

LEEDS DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

LEEDS DIOCESAN BOARD OF FINANCE

Company number - 8823593

Registered charity number – 1155876

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TRUSTEES REPORT 2022

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 2022.

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 Diocese of Leeds is one of 41 Dioceses which cover the whole of England. The Diocese covers West Yorkshire, the western part of North Yorkshire, and parts of South Yorkshire, Lancashire and County Durham. The Diocese comprises five Archdeacons which form the Episcopal Areas. It covers an area of around 2,425 square miles, housing a population of around 2,642,400. The Diocese has 598 church buildings in 455 parishes with 330 stipendiary clergy, 82 self-supporting clergy and 450 clergy with Permission To Officiate ("PTO") along with 354 Readers, 85 authorised lay pastoral ministers and 41 chaplains. There are also 240 Church of England schools and 11 Multi-Academy Trusts serving some 64,000 pupils within the Diocese.

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

The LDBF has the following statutory responsibilities:

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

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs and the Bishop of Leeds (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

STRATEGIC AIMS

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

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

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

Diocese of Leeds Strategy

The Diocese of Leeds has a vision for confident Christians, who are part of growing Churches and transforming communities.

We want to be faithful to our calling to be good news, share the Gospel and serve with steadfast purpose the communities in which we live.

That vision of confident Christians, growing churches and transforming communities has been at the heart of the strategic direction of the Diocese for a number of years. It set the tone and provided much of the backbone for the diocesan strategy which was developed in 2019 and which contained five clear goals.

1. Thriving as a Distinctive Diocese
2. Reimagining Ministry
3. Nurturing lay discipleship
4. Building leadership pathways
5. Growing young people as Christians

These goals, conceived from a place of stability in 2018/19, identified where our hope lay and our ambitions should be focused. Progress was made in some areas yet despite committed intention, implementation of the strategy across the Diocese and particularly at parish level has been difficult.

The strategy was still in its infancy at the start of the Covid-19 pandemic. In response, parishes moved from future thinking to survival mode. Many are still recovering. Consequently, not only did the appetite for engagement reduce, but also the context in which parishes were operating shifted.

Whilst the aspirations do not change, the situation on the ground does. The strategy as previously articulated and drafted was too complex and rigid to meet the needs of the present reality and galvanise extensive parish engagement.

A fresh articulation of the key aims and approach was therefore needed. In doing so it provided an opportunity to reset and retell the strategic story of how we will support our vision and deliver on becoming simpler, humbler and bolder.

Introducing Barnabas

The early church were intentional in how they shared the good news and how they organised themselves. Inspired by the Holy Spirit they prayed for, equipped, mentored, taught and encouraged the local church. Integral in this approach was Barnabas. Although called Joseph, his nickname as 'Son

of Encouragement' stuck. Barnabas was intentionally and prayerfully sent. He not only shared the gospel and taught the disciples, but he modelled how best to support others in doing the same thing.

Barnabas exemplifies the approach we want to take as a Diocese as we seek the Holy Spirit's help and guidance in ensuring every church has the chance of moving forward in mission, ministry and sustainability in a way that is intentional, prayerful and possible.

There is a huge amount of activity taking place in the diocese, with clergy and lay striving to share Jesus and ensure presence in every parish. There is much for us to be thankful to God for.

Yet we also know there are places where, despite the hard work of the faithful, more support and help are needed. There are also places where we can no longer just do things in the same way. That support requires us to be intentional in our action and generous with our effort. But it also requires us to make the best use of the finite resources we have available and to ensure we are using them in a way that maximises value for the kingdom.

It is here that Barnabas: Encouraging Confidence intersects with that which has gone before and provides the alignment and catalyst to move us forward.

Barnabas becomes the strategic vehicle (the How¹) for achieving our vision of confident Christians, growing churches and transforming communities (the What and the Why). It enables the achievement of the goals previously set, but it resets the framework of 'How' those might be achieved. This is through moving away from an explicit focus on initiatives to instead providing intentional and accessible support to encourage confidence, in the context parishes find themselves. Crucially it brings the needs of the parishes into greater prominence, enabling engagement and buy in from them (the Who).

Put another way - Barnabas sets an overarching strategic framework around which the Diocese can intentionally support the missional needs of parishes and can bring a focus of revitalisation, growth and sustainability. It enables us to continue to respond to the missional and financial challenges, which the diocese faces over the coming decade.

Identifying Priorities

Within this framework there is freedom to purposefully invest in priority areas, knowing that targeted work in these specific areas (geographical, demographic or indeed socio-economic) will bring benefit not only to those areas but to surrounding and similar communities as the work becomes established and the learning shared. This approach to change enables us to drive forward significant change in a number of places whilst maintaining progress at a macro level to achieve the six bold calls of the Church of England vision and strategy (see below):

- *to double the number of children and young active disciples*
- *to become a church that fully represents the communities we serve in age and diversity*
- *to revitalise the parish system*
- *to create new Christian communities*
- *to release Anglicans to live as disciples in the whole of life*
- *to support local churches being established as hubs of formation*

¹ <https://hbr.org/2007/09/demystifying-strategy-the-what>

Barnabas means we can be confident in God's unfailing love for us and the church. As we seek to live as confident Christians we want to:

- Be confident in our mission - support for churches to become confident in their use of their building, financial and time resources; creating more opportunities to be good news in our communities.

A parish system revitalised for mission

- Be confident in our future - ensuring our levels of clergy deployment are fit for the future. The Project enables us to make deployment decisions in a mission led way that can give clergy and churches the confidence that the Diocese is committed to their thriving.

A church which is younger and fully represents the communities we serve

- Be confident in our leadership - giving significant and specific support around leadership and mentoring in the church, both for clergy in their roles, but also for church teams moving forward in mission.

Christians envisioned, resourced and released to live as disciples of Jesus Christ, with churches being communities for initial and ongoing formation

- Be confident in our witness - encouraging support for all to be confident in living and telling the good news of Jesus in a rapidly changing world.

Doubling the number of children and young active disciples whilst revitalising and planting worshipping communities

Initially our focus will be on achieving this through seven streams of intervention that have been identified for parishes and their leaders to engage in:

- Leadership development for clergy
- Missional leadership development
- New congregations in the parish
- Strategic grafting for revitalization
- Buildings
- Governance
- Stewardship and Treasury

OBJECTIVES FOR THE YEAR

The objectives that were set for 2022 were:

- Supporting churches and schools as they look to move forward following the challenges presented by Covid-19;
- The continued implementation of the Diocesan Strategy and the use of it as a framework for future mission planning;
- Maintained focus on supporting churches in children and youth engagement
- Developing sustainable models of ministry that reflect our parish needs and enable us to support growing churches, using the Church Support and Deployment work to drive this;
- The continued development of the Resource and Resourcing Church models across the Diocese;
- The active support of all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community;

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- Identifying new opportunities to utilise national church funding to enhance mission across the Diocese;
- Reviewing supplier contracts for key diocesan services and ensuring they provide value for money;
- Progressing work on the Parish Share Review; and
- Establishing and enhancing the work of the DBF sub committees.

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

Support for the Diocese's mission and strategic aims is delivered by the Bishop and his senior team through the LDBF Board. The team is supported by a number of key advisers including Legal, HR, Finance, Education, Property and Safeguarding. The role of those employed to work in the central support of the Diocese is largely to:

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

These objectives have been broadly met with key achievements including:

- Successful bid for further investment of £4m over five years in the Bradford resourcing churches programme (Mountains into Roads) which will see new congregations planted from five resourcing churches;
- Green ratings for Leeds and Bradford resource church programmes, which are both on track for delivering their aims;
- A successful Clergy Conference was held in Liverpool in September – the first since Covid-19;
- Development of Barnabas: Encouraging Confidence - a revised strategic approach to ensure the delivery of the diocesan vision and to ensure ongoing confidence in the future of the Church of England. This work will become the dominant strategic focus in 2023;
- The Ministry and Mission Team continued further development of ministry pathways (e.g. working with children and young people, Eco Mission and Occasional preachers) and implemented the new national discernment process for ordinands and Licensed Lay Ministers. Training was supported by the Digital Learning Platform, which achieved a total of some 2,500 members;
- An increase in the number of schools signing up to the Enhanced Services Plan provided by the Diocesan Board of Education, the creation of a new Multi Academy Trust (Leeds Diocesan Learning Trust) to provide further support for schools wishing to join a trust and a return of a successful in person education conference attended by over 200 school leaders;

- Completion of the Parish Share review with recommendations made to the Board and Synod and changes implemented in the 2023 Parish Share requests;
- Distribution of £715k energy support grants to 265 benefices, £118k in hardship grants to 165 clergy and lay employees in the diocese and £74k of building grants to 49 parishes;
- A new diocesan website was commissioned and created to replace the previous version with a more user-friendly version aimed at the clear and simple provision of information and resources for our clergy, lay leaders and parishes;
- Installation of solar PV, cavity wall or loft insulation in 35 properties as part of our carbon net zero strategy;
- The LDBF secured a national award as one of the top ten charity employers in the UK; and
- Developed a new Defined Contribution pension offer for new and existing lay staff.

Volunteers

The Diocese of Leeds 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. We greatly value the considerable time and support given by all the volunteers across the Diocese in pursuit of our mission.

FUTURE PLANS

The major budget element continues to be directed towards supporting ministry and mission in every parish. The Trustees will continue to set annual budgets as appropriate and in line with the reserves policy. The ongoing objective is to resource Diocesan needs, as determined by Synod and informed by local and national Church institutions.

