-	13,515	-	13,515	3,198
Stipends	18,916	-	-	18,916	15,219
DBE Services Ltd	94,982	-	-	94,982	72,483
Church & Society	-	45,637	-	45,637	38,927
Assigned Fees	443,866	-	-	443,866	463,245
	677,586	293,537	-	971,123	1,136,210

NOTES TO THE ACCOUNTS

5. Incoming resources from charitable activities

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2010	Total Funds 2009
	£	£	£	£	£
Hospital Chaplaincy Income	22,201	-	-	22,201	21,159
Gift Aid Scheme	23,339	-	-	23,339	27,345
General DBF Income	62,463	-	-	62,463	69,194
Fellfield Income	7,038	-	-	7,038	5,485
Board of Education	154,004	-	-	154,004	166,531
Communications Office	11,718	-	-	11,718	7,833
Lifelong Learning	66,133	-	-	66,133	98,653
Clergy Housing Income	-	25,383	-	25,383	61,726
Church Inspection Fees	-	16,442	-	16,442	16,442
	346,896	41,825	-	388,721	474,368

6. Investment Income

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2010	Total Funds 2009
	£	£	£	£	£
DBF Investment Income	268,526	-	-	268,526	263,631
Church House Rental Income	109,861	-	-	109,861	93,439
Parsonages Rental Income	-	167,674	-	167,674	159,709
Glebe Rental Income	-	20,255	-	20,255	23,209
	378,387	187,929	-	566,316	539,988

7. Other incoming resources

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2010	Total Funds 2009
	£	£	£	£	£
Church Repairs Fund	5	-	-	5	5
Pastoral Account	-	-	-	-	238,092
	5	-	-	5	238,097

NOTES TO THE ACCOUNTS

8. Investment Management Costs

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2010	Total Funds 2009
	£	£	£	£	£
Glebe Rental Management Charges	-	2,619	-	2,619	3,267
	-	2,619	-	2,619	3,267

9. National Church Responsibilities

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2010	Total Funds 2009
	£	£	£	£	£
Archbishops' Council	320,718	-	-	320,718	311,338
	320,718	-	-	320,718	311,338

10. Mission & Ministry in Parishes

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2010	Total Funds 2009
	£	£	£	£	£
				-	-
Clergy stipends	4,383,283	-	-	4,383,283	4,348,174
Clergy pension contributions	1,895,019	-	-	1,895,019	1,614,874
National insurance	244,628	-	-	244,628	232,108
Resettlement/removal grants etc	144,155	-	-	144,155	165,133
Lay Workers	37,608	-	-	37,608	-
Administration and other costs	74,374	-	-	74,374	67,142
Area Dean Grants	37,750	-	-	37,750	36,984
Mission Opportunities, RITC and Tudor Trust	-	163,495	-	163,495	242,157
Clergy Housing	-	914,876	150,796	1,065,672	1,221,412
Grants to Parishes from Property Sales	60,000	-	-	60,000	235,700
DBF Central Costs (25%)	98,100	-	-	98,100	108,015
St James' House Costs (15%)	20,923	-	-	20,923	19,583
	6,995,840	1,078,371	150,796	8,225,007	8,291,282

NOTES TO THE ACCOUNTS

11. Support for Mission & Ministry in Parishes

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2010	Total Funds 2009
	£	£	£	£	£
Clergy Training	235,874	-	-	235,874	243,093
Lifelong Learning	309,308	-	-	309,308	328,885
Faiths4Change	-	154,264	-	154,264	291,072
Church and Society	148,826	-	-	148,826	150,464
Disability Discretionary	2,762	-	-	2,762	2,823
Church Growth & Ecumenism	112,970	-	-	112,970	160,223
Tearfund Project	-	12,608	-	12,608	5,659
Resources Department	121,914	-	-	121,914	164,910
Ordinands in Training	100,195	-	-	100,195	95,151
General Synod Members Expenses	3,534	-	-	3,534	3,314
Church Inspections	-	24,548	-	24,548	11,960
Communications Office	97,119	-	-	97,119	89,282
Legal Fees	1,589	-	-	1,589	3,724
Pastoral Committee	-	32,510	-	32,510	10,374
Diocesan Synod	12,007	-	-	12,007	8,438
Safeguarding Office	38,194	-	-	38,194	39,032
Diocesan Advisory Council	23,555	-	-	23,555	35,248
Ecumenical Funding	83,437	-	-	83,437	55,330
DPA Parish Housing & DPA Grants	59,000	-	-	59,000	28,779
Additional Pension Costs	91,908	-	-	91,908	91,908
DBF Central Costs (60%)	235,440	-	-	235,440	259,232
St James' House Costs (80%)	111,581	-	-	111,581	104,433
Other	61,767	-	-	61,767	63,145
	1,850,980	223,930	-	2,074,910	2,246,479

12. Education

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2010	Total Funds 2009
	£	£	£	£	£
Board of Education	390,298	-	-	390,298	418,744
Property Expenditure on Schools	-	-	-	-	16,664
	390,298	-	-	390,298	435,408

NOTES TO THE ACCOUNTS

13. Governance Costs

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2010 £	Total Funds 2009 £
DBF Central Costs (15%)	58,861	-	-	58,861	64,808
Diocesan Registry	56,604	-	-	56,604	53,848
Audit and accounting fees	11,625	-	-	11,625	13,234
St James' House Costs (5%)	6,974	-	-	6,974	6,527
	134,064	-	-	134,064	138,417

14. Other outgoing resources

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2010 £	Total Funds 2009 £
Pastoral Account	7,183	-	-	7,183	
(Losses) / Gains on Disposal of Property	38,645	-	-	38,645	81,789
	45,828	-	-	45,828	81,879

15. Tangible Fixed Assets

	DBF Property £	DBF Glebe £	DBF VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Funds £
Cost or Valuation							
At 1 January 2010	494,278	4,902,723	373,169	4,340,000	35,753,219	182,328	46,045,717
Additions	20,625	-	-	-	790,407	16,616	827,648
Disposals	-	(408,375)	(55,000)	-	(1,855,700)	(1,352)	(2,320,427)
Revaluation of property	-	-	-	-	-	-	-
At 31 December 2010	514,903	4,494,348	318,169	4,340,000	34,687,926	197,592	44,552,938
Depreciation							
At 1 January 2010	-	-	-	-	-	143,238	143,238
Charge for year	-	-	-	-	-	22,172	22,172
At 31 December 2010	-	-	-	-	-	165,410	165,410
Net book value							
At 31 December 2010	514,903	4,494,348	318,169	4,340,000	34,687,926	32,182	44,387,528
At 31 December 2009	494,278	4,902,723	373,169	4,340,000	35,753,219	39,090	45,902,479

NOTES TO THE ACCOUNTS

All properties held as Tangible Fixed Assets are freehold. The trustees are of the opinion that the market value of the land and buildings differs materially from the above carrying values but are unable to quantify the difference.

16. Fixed Asset Investments

	Investment Properties	UK Unquoted Investments	Total Funds 2010	Total Funds 2009
	£	£	£	£
Unquoted				
Market value at 1 January 2010	3,275,000	4,644,432	7,919,432	7,678,472
Additions	-	-	-	618,913
Disposals	-	(290,000)	(290,000)	(630,000)
Gains/(losses) on Investment Assets	-	418,479	418,479	252,047
Transfers to Tangible FA	-	-	-	
Market value at 31 December 2010	<u>3,275,000</u>	<u>4,772,911</u>	<u>8,047,911</u>	<u>7,919,432</u>

The UK unquoted investments are pooled and have been reallocated during the year to ensure that each fund has an appropriate portion of investments allocated to it, taking into account the relative size of the fund and other assets held specifically in that fund (see note 28). All UK Unquoted Investments are with CCLA Investment Management.

The Linnet Lane and Carsdale Road investment properties were valued through external inspection in 2007 by Thomson and Moulton Chartered Surveyors (RICS). The Stanley Road investment property was valued for insurance purposes in 2008 by St Giles Group Ltd (FSA regulated).