In addition to the day-to-day activities of the LDBF, during 2023 we will:

- Further refine Barnabas and set out in detail the types of support which will be available for each of the Barnabas strands, bringing together existing areas of support and adding further elements as needed and identified;
- Seek funding from the national church for Barnabas, whilst continuing to focus and deliver on our wider ministry responsibilities as well as our statutory and legal obligations;
- Continued support for national funded resource and resourcing church projects, along with wider establishment of portfolio board to oversee strategic projects;
- Continue to focus on supporting churches in children and youth engagement, with a bid for specific resource to support work in Wakefield as well as continued wider offers of help;
- Progress plans to implement the recommendations of Lament into Action including seeking the appointment of a Racial Justice Officer;
- Increase focus on Carbon Net Zero activities, including developing funding plans and utilising National Church funds to provide focused support for churches, schools and clergy properties;
- Implement plans for maximising the potential of current property assets to support financial, environmental and social objectives as highlighted by the Archbishops' Commission's Coming Home Report;
- Actively support all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community;
- Review supplier contracts for key diocesan services and ensuring they provide value for money; and
- Roll out recruitment hub as part of the Safeguarding Dashboard.

FINANCIAL REVIEW

Financial Performance

In 2022 the LDBF recorded a net deficit before investment losses of £2,264,000 on unrestricted funds. This was £1,104,000 worse than the prior year (2021: £1,160,000 deficit). The 2021 deficit included a £950,000 Sustainability Grant from the Archbishops Council that did not occur in 2022, which combined with increased costs has driven the higher deficit. These have been partly offset by increased income in a number of areas, including Parish Share, property and education services.

The Parish Share request for 2022 was £15,464,000 (2021: £15,474,000) and receipts relating to the 2022 request amounted to £12,082,000 (2021: £11,597,000), representing a collection rate of 78.1% (2021: 74.9%). In addition, Parish Share receipts of £181,000 were received against the historical share outstanding from previous years (2021: £217,000) and voluntary contributions of £166,000 were made (2021: £175,000).

Note 2 to the financial statements has been prepared in accordance with the guidance agreed nationally to show the total receipt of income from parishes including receipts for a previous year. The Trustees are grateful to all parishes for their Parish Share payments and especially to those parishes that make their Parish Share payments by monthly instalments, which is essential in controlling the Diocese's cash flow.

Expenditure from unrestricted funds on charitable activities increased by £1,015,000 to £22,141,000 (2021: £21,126,000). This was largely due to an increase of £975,000 in clergy housing costs, together with £197,000 higher clergy stipend and national insurance costs.

Across all the funds, the capital values of investments fell by £4,198,000 (2021: £4,478,000 increase). Of the decrease, £317,000 related to unrestricted investments (2021: £674,000 increase).

In order to support the unrestricted position, restricted funds were used to pay the 2022 clergy pension deficit contribution of £335,000. This, combined with the revaluation of the clergy pensions scheme, has resulted in all deficits now being cleared. This and other fund transfers were made from restricted funds where expenditure was incurred within the general fund that was eligible for those funds.

A property valued at £310,000 was transferred from Benefice Housing to unrestricted funds during the year following the completion of Pastoral Schemes. The property will continue to be used to provide clergy housing if required but sold or rented out if no ministerial need exists. Additionally, properties totalling £2,781,000 and £4,220,000 have been transferred from the Pastoral Account and Stipends Capital Fund respectively to Benefice Housing to reflect the correct allocation of parsonage houses. Also, a property valued at £695,000 has been transferred from Benefice Housing to the Pastoral following the purchase of a replacement parsonage property. Likewise, and cash proceeds of £497,000 have transferred from Benefice Housing to the Pastoral Account following the sale of a parsonage property pending a pastoral scheme.

As a result of the above, there was an overall funds decrease of £5,820,000 (2021: £4,026,000 increase) of which £1,993,000 (2021: £3,155,000 increase) related to unrestricted funds.

The Trustees have prepared a budget for 2023 based on a 4% increase in stipend and salary costs (albeit 5% has subsequently been awarded) and targeting a share collection rate of 82.6%. Including the transfer of £600,000 from restricted reserves to fund applicable activities, the budget is for a deficit of £549,000. However, given the inflationary pressures on churches and the diocese alike, achieving the targeted share collection and maintaining costs within approved budgets will not be straightforward.

External factors affecting performance

The Parish Share, which is contributed by PCCs towards the ministry and other costs of the Diocese, is a voluntary contribution and is budgeted to provide 65% of the Diocesan income in 2023. In addition, the Diocese has significant payments to the clergy and staff pension schemes in order to contribute towards covering pension fund deficits.

Principal funding sources

In 2022 62.6% (2021: 60.1%) of unrestricted income of the LDBF came from the Parish Share and 15.0% (2021: 20.4%) from the National Church.

Financial sustainability

LDBF has sound financial management, however, the Trustees remain conscious of the risks associated with the Parish Share fund collection and inflating costs and therefore its ability to adequately resource Diocesan activity. Whilst Parish Share collection has improved from the lows of 2020 and 2021, it remains below the pre-Covid-19 levels. It now seems unlikely that Parish Share will return to levels seen in 2019 for some time. However, the Trustees are confident this can be absorbed through a combination of reductions in expenditure; the receipt of National Church liquidity support (automatically provided to all qualifying dioceses); and the appropriate utilisation of both unrestricted and restricted reserves (e.g. Pastoral Fund and Stipends Fund).

Going concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. As noted above, the legacy of the Covid-19 pandemic and the high inflation experienced in 2022 has created a number of financial challenges that continue to be navigated. The Trustees are confident that the Balance Sheet remains strong and is sufficient to absorb deficits that may arise over the near term. A Cost Review was completed in early 2021, which provided a structure to balance the budget over the longer term. Additionally, in autumn 2022 the Board agreed a higher level of restricted fund transfers (i.e. from the Pastoral Account, S554 Fund and Stipends Capital Fund where spending criteria is met) for up to five years to support the unrestricted position. As a consequence, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Key Management remuneration policy

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

Significant Property Transactions

The net book value of land and buildings purchased and disposed of during the year totalled £1,927,000 and £1,805,000 respectively. The Leeds Board's policy is:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to dispose of properties for which there is no ministry need and which do not provide reasonable investment returns; and

- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

During the year two properties were purchased, one as a replacement parsonage property and the second for a suffragan bishop.

Also during the year seven properties were sold. Of the properties sold, six were DBF properties (either being surplus curates' properties or former vicarages transferred to the DBF as part of pastoral schemes) and one was a parsonage property (with funds held in the Pastoral Fund pending the completion of a pastoral scheme).

Balance Sheet position

The Trustees consider that the balance sheet together with details in note 23 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 £198.3m (2021: £204.1m), it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £157.5m (2021: £157.4m). Much of the remainder of the assets shown in the Balance Sheet are held in restricted and endowed funds, and cannot necessarily be used for the general purposes of the LDBF.

The 2022 accounts include the impact of the latest revaluation of the Clergy Defined Benefit Pension Scheme, revealed a surplus of £560m. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus. Additionally, although the Lay Workers Pension Schemes valuation at 31 December 2022 has not yet been completed, deficit contributions have ceased from 1 January 2023 and the remaining £12,000 liability has been written off given The Pension Boards confidence that the Schemes are now in surplus.

Reserves policy

Free reserves

The Reserves Policy sets a target free reserves range of £4.1m to £5.6m. The lower bound is based on an analysis of income sources and their potential vulnerability against budgeted performance – the largest portion of this relating to Parish Share (£2.7m). The upper bound remains based on 3 months budgeted unrestricted expenditure for the following financial year. The Trustees define the free reserves as the Unrestricted Net Current Assets Less the Assets Held for resale plus the unrestricted unlisted investments. Actual free reserves as at 31 December 2022 totalled £5.2m (2021: £6.7m). The reduction from 2021 is due to the operating deficit, the decrease in investment valuations and pension deficit contributions, partly offset by sale of unrestricted properties.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £50.2m of which £47.9m relates to tangible fixed assets, £2.5m investments and £3.3m current assets, partly offset by long-term liabilities of £3.5m.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 23. At 31 December 2022 total designated reserves were

£794,000 (2021: £954,000). The funds spent in the year all relate to the Carbon Reduction Fund where work has taken place to install solar PV, cavity wall and/or loft insulation in c.40 properties.

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 2022 restricted funds totalled £16.5m (2021: £20.2m) and endowment funds totalled £130.7m (2021: £130.7m). These funds are not available for the general purposes of the LDBF.

Grant making policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 12 to the financial statements). Grants are paid to other connected charities and to other charitable projects, which support the furtherance of LDBF's objectives.

Fundraising

The LDBF provides guidance to the parishes with regards to fundraising, but does not engage in fundraising activities itself. Due regard is given to the Fundraising Code of Practice set by the Fundraising Regulator when providing advice to the parishes.

Investment policy

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

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

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

The LDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 23 provides details of the assets of each fund, together with the related purposes, and Note 17 summarises the movements in investments during the year.

The CCLA investments total return performance against the benchmarks in 2022 were:

	Fund	Benchmark
CBF Church of England Investment Fund	-9.16%	-10.12%
CBF Church of England Property Fund	-7.80%	-8.71%

The five year performance against the benchmark and the benchmark composites are available from the CCLA and can be found on their website².

² <https://www.ccla.co.uk/documents/cbf-church-england-funds-quarterly-bulletin-31-december-2022/download?inline>

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this a risk register is maintained, which includes all risks identified, along with owners, mitigating actions and review dates. The register is maintained by management on an ongoing basis and is subject to review by the Audit Committee twice a year and by the Trustees on an annual basis, though an updated register is presented to the Board at every meeting. The responsibility for delivery of the mitigation strategies identified by the register are delegated to the Diocesan Secretary.

The risk register identifies key areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

Parish Share: Collection is considerably less than the budget resulting in a deficit on general funds.

- Accurate budgeting of Parish Share receipts to enable expenditure to be appropriately aligned;
- Collection statistics are produced and circulated on a monthly basis to track performance and identify potential issues early;
- Area personnel are expressly tasked with identifying, reporting on and supporting those parishes where there is considered to be a significant risk of under-collection.

Financial Risk: The risk of failing to achieve approved budget or having insufficient liquid resources to meet liabilities as they fall due.

- The financial position is closely monitored at department level, with regular reports circulated and regular meetings held with budget holders by the CFO and/or Finance Manager;
- Regular reporting to FAIC and the LDBF;
- A Cost Review exercise was presented to the Board in February 2021, which identified three levels of cost savings to ensure a balanced budget is achieved over the next four years; and
- A clear purchase authorisation process is in place.

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

- The Diocese employs a strong safeguarding team that includes specialist training support;
- Policies are aligned with those of the national church;
- All parishes are instructed to adopt and implement the National Church's safeguarding policy;
- Training is compulsory for all relevant staff and volunteers - failure to complete the training results in the removal of the ability to undertake roles and functions;
- A new safeguarding case management system has been implemented, along with a safeguarding dashboard for all parishes to use;
- A full audit of live and past cases (Past Cases Review 2) was undertaken between 2020-2022. Independent reviewers considered all historic and current files and did not identify any material concerns or failings in relation to safeguarding; and
- The Diocesan Safeguarding Advisory Panel, with an independent chair, continues to provide oversight on policy and practice.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The King 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 representatives from each Diocese. 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. Each Diocese is episcopally lead and synodically governed. The Diocese itself is divided into 21 deaneries, each with its own Deanery Synod. Within each parish there is a parochial church council, which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

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

Parochial Church Council ("PCC")

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

Parishes

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

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

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

Organisational structure

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

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

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

Governance and policy of the Diocesan Board of Finance is the responsibility of the Diocesan Synod members, who are also members of the company. Following the changes in governance approved in March 2015, the Bishop of Leeds is the ex-officio Chair of the Diocesan Board of Finance. The trustees are the Diocesan Bishop, the Area Bishops, one Archdeacon, one Dean, the Chair of the House of Clergy of the Diocesan Synod, the Chair of the House of Laity of the Diocesan Synod, two Clergy and four lay people elected from and by the members of Diocesan Synod every three years, along with five people nominated by the trustees of the Diocesan Board of Finance and ratified by the Diocesan Synod. The most recent general elections were held in September 2021 and casual vacancy elections in March 2023. The most recent trustee nomination was ratified in March 2022. The details of Trustees who served during the year are set out on page 21.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Leeds Board. The Diocesan Synod membership is elected every three years, the last general elections having been April – June 2021. The Synod elects six of the 21 Trustees of the Diocesan Board of Finance, and ratifies the nomination of a further five members. The appropriate House of the Synod elects the Chair of their House. The Chair of the House of Clergy and the Chair of the House of Laity of the Diocesan Synod are ex-officio members of the Leeds DBF. The LDBF is a separate legal entity with a governing memorandum and articles of association and has clear responsibilities under both company and charity law. Additionally, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

The main features of the Diocesan Synod approved governance model are:

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

Decision-making structure

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

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

The Diocesan Advisory Committee and the Strategic Safeguarding Committee are highly specialised in their work and content, and these remain as separate entities.

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

The Diocesan Secretary is accountable for the functions of officers and employed staff in supporting parishes and Area Teams.

Diocesan Synod has delegated the following functions to the LDBF:

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

Committee structure

Leeds Diocesan Board of Finance

The Leeds Diocesan Board is the formal Bishop's Council, Diocesan Board of Finance, the Diocesan Mission and Pastoral Committee and Parsonage Board; its membership is set out on page 20.

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

Diocesan Board of Education ("DBE")

The DBE consists of three LDBF Board members and ten nominated appointments. The DBE oversees the setting of education strategy and reviews progress on an ongoing basis against this. The DBE has sub-committees with particular responsibility for Finance and Education Buildings.

Diocesan Advisory Committee ("DAC")

The DAC 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.

Audit Committee

The Audit Committee consists of five members, one of whom must be a member of both the Finance Assets and Investments Committee and the Leeds Board. The Chairperson is appointed by the Board and must not be the Chair of the Board or a member of FAIC. The Audit Committee responsibilities include considering the appointment of the external auditor, the review and agreeing of the annual report and accounts before submission to the Board and the review of the effectiveness of internal control systems.

Diocesan Mission & Pastoral Committee ("DMPC")

The membership of the Diocesan Mission and Pastoral Committee is the Leeds Board members with

the exception of the five Area Bishops. The four Archdeacons who are non-Leeds Board members are ex officio members of the DMPC. The DMPC is a statutory body as set out in the Mission and Pastoral Measure 2011. The DMPC has delegated its functions to five Episcopal Area Mission and Pastoral Committees.

Strategic Safeguarding Group

The Group includes an independent chairperson, the Diocesan Bishop, an Area Bishop, a Cathedral Dean, an Archdeacon, the Lead Officer responsible for safeguarding, the Diocesan Secretary, the Registrar, the Bishop's Chaplain, individuals representing external agencies involved in safeguarding and the Director of Ministry and Mission.

The Group is responsible for the oversight of policy, procedures, training and guidance to the directors, diocesan officers and parishes on safeguarding matters and is accountable for safeguarding work throughout the Diocese.

Finance, Assets and Investments Committee ("FAIC")

The Committee's composition is at least three members of the Leeds DBF, plus up to seven members nominated by the Leeds Board. The Chairperson must be a member of the Leeds Board. The FAIC monitors the monthly management accounts, the preparation of the budget and sustainability plan, the progress of major property sales, the performance of investment assets and development of strategic projects.

Property Committee

The Committee consists of a Chairperson appointed by the Diocesan Bishop, the five archdeacons, one clergy person elected by the House of Clergy of the Diocesan Synod, one clergy person (with relevant skills appointed by the Leeds Board, two lay people elected by the House of Laity of the Diocesan Synod, four lay people (with relevant skills) appointed by the Leeds Board, one lay person appointed by the Leeds Board, one clergy person (or lay person if the Chair is clergy) co-opted by the committee and one lay person (or clergy if the Chair is lay) co-opted by the committee

The Property Committee is responsible for carrying out the delegated functions of the Parsonages Board under the Repairs of Benefice Buildings Measure 1972 and under the terms of its constitution and subject to any directions given by the Leeds Board, oversees the management, maintenance and upkeep of all property assets of the Leeds Diocesan Board of Finance. The committee is also responsible for ensuring the obligations of the Leeds Diocesan Board of Finance as custodian trustee are met in respect of properties held by parochial church councils. In practical terms this includes overseeing the development of policies and strategies, monitoring their implementation and reporting on this to the Board, and reviewing and approving property transactions.

Delegation of day to day delivery

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

Funds held as Custodian Trustee

The LDBF is the 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 £16,807,000 at 31 December 2022.

(2021: £17,150,000), are available from the LDBF on request, and are summarised in Note 29. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

Related Parties

Related parties include:

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

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in note 28 to the financial statements.

Connected charities

The Trustees consider the following to be connected charities:

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

- Wakefield Cathedral Office, Wakefield Cathedral, Northgate, Wakefield, WF1 1HG.
- Ripon Cathedral Office, Liberty Court House, Minster Road, Ripon, North Yorkshire HG4 1QS.
- Bradford Cathedral Office, 1 Stott Hill, Bradford, West Yorkshire, BD1 4EH.

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

- Armley Deanery Schools Charity – support of schools in the Armley Deanery
- Brewin's Charity – support of clergy pensions
- Forcett Churchyard Trust – upkeep of Forcett churchyard
- Harrogate St Mary Cockroft Fund – upkeep of vault at All Saints Cemetery, Harrogate
- North Rigton School House Fund – provision of special benefits and education in the school
- Stewart's Charity – support to specified schools in Leeds
- Romalldkirk & Cotherstone Fund – upkeep of churches in Romalldkirk and Cotherstone
- Whitkirk Deanery Curacy Houses Fund – upkeep of curacy houses in Whitkirk
- Wray Bequest – ecclesiastical purposes the parish of St Anne's Catterick
- Rachel Dixon Charity – support of widows or unmarried daughters of the clergy

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

- Bishop's Development Fund, Thornes Park Campus, Thornes Park, Wakefield, West Yorkshire, WF2 8QZ (Charity number 700588)
- Bradford Diocesan Council for Social Aid, 17-19 York Place, Leeds, West Yorkshire, LS1 2EX (Charity number 226436)
- Near Neighbours, Church House, 27 Great Smith Street, London, SW1P 3AZ (Charity number 1142426, Company number 07603317)
- Wellsprings Together, Church House, 17-19 York Place, Leeds, West Yorkshire, LS1 2EX (Charity Number 1179481, Company Number 11423641)

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

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Leeds 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 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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.