Historical Cost of Investments	2010	2009
	£	£
UK Unquoted Investment Property	3,361,682	3,550,608
	<u>2,086,955</u>	<u>2,086,955</u>
	<u>5,448,637</u>	<u>5,637,563</u>
Unquoted Investments comprise	2010	2009
	£	£
CBF Fixed Interest Securities Fund		
Shares	634,755	800,765
CBF UK Equity Fund	2,032,000	2,947,502
CBF Property Fund	794,822	604,705
CBF Investment Fund	1,309,874	-
CBF Deposit Fund	1,448	291,448
DBE Services Ltd	12	12
	<u>4,772,911</u>	<u>4,644,432</u>

NOTES TO THE ACCOUNTS

In 2005 the diocese purchased 12 ordinary shares of £1 each (a 20% shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. The trading activities for the year ending 31 December 2010 were;

Turnover of £1,375,067 less Costs of sales of £729,934 and Administration costs of £142,810 leaving an operating profit of £502,323. The Diocese's share of the surplus was £90,982 (see note 4).

The shares may not be disposed of or charged except in accordance with the provisions of the Shareholders' Agreement. Distributable profits attributable to the work done for relevant schools are to be distributed in the proportions to which they arise from the work done for the relevant schools for each shareholder and the remaining distributable profits shall be divided equally between the shareholders.

In 2007 the South North West Training Partnership Ltd was set up to provide the advancement of theological education in areas of Christian Faith, mission and practice. No shares have been issued as the company is limited by guarantee.

17. Loans (amounts falling due after more than one year)

	2010	2009
	£	£
Loans to Parishes:		
Value Linked Loans for Curate's properties	<u>120,000</u>	<u>143,200</u>

18. Debtors

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2010 £	Total Funds 2009 £
Amounts due from parishes	439,729	-	-	439,729	308,427
Sundry debtors	322,478	-	-	322,478	304,697
Parish and other loans	209,496	-	-	209,496	283,260
Prepayments	281,272	-	-	281,272	292,754
	<u>1,252,976</u>	<u>-</u>	<u>-</u>	<u>1,252,976</u>	<u>1,189,138</u>

All loans to parishes are interest free.

Debtors include the following balances due after more than one year.

	Total Funds 2010 £	Total Funds 2009 £
Parish and other loans	<u>102,614</u>	<u>161,054</u>
	<u>102,614</u>	<u>161,054</u>

NOTES TO THE ACCOUNTS

19. Creditors: amounts falling due within one year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2010 £	Total Funds 2009 £
Sundry creditors and accruals	917,297	-	-	917,297	1,298,002
Bank Creditors	-	-	-	-	298,897
Loans from Charity Bank	400,000	-	-	400,000	
Taxation and social security	28,103	-	-	28,103	31,229
	<u>1,345,400</u>	<u>-</u>	<u>-</u>	<u>1,345,400</u>	<u>1,628,128</u>

20. Creditors: amounts falling due after more than one year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2010 £	Total Funds 2009 £
Loans from Church Commissioners	350,900	-	-	350,900	429,100
Loans from CBF	-	3,200	-	3,200	3,600
Loans from Charity Bank	-	-	-	-	400,000
	<u>350,900</u>	<u>3,200</u>	<u>-</u>	<u>354,100</u>	<u>832,700</u>

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these.

The total interest paid during 2010 was £25,062.38 at a rate of 6%.

In 2009 a first fixed legal charge was provided to Charity Bank as security for a borrowing facility of up to £600,000.

Loans in respect of curates properties total £120,000 (2009 - £143,200) (see note 17).

21. Net (Outgoing) / Incoming Resources for the year

	2010 £	2009 £
This is stated after charging: -		
Auditors' remuneration		
Audit – BWMacfarlane LLP (formerly known as Macfarlane + Co)	11,162	10,580
Depreciation	22,172	30,634
VLL Loan Interest Paid	25,062	25,709
Operating Leases – Land & Buildings	72,000	72,000

22. Directors' emoluments

No emoluments have been paid from Board funds to any members of the Board of Finance. Board members are not included in the employees shown in note 23 below. Board members who are also stipendiary clergy receive remuneration including housekeeping, stipends and pension provisions based on national rates set by the central stipendiary authority.