In so far as the trustees are aware:

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

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2022. The following Trustees were in post either during the year and/or at the date of this report:

Chairman:

The Right Revd Nicholas Baines – Bishop of Leeds

Ex-officio:

The Right Revd Anthony Robinson – Area Bishop of Wakefield
The Right Revd Helen-Ann Hartley – Area Bishop of Ripon (resigned 03 February 2023)
The Right Revd Paul Slater – Bishop of Kirkstall (retired 31 January 2022)
The Right Revd Arun Arora – Bishop of Kirkstall (from 15 July 2022)
The Right Revd Toby Howarth – Area Bishop of Bradford
The Right Revd Jonathan Gibbs – Area Bishop of Huddersfield (resigned 24 May 2022)
The Revd Rachel Firth – Chair of the House of Clergy of the Diocesan Synod
Mr Matthew Ambler - Chair of the House of Laity of the Diocesan Synod

Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

Elected by the Archdeacons:

The Ven Paul Ayers

Elected by:

Synod House of Clergy:

The Revd Nigel Wright (resigned 16 November 2022)
The Revd Eve Ridgeway (from 01 March 2022)
The Revd Gary Waddington (from 18 April 2023)

Synod House of Laity:

Mr Andrew Maude
Mr Christopher Thompson
Mr Richard Pattinson (from 18 April 2023)
Mr Roger Lazenby (from 18 April 2023)

Nominated by the Board:

Canon Mr Irving Warnett
Mrs Marilyn Banister
Canon Mrs Jane Evans
Mrs Jan Ali (from 12 March 2022)
The Revd Canon Kathryn Fitzsimons (resigned 16 March 2022)

Senior staff and advisers

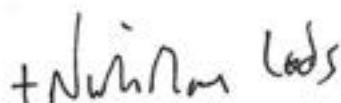
Diocesan Secretary	Jonathan Wood
Chief Financial Officer	Geoff Park
Director of Ministry and Mission	The Revd Canon Andrew Norman
Director of Education	Canon Richard Noake
Director of Strategy Implementation & Head of Property	John Knox
Director of People and Engagement	Anna Mitchell
Director of Church Revitalisation	The Revd Jude Smith
Director of Communications	Chris Tate

LEEDS DIOCESAN BOARD OF FINANCE

Registered Office:	Church House, 17-19 York Place, Leeds, LS1 2EX
Principal Bankers	Santander, 44 Merrion Street, Leeds, LS2 8JQ Yorkshire Bank plc, 6-10 Northgate, Wakefield, WF1 1TA NatWest Bank plc, Leeds City Office, 8 Park Row, Leeds, LS1 1QS Barclays Bank plc, PO Box 245, 10 Market Street, Bradford, BD 1 1XW
Auditors	Saffery Champness LLP, Mitre House, North Park Road, Harrogate HG1 5RX
Diocesan Registrar	David Whitaker, Lupton Fawcett LLP Yorkshire House, East Parade, Leeds, LS1 5BD
Investment advisers	CCLA Investment Management Ltd Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Glebe Agents	Dacre Son & Hartley, Station Road, Otley, LS21 3DR Stephenson & Son, York Auction Centre, Murton, York, YO19 5GF Cartar Jonas, 9 Bond Street, Leeds LS1 2JZ
Insurance Brokers	PIB Insurance Brokers, Poppleton Grange, York, YO26 6GZ
Principal Insurers	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 12 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



The Right Revd Nicholas Baines
Chairman
25 May 2023



Jonathan Wood
Secretary
25 May 2023

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

Opinion

We have audited the financial statements of Leeds Diocesan Board of Finance for the year ended 31 December 2022 which comprise the statement of financial activities, balance sheet and the cash flow statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2022 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the trustees (who are also 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended.

We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

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

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales and the Church of England Measures.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

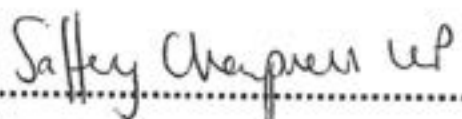
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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Sally Appleton (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP
Chartered Accountants
Statutory Auditors

Date: 25 May 2023

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2022

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income and endowments from:							
Donations	2						
Parish contributions		12,429	-	-	-	12,429	11,989
Archbishop's Council		2,970	-	2,120	-	5,090	5,616
Other donations		395	-	47	-	442	564
Charitable activities	3	1,737	-	-	-	1,737	1,483
Other activities	4	1,155	-	-	-	1,155	911
Investments	5	688	-	464	41	1,193	1,077
Other	6	370	-	59	337	766	794
Total		19,744	-	2,690	378	22,812	22,434
Expenditure on:							
Raising funds	7	71	-	-	-	71	54
Charitable activities	8	22,141	158	2,188	75	24,562	22,840
Pension deficit valuation movements	27	(236)	-	-	-	(236)	(250)
Other	9	32	-	-	5	37	242
Total		22,008	158	2,188	80	24,434	22,886
Net (expenditure)/income before investment gains		(2,264)	(158)	502	298	(1,622)	(451)
Net (loss)/gain on investments		(317)	(2)	(1,759)	(2,120)	(4,198)	4,478
Net (expenditure)/income		(2,581)	(160)	(1,257)	(1,822)	(5,820)	4,026
Transfers between funds	14	588	-	(2,356)	1,768	-	-
Net movement in funds		(1,993)	(160)	(3,613)	(54)	(5,820)	4,026
Total funds brought forward	21	52,214	954	20,192	130,725	204,085	200,059
Total funds carried forward	22	50,221	794	16,579	130,671	198,265	204,085

All activities derive from continuing activities. The notes on pages 30 to 59 form part of the financial statements

LEEDS DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2022

	Total 2022 £'000	Total 2021 £'000
Total Income	22,434	22,233
Expenditure	(24,354)	(22,802)
Operating (deficit)/surplus for the year	<u>(1,920)</u>	<u>(569)</u>
Net (loss)/gains on investments	(2,078)	2,216
Net income for the year	<u>(3,998)</u>	1,647
Other comprehensive income:		
Net assets transferred (to)/from endowments	(1,768)	5,450
Total comprehensive income	<u><u>(5,766)</u></u>	<u><u>7,097</u></u>

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.

BALANCE SHEET
At 31 December 2022

Company Number – 8823593	Note	2022		2021 RESTATED	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		157,502		157,386
Investments	17		36,224		40,486
			<u>193,726</u>		<u>197,872</u>
CURRENT ASSETS					
Debtors	18	1,028		1,034	
Cash on deposit		5,649		7,114	
Cash at bank and in hand		1,582		2,759	
Agency cash		3,925		3,673	
		<u>12,184</u>		<u>14,580</u>	
CREDITORS: amounts falling due within one year	19	(5,509)		(6,003)	
NET CURRENT ASSETS			<u>6,675</u>		<u>8,577</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>200,401</u>		<u>206,449</u>
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	20		-		-
Other creditors	20		(2,136)		(2,364)
NET ASSETS			<u>198,265</u>		<u>204,085</u>
FUNDS					
Endowment funds			130,671		130,725
Restricted income funds			16,579		20,192
Unrestricted income funds:			50,221		52,214
Designated funds			794		954
TOTAL FUNDS	22		<u>198,265</u>		<u>204,085</u>

The Notes (pages 30 to 59) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 25 May 2023 and signed on behalf of the Board by:

+ Nicholas Leeds

THE RIGHT REV'D NICHOLAS BAINEC

CASH FLOW STATEMENT

For the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Net cash from operating activities		(3,898)		(2,942)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,193		1,077	
Interest paid	(83)		7	
Proceeds from the sale of:-				
Tangible fixed assets	2,341		4,171	
Fixed asset investments	327		-	
Purchase of:-				
Tangible fixed assets for the use of the LDBF	(1,927)		(555)	
Fixed asset investments	(70)		(142)	
Net cash provided by investing activities		1,781		4,558
Cash flows from financing activities				
Loans repaid to LDBF	(3)		26	
VLLs repaid due to property disposal	(169)		(55)	
Permanent loans repaid	(101)		(110)	
Net cash used in financing activities		(274)		(139)
Change in cash and cash equivalents in the reporting period		(2,390)		1,477
Cash and cash equivalents at 1 January		13,547		12,069
Cash and cash equivalents at 31 December		11,156		13,546
Reconciliation of net income before investment gains / losses				
Net expense before investment gains 31 December		(1,622)		(452)
Adjustments for:				
Depreciation charges		6		6
Dividends, interest and rent from investments		(1,193)		(1,077)
Interest paid		83		(7)
Loss on sale of fixed assets		36		242
Profit on sale of fixed assets		(766)		(793)
Pension deficit valuation movements		(236)		(250)
Decrease in debtors		10		19
Decrease in creditors		(216)		(630)
Net cash used in operating activities		(3,898)		(2,942)
Analysis of cash and cash equivalents				
Cash in hand		5,507		6,432
Notice deposits (less than 3 months)		5,649		7,114
		11,156		13,546

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

1. ACCOUNTING POLICIES

The LDBF is a private company limited by guarantee and registered Charity (No. 8823593) and incorporated in England and Wales. Its registered address is Church House, 17-19 York Place, Leeds, LS1 2EX. It is a Public Benefit Entity as defined by FRS102.

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The Trustees have prepared the financial statements on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The legacy of the Covid-19 pandemic and the high inflation experienced in 2022 has created a number of financial challenges that continue to be navigated. The Trustees are confident that the Balance Sheet remains strong and is sufficient to absorb deficits that may arise over the near term. A Cost Review was completed in early 2021, which provided a structure to balance the budget over the longer term. Additionally, in autumn 2022 the Board agreed a higher level of restricted fund transfers (i.e. from the Pastoral Account, S554 Fund and Stipends Capital Fund where spending criteria is met) for up to five years to support the unrestricted position. Consequently, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

- i) **Parish Share income.** Credit is only taken for parish share income which was received within the time scales laid down by the Board.
- ii) **Grants from the Church Commissioners** towards stipends, housing and other items have been included in the Income for the year and the appropriate Expenditure is shown gross. Grants received which are subject to pre-conditions for entitlement or use specified by the donor which have not been met at the period end are included in creditors to be carried forward to the following year.
- iii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

b) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the Diocese.

1. ACCOUNTING POLICIES (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 wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 28). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at present value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Capitalisation of property expenditure

Property expenditure is only capitalised on the purchase of a property, or if the expenditure is for the structural or other enhancement of a property. Repairs expenditure is generally not capitalised.

Assets held for sale

Properties which are sold subject to contract are included within the tangible fixed asset category to which they relate. This represents a change in accounting policy in the year and as such the prior year has been restated.

Freehold properties

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

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are revalued on a five-year cycle, with the corresponding liabilities being adjusted accordingly.

Investment properties

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

Parsonage houses

The LDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The LDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value. Parsonage houses are revalued on a five-year cycle.