23. Employees' information

The average number of persons employed by the company during the year was:

	2010	2009
	Number	Number
Full time	28	33
Part time	26	26
	<u>54</u>	<u>59</u>
	<u><u>54</u></u>	<u><u>59</u></u>

Included in the above are five full time and one part time posts funded externally by Service Level Agreements, ecumenical grants and Sefton CVS.

	2010	2009
	£	£
Staff costs (for the above persons)		
Wages and salaries	1,092,150	1,205,153
Social Security costs	68,640	87,093
Other pension costs (Note 25)	321,185	375,805
	<u>1,481,975</u>	<u>1,668,051</u>
	<u><u>1,481,975</u></u>	<u><u>1,668,051</u></u>

The above staff costs are allocated to the respective Boards and Committees of the Diocesan Board of Finance.

There were no employees with emoluments in excess of £60,000.

24. Guarantees

The Board has given guarantees to Lloyds Bank plc of £224,674 (2009: £217,000) in respect of loans granted to parishes.

25. Pensions

(a) Clergy Pensions

The Liverpool DBF participates in the Church of England Funded Pensions Scheme and employs 213 members of the Scheme out of a total membership of approximately 9,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Liverpool DBF is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31st December 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions:

- ◆ An investment strategy of:
 - For investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
 - For investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- ◆ Investment returns of 4.4% pa on gilts and 5.9% pa on equities;
- ◆ RPI inflation of 3.8% pa (and pension increases consistent with this);
- ◆ Increase in pensionable stipends of 3.8% pa; and
- ◆ Post-retirement mortality in accordance with 80% of the SINA tables, with allowance for future improvements according to the “medium cohort” projections, and subject to a minimum annual improvement in mortality rates of 1.5% for males and 1% for females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the Liverpool DBF to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2006 valuation, the Liverpool DBF's contribution rate was set at 39.7% of pensionable stipends with effect from 1st April 2008. The contribution rate was subsequently increased to 45% of pensionable stipends with effect from 1st January 2010, reflecting unfavourable investment experience and changes in financial market conditions. Following the valuation of the Scheme as at 31 December 2009, and some agreed changes to benefits, the contribution rate has been set at 38.2% with effect from 1 January 2011.

The next valuation of the Scheme will be due as at 31 December 2012.

(b) Staff Pensions

Liverpool DBF also participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

The Liverpool DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. A valuation of the Fund was carried out as at 31st December 2007 and the Liverpool DBF's contribution rate was revised with effect from 1st January 2009 to 30.2%.

In August 2009, the Defined Benefits Scheme for Liverpool DBF was revised for existing members. The normal retirement age was raised and employee contributions were introduced. Following these changes, the employer contribution rate was lowered to 24.5%. In 2010 the employer contribution was lowered again to 23.5% with a further reduction of 1% due in 2011.

NOTES TO THE ACCOUNTS

As at 31 December 2010 the Liverpool DBF had 33 active members and 29 deferred pensioner members in the Fund.

The Defined Benefits Scheme was closed to new LDBF employees from 2 January 2009. New employees are eligible to join the Church of England Defined Contributions Scheme (DCS), also part of the Church Workers Pension Fund. At 31 December 2009 the Board had 4 active members in the DCS.

26. Analysis of net assets by funds as at 31 December 2010

	Tangible Fixed Assets £	Loans/ Investments £	Net Current Assets £	Long-term Liabilities £	Total £
Unrestricted funds	865,254	2,959,786	194,505	(354,100)	3,665,445
Restricted funds	7,733,398	4,176,985	-	-	11,910,382
Endowment funds	35,788,876	1,031,140	-	-	36,820,016
Total	44,387,528	8,167,911	194,505	(354,100)	52,395,844

Further details of individual funds are given in note 28 below.

27. Lease Obligations

At 31st December 2010, Liverpool DBF was committed to making the following payments under non-cancellable operating leases in the year to 31st December 2011:

Operating leases which expire:	2010 Land and Buildings (£)	2009 Land and Buildings (£)
Within 1 year	-	-
Within 2 to 5 years	72,000	72,000
After 5 years	-	-

28. Accumulated funds

The General fund is unrestricted. In 2006, £500,000 was designated to the Mission Opportunities Fund, to give the Board flexibility to respond to fresh expressions of the church in future. So far, £417,185 has been spent, leaving a balance of £82,815 still designated at the end of 2010.