Schools

The school property is shown at cost. Depreciation is provided on the building over a 50-year period (£6,000 pa) the expected useful economic life of the asset.

d) Other tangible fixed assets

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

Office fixtures & fittings	10% straight line
Office equipment	33% straight line
Computer equipment	33% straight line

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

e) Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Land & Buildings are deemed to have unlimited useful lives. All other tangible fixed assets are considered to have three-year useful economic lives.
- Land and Buildings are not depreciated because of the high residual value based on current prices and any depreciation charge and the accumulated depreciation are regarded as not material. These assets are considered to have a long unexpired life due to a policy and practice of regular structural maintenance and a policy and practice of disposing of similar properties well before the end of their useful life.
- The assumptions underlying the valuation of the pension scheme liabilities are set out in note 27.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

g) Fund balances

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

- i) 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
- ii) Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- iii) Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- iv) "Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the LDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. DONATIONS

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

Parish contributions

	Unrestricted funds		Restricted	Endowment	Total	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	funds 2022 £'000	funds 2021 £'000
Apportionment	15,464	-	-	-	15,464	15,474
Shortfall in receipts	(3,382)	-	-	-	(3,382)	(3,877)
	<u>12,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,082</u>	<u>11,597</u>
Previous years share	181	-	-	-	181	217
Voluntary share	166	-	-	-	166	175
Total Income	<u>12,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,429</u>	<u>11,989</u>

Current year parish share receipts represent 78.1% of the total apportioned (2021 – 74.9%), or, when other voluntary contributions and receipts for previous years are included, 80.4% of the total apportioned (2021 – 77.5%). 2021 comparatives are for the general fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

2. DONATIONS (continued)

Archbishops' Council

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Transition Funding and Lowest Income	2,970	-	-	-	2,970
Ministry Hardship Fund	-	-	126	-	126
Energy Crisis Support	-	-	723	-	723
MES Grant	-	-	18	-	18
RME Grant	-	-	433	-	433
SDF Grant	-	-	528	-	528
SMF Grant	-	-	292	-	292
Total Income	2,970	-	2,120	-	5,090

2021	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
	General £'000	Designated £'000			
Transition Funding and Lowest Income	3,124	-	-	-	3,124
Sustainability Grant	950	-	-	-	950
RME Grant	-	-	429	-	429
SDF Grant	-	-	974	-	974
SMF Grant	-	-	139	-	139
Total Income	4,074	-	1,542	-	5,616

The Lowest Income Communities Grant and The Transition Funding are annual grants for the parish mission fund, which may be used either for specific parish mission and development projects or for clergy stipends. The Sustainability Grant was provided by the Archbishops' Council in response to the Covid-19 pandemic. The RME ('Resourcing Ministerial Education') Grant is the funds provided by the Archbishops' Council for the training of ordinands. The SDF ('Strategic Development Funding') Grant is funding allocated by the Archbishops' Council Strategic Development Unit towards specific strategic projects. In 2022 SDF grants were received principally in relation to developing Resourcing Churches in Leeds and Bradford and the Diocesan Intern Scheme. The SMF ('Strategic Ministry Funding') was granted by the Archbishops' Council and provides financial support for growth in the number of clergy by funding curates. The MES grant ('Ministry Experience Scheme') is provided by the Archbishops' Council to help fund a scheme for those exploring ordination.

Other donations

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
All Churches Trust Grant	268	-	-	-	268
Property Grants	10	-	-	-	10
Other Grants	13	-	26	-	39
Legacies	30	-	21	-	51
Other Donations	74	-	-	-	74
	395	-	47	-	442

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

2. DONATIONS (continued)

2021	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
All Churches Trust Grant	285	-	-	-	285
Job Retention	76	-	-	-	76
Property Grants	11	-	-	-	11
Other Grants	30	-	20	-	50
Legacies	-	-	142	-	142
	<u>402</u>	<u>-</u>	<u>162</u>	<u>-</u>	<u>564</u>

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
Statutory fees	953	-	-	-	953	979
Legal & Professional	78	-	-	-	78	64
School Services	451	-	-	-	451	283
Retreat Centre	255	-	-	-	255	157
	<u>1,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,737</u>	<u>1,483</u>

2021 comparatives are for the general fund only.

4. OTHER TRADING ACTIVITIES

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Housing income	954	-	-	-	954
Outside funding	36	-	-	-	36
Training income	46	-	-	-	46
Miscellaneous	119	-	-	-	119
	<u>1,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,155</u>

2021	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
	General £'000	Designated £'000			
Housing income	724	-	-	-	724
Outside Funding	8	-	-	-	8
School income	-	-	8	-	8
Training income	48	-	-	-	48
Miscellaneous	123	-	-	-	123
	<u>903</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>911</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
2022					
Dividends receivable	613	-	456	38	1,107
Interest receivable	75	-	8	3	86
	<u>688</u>	<u>-</u>	<u>464</u>	<u>41</u>	<u>1,193</u>
2021	£'000	£'000	£'000	£'000	£'000
Dividends receivable	677	-	347	49	1073
Interest receivable	4	-	-	-	4
	<u>681</u>	<u>-</u>	<u>347</u>	<u>49</u>	<u>1,077</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
2022					
Gain on sale of investments	-	-	-	194	194
Gain on sale of properties	370	-	59	143	572
	<u>370</u>	<u>-</u>	<u>59</u>	<u>337</u>	<u>766</u>
2021	£'000	£'000	£'000	£'000	£'000
Gain on sale of investments	-	-	-	-	-
Gain on sale of properties	408	-	234	152	794
	<u>408</u>	<u>-</u>	<u>234</u>	<u>152</u>	<u>794</u>

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
Maintenance of Glebe	71	-	-	-	71	54
	<u>71</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>54</u>

2021 comparatives are for the general fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Contributions to					
Archbishops' Council					
Training for Ministry	499	-	-	-	499
National Church					
Responsibilities	344	-	-	-	344
Mission agency pension					
costs	16	-	-	-	16
Retired clergy housing					
costs	198	-	-	-	198
Pooling of ordinands					
maintenance grants	19	-	-	-	19
	<u>1,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,076</u>
Resourcing Ministry and					
Mission					
Stipends and national					
insurance	9,012	-	402	-	9,414
Pension contributions	2,468	-	116	-	2,584
Housing costs	4,349	158	82	-	4,589
Removal, resettlement					
and grants	302	-	-	-	302
Other expenses	237	-	-	-	237
	<u>16,368</u>	<u>158</u>	<u>600</u>	<u>-</u>	<u>17,126</u>
Support for parish ministry	3,652	-	1,388	75	5,115
Retreat Centre	295	-	-	-	295
	<u>20,315</u>	<u>158</u>	<u>1,988</u>	<u>75</u>	<u>22,536</u>
Expenditure on Education					
Church Schools	750	-	200	-	950
	<u>22,141</u>	<u>158</u>	<u>2,188</u>	<u>75</u>	<u>24,562</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES (continued)

2021	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
	General £'000	Designated £'000			
Contributions to Archbishops' Council					
Training for Ministry National Church Responsibilities	500	-	-	-	500
Mission agency pension costs	392	-	-	-	392
Retired clergy housing costs	22	-	-	-	22
Pooling of ordinands maintenance grants	184	-	-	-	184
	154	-	-	-	154
	<u>1,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,252</u>
Resourcing Ministry and Mission					
Stipends and national insurance	8,815	-	340	-	9,155
Pension contributions	2,522	-	78	-	2,600
Housing costs	3,374	-	35	-	3,409
Removal, resettlement and grants	314	-	-	-	314
Other expenses	200	-	-	-	200
	<u>15,225</u>	<u>-</u>	<u>453</u>	<u>-</u>	<u>15,678</u>
Support for parish ministry	3,746	9	1,142	12	4,909
Retreat Centre	212	-	-	-	212
	<u>19,183</u>	<u>9</u>	<u>1,595</u>	<u>12</u>	<u>20,799</u>
Expenditure on Education					
Church Schools	691	-	98	-	789
	<u>21,126</u>	<u>9</u>	<u>1,693</u>	<u>12</u>	<u>22,840</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

9. OTHER RESOURCES EXPENDED

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on Sale of Properties	32	-	-	5	37
	<u>32</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>37</u>
	<u><u>32</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5</u></u>	<u><u>37</u></u>
2021	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on Sale of Properties	170	-	-	72	242
	<u>170</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>242</u>
	<u><u>170</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>72</u></u>	<u><u>242</u></u>

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2022	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs £'000
	Raising funds	71	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,076	-	1,076
Resourcing parish ministry	19,568	1,608	1,065	22,241
Clergy pension deficit valuation	(225)	-	-	(225)
Education	680	-	270	950
Retreat Centre	295	-	-	295
Lay pension deficit valuation	(11)	-	-	(11)
Other	37	-	-	37
	<u>20,415</u>	<u>2,684</u>	<u>1,335</u>	<u>24,434</u>
	<u><u>20,415</u></u>	<u><u>2,684</u></u>	<u><u>1,335</u></u>	<u><u>24,434</u></u>
2021	£'000	£'000	£'000	£'000
Raising funds	54	-	-	54
Charitable activities:				
Contributions to Archbishops' Council	-	1,252	-	1,252
Resourcing parish ministry	18,882	645	1,060	20,587
Clergy pension deficit valuation	14	-	-	14
Education	639	-	150	789
Retreat Centre	212	-	-	212
Lay pension deficit valuation	(264)	-	-	(264)
Other	242	-	-	242
	<u>19,779</u>	<u>1,897</u>	<u>1,210</u>	<u>22,886</u>
	<u><u>19,779</u></u>	<u><u>1,897</u></u>	<u><u>1,210</u></u>	<u><u>22,886</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2022 £'000	2021 £000
Central administration	786	-	-	-	786	770
Support for Schools	270	-	-	-	270	150
Governance:						
External audit	28	-	-	-	28	30
Registrar and Chancellor	243	-	-	-	243	241
Synodical costs	8	-	-	-	8	19
	<u>1,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,335</u>	<u>1,210</u>

2021 comparatives are for the general fund only.