In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage.

The total designated funds amounts to £252,815.

Pastoral Account: The Diocesan Pastoral Account represents the proceeds of redundant churches. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met. When authorised, surplus funds may be transferred to the Stipends Fund Capital Account. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as Income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

Diocesan Stipends Fund (DSF) Capital Account: The Diocesan Stipends Fund Capital account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can be utilised for stipend purposes. The DSF capital account is disclosed as an expendable endowment in these financial statements.

Parsonage Building Fund: Parsonage Building Fund represent resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefice concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage building fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Building Fund has been included as an expendable endowment fund in these financial statements.

The Specific Restricted fund includes income and related expenditure for the following:

Faiths 4 Change
Tearfund
C of E Stipends Fund
Church Inspections
Akure & Partners in Mission

NOTES TO THE ACCOUNTS

28. Accumulated Funds (continued)

	General	Specific Restricted	DBF Property Fund	Pastoral Account	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£	£
Movement in Year:									
Total Funds 2009	3,084,470	871,714	11,156,272	-	10,614	1,345,950	35,753,219	721,722	52,943,961
Incoming Resources	9,703,558	295,819	227,472	-	-	-	-	-	10,226,849
Outgoing Resources	(9,737,728)	(354,915)	(917,495)	(32,510)	-	(150,796)	-	-	(11,193,444)
Investment Asset									
Gains/losses	275,307	77,806	-	-	947	-	-	64,418	418,478
Revaluation of property									
Gains/losses	-	-	-	-	-	-	-	-	-
Transfers	339,838	-	542,149	32,510	-	150,796	(1,065,293)	-	-
Total Funds 2010	3,665,445	890,424	11,008,398	-	11,561	1,345,950	34,687,926	786,140	52,395,844
Represented by:									
Tangible Fixed Assets:	865,254	-	7,733,398	-	-	1,100,950	34,687,926	-	44,387,528
DBF Houses & Glebe	514,903	-	3,393,398	-	-	1,100,950	-	-	5,009,251
DBF Houses VLL	318,169	-	-	-	-	-	-	-	318,169
Parsonages & TV Glebe	-	-	4,340,000	-	-	-	34,687,926	-	39,027,926
Furniture & Fittings	32,182	-	-	-	-	-	-	-	32,182
Investments:	2,839,786	890,424	3,275,000	-	11,561	245,000	-	786,140	8,047,911
JP Morgan & CCLA	2,839,774	890,424	-	-	11,561	245,000	-	786,140	4,772,899
Investment Property	-	-	3,275,000	-	-	-	-	-	3,275,000
DBE Services Ltd	12	-	-	-	-	-	-	-	12
VLL to parishes	120,000	-	-	-	-	-	-	-	120,000
Net Current Assets:	194,505	-	-	-	-	-	-	-	194,505
Debtors	1,252,976	-	-	-	-	-	-	-	1,252,976
Bank and Cash	286,929	-	-	-	-	-	-	-	286,929
Taxation & Social Security	(28,103)	-	-	-	-	-	-	-	(28,103)
Sundry Creditors & Accruals	(917,297)	-	-	-	-	-	-	-	(917,297)
Loans From Charity Bank	(400,000)	-	-	-	-	-	-	-	(400,000)
Liabilities:	(354,100)	-	-	-	-	-	-	-	(354,100)
Loans Church Comms	(350,900)	-	-	-	-	-	-	-	(350,900)
Loans from CBF	(3,200)	-	-	-	-	-	-	-	(3,200)
	3,665,445	890,424	11,008,398	-	11,561	1,345,950	34,687,926	786,140	52,395,844
Analysis of Reserves:									
General Funds	3,665,445	-	-	-	-	-	-	-	3,665,445
Restricted Funds	-	890,424	11,008,398	-	11,561	-	-	-	11,910,382
Permanent Endowment	-	-	-	-	-	1,345,950	34,687,926	786,140	36,820,016
	3,665,445	890,424	11,008,398	-	11,561	1,345,950	34,687,926	786,140	52,395,844