12. ANALYSIS OF GRANTS MADE

2022	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,076	1,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From unrestricted funds:				
Ecumenical/ Churches Together organisations	1	-	6	6
Clergy Training	803	66	-	66
Clergy Grants (Removal, First appointment, resettlement)	191	303	-	303
Ordination	38	37	-	37
Vocation grants	301	110	-	110
Mission Grants	33	-	39	39
	<u>1,367</u>	<u>516</u>	<u>45</u>	<u>561</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From restricted funds for various purposes within resourcing parish ministry:				
PCC Building Grants	39	-	66	66
PCC Energy Grants	265	-	715	715
Education	3	-	140	140
Clergy	165	118	-	118
	<u>472</u>	<u>118</u>	<u>921</u>	<u>1,039</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From endowment funds for various purposes within resourcing parish ministry:				
PCC Building Grants	10	-	8	8
	<u>1,859</u>	<u>634</u>	<u>2,050</u>	<u>2,543</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

12. ANALYSIS OF GRANTS MADE (continued)

2021	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,252	1,252
From unrestricted funds:				
Ecumenical/ Churches Together organisations	1	-	6	6
Clergy Training	754	49	-	49
Clergy Grants (Removal, First appointment, resettlement)	225	315	-	315
Ordination	33	29	-	29
Vocation grants	434	151	-	151
Mission Grants	51	-	24	24
Youth	-	-	-	-
	1,498	544	30	574
From restricted funds for various purposes within resourcing parish ministry:				
Clergy	26	29	-	29
	26	29	-	29
From endowment funds for various purposes within resourcing parish ministry:				
Widows and dependants of clergy	14	-	42	42
	1,550	573	1,324	1,897

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

13. STAFF COSTS

	2022	2021
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	2,906	2,840
National insurance contributions	288	270
Pension contributions	259	226
	<u>3,453</u>	<u>3,336</u>
Sub-total		
Pension deficit valuation movements	(11)	(264)
Total Staff Costs	<u>3,442</u>	<u>3,072</u>

The average number of persons employed by the LDBF during 2022 were:

	2022	2021
	Number	Number
Support for Ministry	76	79
Education	11	11
Retreat House	11	11
	<u>98</u>	<u>101</u>

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

	2022	2021
	Number	Number
Support for Ministry	63	63
Education	11	11
Retreat House	6	6
	<u>80</u>	<u>80</u>

The numbers of staff whose emoluments (including benefits in kind and redundancy payments but excluding Pension contributions) amounted to more than £60,000 were as follows:

	2022	2021
	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	0	1
£90,001 - £100,000	1	0
	<u>4</u>	<u>4</u>

Pension payments of £34,000 were made for these 4 employees (2021: 4 employees £34,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

13. STAFF COSTS (continued)

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 2021 they were:

Diocesan Secretary	Jonathan Wood
Chief Finance Officer	Geoff Park
Director of Ministry & Mission	The Revd Canon Andrew Norman
Director of Education	Canon Richard Noake
Director of Strategy Implementation & Head of Property	John Knox
Director of People and Engagement	Anna Mitchell
Director of Church Revitalisation	The Revd Jude Smith
Director of Communications	Chris Tate

Remuneration, pensions and expenses for these 8 employees amounted to £567,000 (2021: 8 employees £548,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £Nil (2021 – £Nil) in respect of Trustee duties.

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

	Stipend	Housing
The Right Revd Anthony Robinson	No	Yes
The Right Revd Helen-Ann Hartley	No	Yes
The Right Revd Paul Slater	No	Yes
The Right Revd Toby Howarth	No	Yes
The Right Revd Jonathan Gibbs	No	Yes
The Right Revd Arun Arora	No	Yes
The Revd Nigel Wright	Yes	Yes
Revd Canon Kathryn Fitzsimons	Yes	Yes
The Ven Paul Ayers	Yes	Yes
The Revd Rachel Firth	Yes	Yes
The Revd Eve Ridgeway	Yes	Yes

No other trustees appointed during the year received a stipend or housing.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

13. STAFF COSTS (continued)

The LDBF paid an average of 324 (2021 – 320) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipends	8,259	8,106
Apprentice Levy	39	38
National insurance contributions	713	671
Pension contributions	2,693	2,509
	<u>11,704</u>	<u>11,324</u>
Sub-total	11,704	11,324
Pension deficit valuation movements	(225)	14
	<u>11,479</u>	<u>11,338</u>

Stipends include £70,000 redundancy payments paid to 1 clergy (2021 – £Nil).

The stipends of the five Bishops were paid and funded by the Church Commissioners. The stipends of the Diocesan Bishop and Area Bishops are funded by the Church Commissioners and are in the range £38,050 - £46,660 (2021: £37,670 - £46,180). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2022 was £37,567 (2021: £36,830) and other clergy who were Trustees were paid in the range £25,770 - £27,936 (2021: £25,265 - £27,388).

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General fund to Stipends endowment for reduction of pension deficit	(335)	-	-	335
Transfer of Pension funds to General Funds to support clergy pension deficit payments	58	-	-	(58)
Transfer of Pastoral funds to General Funds to support M&P activities and clergy pension deficit payments	455	-	(455)	-
Transfer of S554 funds to General Funds to support Board of Education expenditure	250	-	(250)	-
Transfer of Inglefield funds to General Funds to support Lay and Clergy education	65	-	(65)	-
Transfer of Training for Ministry funds to General Funds to support ordinands' training	30	-	(30)	-
Transfer of housing assets following Pastoral Scheme	310	-	-	(310)
Transfer of Parsonage Houses from DBF/Pastoral Account to Benefice Housing	(245)	-	(2,780)	3,025
Transfer of housing following purchase of replacement Parsonage property	-	-	695	(695)
Transfer of Parsonage sale proceeds to Pastoral Account for purchase of replacement Parsonage	-	-	497	(497)
Transfer of historic church buildings repair fund income	-	-	32	(32)
	<u>588</u>	<u>-</u>	<u>(2,356)</u>	<u>1,768</u>

During 2022, £0.3m of general funds were used to pay the clergy pension scheme deficits. Transfers from Pension and Pastoral funds funded these payments. Other transfers from restricted to unrestricted funds of £0.5m were undertaken to support education work, ordinands' training, missions and pastoral activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS (continued)

Transfer of a house with a book value of £0.3m from benefice funds to unrestricted funds took place on the completion of Pastoral Schemes. And, £0.2m, £2.8m and £4.2m was transferred from unrestricted funds, the Pastoral Account and Stipends Fund Capital respectively to benefice funds to reflect the correct allocation of parsonage houses. Following the purchase of a replacement parsonage the existing property was transferred from benefice funds to the Pastoral account pending sale (£0.7m) and following the sale of another parsonage property funds of £0.5m were also transferred to the Pastoral Account pending a pastoral scheme.

Within endowment funds (and therefore not visible above) £0.5m was transferred from glebe land to the stipends fund capital being the proceeds on sale of these assets, and £0.5m from the stipends fund capital to benefice housing on the purchase of a new parsonage property.

15. FINANCIAL INSTRUMENTS

	2022	2021
	£'000	£'000
Financial assets measured at fair value	31,672	35,870
Financial assets measured at amortised cost	1,028	1,034
	<u>5,732</u>	<u>6,286</u>
Financial liabilities measured at amortised cost	5,732	6,286
Financial liabilities measured at fair value	1,913	2,081
	<u>1,913</u>	<u>2,081</u>

Financial assets measured at fair value comprise unlisted investments.

Financial assets measured at amortised cost comprise trade debtors, other debtors, value linked loans and other loans to parishes and schools and other receivables.

Financial liabilities measured at fair value comprise Church Commissioners' value linked loans.

Financial liabilities measured at amortised cost comprise pension scheme liabilities, other creditors and amounts held for other bodies and Church Commissioners' other loans.

16. TANGIBLE FIXED ASSETS

RESTATED	Freehold properties	Office equipment	Fixtures & Fittings	Benefice properties	Pastoral Fund	School House	Glebe properties	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	48,433	821	-	92,679	-	308	16,040	158,281
Additions	838	-	19	1,070	-	-	-	1,927
Disposals	(1,450)	-	-	(355)	-	-	-	(1,805)
Reclassified in period	65	-	-	(760)	695	-	-	-
At 31 December 2022	47,886	821	19	92,634	695	308	16,040	158,403
Depreciation								
At 1 January 2022	-	821	-	-	-	74	-	895
Charge for the year	-	-	-	-	-	6	-	6
At 31 December 2022	-	821	-	-	-	80	-	901
Net Book Value								
At 31 December 2022	47,886	-	19	92,634	695	228	16,040	157,502
At 31 December 2021	48,433	-	-	92,679	-	234	16,040	157,386

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

16. TANGIBLE FIXED ASSETS (continued)

All of the properties in the balance sheet are freehold and are vested in the LDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of permanent and/or value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties (included in the above) amounts to £6,285,000 (2021: £6,640,000). Of the total land and buildings at 31 December 2022, £NIL are valued at cost (2021: £NIL), but all at valuation.

Properties are subject to a five-year cycle of survey and consequent revaluation, with the last market valuation being as at 31st December 2018 by David Chary BSc FRICS of Sanderson Weatherall.

In a change of accounting policy for 2022, no properties are now shown as Assets Held for Sale. The comparative balance sheet has been restated with £990,000 of Assets Held for Sale now shown as Tangible Fixed Assets at 31 December 2021.

17. FIXED ASSETS INVESTMENTS

	At 1 January 2022 £'000	Additions £'000	Disposals £'000	Transfers Value £'000	Change in Market Value £'000	At 31 December 2022 £'000
Unrestricted funds						
Unlisted Investments	6,104	70	(70)	(3,340)	(317)	2,447
Designated funds						
Unlisted Investments	16	-	-	-	(2)	14
Restricted funds						
Unlisted Investments	11,508	-	-	3,398	(1,759)	13,147
Endowment funds						
Investment property	4,616	-	(64)	-	-	4,552
Unlisted Investments	18,242	-	-	(58)	(2,120)	16,064
	22,858	-	(64)	(58)	(2,120)	20,616
Total	40,486	70	(134)	-	(4,198)	36,224

18. DEBTORS

	2022 £'000	2021 £'000
Due within one year		
Loans to parishes	12	9
Other debtors and prepayments	977	986
	989	995
Due after more than one year		
Loans to parishes	39	39
	39	39
Total debtors	1,028	1,034

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

19. CREDITORS: amount falling due within one year	2022 £'000	2021 £'000
Loan repayment instalments due in one year		
Church Commissioners value-linked loans	128	169
Church Commissioners other loans	100	101
Other taxes and social security	73	71
Other creditors and accruals	5,208	4,933
Pension scheme liabilities:		
Lay Defined Benefit Scheme	-	169
Clergy Pension Scheme	-	560
Total creditors: amounts falling due within one year	<u>5,509</u>	<u>6,003</u>
20. CREDITORS: amount falling due after more than one year		
	2022 £'000	2021 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	1,785	1,912
Church Commissioners other loans	351	452
Pension scheme liabilities:		
Lay Defined Benefit Scheme	-	-
Clergy Pension Scheme	-	-
Total creditors: amounts falling due after more than one year	<u>2,136</u>	<u>2,364</u>
The maturity of the above loans may be analysed as follows:		
Between one and two years	100	100
Between two and five years	237	299
In five years or more	1,799	1,965
	<u>2,136</u>	<u>2,364</u>

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; the amount falling due after more than one year all relates to the General Fund. These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, with the final loan repayable in 2028. The loans bear interest rates between 6.1% and 8.5%, which is borne by the LDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the LDBF.

Value-linked loans (VLLs) are funds advanced to the LDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. The loans are held at fair value based on the latest valuations of the linked properties, with valuations taking place every 5 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

21. SUMMARY OF FUND MOVEMENTS

2022	Balances at		Income	Expenditure	Transfers	Gains and	Balances at
	1 January	2022					
	£'000	£'000	£'000	£'000	£'000	£'000	2022
							£'000
UNRESTRICTED FUNDS							
General	52,214	19,744	(22,008)	588	(317)		50,221
DESIGNATED FUNDS							
Archdeacons Discretionary	13	-	-	-	(2)		11
Ingrow Fund	20	-	-	-	-		20
Mission Fund	621	-	-	-	-		621
Carbon Reduction Fund	300	-	(158)	-	-		142
	954	-	(158)	-	(2)		794
RESTRICTED FUNDS							
Section 554 Education	7,499	205	(200)	(250)	(751)		6,503
Clergy & Dependants hardship funds	96	143	(117)	-	(8)		114
Bradford Summer Camps	1	-	-	-	-		1
Local Educational Funds	37	2	-	-	(2)		37
Retreat House support funds	31	6	-	-	-		37
Local Parochial purposes	13	1	-	-	-		14
Appeals & specific purposes	65	6	(1)	-	-		70
Clergy & lay stipend augmentation	142	21	-	-	-		163
Church building repair funds	401	13	-	32	(50)		396
Pastoral Account	9,093	233	-	(2,043)	(670)		6,613
Managing Trustees funds	51	-	-	-	-		51
Inglefield funds	1,784	44	-	(65)	(166)		1,597
Training for ministry funds	896	472	(335)	(30)	(112)		891
Strategic Development Funds	83	528	(528)	-	-		83
Strategic Ministry Funds	-	292	(292)	-	-		-
Parish Energy Support Grants	-	724	(715)	-	-		9
	20,192	2,690	(2,188)	(2,356)	(1,759)		16,579
ENDOWMENT FUNDS							
Permanent							
Stipends fund capital	19,769	2	(5)	(4,696)	(1,721)		13,349
Expendable							
General purposes & administration support funds	212	-	-	-	-		212
Maintenance of Ministry	1,270	-	-	-	(149)		1,121
Pensions	66	-	-	(58)	(8)		-
Training for ministry funds	114	3	-	-	-		117
Clergy & dependants hardship funds	1,332	27	-	-	(117)		1,242
Local Parochial purposes	592	-	-	-	(48)		544
Glebe Land	4,616	194	-	(258)	-		4,552
Church building repair funds	704	9	(75)	(32)	(43)		563
Glebe Properties	16,040	-	-	-	-		16,040
Benefice Properties	85,679	143	-	6,812	-		92,634
Local Education Funds	111	-	-	-	(13)		98
Religious Education support	177	-	-	-	(21)		156
Appeal funds & specific purposes	43	-	-	-	-		43
	130,725	378	(80)	1,768	(2,120)		130,671
	204,085	22,812	(24,434)	-	(4,198)		198,265

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

21. SUMMARY OF FUND MOVEMENTS (continued)

2021	Balances at	Income	Expenditure	Transfers	Gains and	Balances at
	1 January					31 December
	2021	£'000	£'000	£'000	Losses	2021
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	49,059	19,940	(21,100)	3,641	674	52,214
DESIGNATED FUNDS						
Archdeacons Discretionary	12	-	(1)	-	2	13
Ingrow Fund	28	-	(8)	-	-	20
Mission Fund	621	-	-	-	-	621
Carbon Reduction Fund	300	-	-	-	-	300
	961	-	(9)	-	2	954
RESTRICTED FUNDS						
Section 554 Education	6,829	260	(98)	(300)	808	7,499
Clergy & Dependants hardship funds	84	21	(17)	-	8	96
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	33	2	-	-	2	37
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes	13	-	-	-	-	13
Appeal & specific purposes	72	-	(7)	-	-	65
Clergy & lay stipend augmentation	-	142	-	-	-	142
Church building repair funds	359	1	(12)	-	53	401
Pastoral Account	6,289	262	-	2,179	363	9,093
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,602	40	-	(40)	182	1,784
Training for ministry funds	815	452	(465)	(30)	124	896
Strategic Development Funds	64	974	(955)	-	-	83
Strategic Ministry Funds	-	139	(139)	-	-	-
	16,243	2,293	(1,693)	1,809	1,540	20,192
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	16,067	-	-	1,878	1,824	19,769
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	1,110	-	-	-	160	1,270
Pensions	100	2	-	(50)	14	66
Training for ministry funds	111	3	-	-	-	114
Clergy & dependants hardship funds	1,192	26	(12)	-	126	1,332
Local Parochial purposes	541	-	-	-	51	592
Glebe Land	4,797	-	-	(181)	-	4,616
Church building repair funds	634	19	-	-	51	704
Glebe Properties	17,277	-	(72)	(1,165)	-	16,040
Benefice Properties	91,460	151	-	(5,932)	-	85,679
Religious Education support	252	-	-	-	36	288
Appeal funds & other specific purposes	43	-	-	-	-	43
	133,796	201	(84)	(5,450)	2,262	130,725
	200,059	22,434	(22,886)	-	4,478	204,085

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

22. SUMMARY OF ASSETS BY FUND

2022	Fixed assets		Current Assets £'000	Creditors £'000	Net Assets £'000
	Tangible £'000	Investments £'000			
Unrestricted funds – General	47,905	2,447	3,329	(3,460)	50,221
Unrestricted - designated					
Archdeacons Discretionary	-	14	-	(3)	11
Ingrow Fund	-	-	20	-	20
Mission Fund	-	-	621	-	621
Carbon Reduction Fund	-	-	142	-	142
	-	14	783	(3)	794
Restricted					
Section 554 Education	228	5,693	582	-	6,503
Clergy & Dependents hardship funds	-	49	65	-	114
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	12	25	-	37
Retreat House support funds	-	-	37	-	37
Local Parochial purposes funds	-	-	14	-	14
Appeals & specific purposes	-	-	327	(257)	70
Clergy & lay stipend augmentation	-	-	163	-	163
Church building repair funds	-	371	25	-	396
Pastoral Account	695	5,045	873	-	6,613
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,249	348	-	1,597
Training for ministry funds	-	728	163	-	891
Strategic Development Funds	-	-	83	-	83
Parish Energy Support Grants	-	-	9	-	9
Schools LCVAP Building Programme	-	-	3,925	(3,925)	-
	923	13,147	6,691	(4,182)	16,579
Endowment					
Permanent					
Stipends fund capital	-	12,963	386	-	13,349
Expendable					
Benefice houses	92,634	-	-	-	92,634
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,120	1	-	1,121
Glebe Property	16,040	-	-	-	16,040
Pensions	-	-	-	-	-
Training for Ministry	-	117	-	-	117
Clergy & Dependents hardship funds	-	889	353	-	1,242
Local Educational Funds	-	98	-	-	98
Local Parochial purposes funds	-	356	188	-	544
Glebe Land	-	4,552	-	-	4,552
Church building repair funds	-	363	200	-	563
Religious Education support funds	-	156	-	-	156
Appeal funds & other specific purposes	-	2	41	-	43
	108,674	20,616	1,381	-	130,671
Total funds	157,502	36,224	12,184	(7,645)	198,265

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

22. SUMMARY OF ASSETS BY FUND (continued)

2021 RESTATED	Fixed Assets Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Unrestricted funds – General	48,433	6,104	1,493	(3,816)	52,214
Unrestricted - designated					
Archdeacons Discretionary	-	16	-	(3)	13
Ingrow Fund	-	-	20	-	20
Mission Fund	-	-	621	-	621
Carbon Reduction Fund	-	-	300	-	300
	-	16	941	(3)	954
Restricted					
Section 554 Education	234	6,444	821	-	7,499
Clergy & Dependants hardship funds	-	56	40	-	96
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	13	23	-	36
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	14	-	14
Appeals & specific purposes	-	-	283	(218)	65
Clergy & lay stipend augmentation	-	-	142	-	142
Church building repair funds	-	421	65	(85)	401
Pastoral Account	2,781	2,316	3,996	-	9,093
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,415	369	-	1,784
Training for ministry funds	-	843	53	-	896
Strategic Development Funds	-	-	83	-	83
Schools LCVAP Building Programme	-	-	3,673	(3,673)	-
	3,015	11,508	9,645	(3,976)	20,192
Endowment					
Permanent					
Stipends fund capital	4,219	14,685	1,424	(559)	19,769
Expendable					
Benefice houses	85,679	-	-	-	85,679
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,268	2	-	1,270
Glebe Property	16,040	-	-	-	16,040
Pensions	-	66	-	-	66
Training for Ministry	-	114	-	-	114
Clergy & Dependants hardship funds	-	1,007	338	(13)	1,332
Local Educational Funds	-	111	-	-	111
Local Parochial purposes funds	-	404	188	-	592
Glebe Land	-	4,616	-	-	4,616
Church building repair funds	-	408	296	-	704
Religious Education support funds	-	177	-	-	177
Appeal funds & other specific purposes	-	2	41	-	43
	105,938	22,858	2,501	(572)	130,725
Total funds	157,386	40,486	14,580	(8,367)	204,085

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

23. DESCRIPTION OF FUNDS

Fund category	Purpose	Funds included in this category
General fund	The general fund is the LDBF's unrestricted undesignated fund available for any of the LDBF's purposes without restriction.	
Archdeacons Discretionary Fund	Represents grants received set aside to be used at the discretion of Archdeacons.	
Ingrow Fund	Funds from the bequest of Nora Curry left for the benefit of the parish of Ingrow.	
Mission Fund	Funds to support future SDF projects and the creation of a Parish Growth Fund.	
Carbon Reduction Fund	Funds to enable adjustments to our buildings that reduce their carbon footprint	
Section 554	Established under S86 of the Education Act 1993. Capital monies to develop or build new or existing voluntary aided schools or maintain such schools or contribute to educational purposes.	
Clergy and dependents hardship funds	Funds to provide relief of clergy and their dependents in financial hardship.	Clergy Stipend Trust, Clergy Widows and Dependents, Queen Victoria Trust, Leeds Diocese Charitable Society Trust, Aid to Parish Clergy, Widows, Clergy Retirement, Education Grants
Bradford Summer Camps Bursary	Funds to provide support to children & youths to enable them to attend summer camps in cases of financial hardship.	
Local educational funds	For educational purposes in the areas named	Shipleigh cum Heaton District CofE School Trust, Keighley St Peter Educational Trust
Retreat House support funds	Support towards the Diocesan Retreat House	Friends of Parcevall Hall, Parcevall Hall Bursary
Local Parochial purposes funds	For general parochial purposes in the area named.	North Wing Mission, Guiseley Carleton, Keighley All Saints McNish
Appeals and special purposes funds	Funds comprise donations received for specific appeals and purposes, including work in Links Dioceses.	Interfaith fund, Youth Evangelism, Special Appeals, Northern Sudan, Kadugli Appeal, Church in the World, The Wright Sudan relief, St Martin in the Field, Duker (deaf ministry)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

23. DESCRIPTION OF FUNDS (continued)

Fund category	Purpose	Funds included in this category
Church building repair funds	For repairs to churches of the Evangelical tradition in the Church of England within the Diocese.	The First Lord Grimethorpe Charity, Church building fund, Harrogate Churches, Church Building Repair, Davy bequest
Strategic Development Funds	Funds major change projects which lead to a significant difference in dioceses' mission and financial strength.	
Strategic Ministry Funds	Provides financial support for growth in the number of clergy by funding curates	
Clergy & lay stipend augmentation	Funds for the augmentation of clergy and lay stipends	
Pastoral Account	This fund includes the proceeds of buildings closed for regular public worship, parsonages and land sales. The purpose for which this account may be used are laid down in Section 94 of the Pastoral Measure 2011.	
Inglefield	Created from sale of Diocesan Retreat House at Barrowby, and assets transferred from the Booker Bequest. Income used to aid Diocesan Synod, conferences and theological courses.	
Training for ministry	Income used towards cost of training ordinands.	Resourcing Ministerial Education (RME)
General purposes and administration	Funds from bequests to be used to support administration and general purposes	
Maintenance of ministry	Funds from bequests to be used to support stipends in specific parishes	
Pensions	Funds from bequests to be used in supporting clergy pensions.	
Funds to provide church building repair loans	Funds to support the provision of loans to assist major works to be carried out on church buildings.	Loan fund, Kiddle Bequest
Stipends Fund Capital	The income of the fund can only be used for clergy stipends (but since 1993 capital can be used for improvements to parsonage houses) and is governed by the Diocesan Stipends Measure 1953.	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

23. DESCRIPTION OF FUNDS (continued)

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

24. CAPITAL COMMITMENTS

At 31 December 2022 the LDBF had capital expenditure commitments of £274k (2021 - £104k) which are contracted for but not provided for in these financial statements.

25. OPERATING LEASES

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

	2022	2021
	£'000	£'000
Land and buildings		
Within one year of the balance sheet date	24	24
In the second to fifth year of the balance sheet date	95	95
After the fifth year of the balance sheet date	46	69
	<u>165</u>	<u>188</u>

26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

27. PENSIONS

During 2021 the LDBF participated 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.

Church of England Funded Pension Scheme

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

27. PENSIONS (continued)

	December 2022	December 2021
Number of members	329	327

Leeds DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions are shown in Note 13 (see also below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a. ;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030;
- Increase in pensionable stipends in line with CPIH; and
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022	2021
Balance sheet liability at 1 January	560,000	1,108,000
Deficit contribution paid	(335,000)	(562,000)
Interest cost (recognised in SoFA)	-	2,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(225,000)	12,000
Balance sheet liability at 31 December		560,000

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

27. PENSIONS (continued)

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	Dec 2022	Dec 2021	Dec 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

The legal structure of the scheme is such that if Responsible Body fails, the Diocese of Leeds could become responsible for paying a share of that Responsible Body's pension liabilities.

Church Workers Pension Fund – Defined Benefits Scheme

Until 31 December 2018 the Leeds DBF participated in the Defined Benefits Scheme section of CWPF for lay staff of the former three dioceses. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is considered is a multi-employer scheme as described in Section 28 of FRS 102. 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. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions are shown in Note 13 (see also below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

27. PENSIONS (continued)

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise be payable. The overall deficit in DBS was £11.3m.

The next actuarial valuation is currently taking place as at 31 December 2022.

Following the 2019 valuation, the Leeds DBF entered into an agreement with the Church Workers Pension Fund for the DBS Schemes as follows:

Leeds DBF (Bradford) DBS

Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £5,600 pa.

Leeds DBF (Ripon & Leeds) DBS

Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,500 pa. In addition, deficit payments of £167,766 per year were agreed for 1.25 years from 1 April 2021 in respect of the shortfall in the Diocese of Leeds sub-pool, which has now been cleared.

Leeds DBF (Ripon & Leeds Education Team) DBS

Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £2,000 pa.

Leeds DBF (Wakefield) DBS

Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £12,500 pa. In addition, deficit payments of £74,091 per year were agreed for 1.92 years from 1 April 2021 in respect of the shortfall in the Diocese of Leeds sub-pool. Although £12,000 remained outstanding at 31 December 2022 the scheme valuation had improved such that deficit payments ceased at that point. The remaining liability has therefore been written off in these accounts.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2022	2021
Balance sheet liability at 1 January	169,000	691,000
Deficit contribution paid	(158,000)	(258,000)
Interest cost (recognised in SoFA)	1,000	1,000
Remaining change to balance sheet liability*(recognised in SoFA)	(12,000)	(265,000)
Balance sheet liability at 31 December	-	169,000

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

27. PENSIONS (continued)

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

Discount rate	December 2022	December 2021	December 2020
Leeds DBF (Bradford) DBS	n/a	0.00%	0.30%
Leeds DBF (Bradford & Ripon Education Team) DBS	n/a	0.00%	0.30%
Leeds DBF (Wakefield) DBS	n/a	1.30%	0.30%
Leeds DBF (Ripon & Leeds) DBS	n/a	0.00%	0.30%

Pension Builder Scheme

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

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This 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 pensions costs charged to the SoFA in the year are contributions payable (see Note 13 and above).

A valuation of the scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, the Leeds DBF could become liable for paying a share of that employer's pension liabilities.

From 1 January 2019 until 30 November 2022 all lay staff employed by the LDBF are enrolled in the Pension Builder Classic scheme. On 1 December 2022 the a new Defined Contribution pension scheme (the Flexible Retirement Plan from TPT Retirement Solutions) was introduced for all new starters and existing employees were able to transfer across. Contribution rates are the same as for the Pension Builder Classic Scheme – 8.0% of pensionable salary unmatched, plus up to a further 5.0% matched to employee contributions.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

28. RELATED PARTY TRANSACTIONS

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

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

29. 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:

	2022	2021
	£000	£000
CBF Church of England Investment Fund income shares	12,511	12,879
CBF Church of England Investment Fund accumulation shares	36	37
CBF Church of England UK Equity shares	81	81
CBF Church of Global Equity shares	581	581
CBF Church of England Fixed Interest Securities Fund shares	362	369
CBF Church of England Property Fund shares	425	425
Other common investment fund holdings	670	654
Direct holdings in UK equities	360	354
CBF Church of England Deposit Fund	1,781	1,770
	<u>16,807</u>	<u>17,150</u>
Total assets held as custodian trustee	<u>16,807</u>	<u>17,150</u>

